

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE EXECUTION OF A SECOND AMENDMENT TO HUNTER RANCH OPERATING AGREEMENT RELATIVE TO FUNDING OF IMPROVEMENT PROJECTS AND ADDING DEFINITIONS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to Section 59, Article XVI, Texas Constitution, Hunter Ranch Improvement District No. 1 of Denton County, Texas (the “District”) has been created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of H.B. 4683 and codified under Chapter 3980, Special District Local Laws Code (the “District Act”), to include land within the City of Denton, Texas (the “City”), as a special district for the benefit of the public and for public purposes, including the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(1) of the District Act, the City adopted Resolution No. 20-762, dated April 7, 2020 (the “Consent Resolution”), consenting to the creation of the District and to the inclusion of the land described therein; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(2) of the District Act, the City and Owner entered into the Operating Agreement dated April 7, 2020 and approved by City Ordinance 20-763 (the “Agreement”) attached hereto and incorporated herein as **Exhibit “A”** and as amended by the First Amendment to the Hunter Ranch Operating Agreement dated May 7, 2024 and approved by City Ordinance 24-988 (the “First Amendment”, together with the Agreement, the “Original Agreement”) attached hereto and incorporated herein as **Exhibit “B”**; and

WHEREAS, all terms with initial capital letters that are not defined in the text of this Ordinance shall have the meanings given to them in the Original Agreement; and

WHEREAS, the Operating Agreement currently limits the Authorized Projects the District is permitted to acquire, construct, improve, and finance to only the Improvement Projects and Supplemental Projects; and

WHEREAS, the Parties have agreed to amend the Operating Agreement to authorize all Authorized Projects in addition to Improvement Projects that may be acquired, constructed, and financed by the District; and

WHEREAS, the City and the owner wish to clarify the process, methodology, and form of cost participation for wastewater joint facilities; NOW, THEREFORE;

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The City Manager or her designee is hereby authorized to execute the Second Amendment to Operating Agreement attached hereto as **Exhibit “C”**.

SECTION 2. The Second Amendment is attached hereto as **Exhibit “C”** and incorporated herein for all purposes. Minor adjustments to the attached Second Amendment are authorized, such as filling in blanks and minor clarifications or corrections, and any modifications made by City Council in the approval of this ordinance.

SECTION 3. The City Manager, or her designee, is further authorized to carry out all duties and obligations to be performed by the City under the Second Amendment.

SECTION 4. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ . The ordinance was passed and approved by the following vote [\_\_\_\_ - \_\_\_\_]:

	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At-Large Place 5	_____	_____	_____	_____
Jill Jester, At-Large Place 6	_____	_____	_____	_____

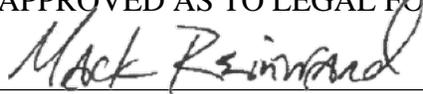
PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
GERARD HUDSPETH, MAYOR

ATTEST:

\_\_\_\_\_  
INGRID REX, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

  
\_\_\_\_\_  
MACK REINWAND, CITY ATTORNEY

**Exhibit "A"**

Hunter Ranch Operating Agreement

ORDINANCE NO. 20-763

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE EXECUTION OF AN OPERATING AGREEMENT WITH "HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS", RELATIVE TO FUNDING, OWNERSHIP, MAINTENANCE, AND REPAIR OF PUBLIC IMPROVEMENTS SERVING PROPERTY LOCATED WITHIN THE "HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS" AND OTHER RELATED MATTERS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, all terms with initial capital letters that are not defined in the text of this Ordinance shall have the meanings given to them in the Operating Agreement attached as Exhibit "A" to this Ordinance and incorporated herein for all purposes; and

WHEREAS, pursuant to Section 59, Article XVI, Texas Constitution, Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District") has been created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of H.B. 4683 and codified under Chapter 3980, Special District Local Laws Code (the "District Act"), to include the land shown in Exhibit "A" within the City of Denton, Texas (the "City"), as a special district for the benefit of the public and for public purposes, including the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities; and

WHEREAS, the District encompasses approximately 3,167.72 acres of land (the "District Area") as described by metes and bounds in Exhibit "A" hereto; and

WHEREAS, the District is located within the corporate limits of the City, and within Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072, each issued to the City; and

WHEREAS, the District Area is not served by adequate water, wastewater, drainage, road, landscaping, park, and recreational facilities, and such facilities are not otherwise available to the District Area; and

WHEREAS, the District proposes to acquire, construct, improve, finance, maintain, and fund for the benefit of the City the Improvement Projects (as such term is defined in the Operating Agreement) to serve the area within and outside its boundaries and convey such improvements to the City on the terms and conditions as provided herein; and

WHEREAS, all Improvement Projects are intended and shall be used to serve the area within and outside the District's boundaries after conveyance to the City; and

WHEREAS, the District proposes to maintain for the benefit of the City the Park Improvements (as such term is defined in the Operating Agreement) to serve the area within and outside its boundaries; and

WHEREAS, pursuant to the District Act, the District may contract with a governmental or private entity to carry out the acquisition, construction, financing, and maintenance of the Improvement Projects and maintenance of the Park Improvements; and

WHEREAS, the District plans to proceed at the earliest possible time, in an expeditious manner, with the phased acquisition and construction of the Improvement Projects and Park Improvements to serve all the District Area and contiguous property; and

WHEREAS, pursuant to Section 3980.0505 of the District Act, the District has the authority to impose an ad valorem tax on all taxable property in the District, including industrial, commercial, and residential property, to pay or reimburse District Costs; and

WHEREAS, pursuant to Section 3980.0503 of the District Act, the District has the authority to borrow money for District purposes by issuing bonds, notes, or other obligations and to secure such obligations from ad valorem taxes imposed by the District on all taxable property in the District; and

WHEREAS, pursuant to Section 3980.0501 of the District Act, bonds or other obligations of the District that are secured by and payable from ad valorem taxes imposed by the District may not be issued unless the bonds or other obligations have been approved by District voters at one or more elections held for that purpose, all in accordance with the District Act and other applicable law; and

WHEREAS, pursuant to the District Act, the District may borrow money for District purposes by issuing Bonds secured by and payable from ad valorem taxes, assessments, or any other revenue authorized by the District Act; and

WHEREAS, the City is a municipal corporation and is operating under a home rule charter adopted under the laws of the State of Texas, and City has the power under the laws of the State of Texas to acquire, own, maintain, and operate the Improvement Projects within its boundaries; and

WHEREAS, the City recognizes the positive economic impact that development of the District Area and contiguous property will have through the production of new jobs, the stimulation of commercial activity, and the additional ad valorem and sales and use tax revenue generated by such development; and

WHEREAS, except as otherwise provided in the District Act, before the District may exercise any powers under the District Act (i) the City must adopt an ordinance or resolution consenting to the creation of the District and to the inclusion of land in the District; (ii) the City and the District must negotiate and execute a mutually approved and accepted "operating agreement" as such term is defined in the District Act; and (iii) the City and each developer of property in the District must negotiate and execute a "project agreement" as such term is defined in the District Act; and

WHEREAS, in order to satisfy the requirements of Section 3980.0109(a)(2) of the District Act, the City and the District desire to enter into the Operating Agreement attached as Exhibit "A"; and

WHEREAS, the District Act authorizes the limitation by the Operating Agreement of the improvement projects that may be financed by the District; and the terms and conditions of the financing of such improvements projects and the operation of the district; and

WHEREAS, pursuant to Section 3980.0109(a)(2) of the District Act, the District and the City have the authority to enter into an Operating Agreement with regard to the ownership and maintenance of Improvement Projects, Park Improvements and other public improvements; and

WHEREAS, this Agreement is authorized pursuant to the laws of the State of Texas including, without limitation, Chapter 791, Government Code, Section 552.014, Local Government Code, and the District Act; and

WHEREAS, the City intends for the attached Operating Agreement to establish the rights and obligations of the City and the District with respect to the ownership and maintenance of certain Improvement Projects and Park Improvements and other public improvements; NOW, THEREFORE;

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The Mayor is hereby authorized to execute the Operating Agreement attached hereto as Exhibit "A" with Hunter Ranch Improvement District No. 1 of Denton County, Texas relative to funding, construction, ownership, maintenance, and repair of public improvements serving property located within the District Area and other related matters.

SECTION 2. A substantial copy of the Operating Agreement is attached hereto as Exhibit "A" and incorporated herein for all purposes. Minor adjustments to the attached Operating Agreement are authorized, such as filling in blanks and minor clarifications or corrections, and any modifications made by City Council in the approval of this ordinance.

SECTION 3. The City Manager, or his designee, is further authorized to carry out all duties and obligations to be performed by the City under the Operating Agreement, unless otherwise reserved in the Operating Agreement for Council approval.

SECTION 4. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by GERARD HUDSPETH and seconded by JOHN RYAN, the ordinance was passed and approved by the following vote [ 4 - 3 ]:

	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Chris Watts, Mayor:	<u>✓</u>	<u>      </u>	<u>      </u>	<u>      </u>

Gerard Hudspeth, District 1:	<u>✓</u>	<u>      </u>	<u>      </u>	<u>      </u>
Keely G. Briggs, District 2:	<u>      </u>	<u>✓</u>	<u>      </u>	<u>      </u>
Jesse Davis, District 3:	<u>✓</u>	<u>      </u>	<u>      </u>	<u>      </u>
John Ryan, District 4:	<u>✓</u>	<u>      </u>	<u>      </u>	<u>      </u>
Deb Armintor, At Large Place 5:	<u>      </u>	<u>✓</u>	<u>      </u>	<u>      </u>
Paul Meltzer, At Large Place 6:	<u>      </u>	<u>✓</u>	<u>      </u>	<u>      </u>

PASSED AND APPROVED this the 7th day of April, 2020.

Chris Watts  
CHRIS WATTS, MAYOR

ATTEST:  
ROSA RIOS, CITY SECRETARY

By: Rosa Rios



APPROVED AS TO LEGAL FORM:  
AARON LEAL, CITY ATTORNEY

By: Mack Reinwand

**Exhibit "A"**

**Operating Agreement**

**Hunter Ranch Improvement District No. 1 of Denton County, Texas**

## OPERATING AGREEMENT

THE STATE OF TEXAS     §  
  §  
COUNTY OF DENTON     §

This OPERATING AGREEMENT (this “Agreement”) is made and entered into effective as of the 7th day of April, 2020 (the “Effective Date”), between the CITY OF DENTON, TEXAS, a home rule municipality situated in Denton County, Texas (the “City”), and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY (the “District”), a conservation and reclamation district and body politic and a political subdivision of the State of Texas, created under the authority of Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59 of the Texas Constitution, and operating under and governed by the provisions of Chapter 3980, Special District Local Laws Code (the “District Act”), and Chapter 375, Local Government Code. (The City and District are sometimes hereinafter referred to individually as “Party,” and collectively as “Parties”).

### ARTICLE I.

#### RECITALS:

WHEREAS, the District was created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of HB 4683 and codified under the District Act, for the benefit of the public and for the purposes, including but not limited to, the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park, and recreational facilities; and

WHEREAS, as of the Effective Date, the District encompasses approximately 3,167.72 acres of land (the “District Area”) as described by metes and bounds in Exhibit “A” hereto; and

WHEREAS, the District is located within the corporate limits of the City, and within Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072, each issued to the City (collectively, the “City CCNs”); and

WHEREAS, as of the Effective Date, the District Area is not served by adequate water, wastewater, drainage, road, landscaping, park, and recreational facilities, and such facilities are not otherwise available to the District Area; and

WHEREAS, the District proposes to acquire, construct, improve, finance, maintain, and fund for the benefit of the City the “Improvement Projects” (as such term is defined herein) more particularly described on Exhibit “B” and Exhibit “B-1” hereto, to serve the area within and outside its boundaries and convey such improvements to the City on the terms and conditions as provided herein; and

WHEREAS, all Improvement Projects are intended and shall be used to serve the area within and outside the District's boundaries after conveyance to the City on the terms and conditions provided herein; and

WHEREAS, the District proposes to maintain for the benefit of the City the "Park Improvements" (as such term is defined herein) more particularly described in Article IV and on Exhibit "C" and depicted on Exhibit "C-1" hereto, to serve the area within and outside its boundaries; and

WHEREAS, pursuant to the District Act, the District may contract with a governmental or private entity to carry out the acquisition, construction, financing, and maintenance of the Improvement Projects and maintenance of the Park Improvements; and

WHEREAS, the District will enter into construction and reimbursement obligations with a "Developer" (as such term is defined herein) to secure funds and acquire, construct, improve, finance, and maintain the Improvement Projects to serve all of the District Area and contiguous property and to discharge such obligations incurred in acquiring and constructing such improvements; and

WHEREAS, the District plans to proceed at the earliest possible time, in an expeditious manner, with the phased acquisition and construction of the Improvement Projects to serve all of the District Area and contiguous property; and

WHEREAS, the City is a municipal corporation and is operating under a home rule charter adopted under the laws of the State of Texas, and City has the power under the laws of the State of Texas to acquire, own, maintain, and operate the Improvement Projects within its boundaries; and

WHEREAS, the City recognizes the positive economic impact that development of the District Area and contiguous property will have through the production of new jobs, the stimulation of commercial activity, and the additional ad valorem and sales and use tax revenue generated by such development; and

WHEREAS, except as otherwise provided in the District Act, before the District may exercise any powers under the District Act (i) the City must adopt an ordinance or resolution consenting to the creation of the District and to the inclusion of land in the District; (ii) the City and the District must negotiate and execute a mutually approved and accepted "operating agreement" as such term is defined in the District Act; and (iii) the City and each developer of property in the District must negotiate and execute a "project agreement" as such term is defined in the District Act; and

WHEREAS, during its negotiation of an operating agreement and project agreement, and adoption of a resolution consenting to the creation of the District, the City commissioned a "Water and Wastewater Hydraulic Analysis", dated February 7, 2020, prepared by Freese & Nichols, and a "Travel Demand Model", dated March 9, 2020, prepared by HDR, Inc. (collectively, the "Studies"), as well as a "Fiscal Impact Analysis Report" and "Supplement", each dated March 11,

2020, prepared by TischlerBise, Inc. and a “Southwest Service Center Feasibility Study”, dated January 16, 2020, prepared by Quorum Architects; and

WHEREAS, the information contained in the Studies serves as the basis for the preparation of the exhibits attached to this Agreement; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(1) of the District Act, the City has adopted Resolution No. 20-765, dated April 7, 2020 (the “Consent Resolution”), a copy of which is attached hereto as Exhibit “D”, consenting to the creation of the District and to the inclusion of the land described in Exhibit “A” in the District; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the City, and Developer (as such term is defined herein) have entered into that “Project Agreement”, dated as of the Effective Date (the “Project Agreement”); and

WHEREAS, in order to satisfy the requirements of Section 3980.0109(a)(2) of the District Act, the City and the District desire to enter into this Agreement; and

WHEREAS, the Parties acknowledge and agree that the District Act authorizes the limitation by this Agreement of the improvement projects that may be financed by the District; and the terms and conditions of the financing of such improvements projects; and

WHEREAS, the Parties further acknowledge and agree that this Agreement shall provide for the terms and conditions for the operation of the District to the extent authorized by the District Act; and

WHEREAS, this Agreement is authorized pursuant to the laws of the State of Texas including, without limitation, Chapter 791, Government Code, Section 552.014, Local Government Code, and the District Act.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the City and District agree as follows.

## ARTICLE II.

### DEFINITIONS:

“Agreement” means this Operating Agreement between the City and the District, negotiated and executed in satisfaction of the requirement of Section 3980.0109(a)(2) of the District Act.

“Assessments” means special assessments authorized by the District Act imposed and collected by the Board against benefited property within the District to pay costs of maintaining landscaping in road right-of-way and Park Improvements in the District Area and for no other purpose.

“Benchmark Tax Rate” means a proposed total annual aggregate District ad valorem tax rate of \$0.49 per \$100 of assessed value of taxable property in the District Area, to consist of (a) the tax

rates necessary to meet the annual debt service requirements of the proposed and all previously issued and outstanding Bonds, and (b) the projected M&O Tax Rate. The calculation of such rate shall be performed prior to each issuance of Bonds until the District has issued all Bonds up to the maximum amount permitted by the terms of this Agreement to fund the costs of the Improvement Projects necessary for full development of the District Area. The calculation of such rate shall also include any projected rate of Assessment (with such Assessment expressed in terms of an ad valorem tax rate). The calculation of such rate shall not include any current or projected Contract Tax Rate.

“Board” means the Board of Directors of the District.

“Bond Documents” means, for each series of Bonds, (i) the order or resolution of the District authorizing the Bonds, (ii) any preliminary official statement prepared in connection with the Bonds, (iii) any trust indenture entered into in connection with the Bonds, and (iv) certifications from each Developer in the District, and from the District as required by Section 5.04(b) of this Agreement.

“Bonds” means bonds, notes, or other obligations, including contractual obligations secured by or paid from ad valorem taxes (other than the Contract Tax), authorized by the District Act and issued or incurred by the District, whether in one or more series or contracts, to pay, or reimburse a Developer for, the costs of Improvement Projects, including expenses authorized by Section 49.155, Water Code, and secured by ad valorem taxes (other than the Contract Tax), or any other revenue, other than Assessments, authorized by the District Act and this Agreement.

“City” means the City of Denton, a home rule municipality located in Denton County.

“City CCNs” means the Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072 each issued to the City by the TCEQ.

“City Council” means the governing body of the City.

“Consent Resolution” means City of Denton Resolution No. 20-765, dated April 7, 2020, attached hereto as Exhibit “D”.

“Construction Contract” means any contract awarded by or on behalf of the District for the acquisition, construction or installation of an Improvement Project.

“Contract Tax” has the meaning set forth in Section 4.11(b) of this Agreement.

“Contract Tax Rate” has the meaning set forth in Section 4.11(b) of this Agreement.

“County” means Denton County, Texas.

“Developer” means (i) Petrus Investment, L.P., a Texas limited partnership; (ii) an assignee of Petrus Investment, L.P. under the Project Agreement; (iii) any person or entity that becomes a party to the Project Agreement; and (iv) any person or entity that enters into a project agreement

with the City with regard to property within the District Area.

“Development Off-site” means Improvement Projects extended to and/or through the District Area to facilitate growth within the larger service area, as listed on Exhibit “B” as an “Offsite” project type and depicted on Exhibit “B-1” hereto.

“Development On-site” means Improvement Projects that are designed and sized to service multiple development projects/areas in the District Area, as listed on Exhibit “B” as an “Onsite” project type and depicted on Exhibit “B-1” hereto.

“District” means the Hunter Ranch Improvement District No. 1 of Denton County.

“District Act” means Chapter 3980, Subtitle C, Title 4, Special District Local Laws Code, adopted by the 86<sup>th</sup> Texas Legislature Regular Session and effective June 10, 2019, as may be amended from time to time.

“District Area” means the land within the boundaries of the District described on Exhibit “A” hereto, as may be expanded or reduced from time to time with the consent of the City.

“Improvement Projects” means those certain water, wastewater, drainage, road, and road right-of-way projects, as described on Exhibit “B” and depicted on Exhibit “B-1” hereto, and those certain streetscaping, trail right-of-way, and contributions of land and funds for municipal facilities as described on Exhibit “B” hereto.

“M&O Tax” has the meaning set forth in Section 3.07 of this Agreement.

“M&O Tax Rate” means the annual rate of the M&O Tax authorized by the District Act imposed and collected by the Board on taxable property in the District, the primary purpose of which is to maintain and operate the District.

“Maximum Bond Amount” has the meaning set forth in Section 5.01(c) of this Agreement.

“Maximum Reimbursement Amount” has the meaning set forth in Section 5.01(a) of this Agreement.

“Park Improvements” means those improvement projects consisting of parks, recreational facilities, landscaping, and land, described on Exhibit “C” and depicted on Exhibit “C-1”, hereto.

“Project Agreement” means that Project Agreement, approved by Ordinance No. 20-764, dated April 7, 2020, between the City and Developer, regarding the property within the District Area, and any other project agreement between the City and a Developer regarding property within the District Area.

“Public Improvement Cost Summary” means the preliminary plan for the financing of the Improvement Projects with a listing of the Improvement Projects to be funded by the Bonds and costs of issuance of the Bonds attached hereto as Exhibit “H-1”.

“TCEQ” means Texas Commission on Environmental Quality.

“Term” means the term of this Agreement, beginning on the Effective Date and ending upon the termination of this Agreement pursuant to Section 7.21 herein.

### ARTICLE III.

#### OPERATION OF DISTRICT:

3.01 Consent Resolution. The District acknowledges, accepts, and agrees to the Consent Resolution.

3.02 Operation of District.

(a) The District shall operate at all times in accordance with the requirements of the Consent Resolution, this Agreement, the District Act, applicable City ordinances and regulations, and applicable provisions of the general laws relating to municipal management districts, including Chapter 375, Local Government Code.

(b) The District shall at all times comply with the requirements of Section 49.062, Texas Water Code, in the establishment of offices and meeting places for conducting the business of the District and maintaining its records. The Board shall designate Denton City Hall or other public place authorized by the City as its initial meeting place. The District shall continue to meet at such initial meeting place until the date the District receives (i) written notice from the City that the District contains 100 residents (such notice to include the names and addresses of such residents); or (ii) after at least 50 qualified electors are residing in the District, written request of at least 5 qualified District electors that the District Board of Directors hold meetings within the District, whichever is earlier to occur. Upon receipt of such notice or request and verification of the information contained therein, the District shall designate a meeting place and hold meetings within the District. If no suitable meeting place exists inside the District, the District Board of Directors may designate a meeting place outside the District that is located not further than 10 miles from the boundary of the District.

(c) The District shall at all times comply with the requirements of Section 49.199, Texas Water Code, in the adoption of policies and audits for the District. In adopting its code of ethics for District directors, officers, employees, and persons engaged in handling investments for the District, the District shall incorporate provisions of City Ordinance No. 18-757, as amended, to the extent practicable and not in conflict with laws and TCEQ rules applicable to the District.

(d) The members of the District Board of Directors shall at all times comply with the requirements of Section 49.052, Texas Water Code, pertaining to the disqualification of directors. For purposes of Section 49.052(f), Texas Water Code, the Parties acknowledge and agree that the District’s principal function is providing water, sewer, drainage, reclamation, or flood control services to residential retail or commercial customers by the acquisition, construction,

improvement, financing and maintenance of the Improvement Projects and conveyance of such improvements to the City pursuant to this Agreement.

(e) The District agrees to establish and maintain an Internet website within 90 days from the Effective Date. Upon the District containing 100 residents, the District Board of Directors shall begin to (i) broadcast its open meetings over the internet, (ii) provide access to the broadcast from its website, (iii) make video and audio recordings of its meetings, and (iv) make available on its website for a reasonable period the archived recordings of its meetings. The obligations of the District set forth in this subsection are subject to the provisions of Section 7.02 below.

### 3.03 Retail Water/Sewer/Solid Waste/Other Services.

The City will provide, and bill and collect for, all water, sewer, recycling and garbage service provided to the District Area. The City will provide, and bill and collect for, all electric service to the District Area where the Denton Municipal Electric has single, dual, or triple certified electric service territory rights. The rates for such services to be charged to the residents and users within the District Area shall be the same as charged to residents and users located in other areas of the City. The City will retain all revenue from providing such services. The District will honor and not contest the City CCNs. The District will not provide or offer to provide water, sewer, electric, recycling or garbage service either within or outside of the District Area except as provided in Sections 3.04 herein. The District will not deny, contest, or otherwise oppose any City application, registration, or permit for the siting, construction, or operation of a solid waste transfer station, material recovery facility, or administrative offices of the same (the “Transfer/Recovery Facility”) provided the site containing such facility is not located within the District Area or within 1,000 feet from a MN, MR, R4, R6 or R7 zoned property within the District Area.

3.04 Water Wells. Water wells may be drilled, owned, and operated by the District within the District Area for the sole purpose of providing irrigation water and maintaining lake levels. Water wells may not be used to provide potable water.

3.05 Annual Financial Reporting. In addition to the reports required by Section 5.06 below, the District shall (a) send a copy of its order setting its annual ad valorem tax rates to the City within thirty (30) days from Board adoption of the rates; (b) send a copy of the orders approving service and assessment plans and setting assessment rates to the City, and each order adopting updates to the plans, within thirty (30) days after Board approval; (c) send a copy of its annual budget and audit to the City within thirty (30) days after Board approval; (d) provide copies of any material event notices filed under applicable federal securities laws or regulations to the City within thirty (30) days after filing such notices; and (e) send a copy of an annual report identifying costs paid for each line item listed in the Public Improvement Cost Summary, and portion of such amounts reimbursed to the Developer to the City within thirty (30) days after Board approval.

### 3.06 District Boundaries and Division.

(a) The District may not annex or exclude property from its boundaries without prior consent from the City Council, such consent to be evidenced by resolution or ordinance.

(b) Provided it has not issued Bonds and is not imposing ad valorem taxes, the District may divide, sequentially from time to time, ultimately resulting in no more than four (4) separate districts within the original District Area of a minimum of 500 acres each, without further consent from the City. The initially proposed boundaries of the resulting districts are generally depicted on Hunter Ranch: Ordinance No. MPC19-0002c and Ordinance No. MPC19-0002d, as amended (the “MPC”). However, the District reserves the right to revise such boundaries prior to each District division proceeding. A new district created by division of the District may not at time of creation, contain any land outside of the original boundaries of the District. A new district created by division of the District is subject to the terms and conditions of the District Act, Consent Resolution, and this Agreement. At its election, a new district must either enter into a Joinder to this Agreement in the form attached hereto as Exhibit “E” or a new operating agreement. Any new operating agreement must be approved by the City Council, such consent to be evidenced by resolution or ordinance. Any Joinder entered into pursuant to this Agreement shall not require the approval or consent of the City Staff or City Council but shall include a description of the portion of Improvement Projects that are projected to be constructed and financed by the new district and the maximum aggregate amount of bonds the new district may issue and reimburse to the Developer, the Maximum Reimbursement Amount (as such term is defined herein) applicable to the District being reduced by such amounts. Each new district entering into a Joinder shall provide a copy of the Joinder to the City within 30 days from its effective date.

(c) The District may not establish a “defined area” as described in the District Act in the District, without prior consent of the City Council, such consent to be evidenced by resolution or ordinance.

### 3.07 Maintenance and Operation Funding.

(a) If approved by a majority of District voters, the District may impose an operation and maintenance tax (an “M&O Tax”), the proceeds of which shall be used primarily to maintain and operate the District. Once the District has established an operation and maintenance reserve equal to at least fifty percent (50%) of its average annual operating expenditures calculated based on actual expenditures for the immediately preceding two (2) years and the then current budget year, and subject to the provisions of Section 5.08 hereof, the District may use M&O Tax proceeds to reimburse the cost of Improvement Projects. The M&O Tax will also be used to reimburse the City for its costs for tasks to be performed pursuant to this Agreement or otherwise incurred in connection with this Agreement, not otherwise paid by other City fee or charge, including: review of legal instruments pursuant to Sections 4.05 and 4.07; and review of Bond Documents pursuant to Section 5.04. The District may hold a separate election for the maintenance and operation of Improvement Projects authorized by Section 59, Article XVI, Texas Constitution and Improvement Projects authorized by Section 52, Article III, Texas Constitution; provided, however, the total M&O Tax for both categories of improvements shall be subject to the Benchmark Tax Rate limitation, and both are subject to the provisions of Section 5.08 hereof.

(b) If approved by the owners of a majority of the real property that would be subject to the Assessment, in order to fulfill its maintenance obligations set out in Section 4.09(b) hereof, the District may impose an Assessment to fund only the operation and maintenance of the

landscaping within road right-of-way and Park Improvements. Any Assessment imposed by the District shall be included in the calculation of the Benchmark Tax Rate limitation.

(c) The provisions of this Section 3.07 are not intended to limit the sources of funding the District's obligations under Sections 4.09(b) or 5.02 hereof. Such obligations may be funded by any monies legally available to the District.

ARTICLE IV.  
DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS:

4.01 Description of Improvement Projects. Unless otherwise authorized by the City Council, the District may acquire, construct, fund or reimburse only the Improvement Projects.

4.02 Plans and Specifications. Prior to commencement of construction, the District must obtain City staff approval of the plans and specifications for all Improvement Projects and Park Improvements to be conveyed or dedicated to the City hereunder by the District.

4.03 Construction of Improvements. The Developer is responsible for any costs to construct the Improvement Projects and Developer's reimbursement for Improvement Projects by the District is subject to the terms of this Agreement. The City has no obligation under this Agreement to construct or contribute financially to the Improvement Projects or other public infrastructure located within the District Area; and except as otherwise may be described in sections 4.08 and 4.11 hereof, the City has no obligation under this Agreement to construct or contribute financially to other public infrastructure outside the District Area required to serve development of the District Area. All Improvement Projects shall be designed, acquired, constructed, installed, and maintained in compliance with the requirements of the Consent Resolution, this Agreement, the District Act, and applicable provisions of the general laws relating to municipal management districts, including Chapter 375, Local Government Code. Plan review, construction, inspection, and approval of all Improvement Projects shall comply with the MPC and City criteria manual, as amended from time to time, except streets and roads comprising Improvement Projects or that function as regional or arterial streets and roads shall be constructed in compliance with "Superpave Mixtures" materials requirements as described in the Texas Department of Transportation *Pavement Manual* (referenced therein as Item 344), as amended, and the Texas Department of Transportation *Special Specification 3074 Superpave Mixtures – Balanced Mix Design* ("Super Asphalt"), as amended.

4.04 Inspection of Improvements. Prior to commencement of engineering or design of any Improvement Project or Park Improvement the plans and specifications of which are subject to approval by the City staff pursuant to Section 4.02 above, the District or its engineer will give written notice to the City, stating the date that the design or engineering is projected to commence. The City will provide review and inspection services for the design, construction and installation of all Improvement Projects and Park Improvements and the District will pay to the City the review and inspection fees generally applicable to similar projects within the City.

4.05 Acceptance and Conveyance. Except as provided in Section 4.09 and Section 4.10 below, upon inspection and acceptance of a completed portion of an Improvement Project or Park

Improvement the plans and specifications of which are subject to approval by the City staff pursuant to Section 4.02 above, title to the completed improvements shall be dedicated by plat or special warranty deed or grant of easement, lien free together with an assignment of all applicable bonds and warranties. Each conveyance required by this Agreement to be by special warranty deed will be in the form of deed attached hereto as Exhibit "F". Each conveyance required by this Agreement to be by permanent easement will be in the form of the City's then-current "template" easement as modified by attaching to the same the addendum attached hereto as Exhibit "G". Except as provided in Section 4.09 and Section 4.10 below, after City staff inspection and acceptance of a completed portion of an Improvement Project or Park Improvement, the City will then own, operate, and maintain the improvements. However, after City inspection and acceptance of a completed portion of a street or road within the District and Park Improvements, the District will maintain landscaping within the road right-of-way and Park Improvements, including open space, in accordance with Section 4.09.

4.06 Construction Contract Documents/Public Bidding. The form of Construction Contracts, process for public bidding, and provision of payment and performance bonds, and maintenance bonds for the construction of Improvement Projects shall comply with the applicable provisions of Chapter 49, Water Code. Upon the completion of work under each Construction Contract, the District shall deliver to the City a statement of the total costs incurred under each contract. Construction Contracts shall require the District to maintain complete books and records with respect to all costs paid or incurred for a period of at least three years after completion.

4.07 Easements/Rights of Way.

(a) Upon completion of an Improvement Project within the District Area, the District will dedicate or convey (or cause to be dedicated or conveyed) easements and other rights-of-way (both permanent and temporary) required by law, ordinance, rule, regulations and provisions of Exhibit B hereto for such improvements to the City, at no cost to the City, by plat or grant of easement in the form required by Section 4.05 above.

(b) If the District cannot obtain easements, rights-of-way and other interests in land located outside of the District Area and required for the acquisition and construction of any Improvement Project, after making an offer in writing, based on the fair market value of the property interest to the property owner from whom the property interest is being acquired, the City agrees to consider acquiring all easements, rights-of-way and other interests in land required for the acquisition and construction of any Improvement Project located outside of the District Area. The District must provide the City with a survey and metes and bounds description of the property to be acquired and pay the City for all costs of obtaining the easements, rights-of-way or other interests in land. The District must reimburse the City in full for any costs incurred to acquire the property interest, including, but not limited to, City staff time, appraisals, title surveys, acquisition costs, relocation costs, and City resources.

(c) With respect to trails located outside of road right-of-way within the District Area, the District will dedicate or convey (or cause to be dedicated or conveyed) easements as follows: (i) for a 10 foot trail, an easement of 30 feet in width; and (ii) for a 6 foot trail, an easement of 26

feet in width. Easements required for such trails shall be provided, at no cost to the City, by plat or grant of easement in the form required by Section 4.05 above.

4.08 Oversizing Requested by City. Upon receipt of written notice issued by the District pursuant to Section 4.04 above, the City may request the District to oversize an Improvement Project. In such event, within 90 days from receipt of notice issued by the District the City shall notify the District of its election in writing, including the extent and description of oversizing requested and a plan for City participation in financing the engineering, design, inspection, testing, and construction costs necessary to accomplish such oversizing (the “Oversizing Costs”). To the extent permitted by law and the rules of the TCEQ, and upon mutually agreed upon terms, the District may participate in financing the Oversizing Costs of an Improvement Project. Before initiation of construction of any oversized improvements the District or the Developer, if appropriate, and the City will enter into an agreement that confirms how such oversized improvements will be funded. If the City enters into an oversizing agreement with the Developer, the District will be provided a copy of such agreement. In no event shall the Developer be reimbursed by the District for Oversizing Costs if such oversizing agreement provides for Developer impact fee credits or reimbursement from the City for such Oversizing Costs.

4.09 Park Improvements Dedication, Construction, Operation, and Maintenance.

(a) The Park Improvements will be conveyed or dedicated to the City, at no cost or expense to the City, and will be available for use by the general public. The District will cooperate with the Developer to provide for phased dedication of the park land in the manner, at the times, and subject to the restrictions provided in Section 3.1 of the Project Agreement. Upon inspection and acceptance of a completed portion of Park Improvements the plans and specifications of which are subject to approval by the City staff, title to the completed Park Improvements shall be dedicated to the City by special warranty deed substantially in the form attached hereto as Exhibit “F”, lien free together with an assignment of all applicable bonds and warranties, except the “Pocket Parks”, “Dog Park”, “Trails” outside rights-of-way, and “Regional ESA Upland”, as depicted on Exhibit “C-1” hereto, and the “lakes” as described in Section 4.10 of this Agreement, shall be conveyed by a grant of easement in the form required by Section 4.05 above.

(b) Upon conveyance to the City of fee simple title to the streets and roads within the District and Park Improvements, the District shall assume all responsibility for maintenance of the landscaping within the road right-of-way and Park Improvements, including, but not limited to, the responsibility to maintain all land and amenities located within the area of the road right-of-way and the Parks Improvements. Such maintenance responsibility shall include maintaining adequate drainage for such areas, as well as maintenance of all other open space in the District Area. However, the District shall not be responsible for maintenance of manmade drainage structures built or constructed within road right-of-way or within public easements. The District shall use its best efforts to maintain such Park Improvements and landscaping within the road right-of-way at a level equal to or better than provided by the City to similar improvements in other parts of the City. The District is hereby granted a revocable license to the Park Improvements in order to maintain the Park Improvements in accordance with this Agreement. The District may utilize the assistance of property owners’ associations within the District Area to perform such

maintenance; provided, it shall remain primarily responsible for the maintenance obligations set forth in this Section 4.09(b).

(c) The District shall use its best efforts to prevent damage to Park Improvements by its contractors and prevent dumping. All construction within the Park Improvements shall utilize reasonable efforts to minimize the impact to flora and fauna within the park. Park Improvements disturbed during District construction activities shall be restored to their pre-construction condition as reasonably determined by the City's Director of Parks and Recreation.

(d) Notwithstanding the provisions of Section 4.05 and subparagraph (b) above, the District shall have no obligations with respect to the operation and maintenance of facilities constructed by the City on "City Park" depicted on Exhibit "C-1" hereto (the "City Park"). Such obligations shall be the sole responsibility of the City.

4.10 Lakes, Dams, and Spillways. Currently, there is one lake within the District Area and located within easements granted to the Denton County Soil and Water Conservation District No. 547 (the "SWCD") for drainage and flood control purposes. The SWCD has constructed and maintains dams, spillways, and overflow pipes and valves at the lakes (the "SWCD Improvements"). Such lakes and SWCD Improvements constitute a portion of the drainage and flood control system serving the District Area. The District agrees to prepare an assessment of the condition of the SWCD Improvements, and proposed plan of improvement, maintenance and repair for such facilities. Such report shall be presented to City staff for review and comment. The District will incorporate the City's comments into a final improvement and maintenance plan for submission to the SWCD. The District shall endeavor to formalize arrangements with the SWCD to complete the proposed improvement, maintenance and repair of the lakes and SWCD Improvements and assume operation and maintenance responsibility for such improvements. The District shall design, construct, inspect and accept the improvement, maintenance and repair of a lake and SWCD Improvements and the City has no obligation to accept ownership, maintain, operate or repair any lake or SWCD Improvements. However, the City shall have the option in its sole discretion and at no cost to City to require the District to acquire and convey fee simple title to all or a portion of the land under and surrounding the lakes and SWCD Improvements to the City. In addition, the City shall have the option in its sole discretion and at no cost to City to require the District to transfer, or cause another party to transfer, the lakes and SWCD Improvements to the City if the District owns or has the ability to transfer ownership of the lakes and SWCD Improvements.

#### 4.11 City Offsites.

(a) In order to provide for the orderly development of the District Area and certain contiguous areas within the City, construction of certain offsite water, sanitary sewer, and road infrastructure will be required from time to time. Each project comprising this infrastructure along with its general description, estimated cost, and estimated percentage of such cost allocated to the District Area is listed in Exhibit "K" and depicted on Exhibit "K-1" attached hereto. Each project listed on Exhibit "K" and depicted on Exhibit "K-1" is hereinafter referred to as a "City Offsite", and all such projects are hereinafter referred to collectively as "City Offsites".

The City intends to fund construction of the City Offsites, primarily, by the issuance of multiple series of bonds, notes or other obligations (the “City Bonds”). City Bonds issued for a City Offsite consisting of water infrastructure are payable from or otherwise secured by, in part, such City Offsite’s share of applicable water impact fees and other revenues collected by the City from users within the service area of such City Offsite. Similarly, City Bonds issued for a City Offsite consisting of sanitary sewer infrastructure or road infrastructure are payable from or otherwise secured by, in part, such City Offsite’s share of applicable sewer or road impact fees and other revenues, respectively, collected by the City from users within the service areas of such City Offsite. The portions of impact fees collected by the City from users within the District Area that are allocated to City Offsites are hereinafter referred to as “District Area Revenue”. As an alternative to the issuance of City Bonds, the City, at its discretion, may fund construction of a City Offsite by the direct use of impact fees and other revenues collected by the City from users within the service area of such City Offsite, including the District Area Revenue and District Tax Revenue (hereinafter defined).

In addition to District Area Revenue collected by the City, the District agrees to provide funding for the District Cost (hereinafter defined) of the City Offsites constructed to serve the District Area. However, in no event shall the District Area Revenue and District Tax Revenue in the aggregate exceed the District Cost (hereinafter defined) of the City Offsites.

(b) The District hereby requests that the City prepare an update of its existing impact fee capital improvement plan (the “Impact Fee Study”) in conformance with Texas Local Government Code, Chapter 395, to include all City Offsites. After City approval of (i) the foregoing Impact Fee Study that includes all City Offsites, and (ii) the initial final plat of property within the District Area, the City, District, and Developer, will begin to meet regularly to review the status of development of the District Area and the timing of the need for the City Offsites. Further, after the foregoing City approvals, the District will initiate the annual assessment and collection of a contract tax (the “Contract Tax”) at a rate (the “Contract Tax Rate”) not to exceed \$0.06 per \$100 assessed valuation, for the purposes described in this Section 4.11. By May 1 of each year the District agrees to deposit the Contract Tax proceeds (the “District Tax Revenue”) collected from the prior year levy in a separate segregated City account (the “District Tax Account”). The District Tax Account shall be maintained by the City for the benefit of the District for the sole purpose of payment of the District Cost of City Offsites. The City shall manage the funds on deposit in the District Tax Account in accordance with the same policies and procedures employed by the City with respect to the collateralization, investment, and management of other City funds.

If City Offsites are included in the Impact Fee Study, such study will include a capacity analysis to confirm what portion of each City Offsite will serve the District Area and what portion will serve other areas of the City. Once the capacity analysis is completed, an estimated cost will be assigned to the portions of the City Offsites serving the District Area (the “District Cost”). Further, once the cost analysis is completed, a financial analysis will be completed to estimate the amount of funds necessary to pay the District Costs. The financial analysis will identify ongoing funding requirements for City Offsites and available funding projected in the District Tax Account. Funds on deposit in the District Tax Account and projected District Tax Revenue shall be applied to the payment of District Costs. Expenditures of District Tax Revenue for District Cost will be

accounted for as a revenue credit in the Impact Fee Study and each future update of the Impact Fee Study in conformance with Texas Local Government Code, Chapter 395, and reduce the impact fees established for the District Area accordingly.

(c) Pursuant to Texas Local Government Code, Chapter 395, the City must update the Impact Fee Study at least every five (5) years and may, at the City's option, update it more often (in either case a "Regular Study Update"). The District or Developer may request that the City update the Impact Fee Study (an "Interim Study Update") once every three (3) years pursuant to this Agreement as long as the City has not prepared a Regular Study Update or Interim Study Update within the last preceding three (3) years. An Interim Study Update will include an update of the status of construction of the City Offsites and District Tax Account. An Interim Study Update will also include an analysis of the District Area Revenue generated by users within the service area for each City Offsite; disbursement from the District Tax Account for each City Offsite; and balance of District Cost remaining due for each City Offsite. All costs to prepare a Regular Study Update shall be paid by the City; and all costs to prepare an Interim Study Update shall be paid by the District or Developer.

(d) The District agrees to assess and collect each year a Contract Tax at a rate of \$0.06 per \$100 valuation until such time as the District Cost has been fully paid as evidenced by certification from the City. The District shall never be required to assess and collect a Contract Tax at a rate greater than \$0.06 per \$100 valuation. Except as provided in subparagraph (e) below, the District's sole source of payment of District Cost is limited to District Tax Revenue; and the City shall never have the right to look to other available funds of the District to fund the District Cost of City Offsites.

(e) Notwithstanding the provisions of subparagraph (d) above, if the District fails or refuses to obtain voter approval of this Agreement and the Contract Tax in support thereof, in order to provide funding to the City for payment of the District Cost, the District agrees to (i) levy, assess and collect each year an M&O Tax Rate sufficient to generate an amount equal to the amount that would have otherwise been generated by the annual assessment and collection of the Contract Tax pursuant to subparagraph (d) above or (ii) cause the Developer to pay such annual amounts to the City.

(f) When the cost of the City Offsites has been fully paid, a financial analysis shall be performed to ensure that the District has not paid more than the District Cost, taking into consideration City receipt of applicable District Area Revenues. If as a result of such analysis, the District is determined to have overpaid the District Cost, such excess shall be returned to the District. Such funds shall be available for use by the District for any lawful District purpose, including reimbursement of the cost of Improvement Projects. Should the District reimburse the Developer with these funds, such reimbursement is subject to the provisions of Section 5.08 hereof; and credited towards payment of the Maximum Reimbursement Amount.

(g) The Contract Tax is not subject to or included in the calculation of the Benchmark Tax Rate limitation.

ARTICLE V.

FINANCING IMPROVEMENT PROJECTS:

5.01 General Bond Authority.

(a) The District may issue Bonds for the actual costs and expenses of designing, acquiring, constructing, installing and funding the Improvement Projects, and expenses authorized by Section 49.155, Water Code, and for no other purpose. However, costs authorized pursuant to Section 49.155(a)(12), Water Code, shall be limited to an amount not to exceed \$4,000,000. The Public Improvement Cost Summary is attached hereto as Exhibit "H-1" with a preliminary plan for the financing of the Improvement Projects and a listing of the Improvement Projects to be funded by the Bonds and costs of issuance of the Bonds. In addition, attached hereto as Exhibit "H-2" is a preliminary schedule for the issuance of the Bonds, at times and in amounts, to fund the costs of the Improvement Projects (the "Plan of Finance"). The City acknowledges and agrees that the information provided in Exhibit "H-2" is preliminary in nature and based upon estimates, assumptions, projections, and matters of opinion, and is not intended as a statement of fact. No representation is made as to the likelihood that the growth of taxable assessed valuation or issuance of Bonds at the times and in the amounts shown in Exhibit "H-2" will be realized in the manner as currently presented, and such information is subject to change. However, in no event shall the District reimburse the Developer in an amount greater than \$350,000,000 (the "Maximum Reimbursement Amount"), which amount includes developer interest expense, without prior consent of the City Council.

(b) The District may issue Bonds payable wholly or partly from ad valorem taxes (other than the Contract Tax), revenue (other than Assessments), contract payments, grants or other District money, or any combination of those sources of money.

(c) The District may not issue more than \$395,000,000 aggregate principal amount of Bonds, excluding the principal amount of any Bonds issued to refund outstanding Bonds (the "Maximum Bond Amount").

(d) The principal amount of Bonds issued by the District in aggregate may not exceed ten percent (10%) of the assessed value of all real property in the District. The Maximum Bond Amount may be issued over time in multiple series; provided in no event is the District authorized to issued more than \$50,000,000 principal amount of Bonds in the aggregate until such time as the estimated taxable assessed value of the District Area, as certified by the Denton Central Appraisal District ("DCAD"), exceeds \$500,000,000. Upon receipt of such certification, the District is authorized to issue not more than \$100,000,000 principal amount of Bonds in the aggregate until such time as the estimated taxable assessed value of the District Area as certified by DCAD exceeds \$1,000,000,000. Thereafter, and in the same manner, the authorization of the District to issue Bonds up to the Maximum Bond Amount will be increased in additional increments of \$50,000,000, upon receipt of certification by DCAD for each additional increment that the estimated taxable assessed value of the District Area has increased by an additional \$500,000,000 to support such increment. The District shall provide copies of each DCAD certified estimate of

taxable assessed value of the District Area in accordance with the provisions of Sections 3.05 and 5.06 of this Agreement.

5.02 Terms and Conditions.

(a) The Parties acknowledge and agree that the Developer intends to advance funds to or on behalf of the District for the acquisition and construction of the Improvement Projects and District creation and administration expenses pursuant to a reimbursement agreement with the District (the "Developer Reimbursement Agreement"). The Developer Reimbursement Agreement authorized by this Agreement shall be in substantially the form as attached hereto as Exhibit "I". The District will not amend the Developer Reimbursement Agreement to expand its obligations beyond those expressly provided thereunder nor enter into any additional reimbursement agreement with the Developer without the prior written consent of the City Council.

(b) The District must obtain approval of the TCEQ for the issuance of Bonds for water, sanitary sewer or drainage facilities. Throughout the Term of this Agreement, the issuance of any Bonds, including Bonds issued for street and road facilities, shall be subject to, and the District shall comply with, the feasibility requirements of the TCEQ and Office of the Texas Attorney General in effect as of the Effective Date regardless of whether the TCEQ is required to approve the issuance of the Bonds, and regardless of whether the feasibility requirements of the TCEQ and/or Office of the Texas Attorney General at the time of the issuance of the Bonds are less restrictive than the feasibility requirements as of the Effective Date.

(c) The District will reimburse Developer for the reimbursable portion of the costs of acquiring and constructing Improvement Projects, including "developer interest", to the maximum extent permitted by the rules of TCEQ, Office of the Texas Attorney General, this Agreement and the Consent Resolution, but not to exceed the Maximum Reimbursement Amount.

(d) The tax rate required for amortization of each proposed issuance of Bonds shall be subject to the Benchmark Tax Rate limitation. The District shall provide the City a report evidencing the District's determination of compliance with the Benchmark Tax Rate limitation prior to any Bond issuance.

(e) The District may not issue Bonds secured or payable in whole or in part by ad valorem taxes unless approved by District voters at one or more elections held for such purpose in accordance with the District Act and other applicable law.

(f) The District shall submit to the City staff a copy of each application to the TCEQ for the issuance of Bonds concurrently with the filing with the TCEQ. At least 90 days before the proposed issuance of Bonds for streets or roads and improvements in aid thereof, the District shall submit to the City staff a list of street or road improvements to be financed, and amortization and cash flow schedules for such proposed Bonds, and evidence of compliance with the feasibility requirements of the TCEQ and the Office of the Texas Attorney General as described in Section 5.02(b) hereof.

(g) The amortization of each series of Bonds proposed for issuance may assume no more than two (2) years of growth of the estimated taxable assessed value of the District Area as of the proposed date such series of Bonds is proposed to be issued. Such estimate of District taxable assessed value shall be provided by the DCAD. Further, the assumptions of growth for a series of Bonds must be supported by a market study in the form required by the rules of the TCEQ, regardless of whether the issuance of such Bonds is required to be approved by the TCEQ.

(h) No Bonds may be issued by the District unless at least 25% of the projected value of houses, buildings and/or other improvements shown in the projected tax rate calculations for the issuance of the Bonds are completed prior to the issuance of the Bonds.

(i) All water, wastewater, sewer, drainage, street and road facilities to be financed with the proceeds of a proposed issuance of Bonds, or necessary to serve the projected build-out used to support the feasibility of the subject Bond issue, shall be at least 95% complete as certified by the District's engineer prior to the issuance of such Bonds.

(j) No Bonds may be issued by the District if any outstanding Bonds are in default or if any Bond debt service reserve funds have been drawn upon that have not been replenished in accordance with applicable bond order, resolution or indenture requirements.

#### 5.03 No Pledge of Assessments.

The District agrees not to pledge Assessments as security for the payment of principal of or interest on any Bonds. Assessments levied and collected by the District shall be used exclusively to fund the operation and maintenance of landscaping within road right-of-way and public parks, landscaping, trails, and related recreational facilities comprising Park Improvements.

#### 5.04 City Review.

(a) Each proposed issuance of Bonds must meet the applicable conditions contained in the District Act, Consent Resolution, and this Agreement.

(b) At least 45 days before the sale of Bonds or 45 days before entering into a bond purchase agreement for the sale of the Bonds, the District shall submit a copy of the Bond Documents to the City which includes (i) certifications from each Developer in the District that the Developer is in compliance with the Developer's Project Agreement with the City; and (ii) certification that the District is in compliance with the District Act, the Consent Resolution and this Agreement, and that no outstanding Bonds are in default and no reserve funds have been drawn upon that have not been replenished as provided above, in the form as attached hereto as Exhibit "J". The District shall concurrently therewith provide the Benchmark Tax Rate limitation report required under Section 5.02(d) hereof.

(c) The City staff must complete its review of the Bond Documents not later than the 30<sup>th</sup> day after the date the City receives such documents. The City may object to the issuance of Bonds if the City staff determines that: (i) the District is not in compliance with the terms and conditions of the District Act or Consent Resolution; (ii) the District is not in compliance with this

Agreement; or (iii) a Developer of property in the District is not in compliance with the terms and conditions of a Project Agreement that applies to the Developer.

5.05 City Consent. In the event that the City does not provide written notice of its objection to the District's proposed issuance of Bonds in accordance with Section 5.04(c) above within 35 days from the date it receives the Bond Documents (the "Objection Period"), no consent or approval of the City shall be required for the sale of such Bonds. In the event the City staff provides written notice (the "Initial Notice of Noncompliance") of its objection in accordance with Section 5.04(c) above within the Objection Period, such notice shall set forth in reasonable detail the basis for the City's objection and the District shall be given a reasonable time to cure based on the nature of the alleged noncompliance, but in no event less than 30 days (the "Cure Period"). In the event that the City staff determines the basis for its objection has not been cured within the Cure Period, it shall provide written notice (the "Final Notice of Noncompliance") of such determination to the District. Subsequent to its receipt of the Final Notice of Noncompliance, the District must obtain the consent of the City Council to the issuance of such Bonds. City Council consent of the issuance of a series of Bonds, when required, shall not be unreasonably withheld. For the avoidance of doubt, the City Council's refusal to consent due to the existence of an event described in Section 5.04(c)(i), (ii) or (iii) hereof shall not be considered to be an unreasonable withholding of its consent.

5.06 Final Bond Documents and Reports. Subsequent to the sale of each series Bonds, the District shall provide the City with a copy of the following: (a) final Bond Documents; (b) final Official Statement or other offering document; and (c) agreed-upon procedures report regarding the distribution of Bond proceeds to each applicable developer.

5.07 Creation of Funds.

- (a) The District shall create the following funds:
  - (i) General Fund;
  - (ii) Assessment Fund;
  - (iii) Contract Fund;
  - (iv) For each series of Bonds, a Capital Projects Fund; and
  - (v) For each series of Bonds, a Debt Service Fund.
- (b) Each District fund shall be kept separate and apart from all other funds of the District and shall be used solely as provided in this Agreement.
- (c) General Fund – The District shall deposit all M&O Tax proceeds to the credit of the General Fund; and such fund shall be applied only for the purposes set forth in Sections 3.07 and 4.09(b) herein.

- (d) Assessment Fund – The District shall deposit all Assessment proceeds to the credit of the Assessment Fund, and such fund shall be applied only for the purposes set forth in Sections 3.07(b), 4.09(b), and 5.03 herein.
- (e) Contract Fund – The District shall deposit all Contract Tax proceeds to the credit of the Contract Fund; and such fund shall be applied only for the purposes set forth in Section 4.11 herein.
- (f) Capital Projects Fund – The District shall deposit from the sale of each series of Bonds to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after any required deposits into the Debt Service Fund. Such funds shall be applied solely to pay (i) the costs necessary to accomplish the purposes for which the Bonds are issued, and (ii) the costs of issuing the Bonds.
- (g) Debt Service Fund - The District shall deposit proceeds from the sale of each series of Bonds to the credit of the Debt Service Fund consisting of accrued interest on the Bonds, if any, and capitalized interest on the Bonds, if any, and the proceeds of the collection of the ad valorem taxes collected for the Bonds, less costs for collection, as collected.

5.08 Use of Other Funds. In addition to proceeds of District Bonds, the District may use other legally available sources of District funds, including M&O Tax proceeds and Contract Tax proceeds overpaid and returned to the District in accordance with Section 4.11 of this Agreement (the “Available Funds”), to reimburse the cost of Improvement Projects subject to compliance with the following requirements and procedures:

(a) The District shall provide written notice to the City Staff of its intent to reimburse the Developer, which notice shall include an update to the most current annual report required by Section 3.05(e) hereof reflecting costs to be paid and amounts to be reimbursed to the Developer with Available Funds;

(b) The District shall certify with appropriate supporting documentation, that the amount of Available Funds proposed to reimburse the cost of Improvement Projects along with the amount of all previous amounts of Available Funds reimbursed to the Developer, when added to the principal amount of District Bonds then outstanding, does not exceed ten percent (10%) of the assessed value of all real property in the District;

(c) The use of Available Funds to reimburse the cost of Improvement Projects shall be subject to the applicable rules of the TCEQ and the conditions in Section 5.02(b), (d), (h) and (i); and

(d) The use of Available Funds shall be credited against and reduce the Maximum Reimbursement Amount.

## ARTICLE VI.

### DISSOLUTION OF DISTRICT:

#### 6.01 Dissolution by City.

(a) The City hereby acknowledges and agrees that: (i) the District's purpose and function includes the acquisition, construction, and financing of all Development On-Site and Development Off-Site necessary for the full development of the District Area; (ii) the District currently has no funds legally available for such purpose and function; (iii) the District will enter into obligations to secure funds and perform such purpose and function in the form of the Developer Reimbursement Agreement with Developer; and (iv) the District intends to meet its obligations and perform its function so as to reimburse Developer to the maximum extent permitted hereunder for all monies advanced or to be advanced on behalf of the District pursuant to a Developer Reimbursement Agreement and complete the acquisition and construction of Development On-Site and Development Off-Site necessary for full development of the District Area.

(b) If the City dissolves the District prior to the District's completion of performance of its function and purpose of the acquisition and construction of all Development On-Site and Development Off-Site necessary for full development of the District Area; and reimbursement of Developer for monies advanced to or on behalf of the District for such purposes to the maximum extent permitted hereunder and required under a Developer Reimbursement Agreement, on the effective date of District dissolution the City shall (i) pay in cash to Developer who has advanced monies to or on behalf of the District pursuant to a Developer Reimbursement Agreement, to the maximum extent permitted hereunder and required under the Developer Reimbursement Agreement, an amount equal to actual costs incurred by Developer in connection with the Development On-Site and Development Off-Site that has not been reimbursed as of the date of dissolution as required under the terms of the Developer Reimbursement Agreement; and (ii) be deemed to have assumed all of the District's ongoing contractual obligations, including, but not limited to, the District's obligations to reimburse Developer to the maximum extent permitted hereunder for future expenditures to be made subsequent to the date of dissolution for Development On-Site and Development Off-Site in accordance with any then existing Developer Reimbursement Agreement, with the source of funds for the City's payment being proceeds of bonds, notes or other obligations the City determines to issue for such purpose or other legally available funds in the sole discretion of the City. All obligations assumed by the City, including obligations to issue bonds, notes or other obligations for the payment to Developer, shall be subject to all conditions, restrictions or other limitations applicable to the District under this Agreement and the Consent Resolution, including for the issuance of Bonds. This obligation is conditional upon the acquisition and construction of such Improvement Projects by the Developer, in lieu of the District, in the manner required by the Developer Reimbursement Agreement; and Developer's compliance with its Project Agreement. This Section 6.01(b) survives the termination or expiration of this Agreement; however, it is not intended to create any restriction of the City's police powers.

(c) Notwithstanding anything to the contrary in Section 6.01(b) hereof or otherwise, in the event that the District has issued the maximum aggregate principal amount of Bonds as described in Section 5.01(c) hereof, the City may at any time after 30 days from completion of such issuance of Bonds dissolve the District after giving notice as provided in subparagraph (d) below, pursuant to Section 375.263 of Chapter 375, Texas Local Government Code, or any successor statute thereto.

(d) Should the City determine to proceed with dissolving the District under subparagraph (b) or (c) above, the City shall give the District and Developer nine (9) months advance written notice of its intent prior to initiation of formal dissolution proceedings.

6.02 Dissolution by District Board. The District shall provide notice to the City of the District's receipt of any petition from an owner or owners of property within the District Area requesting dissolution of the District. The District may not be dissolved by action of the District's Board under applicable state law unless, the City Council adopts an ordinance consenting to such dissolution.

## ARTICLE VII.

### MISCELLANEOUS:

7.01 Notices. Any notice to be given hereunder by a Party to any other Party shall be in writing and may be effected by delivery in person or by facsimile, or by sending said notice by certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given by mail when deposited with the United States Postal Service with sufficient postage affixed.

To District: Hunter Ranch Improvement District No. 1 of Denton County  
Attn: President, Board of Directors  
c/o Crawford & Jordan LLP  
3100 McKinnon Street, Suite 1100  
Dallas, Texas 75201  
Email: [ccrawford@crawlaw.net](mailto:ccrawford@crawlaw.net)

With a copy to the Developer:

Attn: Mr. Brian Carlock  
Petrus Investment, L.P.  
3000 Turtle Creek Blvd  
Dallas, Texas 75219  
Email: [Brian.Carlock@Hillwood.com](mailto:Brian.Carlock@Hillwood.com)

Attn: Mr. Ike Robb  
Petrus Investment, L.P.  
3000 Turtle Creek Blvd  
Dallas, Texas 75219

Attn: Mr. Jeremy Fowler  
Petrus Investment, L.P.  
3000 Turtle Creek Blvd  
Dallas, Texas 75219

To City: City of Denton  
Attn: City Manager  
215 E. McKinney St.  
Denton, Texas 76201  
Email: Todd.Hileman@cityofdenton.com

Either Party may change its address for notice by giving the other Party written notice of such change in accordance with the provisions of this paragraph.

7.02 Effect of Force Majeure. In the event a Party is rendered unable by force majeure to carry out any of its non-monetary obligations under this Agreement, in whole or in part, then the obligations of that Party, to the extent affected by the force majeure, shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the Party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other Party. The cause, as far as possible, shall be remedied with all reasonable diligence. Notwithstanding any term to the contrary in this section, “force majeure” does not apply to the failure of a Party to timely make any payments required by the Agreement.

7.03 Third Party Beneficiaries. The Parties intend that the Developer be a third party beneficiary of this Agreement. This Agreement is solely for the benefit of the Parties hereto and the Developer, and no other person has any right, interest or claim under this Agreement.

7.04 Intent. The Parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are, or may become, necessary or convenient to effectuate and carry out the intent of this Agreement.

7.05 Representations. The signatories hereto represent and affirm that they have authority to execute this Agreement on behalf of the respective Parties hereto. All matters stated in the preamble of this Agreement are true and correct and are hereby incorporated into the body of this Agreement as though set forth in their entirety herein.

7.06 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, 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.

7.07 Entire Agreement. The Agreement, including any exhibits attached hereto and made a part hereof, constitutes the entire agreement between the Parties relative to the subject matter of this Agreement. All prior agreements, covenants, representations, or warranties, whether oral or in writing, between the Parties are merged herein.

7.08 Amendment. No amendment of this Agreement shall be effective unless and until it is duly approved by each Party and reduced to a writing signed by the authorized representatives of the District and City, respectively, which amendment shall incorporate this Agreement in every particular not otherwise changed by the amendment. Notwithstanding the foregoing, City approval shall not be required for any new district created by division of the District to become a party to this Agreement with respect to the District Area within such new district by the execution of a Joinder in the form attached hereto as Exhibit "E". In order to facilitate the administration of this Agreement, the attached Exhibit "L" includes a list of the Improvement Projects, Park Improvements, City Offsites, and other public and private projects and amenities for which a new district or new developer may be assigned, and the original District released from, responsibility for acquisition, construction, financing, and maintenance.

7.09 Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Denton County, Texas.

7.10 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the Parties hereto.

7.11 No Waiver Implied. The failure of any Party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other Party.

7.12 Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the Parties hereto or any provisions hereof, or in ascertaining the intent of either Party, with respect to the provisions hereof.

7.13 Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

7.14 Venue. Any action at law or in equity brought to enforce or interpret any provision of this Agreement shall be brought in a state court of competent jurisdiction with venue in Denton County, Texas.

7.15 Context. Whenever the context requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words shall include singular and plural.

7.16 Assignment. The rights and obligations of a Party under this Agreement may not be assigned without the prior written consent of the other Party, which shall not be unreasonably withheld. This Agreement shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the Parties. Notwithstanding the foregoing, City approval shall not be required for any new district created by division of the District to become an assignee of the District hereunder with respect to the District Area within such new district by the execution of a Joinder in the form attached hereto as Exhibit “E”. In order to facilitate the administration of this Agreement, the attached Exhibit “L” includes a list of the Improvement Projects, Park Improvements, City Offsites, and other public and private projects and amenities for which a new district or new developer may be assigned, and the original District released from, responsibility for acquisition, construction, financing, and maintenance.

7.17 Default. (a) No Party shall be in default under this Agreement (a “Default”) unless notice of an alleged failure of a Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and such Party has been given a reasonable time to cure based on the nature of the alleged failure, but in no event less than 30 days. In addition, no Default shall occur 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 failure is cured.

(b) From time to time upon written request of the District, the City will execute a written estoppel certificate identifying in reasonable detail any obligations of the District under this Agreement that are in Default or, with the giving of notice or passage of time, would be in Default; and stating, to the extent true, that to the best knowledge and belief of the City, the District is in compliance with its duties and obligations under this Agreement.

7.18

A. GENERAL REMEDIES. IF A PARTY IS IN DEFAULT, THE AGGRIEVED PARTY MAY, AT ITS OPTION AND WITHOUT PREJUDICE TO ANY OTHER RIGHT OR REMEDY UNDER THIS AGREEMENT, SEEK ANY RELIEF AVAILABLE AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, AN ACTION UNDER THE UNIFORM DECLARATORY JUDGMENT ACT, SPECIFIC PERFORMANCE, MANDAMUS, AND INJUNCTIVE RELIEF. NOTWITHSTANDING THE FOREGOING, HOWEVER, NO DEFAULT UNDER THIS AGREEMENT SHALL:

1. entitle the aggrieved Party to terminate this Agreement; or
2. entitle the City to suspend performance under this Agreement to (i) any fully developed and improved lot within the District Area owned by parties other than the District; or (ii) any fully developed lot within the District Area owned by parties other than the District; or (iii) the District if the District is in compliance with Section 7.18(B) below and the default is related to construction of an Improvement Project, or other public improvement to be dedicated to the City as described in Article IV of this Agreement, and serving the District Area; or
3. adversely affect or impair the current or future obligations of the City to issue permits, make inspections, issue approvals or provide water or sewer service (whether wholesale

or retail) or any other service (including solid waste collection, and police, fire and EMS service) to (i) any fully developed and improved lot within the District Area owned by parties other than the District; or (ii) any fully developed lot within the District Area owned by parties other than the District; or (iii) the District if the District is in compliance with Section 7.18(B) below and the default is related to construction of an Improvement Project, or other public improvement to be dedicated to the City as described in Article IV of this Agreement, and serving the District Area; or

4. entitle the aggrieved Party to seek or recover exemplary damages; or
5. limit the Term of this Agreement.

B. ADDITIONAL REMEDIES FOR IMPROVEMENT PROJECTS. In addition to the general remedies provided by Section 7.18(A) above, in the event that there is a default under this Agreement, or violation of the MPC or City ordinance, related to the construction of the Improvement Projects, or other public improvements to be dedicated to the City as described in Article IV of this Agreement, and serving the District Area, the following additional remedies apply.

1. Contract Covenant. The District will include in the contract for construction of those Improvement Projects or other public improvements to be dedicated to the City the obligation of the contractor “to recognize and comply with the applicable provisions of the Operating Agreement and the Project Agreement and authorize the City to enforce the terms of the Operating Agreement and the Project Agreement against the contractor” (the “Contract Covenant”). The City shall have the right to audit, upon reasonable notice, the District’s compliance with this Section 7.18(B)(1). Upon written request by the City, the District shall provide to the City evidence of the inclusion of the Contract Covenant in any contract for the construction of those Improvement Projects to be dedicated to the City for which a permit has been issued by the City but for which the City has not yet accepted those improvements.

2. Enforcement Obligation. The City may, at its option, provide written notice to the District of a default related to the construction of any Improvement Project or other public improvements to be dedicated to the City (an “Infrastructure Default Notice”). Within 30 days of receiving an Infrastructure Default Notice, the District must provide evidence to the City that the District is enforcing the Contract Covenant. Such evidence may take the form of a demand letter to the defaulting party or evidence a lawsuit has been filed or other documentation that evidences the District is enforcing the Contract Covenant. The District’s enforcement obligation under this Section 7.18(B)(2) is neither a guaranty of compliance with the Contract Covenant nor is it an obligation to enforce the City's regulatory requirements.

3. City Self-Help Notice. If after receiving the Infrastructure Default Notice, the District fails to comply with the requirements of Section 7.18(B)(2) then the City will send the District a notice with an opportunity to cure within 120 days (the “City Self-Help Notice”) putting the District on notice that if they fail to satisfy their obligations in Section 7.18(B)(2) during the 120-day cure period then the City will enforce this Agreement and the Project Agreement against the defaulting contractor. If the City elects to enforce this Agreement and the Project Agreement

against the defaulting contractor after the District has failed in its obligations to do so, then the District will reimburse the City for its enforcement costs.

4. Termination of Obligations. The District's obligations in this Section 7.18(B) are released as to each platted portion of the District Area once those Improvement Projects to be dedicated to the City to serve that platted portion of the District Area are accepted by the City.

7.19 Governmental Powers; Waivers of Immunity. By its execution of this Agreement, a Party does not waive or surrender any of its governmental powers, immunities, or rights except as follows:

(a) Each Party waives its governmental immunity from suit and immunity from liability as to any action brought by the other to pursue the remedies available under this Agreement, but only to the extent necessary to pursue such remedies and only to the extent authorized by law. Nothing in this section shall waive any claims, defenses or immunities or tort limitation that a Party has with respect to suits against the Party by persons or entities other than the other Party. Nothing in this Agreement, however, shall waive any claims, defenses or immunities or tort limitation that a Party may have with respect to any claim or suit against the Party arising from injury to persons (including death) or damage to or destruction of personal property.

(b) Nothing in this Agreement is intended to delegate or impair the performance by a Party of its governmental functions.

7.20 City Consent. If a provision of this Agreement requires the City to provide its consent or approval, such consent or approval shall be by an administrative process that does not involve the City Council unless consent or approval of the City Council is specifically required by the terms of this Agreement or the District Act.

7.21 Term. In the event that the conservation easement in the form attached to the Project Agreement as Exhibit "D" for the Pilot Knob Peak (as defined in the Project Agreement) is not recorded in the real property records of Denton County, Texas, within 180 calendar days from the date of passage of the Consent Resolution, this Agreement shall expire in all respects and no longer be effective or binding upon the City. Further, the requirement for City consent to the approval of this Agreement in the District Act shall be deemed unmet and the District shall be considered to have never been created. On or after the earlier to occur of (a) 30 days after the date the District has completed the issuance of the maximum aggregate principal amount of Bonds as described in Section 5.01(c) hereof, or (b) the date the District certifies that (i) the acquisition and construction of all Improvement Projects is complete; and (ii) reimbursement of each Developer for monies advanced to or on behalf of the District for such purpose has been made to the maximum extent permitted hereunder, the City may elect to terminate the Agreement upon 90 days written notice to the District.

7.22 Exhibits. The Parties acknowledge and agree that the information contained in the Studies served as the basis for the preparation of many of the following exhibits (the "Exhibits"). The Parties acknowledge and agree that the information contained in the Studies is

based upon estimates, assumptions, and projections as of the Effective Date which are subject to change. The Parties further acknowledge and agree that the Studies are the basis upon which the Maximum Reimbursement Amount was determined. The Studies themselves are not incorporated herein as part of this Agreement, but can be relied on by the Parties as a baseline projection of improvement projects, and their related costs, needed to serve development inside and outside the District Area. If future studies, prepared by the District or Developer in cooperation with and based upon input, recommendations, and approvals from the City, or prepared by the City at the request and in cooperation with and based upon input of the District or Developer, propose to change, modify, update, or supersede the Studies, an amendment to this Agreement is not required, but if such future studies support a substantial change or substantial reduction, on an aggregated basis (as determined in the sole discretion of the City staff) to the components, cost, or rate of participation of Improvement Projects provided in Exhibit B and Exhibit B-1, then the Maximum Reimbursement Amount may be reduced (but not increased) in a corresponding proportional amount as determined by the City staff based on the substantial change.

The Exhibits are attached hereto and incorporated herein as part of this Agreement:

- Exhibit A: Metes and Bounds Description of District Area
- Exhibit B: List of Improvement Projects
- Exhibit B-1: Maps of Development Off-Site and Development On-Site
- Exhibit C: Park Improvements
- Exhibit C-1: Park Plan
- Exhibit D: Consent Resolution
- Exhibit E: Form of Joinder
- Exhibit F: Form of Special Warranty Deed
- Exhibit G: Form of Addendum to Permanent Easement
- Exhibit H-1: Public Improvement Cost Summary
- Exhibit H-2: Plan of Finance
- Exhibit I: Form of Developer Reimbursement Agreement
- Exhibit J: District Certification
- Exhibit K: City Offsites
- Exhibit K-1: Maps of City Offsites
- Exhibit L: List of Improvement Projects, Park Improvements, City Offsites and other public and private improvements and amenities

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTED on this the \_\_\_\_ day of April, 2020 but to be effective as of the Effective Date.

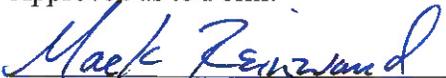
CITY OF DENTON, TEXAS  
A home rule municipality

By: \_\_\_\_\_  
Name: Chris Watts  
Title: Mayor

ATTEST:

\_\_\_\_\_  
Rosa Rios, City Secretary

Approved as to Form:

  
\_\_\_\_\_  
Aaron Leal, City Attorney

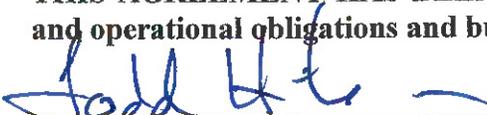
STATE OF TEXAS           §

COUNTY OF DENTON       §

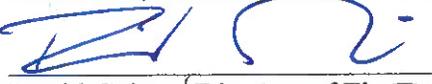
Before me the undersigned notary public appeared \_\_\_\_\_, Mayor of City of Denton, a home rule municipality, and executed the foregoing agreement for the purposes therein expressed on behalf of such municipality on the \_\_\_\_ day of April, 2020.

\_\_\_\_\_  
Notary Public in and for the State of Texas

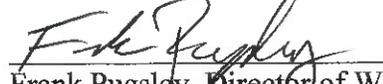
**THIS AGREEMENT HAS BEEN BOTH REVIEWED AND APPROVED as to financial and operational obligations and business terms.**

  
\_\_\_\_\_  
Todd Hileman, City Manager

  
\_\_\_\_\_  
Ethan Cox, Director of Public Works

  
\_\_\_\_\_  
David Gaines, Director of Finance

  
\_\_\_\_\_  
William Estes, Director of Capital Projects/City Engineer

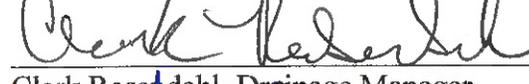
  
\_\_\_\_\_  
Frank Pugsley, Director of Water/Wastewater Plant Operations

  
\_\_\_\_\_  
Gary Packan, Director of Parks and Recreation

  
\_\_\_\_\_  
Jessica Rogers, Director of Economic Development

  
\_\_\_\_\_  
Kenneth Banks, General Manager of Utilities

  
\_\_\_\_\_  
Antonio Puente, CFO/Interim General Manager of DME

  
\_\_\_\_\_  
Clark Rosendahl, Drainage Manager

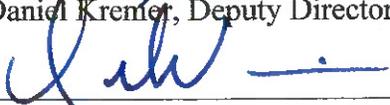
  
\_\_\_\_\_  
~~Dean Hartley, Facilities Manager~~

*SARA HENSLEY, ASST. CITY MANAGER*

  
\_\_\_\_\_  
Scott McDonald, Director of Development Services

  
\_\_\_\_\_  
Brian Boerner, Director of Solid Waste

  
\_\_\_\_\_  
Daniel Kremer, Deputy Director of Operations, Streets

  
\_\_\_\_\_  
Deborah Viera Sierra, Assistant Director of Environmental Services

EXECUTED on this the \_\_\_\_ day of \_\_\_\_\_, 2020 but to be effective as of the Effective Date.

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary, Board of Directors

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF DENTON    §

Before me the undersigned notary public appeared \_\_\_\_\_, President of Hunter Ranch Improvement District No. 1 of Denton County, a political subdivision of the State of Texas, on behalf of said political subdivision on the \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Notary Public in and for the State of Texas

(SEAL)

**EXHIBIT A - METES AND BOUNDS DESCRIPTION OF DISTRICT AREA**

**DESCRIPTION OF  
THREE TRACTS OF LAND**

**TRACT 1**

**BEING** a tract of land situated in the E. Pizano Survey, Abstract Number 994, the G. Pettingale Survey, Abstract Number 1041, the J. Taft Survey, Abstract Number 1269, the G. West Survey, Abstract Number 1393, the B.B.B. & C.R.R. CO. Survey, Abstract Number 158, Denton County, Texas, and being all of the remainder of that tract of land described by deed to Petrus Investment, L.P. (tract 1), recorded in Instrument Number 1998-117450, and all of that tract of land described by deed to Hillwood Investment Land, L.P., recorded in Instrument Number 2015-146192, Real Property Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at the southwest corner of said Tract 1, being in the north right-of-way line of Robson Ranch Road;

**THENCE** N 00°37'44"W, 3285.00 feet, departing said north right-of-way line;

**THENCE** N 00°29'34"W, 3074.88 feet;

**THENCE** S 89°50'59"W, 1215.90 feet;

**THENCE** N 00°07'16"E, 3802.59 feet;

**THENCE** N 89°46'52"E, 5806.39 feet;

**THENCE** N 01°19'45"E, 92.25 feet;

**THENCE** N 89°29'17"E, 5406.54 feet, to the approximate center line of John Paine Road;

**THENCE** N 00°09'21"W, 6119.82 feet, with said approximate center line;

**THENCE** N 44°00'59"E, 231.30 feet, departing said approximate center line, to the south right-of-way line of FM 2449, being the beginning of a curve to the right;

**THENCE** with said south right-of-way line and said curve to the right, an arc distance of 215.79 feet, through a central angle of 11°16'41", having a radius of 1096.28 feet, the long chord which bears S 66°45'34"E, 215.44 feet;

**THENCE** S 61°07'13"E, 2320.45 feet, continuing with said south right-of-way line, to the beginning of a curve to the left;

**THENCE** with said south right-of-way line and said curve to the left, an arc distance of 151.20 feet, through a central angle of 01°29'56", having a radius of 5779.65 feet, the long chord which bears S 61°52'12"E, 151.19 feet;

**THENCE** S 00°27'53"E, 1963.20 feet;

**THENCE** S 89°55'28"E, 47.53 feet, to the west right-of-way line of Interstate Highway 35W;

**THENCE** with said west right-of-way line the following bearings and distances:

S 26°18'12"W, 1542.25 feet;

S 32°02'34"W, 199.99 feet;

S 26°18'12"W, 400.06 feet;

S 19°10'44"W, 201.57 feet;

S 26°18'12"W, 2962.69 feet;

N 33°34'41"W, 200.24 feet;

N 19°12'37"W, 155.68 feet;

N 00°31'13"W, 111.31 feet;

N 30°43'14"W, 44.34 feet;

N 89°58'11"W, 46.00 feet;

S 29°23'22"W, 44.72 feet;

S 00°31'13"E, 210.31 feet;

S 10°43'27"E, 103.30 feet;

S 00°31'13"E, 118.88 feet;

S 33°43'52"E, 270.79 feet;

S 26°18'12"W, 2560.86 feet;

S 27°54'47"W, 605.73 feet;

S 29°23'19"W, 2716.37 feet;

S 35°04'08"W, 202.07 feet;

S 29°23'19"W, 899.62 feet;

S 32°15'04"W, 144.34 feet;

S 89°59'41"W, 56.40 feet;

S 00°37'05"E, 92.68 feet;

S 29°23'19"W, 749.32 feet;

S 32°50'37"W, 497.80 feet;

S 29°18'00"W, 128.98 feet;

S 29°23'18"W, 922.23 feet;

**THENCE** S 65°32'46"W, 23.56 feet, to the north right-of-way line of Robson Ranch Road;

**THENCE** with said north right-of-way line the following bearings and distances:

S 89°52'13"W, 246.95 feet;

N 00°19'14"W, 5.20 feet;

S 89°53'26"W, 290.34 feet;

S 00°06'34"E, 5.00 feet;

S 89°53'26"W, 200.00 feet;

S 00°06'34"E, 5.00 feet;

S 89°53'26"W, 600.00 feet;

S 00°06'34"E, 5.00 feet;

**THENCE** S 89°53'26"W, 4134.86 feet to the **Point of Beginning** and containing 102,688,371 square feet or 2357.40 acres of land more or less.

## **TRACT 2**

**BEING** a tract of land situated in the B.B.B. & C.R.R. Co. Survey, Abstract Number 158, the J. Taft Survey, Abstract Number 1269, the B.B.B & C.R.R. Co. Survey, Abstract Number 159, the G. Pettingale Survey, Abstract Number 1041, the B.B.B. & C.R.R. Co. Survey, Abstract Number 160, the S. Pritchett Survey, Abstract Number 1021 and the G. West Survey, Abstract Number 1393, Denton County, Texas, and being the remainder of that tract of land described by deed to Petrus investment, L.P., recorded in Instrument Number 1998-117450, Real Property Records, Denton County, Texas and being more particularly described by metes and bounds as follows:

**BEGINNING** at the intersection of the of John Paine Road and Johnson Lane;

**THENCE** S 00°30'43"E, 3045.50 feet, with the approximate centerline of said John Paine Road, to the beginning of a curve to the left;

**THENCE** with said approximate centerline and said curve to the left, an arc distance of 179.75 feet, through a central angle of 19°11'48", having a radius of 536.50 feet, the long chord which bears S 09°24'16"W, 178.91 feet;

**THENCE** S 00°13'45"E, 426.23 feet, with said approximate centerline;

**THENCE** S 89°53'42"W, 2258.03 feet, departing said approximate centerline;

**THENCE** N 00°26'28"E, 497.90 feet;

**THENCE** S 89°59'41"W, 273.92 feet, to the east right-of-way line of Interstate Highway 35W;

**THENCE** with said east right-of-way line the following bearings and distances:

N 29°23'19"E, 847.04 feet;

N 23°44'25"E, 203.21 feet;

N 29°23'16"E, 2716.06 feet;

N 27°54'47"E, 621.79 feet;

N 26°18'12"E, 2150.05 feet;

N 89°55'52"E, 470.07 feet;

S 76°13'57"E, 71.47 feet;

N 89°37'20"E, 80.00 feet;

N 71°38'56"E, 52.97 feet;

N 16°39'41"E, 51.30 feet;

N 70°04'44"W, 229.45 feet;

N 54°35'05"W, 163.69 feet;

N 33°40'57"W, 209.99 feet;

N 26°18'12"E, 3164.78 feet;

N 36°14'02"E, 202.95 feet;

N 26°18'12"E, 399.25 feet;

N 32°45'23"E, 400.40 feet;

N 26°18'12"E, 399.87 feet;

N 14°58'58"E, 305.66 feet;

N 26°18'12"E, 833.31 feet;

**THENCE** N 89°32'14"E, 1998.29 feet, departing said east right-of-way line;

**THENCE** S 00°48'03"E, 5473.72 feet, to the approximate centerline of Allred Road;

**THENCE** S 89°49'27"W, 3048.35 feet, with said approximate centerline;

**THENCE** S 00°27'04"E, 2640.07 feet, departing said approximate centerline;

**THENCE** S 89°59'08"W, 2353.13 feet to the **Point of Beginning** and containing 31,246,880 square feet or 717.33 acres of land more or less.

### **TRACT 3**

**BEING** a tract of land situated in the S. Pritchett Survey, Abstract Number 1004, the G. West Survey, Abstract Number 1393, the C.W. Byerly Survey, Abstract Number 1458, and the J. Dalton Survey, Abstract Number 353, Denton County, Texas, and being all of the remainder of that tract of land described by deed to Petrus Investment, L.P., (tract 3) recorded in Instrument Number 1998-117450, Real Property Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at an ell corner in the east line of said tract 3, being the northwest corner of that tract of land described by deed to Southwest Denton Venture, recorded in Instrument Number 1994-94865, said Real Property Records;

**THENCE** S 00°26'39"E, 996.99 feet, with the east line of said tract 3, to the north right-of-way line of FM 2449, being the beginning of a curve to the right;

**THENCE** with said north right-of-way line and said curve to the right, an arc distance of 95.22 feet, through a central angle of 00°57'38", having a radius of 5679.65 feet, the long chord which bears N 61°36'02"W, 95.22 feet;

**THENCE** N 61°07'13"W, 2320.45 feet, with said north right-of-way line;

**THENCE** N 00°16'51"W, 99.92 feet, to the approximate centerline of Underwood Road;

**THENCE** N 89°44'37"E, 986.31 feet, with said approximate centerline;

**THENCE** N 01°13'53"E, 1106.15 feet, continuing with said approximate centerline, to the southwest corner of that tract of land described by deed to W.C. Lynch, recorded in Instrument Number 1991-23744, said Real Property Records;

**THENCE** S 89°48'49"E, 1847.04 feet, with the south line of said Lynch tract;

**THENCE** S 00°25'26"E, 427.73 feet, departing said south line, to the approximate centerline of Hickory Creek;

**THENCE** with the approximate centerline of Hickory Creek the following bearings and distances:

S 40°20'08"E, 256.75 feet;

S 49°08'35"E, 333.56 feet;

S 44°58'00"E, 94.76 feet;

S 24°00'36"E, 123.31 feet;

S 05°41'36"W, 211.41 feet;

**THENCE** S 02°18'34"E, 131.60 feet, to the north line of the aforementioned Southwest Denton JV tract;

**THENCE** S 89°32'45"W, 1271.86 feet, departing said Hickory Creek, to the **Point of Beginning** and containing 4,050,704 square feet or 92.99 acres of land more or less.

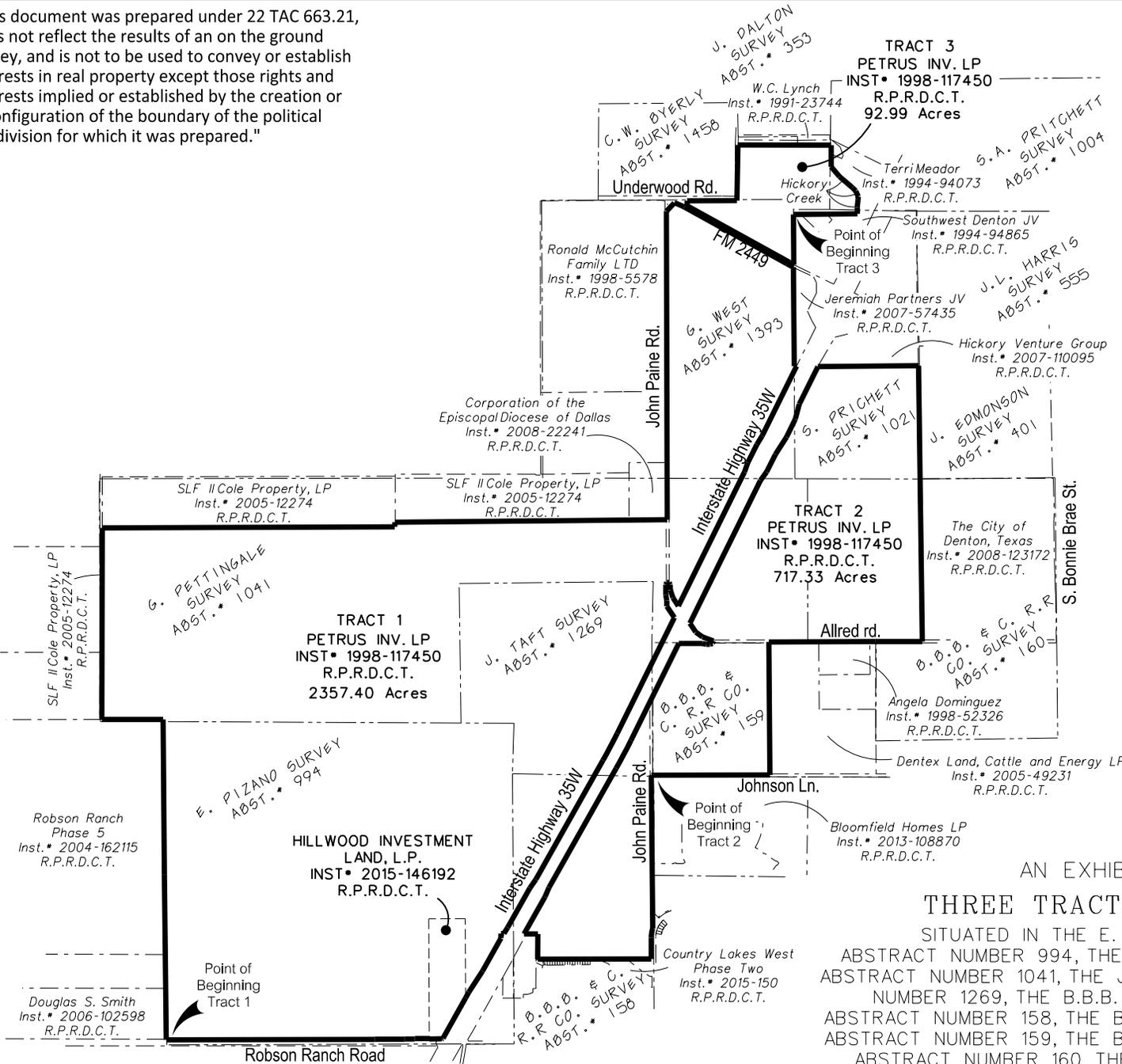
"This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

"This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."



1 INCH = 3000 FEET

"Integral Parts Of this Document"  
 1. Description - 6 pages  
 2. Exhibit - 1 page



AN EXHIBIT OF  
**THREE TRACTS OF LAND**  
 SITUATED IN THE E. PIZANO SURVEY,  
 ABSTRACT NUMBER 994, THE G. PETTINGALE SURVEY,  
 ABSTRACT NUMBER 1041, THE J. TAFT SURVEY ABSTRACT  
 NUMBER 1269, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 158, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 159, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 160, THE S. PRICHETT SURVEY,  
 ABSTRACT NUMBER 1021, THE G. WEST SURVEY, ABSTRACT  
 NUMBER 1393, THE C.W. BYERLY SURVEY, ABSTRACT  
 NUMBER 1458 AND THE J. DALTON SURVEY, ABSTRACT  
 NUMBER 353, DENTON COUNTY, TEXAS



9600 HILLWOOD PARKWAY, SUITE 250  
 FORT WORTH, TEXAS 76177 PH.# 817-562-3350

**EXHIBIT B - LIST OF IMPROVEMENT PROJECTS**

**EXHIBIT B - MMD REIMBURSABLE EXPENSES**

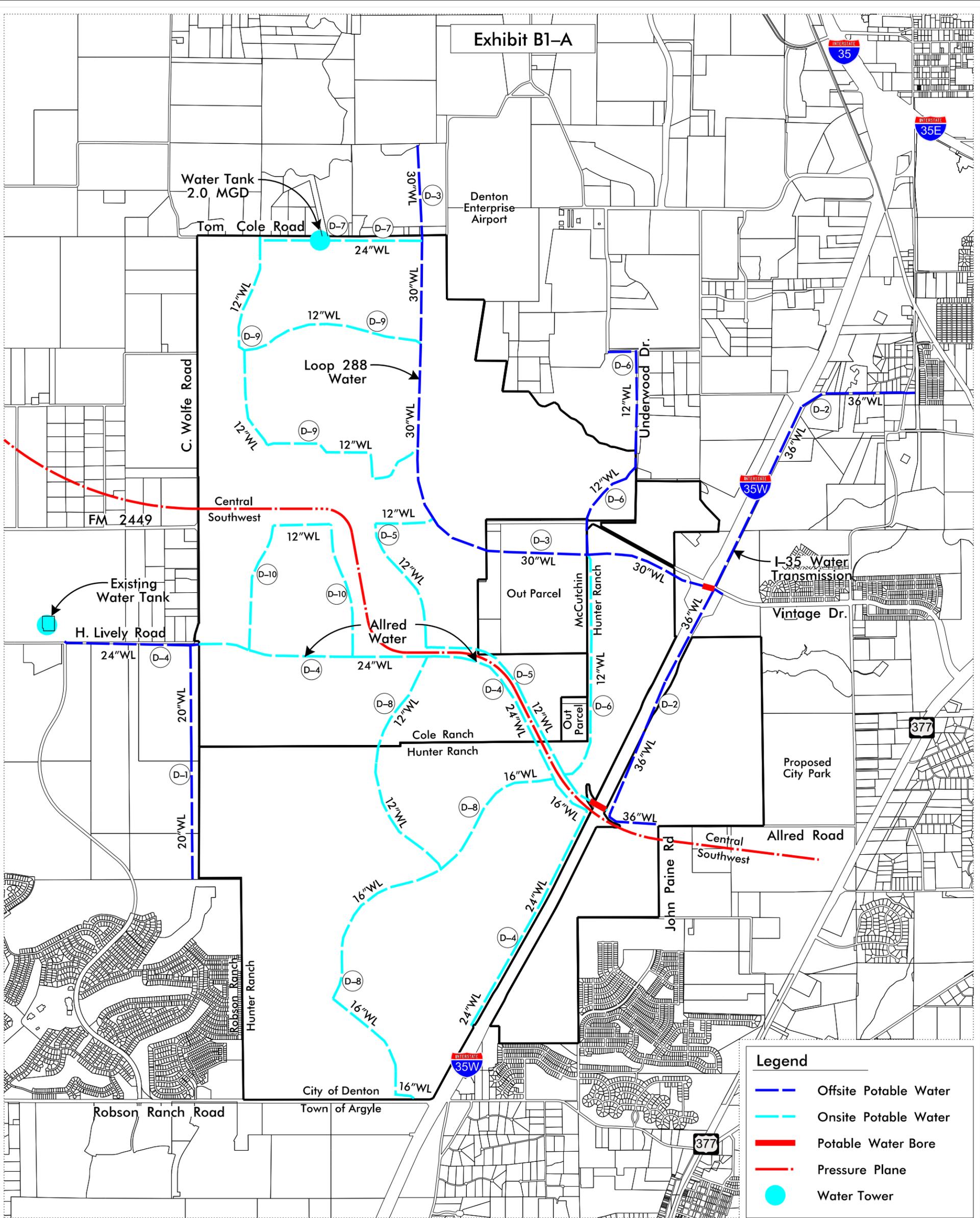
Project Number	Project Name	Project Type	Construction Party	Service	Facility Type	Required Right of Way	City Utilization	Development Utilization	Estimate	City Cost	MMD/ Development Cost	MMD Reimbursement?	COD Off-Site/ MMD Participation	MMD Ownership	MMD Maintenance
D-1	12/20-inch Robson Ranch Transmission Main	Offsite	MMD	Water					\$ 2,856,600	\$ -	\$ 2,856,600	Eligible	N/A	COD	COD
D-2	36-inch I-35 Transmission Main	Offsite	MMD	Water					\$ 13,405,900	\$ -	\$ 13,405,900	Eligible	N/A	COD	COD
D-3	30-inch Cole Ranch Transmission Main	Offsite	MMD	Water					\$ 12,266,600	\$ -	\$ 12,266,600	Eligible	N/A	COD	COD
D-4	24-inch Southwest EST Transmission Main	Offsite	MMD	Water					\$ 12,151,900	\$ -	\$ 12,151,900	Eligible	N/A	COD	COD
D-5	12/16-inch John Pane Transmission Main	Onsite	MMD	Water					\$ 4,388,000	\$ -	\$ 4,388,000	Eligible	N/A	COD	COD
D-6	12-inch Underwood Transmission Main	Offsite	MMD	Water					\$ 2,888,200	\$ -	\$ 2,888,200	Eligible	N/A	COD	COD
D-7	2.0 MG Hunter Cole Elevated Storage Tank & 24-inch Water Line	Onsite	MMD	Water					\$ 10,841,900	\$ -	\$ 10,841,900	Eligible	N/A	COD	COD
D-8	12/16-inch Hunter Ranch Transmission Main	Onsite	MMD	Water					\$ 5,896,600	\$ -	\$ 5,896,600	Eligible	N/A	COD	COD
D-9	12-inch Cole Ranch Looping Transmission Main	Onsite	MMD	Water					\$ 4,326,700	\$ -	\$ 4,326,700	Eligible	N/A	COD	COD
D-10	12-inch Hunter Ranch Looping Transmission Main	Onsite	MMD	Water					\$ 2,284,300	\$ -	\$ 2,284,300	Eligible	N/A	COD	COD
D-1	27-inch Cole Ranch Interceptor Phase-2	Offsite	MMD	Wastewater					\$ 14,177,100	\$ -	\$ 14,177,100	Eligible	N/A	COD	COD
D-2	24/36-inch Roark Branch Interceptor Phase 1	Offsite	MMD	Wastewater					\$ 11,915,200	\$ -	\$ 11,915,200	Eligible	N/A	COD	COD
D-3	24-inch Creekway Drive Interceptor	Offsite	MMD	Wastewater					\$ 8,440,800	\$ -	\$ 8,440,800	Eligible	N/A	COD	COD
D-4	21/27/30-inch Roark Branch Interceptor Phase 2	Onsite	MMD	Wastewater					\$ 17,108,800	\$ -	\$ 17,108,800	Eligible	N/A	COD	COD
D-5	8/12/15-inch Hunter Ranch West Collectors	Onsite	MMD	Wastewater					\$ 4,772,100	\$ -	\$ 4,772,100	Eligible	N/A	COD	COD
D-6	8/12/15/21-inch Cole Ranch Collectors	Onsite	MMD	Wastewater					\$ 13,032,000	\$ -	\$ 13,032,000	Eligible	N/A	COD	COD
D-7	27-inch Cole Ranch Interceptor Phase 1	Offsite	MMD	Wastewater					\$ 3,975,300	\$ -	\$ 3,975,300	Eligible	N/A	COD	COD
D-8	8/12/15-inch Hunter Ranch East Collectors	Onsite	MMD	Wastewater					\$ 7,525,900	\$ -	\$ 7,525,900	Eligible	N/A	COD	COD
D-9	8/12/15-inch Hunter Ranch Central Collectors	Onsite	MMD	Wastewater					\$ 5,737,900	\$ -	\$ 5,737,900	Eligible	N/A	COD	COD
D-10	8/15-inch Hunter Ranch South Collectors	Onsite	MMD	Wastewater					\$ 4,254,800	\$ -	\$ 4,254,800	Eligible	N/A	COD	COD
52790	R3/FM 2449 - West of Loop 288	Onsite	MMD	Roads	Principal	6-lane divided			\$ 12,500,200	\$ -	\$ 12,500,200	Eligible	N/A	COD/TXDOT	COD/TXDOT
52771	R2/Allred Road - East of John Paine Road	Onsite	MMD	Roads	Principal	6-lane divided			\$ 7,775,700	\$ -	\$ 7,775,700	Eligible	N/A	COD	COD
52773	R2/Allred Road - West of John Paine Road	Onsite	MMD	Roads	Principal	6-lane divided			\$ 26,420,500	\$ -	\$ 26,420,500	Eligible	N/A	COD	COD
52879	R6 - South of FM 2449	Onsite	MMD	Roads	Minor	4-lane divided			\$ 24,968,700	\$ -	\$ 24,968,700	Eligible	N/A	COD	COD
52866	R7 - West of Loop 288	Onsite	MMD	Roads	Minor	4-lane divided			\$ 10,551,700	\$ -	\$ 10,551,700	Eligible	N/A	COD	COD
52823	R16 - North of FM 2449	Onsite	MMD	Roads	Collector	4-lane divided			\$ 9,842,200	\$ -	\$ 9,842,200	Eligible	N/A	COD	COD
52943	R10 - East of Loop 288	Onsite	MMD	Roads	Minor	4-lane divided			\$ 1,596,100	\$ -	\$ 1,596,100	Eligible	N/A	COD	COD
52872	R18 - West of John Paine Road	Onsite	MMD	Roads	Collector	4-lane divided			\$ 8,423,500	\$ -	\$ 8,423,500	Eligible	N/A	COD	COD
52791	R15 - North of Allred Road	Onsite	MMD	Roads	Collector	4-lane divided			\$ 6,384,200	\$ -	\$ 6,384,200	Eligible	N/A	COD	COD
52828	R5 - North of Allred Road	Onsite	MMD	Roads	Minor	4-lane divided			\$ 19,684,500	\$ -	\$ 19,684,500	Eligible	N/A	COD	COD
52853	R13 - North of R2	Onsite	MMD	Roads	Collector	4-lane divided			\$ 10,019,600	\$ -	\$ 10,019,600	Eligible	N/A	COD	COD
52767	R12 - West of R4	Onsite	MMD	Roads	Collector	4-lane divided			\$ 17,379,400	\$ -	\$ 17,379,400	Eligible	N/A	COD	COD
52953	R1/John Paine Road - North/South of Allred Road	Onsite	MMD	Roads	Principal	4-lane divided			\$ 41,787,600	\$ -	\$ 41,787,600	Eligible	N/A	COD	COD
52756	R4 - North of Robson Ranch Road	Onsite	MMD	Roads	Principal	4-lane divided			\$ 6,445,300	\$ -	\$ 6,445,300	Eligible	N/A	COD	COD
52777	R9 - South of Allred Road	Onsite	MMD	Roads	Minor	4-lane divided			\$ 4,344,600	\$ -	\$ 4,344,600	Eligible	N/A	COD	COD
52824	R11 - East of R4	Onsite	MMD	Roads	Collector	4-lane divided			\$ 12,058,900	\$ -	\$ 12,058,900	Eligible	N/A	COD	COD
52782	R19 - West of R9	Onsite	MMD	Roads	Collector	4-lane divided			\$ 3,901,400	\$ -	\$ 3,901,400	Eligible	N/A	COD	COD
52782	R20 - West of R9	Onsite	MMD	Roads	Collector	4-lane divided			\$ 2,926,000	\$ -	\$ 2,926,000	Eligible	N/A	COD	COD
52808	R8 - North of Loop 288	Onsite	MMD	Roads	Principal	4-lane divided			\$ 5,546,100	\$ -	\$ 5,546,100	Eligible	N/A	COD	COD
52807	R14 - Hunter NE Collector	Onsite	MMD	Roads	Collector	4-lane divided			\$ 5,675,000	\$ -	\$ 5,675,000	Eligible	N/A	COD	COD
52788	R17 - Cole - West Collector	Onsite	MMD	Roads	Collector	4-lane divided			\$ 2,926,000	\$ -	\$ 2,926,000	Eligible	N/A	COD	COD
	Hunter - 10' Regional Trails Right of Way (5.4 miles)	Amenity	MMD	Parks					\$ 3,379,050	\$-	\$ 3,379,050	Eligible	N/A	COD	District
	Hunter - 6' Community Trails Right of Way (.8 miles)	Amenity	MMD	Parks					\$ 268,104	\$-	\$ 268,104	Eligible	N/A	COD	District
	Hunter - Streetscape-Signature Parkway	Amenity	Developer	Private					\$ 11,323,315	\$-	\$ 11,323,315	Eligible	N/A	COD	District
	Hunter - Streetscape-Urban Blvd	Amenity	Developer	Private					\$ 4,866,906	\$-	\$ 4,866,906	Eligible	N/A	COD	District
	Cole - 10' Regional Trails Right of Way (6.9 miles)	Amenity	MMD	Parks					\$ 4,279,725	\$-	\$ 4,279,725	Eligible	N/A	COD	District
	Cole - 6' Community Trails Right of Ways (.8 miles)	Amenity	MMD	Parks					\$ 268,104	\$-	\$ 268,104	Eligible	N/A	COD	District
	Cole - Streetscape-Signature Parkway	Amenity	Developer	Private					\$ 12,258,497	\$-	\$ 12,258,497	Eligible	N/A	COD	District
	Cole - Streetscape-Urban Blvd	Amenity	Developer	Private					\$ 3,642,075	\$-	\$ 3,642,075	Eligible	N/A	COD	District
	Cole - Streetscape-Collector	Amenity	Developer	Private					\$ 12,669,100	\$-	\$ 12,669,100	Eligible	N/A	COD	District

**EXHIBIT B - MMD REIMBURSABLE EXPENSES**

Project Number	Project Name	Project Type	Construction Party	Service	Facility Type	Required Right of Way	City Utilization	Development Utilization	Estimate	City Cost	MMD/ Development Cost	MMD Reimbursement?	COD Off-Site/ Participation	MMD Ownership	MMD Maintainance
	LDDS-1 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage					\$ 15,120,000	\$ -	\$ 15,120,000	Eligible	N/A	District	District
	LDDS-2 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage					\$ 13,230,000	\$ -	\$ 13,230,000	Eligible	N/A	District	District
	LDDS-3 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage					9,450,000		9450000	Eligible	N/A	District	District
	West Side Service Center	Land & Funding	COD	Funding					\$ 525,000	\$ -	\$ 525,000	Eligible	N/A	COD	COD
	Cole Fire Station	Land & Funding	COD	Land					\$ 90,000	\$ -	\$ 90,000	Eligible	N/A	COD	COD
	Hunter Fire Station	Land & Funding	COD	Land					\$ 90,000	\$ -	\$ 90,000	Eligible	N/A	COD	COD
	Elevated Water Storage Tank	Land & Funding	COD	Land					\$ 150,000	\$ -	\$ 150,000	Eligible	N/A	COD	COD
	West Side SW Transfer Station	Land & Funding	COD	Funding					\$ 225,000	\$ -	\$ 225,000	Eligible	N/A	COD	COD
	West Side Booster Pump Station	Land & Funding	COD	Funding					\$ 75,000	\$ -	\$ 75,000	Eligible	N/A	COD	COD
	Hickory Creek Wastewater Lift Station	Land & Funding	COD	Funding					\$ 45,000	\$ -	\$ 45,000	Eligible	N/A	COD	COD
	Capital Expense for Emergency Services (Fire)	Land & Funding	COD	Funding					\$ 10,000,000	\$ -	\$ 10,000,000	Eligible	N/A	COD	COD
	Maintenance & Operation*	M&O	MMD	M&O					\$ 90,000,000	\$ -	\$ 90,000,000	Eligible	N/A	District	District
	Developer Interest	Interest	MMD	Interest					\$ 78,071,432	\$ -	\$ 78,071,432	Eligible	N/A	District	District
	Contingency (15%)	Contingency	MMD	Contingency					\$ 108,569,892	\$ -	\$ 108,569,892	Eligible	N/A	District	District
									<b>\$ 782,000,000</b>	<b>\$ -</b>	<b>\$ 782,000,000</b>		<b>\$ -</b>		

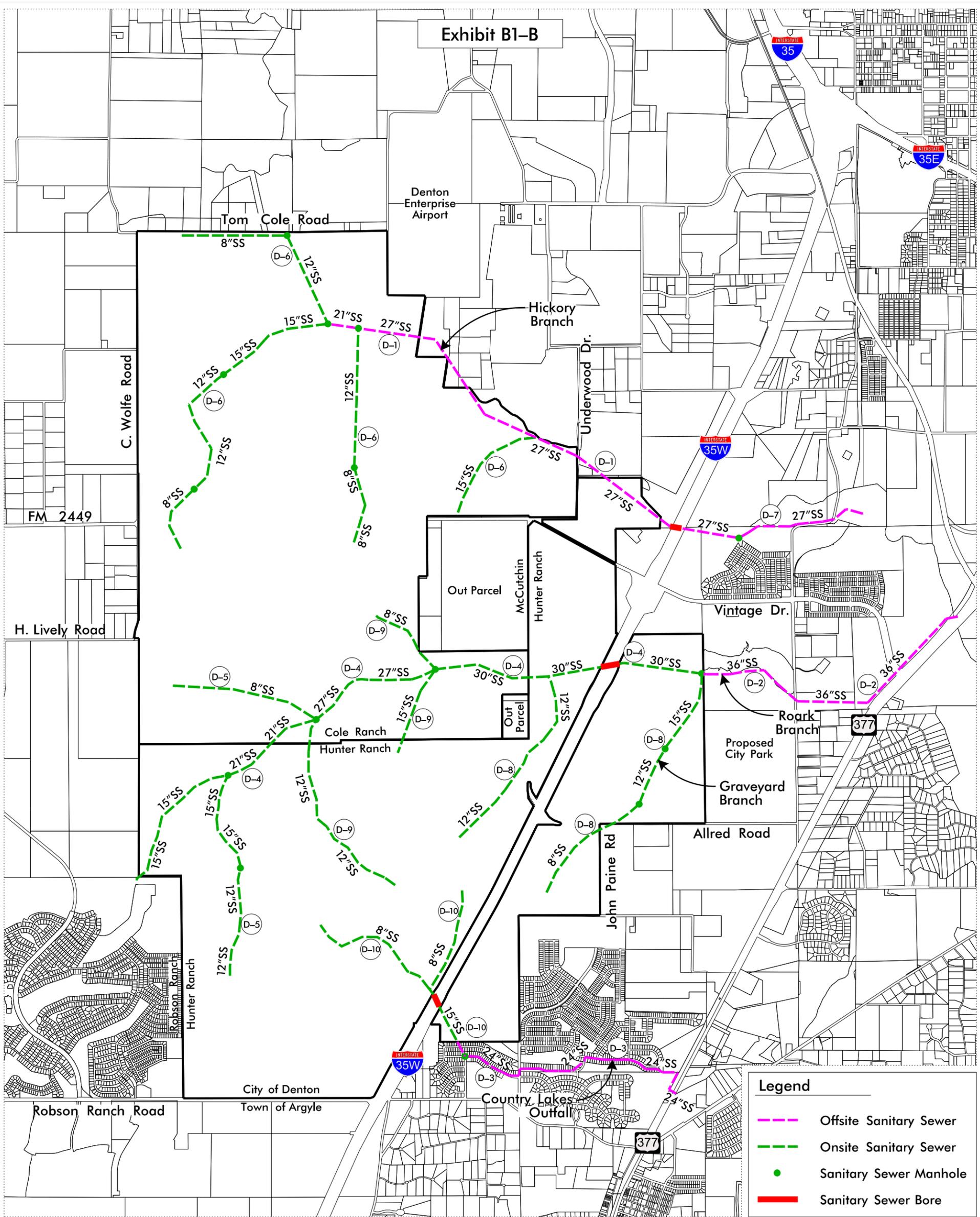
\*MMD Reimbursement for M&O is limited to \$8,000,000

Note - The cost of the "MMD" facilities noted above will be determined by future studies, analysis or designs that will further define the proportional benefit to the individual districts.



## Hunter Ranch – Cole Ranch

Potable Water Service Area –  
Water Tank Pressure / Elevation



**Legend**

- Offsite Sanitary Sewer
- Onsite Sanitary Sewer
- Sanitary Sewer Manhole
- Sanitary Sewer Bore



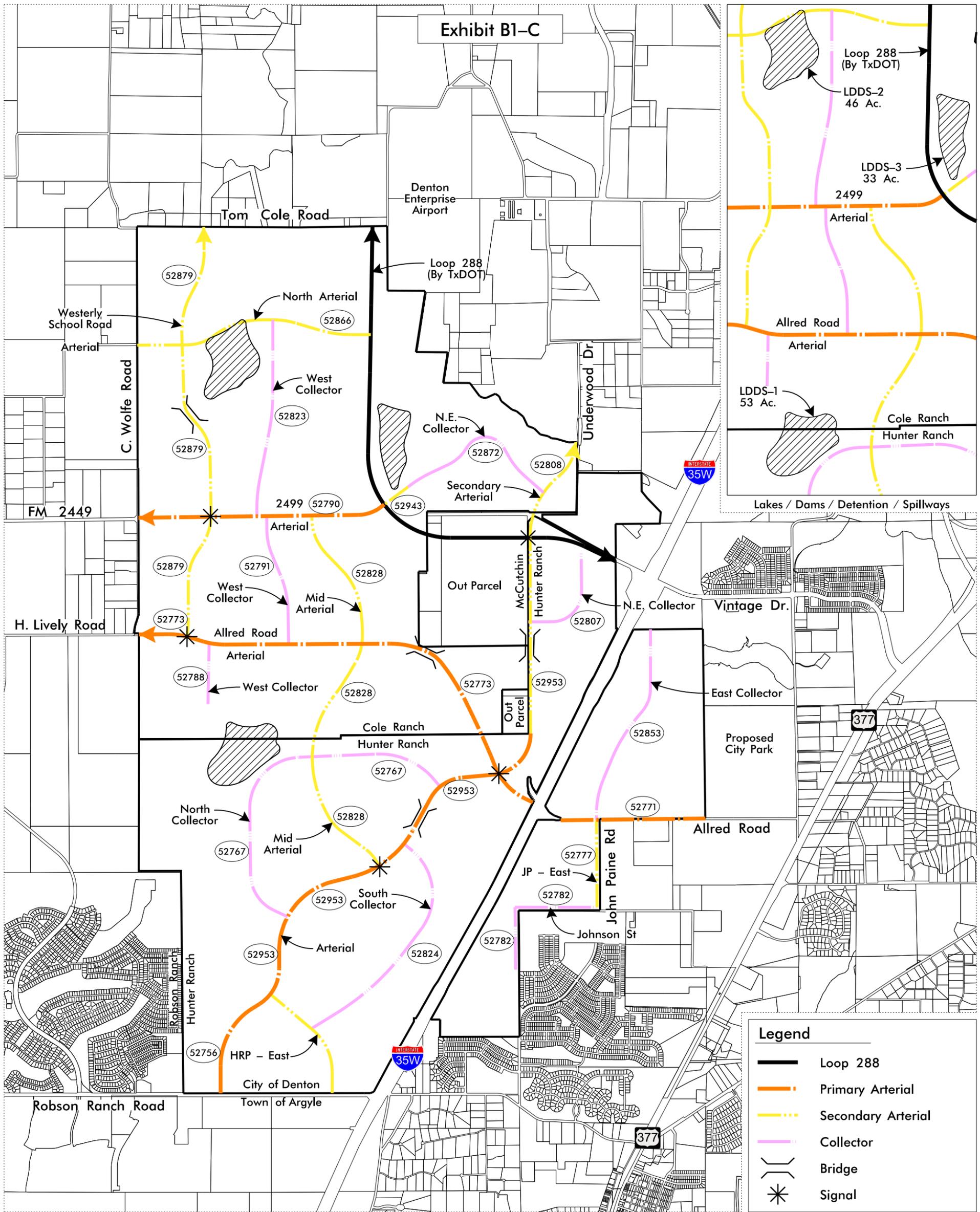
# Hunter Ranch – Cole Ranch

## Sanitary Sewer Service Area



January 17, 2020

Exhibit B1-C



## EXHIBIT C - PARK IMPROVEMENTS

2/11/2020

### EXHIBIT "C"

#### Hunter Ranch - Park Improvement Summary Tables

Park Dedication and Development Requirements for Hunter and Cole Ranch						
	<u>Multi-Family Units</u>	<u>Single Family Units</u>	<u>Park Dedication Requirement</u>	<u>*Requirement with 50% Reduction</u>	<u>Developer Planned Dedication Amount</u>	<u>Park Development Fees (as of 12/2019)</u>
Hunter Ranch	3,250	7,000	63.63	31.815	64#	\$2,644,750
*Per Ordinance 98-039 up to 50% reduction where substantial private park and recreational area proposed. Development is not using this credit and providing the minimum required amount of park land and development						
#1x 54 acre City Park & 2x 5 acre Neighborhood Parks (minimum)						
***Developer financial commitment to construct City -owned parks includes only the City Park and Neighborhood Parks						

Trail System (Not required by the Park Dedication and Development Ordinance)			
	<u>10' Regional Trails</u>	<u>6" Community Trails</u>	<u>Total Trails</u>
Hunter Ranch	11 Miles	21 Miles	32 Miles
*All mileage on the trails is approximate until design is finalized			
*The City of Denton will have an access easement on all trails outside of the right-of-way			
*10' trails will have a 30' easement and 6' trails will have a 26' easement, this allows for additional space if needed for programming, easement could be modified as needed pending space allocation			

Parks and Trails - Ownership, Maintenance and Access			
<u>Description</u>	<u>Ownership</u>	<u>Maintenance</u>	<u>Access</u>
City Park**	City	District/HOA	Open to public
Neighborhood Park	City	District/HOA	Open to public
Dog Park*	District/HOA with PAE	District/HOA	Open to public
Pocket Park*	District/HOA with PAE	District/HOA	Open to public
Amenity Centers	District/HOA	District/HOA	Private
Trails*	District/HOA with PAE	District/HOA	Open to public
Lakes*	District/HOA with PAE	District/HOA	Open to public
Upland ESA trails*	District/HOA with PAE	District/HOA	Open to public
* PAE - Public Access Easement			
** City is responsible for the maintenance and operation of any buildings/structures not constructed by the developer such as a recreation center, skate park , etc.			

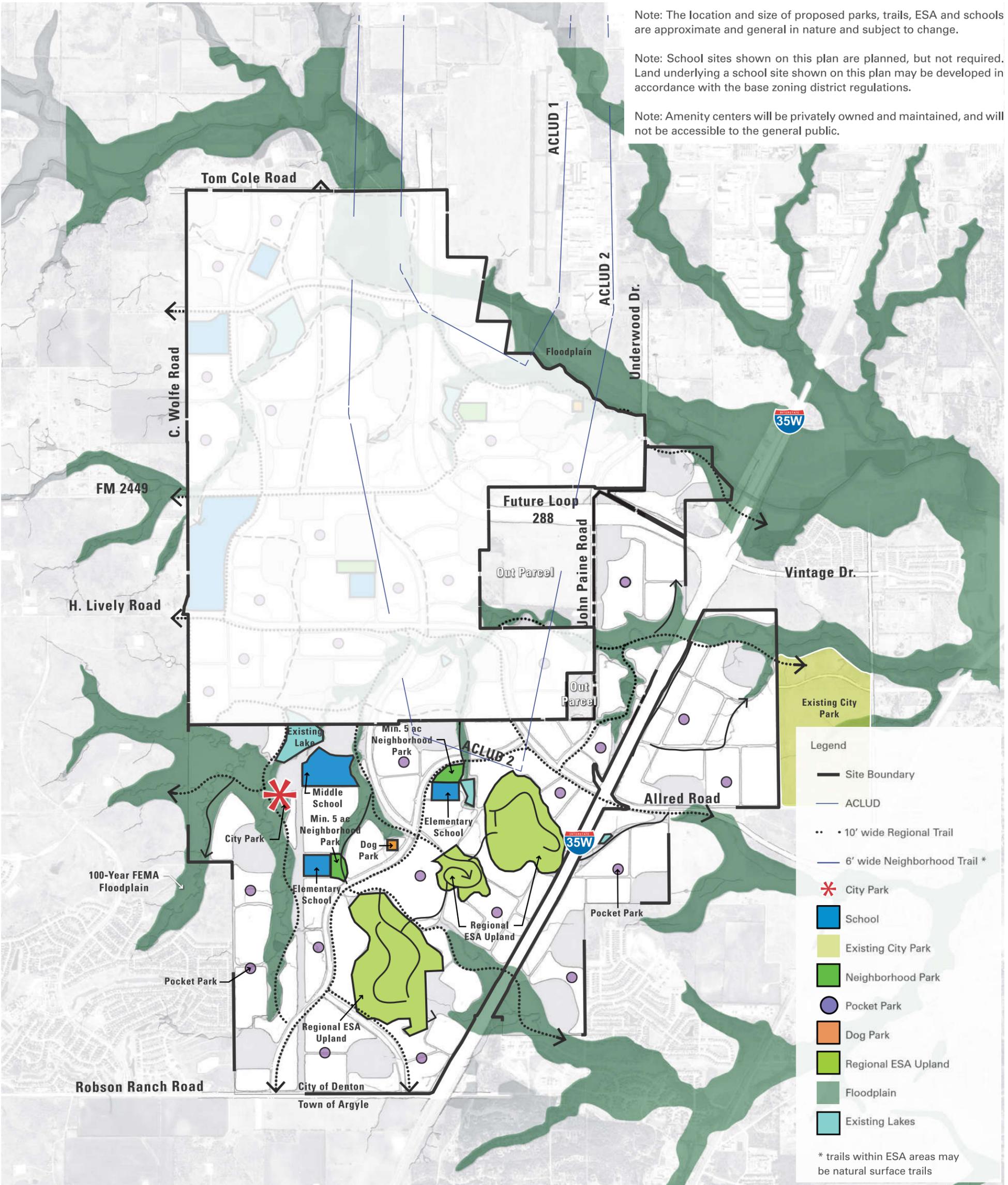
Park Improvements	
<u>Park Type</u>	<u>Description of Improvements</u>
City Park	Minimum 54 acres
	Picnic Tables, Trash Cans and Benches
	Playground area with equipment incorporating shade structures
	Trails
	Practice fields for baseball, softball, soccer and football
	Dedicated parking area
Dog Park	Approximately 3 acres
	One enclosed dog free-play facility provided
	Up to three play areas included in the design
	Dedicated parking area
Neighborhood Park	Minimum 5 acres each
	Minimum two Neighborhood Parks
	Provided adjacent to each elementary school site if agreed by City and DISD
	Playground Designed for ages 2-5 and 5-12
	Landscaped with trees, benches and drinking fountains
	On-street parking provided
Pocket Parks/Amenity Centers	Approximately one-half to one acre in size
	Estimated 15 park/amenity center areas
	Meets the ten minute walk provision
	Passive park use with landscaping, benches, etc.
	Private amenity centers with dedicated parking
	On-street parking provided for pocket parks

**EXHIBIT C-1 - PARK PLAN**

Note: The location and size of proposed parks, trails, ESA and schools are approximate and general in nature and subject to change.

Note: School sites shown on this plan are planned, but not required. Land underlying a school site shown on this plan may be developed in accordance with the base zoning district regulations.

Note: Amenity centers will be privately owned and maintained, and will not be accessible to the general public.



**Hunter Ranch**  
Park Plan

**EXHIBIT D - CONSENT RESOLUTION**

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF DENTON, TEXAS, CONSENTING TO THE CREATION OF "HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS" AND THE INCLUSION OF LAND THEREIN; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to Section 59, Article XVI, Texas Constitution, Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District") has been created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of HB 4683 and codified under Chapter 3980, Special District Local Laws Code (the "District Act"), to include the land shown in **Exhibit A** within the City of Denton, Texas (the "City"), as a special district for the benefit of the public, including the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities; and

WHEREAS, except as otherwise provided in the District Act, before the District may exercise any powers under the District Act the City must adopt an ordinance or resolution consenting to the creation of the District and to the inclusion of land in the District.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. The facts and recitations contained in the preamble of this resolution are true and correct.

SECTION 2. The City Council hereby grants its consent to the creation of the District and the inclusion of the land described in **Exhibit A** therein.

SECTION 3. The passage of this resolution constitutes the City's consent to the creation of the District in satisfaction of the requirements of Section 3980.0109(a)(1) of the District Act and Article XVI, Section 59, Texas Constitution. However, in the event that the conservation easement in the form attached hereto as **Exhibit B** is not recorded in the real property records of Denton County, Texas, within 180 calendar days from the date of passage of this resolution, the City's consent, granted in Section 2 above shall expire in all respects and no longer be effective or binding upon the City. Further, the requirement for City consent in the above reference section of the District Act shall be deemed unmet and the District shall be considered to have never been created.

SECTION 4. As a condition of the consent given by the City pursuant to this resolution, the District shall be subject to the following terms and provisions:

(a) Board of Directors

- (i) The City may appoint one additional director to the District board of directors.

(b) Construction of Improvement Projects

- (i) The District may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance, inside and outside of its boundaries, only those improvement projects or services as permitted by the District Act and Chapter 375, Local Government Code, as may be limited by the operating agreement between the City and the District (an "Improvement Project");
- (ii) Before the commencement of construction of any Improvement Project financed by bonds, notes, or other obligations (the "Bonds") or to be conveyed or dedicated to the City, the District will submit to the City all plans and specifications for the construction and obtain City approval thereof;
- (iii) Prior to the construction of each Improvement Project described above, the District or its engineer will give written notice to the City, stating the date that the construction will be commenced;
- (iv) The construction of each Improvement Project described above will be in accordance with plans and specifications approved by the City; and during the progress of the construction and installation of the improvements, the City or a City representative may make periodic on-the-ground inspections; and
- (v) Upon completion of each Improvement Project, District will convey ownership of such improvements to the City in accordance with the operating agreement between the City and the District.

(c) Issuance of Bonds

- (i) The District may issue Bonds payable wholly or partly from ad valorem taxes, revenue other than assessments, contract payments, grants, or other District money, or any combination of those sources of money, only to pay for an authorized District purpose or project;
- (ii) Each series of Bonds will have a maximum maturity of 30 years, and expressly provide that the District reserves the right to redeem each series of Bonds on any date not later than the 10<sup>th</sup> anniversary of the date of issuance without premium;
- (iii) Except as otherwise permitted by law, the Bonds will be sold only after taking public bids;
- (iv) The bids for the Bonds will be received not more than forty-five days after notice of the sale of the Bonds is given;
- (v) The Bonds will not be payable from or secured by special assessment revenues of the District;

- (vi) The Bonds will not be payable from or secured by a pledge of ad valorem taxes of the City or the revenues from the City's utility or other system or any other revenues of the City;
- (vii) The principal amount of Bonds issued by the District when combined with the District's Bonds outstanding at the time of issuance may not exceed ten percent (10%) of the assessed value of all real property in the District;
- (viii) No Bonds, other than refunding Bonds, will be sold for less than 95% of par; provided that the net effective interest rate on the Bonds so sold, taking into account any discount or premiums as well as the interest borne by such Bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such Bonds is given;
- (ix) Any refunding Bonds issued by the District must provide for a minimum of three percent (3%) net present value savings; and the latest maturity of the refunding Bonds may not extend beyond the latest maturity of the refunded Bonds unless approved by the City;
- (x) At least 45 days before the sale of a series of Bonds or at least 45 days before entering into any bond purchase agreement for the sale of Bonds, the District shall submit a copy of the documents authorizing the Bonds to the City staff together with (a) the certifications from each developer in the District that the developer is in compliance with the developer's project agreement with the City; and (b) certification that the District is in compliance with this resolution and its operating agreement with the City (collectively, the "Bond Documents").
- (xi) The City staff must complete its review of the Bond Documents not later than the 30<sup>th</sup> day after the date the City receives such documents. In the event the City staff determines a developer or the District is not in compliance, it may object to the issuance of a series of Bonds by the delivery of written notice of such objection (the "Initial Notice of Noncompliance") to the District within 35 days from the date of City's receipt of the Bond Documents. Such notice shall set forth in reasonable detail the basis for the City staff objection and the District shall be given a reasonable time to cure based on the alleged noncompliance, but in no event less than 30 days (the "Cure Period"). In the event that the City staff determines the basis for its objection has not been cured within the Cure Period, it shall provide written notice (the "Final Notice of Noncompliance") of such determination to the District. Subsequent to its receipt of the Final Notice of Noncompliance, the District must obtain consent of the City Council for the issuance of such Bonds.

(d) Boundary Changes

- (i) Land shall not be added to or excluded from the District without the written consent of the City Council as provided by the District Act.

(e) District Division

- (i) The City's consent to the creation of the District granted by this resolution shall constitute consent to future creation of any new district created by division pursuant to the District Act; provided the new district is located wholly within the area of the District as of the effective date of the District Act.
- (ii) The creation of any new district by division shall be subject to the conditions of this resolution and the District Act.
- (iii) The District may not be divided into more than four (4) new districts of a minimum of 500 acres each, without City consent.

(f) Dissolution

- (i) The District board of directors shall provide 180 days advance written notice to the City of its intent to dissolve the District.

(g) Miscellaneous

- (i) A contract of the District payable from ad valorem taxes or special assessments for a period longer than 3 years must be approved by the City unless such contract is terminable at will at the discretion of the District upon 30 days written notice or is subject to appropriation by the District.
- (ii) City consent shall be required to include any part of the area of the District in a tax increment reinvestment zone or tax abatement reinvestment zone.
- (iii) Should the City's consent to the creation of the District expire pursuant to Section 3 above, any operating agreement executed by the City and District pursuant to Section 3980.0109(a)(2) of the District Act, as well as any developer reimbursement agreement executed by the District as permitted by such operating agreement, shall terminate in all respects and no longer be binding upon or enforceable against the City. Further, the requirement for the execution of an operating agreement in the above reference section of the District Act shall be deemed unmet and the District shall be considered to have never been created.

(h) Remedies

- (i) In addition to all the rights and remedies provided by the laws of the state, in the event the District violates the terms and provisions of this written consent, the City shall be entitled to injunctive relief or a writ of mandamus issued by a court of competent jurisdiction restraining, compelling or requiring the District and its officials to observe and comply with the terms and provisions prescribed in this written consent to the inclusion of land within the District.

**SECTION 5.** If any section, subsection, clause, phrase or portion of this resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.

SECTION 6. This resolution shall be in full force and effect from and after its passage.

The motion to approve is resolution was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ . The resolution was passed and approved by the following vote [\_\_ - \_\_]:

	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Mayor Chris Watts:	_____	_____	_____	_____
Gerard Hudspeth, District 1:	_____	_____	_____	_____
Keely G. Briggs, District 2:	_____	_____	_____	_____
Jesse Davis, District 3:	_____	_____	_____	_____
John Ryan, District 4:	_____	_____	_____	_____
Deb Armintor, At Large Place 5:	_____	_____	_____	_____
Paul Meltzer, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
CHRIS WATTS, MAYOR

ATTEST:  
ROSA RIOS, CITY SECRETARY

BY: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:  
AARON LEAL, CITY ATTORNEY

BY: Mack Rainward

**EXHIBIT A - METES AND BOUNDS DESCRIPTION OF DISTRICT AREA**

**DESCRIPTION OF  
THREE TRACTS OF LAND**

**TRACT 1**

**BEING** a tract of land situated in the E. Pizano Survey, Abstract Number 994, the G. Pettingale Survey, Abstract Number 1041, the J. Taft Survey, Abstract Number 1269, the G. West Survey, Abstract Number 1393, the B.B.B. & C.R.R. CO. Survey, Abstract Number 158, Denton County, Texas, and being all of the remainder of that tract of land described by deed to Petrus Investment, L.P. (tract 1), recorded in Instrument Number 1998-117450, and all of that tract of land described by deed to Hillwood Investment Land, L.P., recorded in Instrument Number 2015-146192, Real Property Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at the southwest corner of said Tract 1, being in the north right-of-way line of Robson Ranch Road;

**THENCE** N 00°37'44"W, 3285.00 feet, departing said north right-of-way line;

**THENCE** N 00°29'34"W, 3074.88 feet;

**THENCE** S 89°50'59"W, 1215.90 feet;

**THENCE** N 00°07'16"E, 3802.59 feet;

**THENCE** N 89°46'52"E, 5806.39 feet;

**THENCE** N 01°19'45"E, 92.25 feet;

**THENCE** N 89°29'17"E, 5406.54 feet, to the approximate center line of John Paine Road;

**THENCE** N 00°09'21"W, 6119.82 feet, with said approximate center line;

**THENCE** N 44°00'59"E, 231.30 feet, departing said approximate center line, to the south right-of-way line of FM 2449, being the beginning of a curve to the right;

**THENCE** with said south right-of-way line and said curve to the right, an arc distance of 215.79 feet, through a central angle of 11°16'41", having a radius of 1096.28 feet, the long chord which bears S 66°45'34"E, 215.44 feet;

**THENCE** S 61°07'13"E, 2320.45 feet, continuing with said south right-of-way line, to the beginning of a curve to the left;

**THENCE** with said south right-of-way line and said curve to the left, an arc distance of 151.20 feet, through a central angle of 01°29'56", having a radius of 5779.65 feet, the long chord which bears S 61°52'12"E, 151.19 feet;

**THENCE** S 00°27'53"E, 1963.20 feet;

**THENCE** S 89°55'28"E, 47.53 feet, to the west right-of-way line of Interstate Highway 35W;

**THENCE** with said west right-of-way line the following bearings and distances:

S 26°18'12"W, 1542.25 feet;

S 32°02'34"W, 199.99 feet;

S 26°18'12"W, 400.06 feet;

S 19°10'44"W, 201.57 feet;

S 26°18'12"W, 2962.69 feet;

N 33°34'41"W, 200.24 feet;

N 19°12'37"W, 155.68 feet;

N 00°31'13"W, 111.31 feet;

N 30°43'14"W, 44.34 feet;

N 89°58'11"W, 46.00 feet;

S 29°23'22"W, 44.72 feet;

S 00°31'13"E, 210.31 feet;

S 10°43'27"E, 103.30 feet;

S 00°31'13"E, 118.88 feet;

S 33°43'52"E, 270.79 feet;

S 26°18'12"W, 2560.86 feet;

S 27°54'47"W, 605.73 feet;

S 29°23'19"W, 2716.37 feet;

S 35°04'08"W, 202.07 feet;

S 29°23'19"W, 899.62 feet;

S 32°15'04"W, 144.34 feet;

S 89°59'41"W, 56.40 feet;

S 00°37'05"E, 92.68 feet;

S 29°23'19"W, 749.32 feet;

S 32°50'37"W, 497.80 feet;

S 29°18'00"W, 128.98 feet;

S 29°23'18"W, 922.23 feet;

**THENCE** S 65°32'46"W, 23.56 feet, to the north right-of-way line of Robson Ranch Road;

**THENCE** with said north right-of-way line the following bearings and distances:

S 89°52'13"W, 246.95 feet;

N 00°19'14"W, 5.20 feet;

S 89°53'26"W, 290.34 feet;

S 00°06'34"E, 5.00 feet;

S 89°53'26"W, 200.00 feet;

S 00°06'34"E, 5.00 feet;

S 89°53'26"W, 600.00 feet;

S 00°06'34"E, 5.00 feet;

**THENCE** S 89°53'26"W, 4134.86 feet to the **Point of Beginning** and containing 102,688,371 square feet or 2357.40 acres of land more or less.

## **TRACT 2**

**BEING** a tract of land situated in the B.B.B. & C.R.R. Co. Survey, Abstract Number 158, the J. Taft Survey, Abstract Number 1269, the B.B.B & C.R.R. Co. Survey, Abstract Number 159, the G. Pettingale Survey, Abstract Number 1041, the B.B.B. & C.R.R. Co. Survey, Abstract Number 160, the S. Pritchett Survey, Abstract Number 1021 and the G. West Survey, Abstract Number 1393, Denton County, Texas, and being the remainder of that tract of land described by deed to Petrus investment, L.P., recorded in Instrument Number 1998-117450, Real Property Records, Denton County, Texas and being more particularly described by metes and bounds as follows:

**BEGINNING** at the intersection of the of John Paine Road and Johnson Lane;

**THENCE** S 00°30'43"E, 3045.50 feet, with the approximate centerline of said John Paine Road, to the beginning of a curve to the left;

**THENCE** with said approximate centerline and said curve to the left, an arc distance of 179.75 feet, through a central angle of 19°11'48", having a radius of 536.50 feet, the long chord which bears S 09°24'16"W, 178.91 feet;

**THENCE** S 00°13'45"E, 426.23 feet, with said approximate centerline;

**THENCE** S 89°53'42"W, 2258.03 feet, departing said approximate centerline;

**THENCE** N 00°26'28"E, 497.90 feet;

**THENCE** S 89°59'41"W, 273.92 feet, to the east right-of-way line of Interstate Highway 35W;

**THENCE** with said east right-of-way line the following bearings and distances:

N 29°23'19"E, 847.04 feet;

N 23°44'25"E, 203.21 feet;

N 29°23'16"E, 2716.06 feet;

N 27°54'47"E, 621.79 feet;

N 26°18'12"E, 2150.05 feet;

N 89°55'52"E, 470.07 feet;

S 76°13'57"E, 71.47 feet;

N 89°37'20"E, 80.00 feet;

N 71°38'56"E, 52.97 feet;

N 16°39'41"E, 51.30 feet;

N 70°04'44"W, 229.45 feet;

N 54°35'05"W, 163.69 feet;

N 33°40'57"W, 209.99 feet;

N 26°18'12"E, 3164.78 feet;

N 36°14'02"E, 202.95 feet;

N 26°18'12"E, 399.25 feet;

N 32°45'23"E, 400.40 feet;

N 26°18'12"E, 399.87 feet;

N 14°58'58"E, 305.66 feet;

N 26°18'12"E, 833.31 feet;

**THENCE** N 89°32'14"E, 1998.29 feet, departing said east right-of-way line;

**THENCE** S 00°48'03"E, 5473.72 feet, to the approximate centerline of Allred Road;

**THENCE** S 89°49'27"W, 3048.35 feet, with said approximate centerline;

**THENCE** S 00°27'04"E, 2640.07 feet, departing said approximate centerline;

**THENCE** S 89°59'08"W, 2353.13 feet to the **Point of Beginning** and containing 31,246,880 square feet or 717.33 acres of land more or less.

### **TRACT 3**

**BEING** a tract of land situated in the S. Pritchett Survey, Abstract Number 1004, the G. West Survey, Abstract Number 1393, the C.W. Byerly Survey, Abstract Number 1458, and the J. Dalton Survey, Abstract Number 353, Denton County, Texas, and being all of the remainder of that tract of land described by deed to Petrus Investment, L.P., (tract 3) recorded in Instrument Number 1998-117450, Real Property Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at an ell corner in the east line of said tract 3, being the northwest corner of that tract of land described by deed to Southwest Denton Venture, recorded in Instrument Number 1994-94865, said Real Property Records;

**THENCE** S 00°26'39"E, 996.99 feet, with the east line of said tract 3, to the north right-of-way line of FM 2449, being the beginning of a curve to the right;

**THENCE** with said north right-of-way line and said curve to the right, an arc distance of 95.22 feet, through a central angle of 00°57'38", having a radius of 5679.65 feet, the long chord which bears N 61°36'02"W, 95.22 feet;

**THENCE** N 61°07'13"W, 2320.45 feet, with said north right-of-way line;

**THENCE** N 00°16'51"W, 99.92 feet, to the approximate centerline of Underwood Road;

**THENCE** N 89°44'37"E, 986.31 feet, with said approximate centerline;

**THENCE** N 01°13'53"E, 1106.15 feet, continuing with said approximate centerline, to the southwest corner of that tract of land described by deed to W.C. Lynch, recorded in Instrument Number 1991-23744, said Real Property Records;

**THENCE** S 89°48'49"E, 1847.04 feet, with the south line of said Lynch tract;

**THENCE** S 00°25'26"E, 427.73 feet, departing said south line, to the approximate centerline of Hickory Creek;

**THENCE** with the approximate centerline of Hickory Creek the following bearings and distances:

S 40°20'08"E, 256.75 feet;

S 49°08'35"E, 333.56 feet;

S 44°58'00"E, 94.76 feet;

S 24°00'36"E, 123.31 feet;

S 05°41'36"W, 211.41 feet;

**THENCE** S 02°18'34"E, 131.60 feet, to the north line of the aforementioned Southwest Denton JV tract;

**THENCE** S 89°32'45"W, 1271.86 feet, departing said Hickory Creek, to the **Point of Beginning** and containing 4,050,704 square feet or 92.99 acres of land more or less.

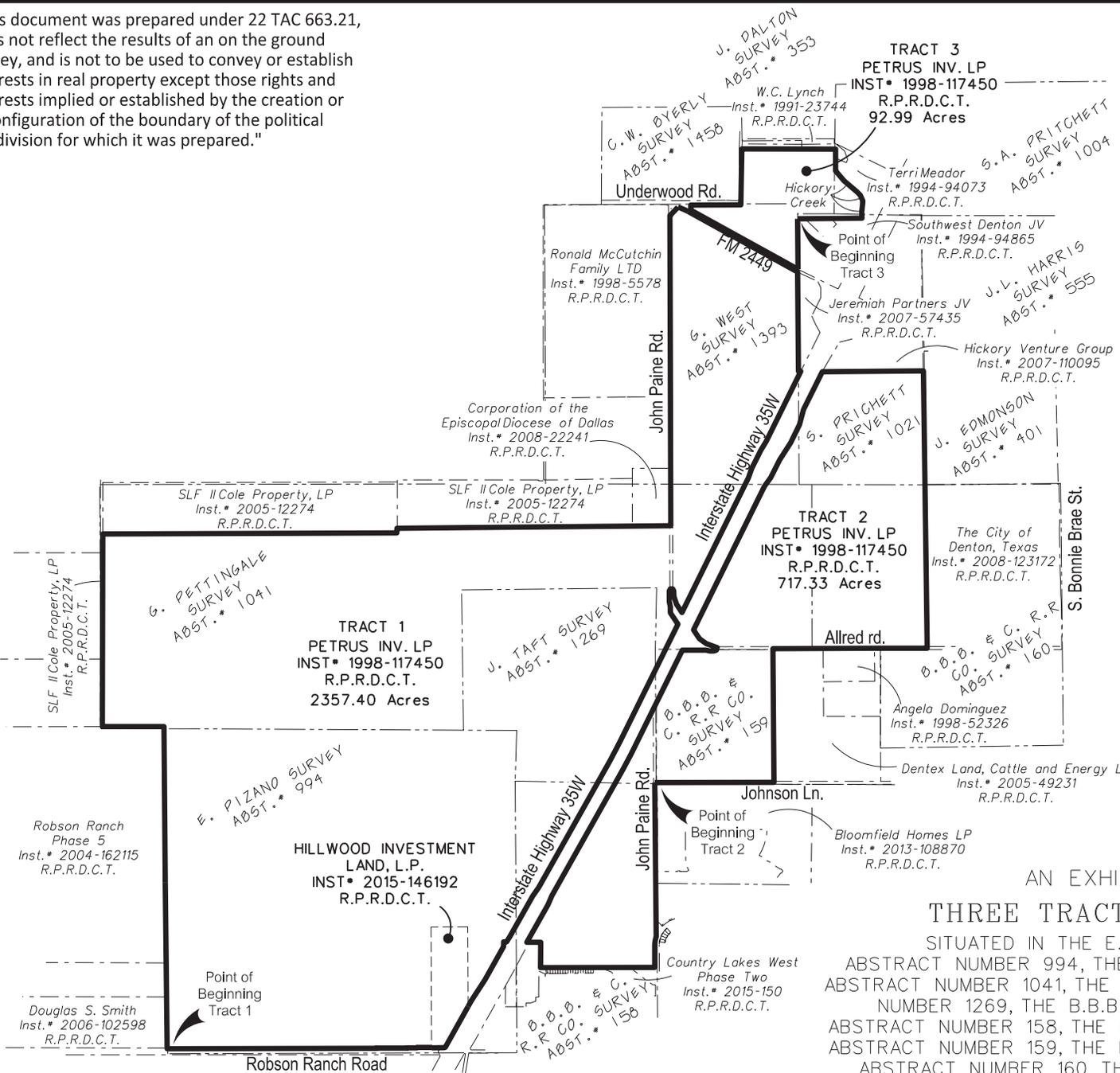
"This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

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1 INCH = 3000 FEET

"Integral Parts Of this Document"  
 1. Description - 6 pages  
 2. Exhibit - 1 page



AN EXHIBIT OF  
**THREE TRACTS OF LAND**  
 SITUATED IN THE E. PIZANO SURVEY,  
 ABSTRACT NUMBER 994, THE G. PETTINGALE SURVEY,  
 ABSTRACT NUMBER 1041, THE J. TAFT SURVEY ABSTRACT  
 NUMBER 1269, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 158, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 159, THE B.B.B. & C.R.R. CO. SURVEY,  
 ABSTRACT NUMBER 160, THE S. PRICHETT SURVEY,  
 ABSTRACT NUMBER 1021, THE G. WEST SURVEY, ABSTRACT  
 NUMBER 1393, THE C.W. BYERLY SURVEY, ABSTRACT  
 NUMBER 1458 AND THE J. DALTON SURVEY, ABSTRACT  
 NUMBER 353, DENTON COUNTY, TEXAS

**PELTON**  
 LAND SOLUTIONS  
 9600 HILLWOOD PARKWAY, SUITE 250  
 FORT WORTH, TEXAS 76177 PH.# 817-562-3350  
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**EXHIBIT B - FORM OF CONSERVATION EASEMENT**

**CONSERVATION EASEMENT**

This Conservation Easement is by and between Petrus Investment, LP (“Grantor”), and the City of Denton, a Texas home-rule municipal corporation (“Grantee”) and is effective upon recording in the real property records of Denton County, Texas (“Effective Date”).

**Recitals:**

1. Grantor is the record owner of fee simple title to a certain parcel of real property consisting of 29.125 acres located and situated in Denton County, Texas and more particularly described in attached Exhibit “A” (the “Property”).

2. Grantee is qualified to hold a conservation easement as it is an entity empowered to hold an interest in real property under the laws of the State of Texas.

3. The preservation of the Property is desirable as the Property has significant historical, environmental, and scenic value to the parties.

4. It is the intent of this Conservation Easement to assure that the Property will be retained and maintained perpetually in its natural vegetative and hydrologic condition in accordance with both the terms of this Conservation Easement and the conditions documented in the Baseline Documentation Report (“BDR”) in the attached Exhibit “B”.

5. The purpose of the Conservation Easement includes the following (the “Purposes” or “Conservation Values”), subject to Grantor’s Reserved Rights:

- A. retaining or protecting natural, scenic, or open-space aspects of the Property;
- B. ensuring the availability of the Property for trail use by the public;
- C. protecting natural resources;
- D. maintaining or enhancing air and water quality;
- E. maintaining areas of scenic and historical significance; and
- F. maintaining the Property as documented in the BDR.

6. The following Exhibits are attached to this Conservation Easement and incorporated by reference:

- A. Exhibit A - Legal Description of the Property; and
- B. Exhibit B - Baseline Documentation Report.

**Witnesseth:**

NOW THEREFORE, for good and valuable consideration from Grantee, the receipt and legal sufficiency of which are acknowledged by Grantor, and in consideration of the covenants, mutual agreements and conditions herein contained, Grantor has TRANSFERRED, BARGAINED, GRANTED, SOLD, CONVEYED, ASSIGNED, SET OVER and DELIVERED, and by these presents does TRANSFER, BARGAIN, GRANT, SELL, and CONVEY, to Grantee a conservation easement on, over, under, across, along and

through the Property on the terms set forth herein, together with all other rights reasonably necessary or desirable to accomplish the Purposes and the rights granted under this Conservation Easement, subject to the following terms, reservations, covenants, limitations and exceptions:

1. Duration of Easement. The Conservation Easement shall be perpetual. The Conservation Easement is an easement in gross, runs with the land, and is enforceable by Grantee against Grantor, and Grantor's successors, assigns, lessees, agents, and licensees.

2. Property Description. The metes and bounds legal description of the Property are set forth in Exhibit "A" and incorporated herein by reference.

3. Present Condition of the Property. Subject to Grantor's Reserved Rights, neither Grantor, its agents, assigns, successors, or personal representatives, nor any purchasers, lessees may violate the terms or Purposes of the Conservation Easement. The conditions of the Property are described in the BDR, prepared in accordance with Land Trust Accreditation Commission Guidelines and *Land Trust Standards and Practices 11B*, attached hereto as Exhibit "B", prepared by Grantor and acknowledged by the parties to be complete and accurate as of the date hereof. Both the parties have copies of the BDR. The BDR will be used by the parties to assure that any future changes in the use of the Property will be consistent with the terms of this Conservation Easement. However, the BDR is not intended to preclude the use of other evidence to establish the present condition of the Property if there is a controversy over its use.

4. Prohibited Activities. Any activity on, or use of, the Property in violation of the terms and Purpose of the Conservation Easement is prohibited. The Property shall be preserved as documented in the BDR and is restricted from any development that would violate the Purposes of the Conservation Easement. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited, restricted, or reserved as indicated hereunder:

A. Vegetation: Except for the below, there shall be no clear-cutting of trees on the Property. Grantor may remove diseased, invasive or non-native trees, shrubs, or plants; cut and mow firebreaks and existing road rights-of-way; and remove trees, shrubs, or plants to accommodate maintenance of permitted improvements, including trails or other uses expressly permitted under the terms of this Conservation Easement. Grantor may remove potentially invasive plants from the Property for habitat management purposes consistent with the intent of this Conservation Easement. Except as necessary for activities expressly permitted in this Conservation Easement and with written permission from Grantee, there shall be no farming on the Property.

B. Uses: No plowing, residential or industrial activity shall be conducted upon the Property. There shall be no storing or dumping of soil, trash, ashes, garbage, waste, abandoned vehicles, appliances, machinery, or hazardous substances, or toxic or hazardous waste, or any placement of underground or aboveground storage tanks or other materials on the Property that may negatively impact or be detrimental to the Property or to the surface or subsurface waters of the Property.

C. Subdivision: The Property may be further divided, subdivided, or partitioned but all such property shall remain subject to the terms of the Conservation Easement perpetually.

D. Topography: There shall be no change in the topography of the Property. There shall be no surface mining, filling, excavating, grading, dredging, mining or drilling upon the Property, and there shall be no removing of topsoil, peat, sand, gravel, rock, minerals or other materials from the Property except to construct and maintain permeable surface trails and walkways using natural materials, or restore natural topography or drainage patterns.

E. Soil or Water Degradation: There shall be no use of, or the conducting of any activity on, the Property that causes or is likely to cause significant and destructive soil erosion, depletion or pollution of, or siltation on, any surface or subsurface waters of the Property, and there shall be no change to streams on the Property in any manner. There shall be no diking, draining, dredging, channeling, filling, leveling, pumping, impounding, of surface waters.

F. Construction: There shall be no constructing or placing of any building, mobile home, asphalt or concrete pavement, billboard or other advertising display, antenna (including, but not limited to, cell, mobile, or otherwise), utility pole, tower, conduit, line, or any other temporary or permanent structure or facility or any other man-made structures on the Property except in connection with the construction, repair, maintenance, or replacement (but not expansion) of the permitted trails and any structures and other improvements located on the Property as of the Effective Date of this Conservation Easement. Grantor shall have the right to maintain, renovate, and repair existing buildings, structures, fences, pens, wells, dams and reservoirs, utilities, soft-surface roads, and other improvements, and in the event of their destruction, to reconstruct any such existing improvement with another of similar size, function, capacity, location, and material.

G. Roads: There shall be no construction of roads or concrete sidewalks on the Property; nor any enlargement, widening, improvement or modification to any existing roads, on the Property. Maintenance of existing roads shall be limited to removal of dead vegetation, necessary pruning, drainage improvement or removal of obstructing trees and plants, and/or application of permeable materials (e.g., sand, gravel, and crushed stone) as necessary to correct or prevent erosion. Construction and maintenance of permeable surface trails or walkways using natural materials by Grantor is allowed.

H. Waters: There shall be no polluting, altering, manipulating, depleting or extracting of surface (including, but not limited to, ponds, creeks or other water courses) or any other water bodies on the Property, and there shall be no conducting or (to the extent in Grantor's control) allowing any entity or person to conduct activities on the Property that would be detrimental to water purity or that alter the natural water level or flow in or over the Property (including, but not limited to, damming, dredging or construction in any free flowing water body, nor any manipulation or alteration of natural water courses, fresh water lake and pond shores, marshes or other water bodies).

I. Vehicles: Use of vehicles shall be limited to access to the site for monitoring, maintenance, fire protection/emergency action, construction of approved permeable trails or other approved activities. Off road vehicular access is expressly prohibited.

J. Easements: There shall be no granting or conveying of any easements on, over, under, across, along or through the Property, including, but not limited to, access easements and

utility easements conveyed by separate instruments after the Effective Date, other than the following conveyances:

I. Grantee has the right of pedestrian ingress and egress to and from, and access on, across, along, and through the Property to access the Property to take such actions which are consistent with the Conservation Easement; and

II. The public shall have the right of pedestrian ingress and egress to and from, and access on, across, along, and through the Property on the permeable trails after the same have been completed and such public access will be limited only to the permeable trails. The parties have the option to further document the public's right of access to the permeable trails at a later date.

K. Mineral Extraction. There shall be no exploration, development, production, extraction, or transportation of oil, gas or other mineral substances (whether such other mineral substances be part of the mineral estate or part of the surface estate) on, from, or across the Property ("Mineral Activities") except in accordance with this Section provided, however, that this Section does not apply to water, which is addressed elsewhere in this Conservation Easement.

I. No Surface Mining. Grantor shall not conduct surface mining by any surface mining methods, including, without limitation, the mining of gravel, sand or caliche.

II. No Surface Use. Grantor has the associated rights and retains its interests, if any, in all oil, gas and other mineral substances (whether such other mineral substances be part of the mineral estate or part of the surface estate) in and under the Property; provided, however, it is understood and agreed that, in conducting any Mineral Activities on the Property, Grantor shall not use or occupy any portion of the surface estate of the Property and shall not place any facilities, fixtures, equipment, building, structures, pipelines, rights of way or personal property of any kind or nature whatsoever on the surface of the Property or in the subsurface within the depth interval of 1000 feet below the surface of the Property or on or in any portion thereof. Grantor agrees that all Mineral Activities shall be conducted by directional or horizontal drilling below said subsurface interval from a surface location off the Property, and Grantor hereby waives any rights whatsoever to the use of the surface and said subsurface interval of the Property in connection with any Mineral Activities on the Property. Notwithstanding anything above to the contrary, Grantor shall not be prohibited from conducting exploratory activities that are non-invasive, do not otherwise damage or negatively impact the watersheds or aquifer, and do not significantly impair or interfere with the Conservation Values. To the extent Grantor elects to explore for or extract or exploit any oil, gas or other minerals in or under the Property from a surface location off the Property. Grantor shall use reasonable efforts to minimize any damage or other negative impact on the watersheds or aquifer underlying the Property by such activity.

L. Signage: Construction or placement of any signs, billboards, or other advertising displays on the Property is not permitted, except that signs whose placement, number, and design do not significantly diminish the scenic character of the Property may be placed to state the name

and address of the Property for purposes of identifying a trail to advertise or regulate permitted on-site activities, to post the Property to control unauthorized entry or use, or to identify the property as being protected by this Conservation Easement.

M. Dumping: There shall be no dumping or storing of any material, such as trash, wastes, ashes, sewage, garbage, scrap material, sediment discharges, oil and petroleum by-products, leached compounds, toxic materials or fumes, or any "hazardous substances" (as hereinafter defined). For the purposes of this paragraph, the phrase "hazardous substances" shall be defined as in the federal Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601 et seq.) and/or a substance whose manufacture, processing, distribution in commerce, use, possession, or disposal is banned, prohibited, or limited pursuant to the federal Toxic Substances Control Act (15 U.S.C. 2601 et seq.).

N. Hunting. Hunting is not allowed on the Property once the public has access to the permeable trails.

O. Other Prohibitions: Any other use of, or activity on, the Property which harms the Conservation Easement granted herein.

5. Rights Reserved to Grantor.

A. Existing Uses. The Grantor expressly reserves for itself, its successors and assigns, the right of access to and the right of continued use of the Property for all purposes not prohibited by this Conservation Easement, including, but not limited to, the right to quiet enjoyment of the Property, the rights of ingress and egress with respect to the Property, the right to fence the Property and to prohibit public access thereto, except as otherwise provided herein, and the right to sell, transfer, gift or otherwise convey the Property, in whole or in part, provided such sale, transfer, or gift conveyance is subject to the terms of, and shall specifically reference, the Conservation Easement. Except as may be expressly provided otherwise in this Conservation Easement, this Conservation Easement shall not in any way limit, restrict or in any way affect any property of Grantor other than the Property, including without limitation, any property adjacent to, surrounding or near the Property. The rights conveyed by this Conservation Easement do not constitute a conveyance of a fee interest in the Property, nor of any of the mineral rights or water rights therein and thereunder. The rights retained by Grantor as set forth in this Section 5 are referred to hereinafter as the "Reserved Rights".

B. Construction, Maintenance, and Access to Trails. Grantor has the right to construct and maintain permeable trails made of natural materials on the Property. The location of the trails is at the sole discretion of Grantor. Grantor agrees to cooperate with Grantee on location of the permeable trails to allow Grantee to maintain a comprehensive trail system in and around the Property.

C. Transfer. The right to sell, give, mortgage, lease or otherwise convey the Property, provided such conveyance is subject to the terms of this Conservation Easement.

D. Diseased Trees and Firebreaks. The right to cut, trench, and remove damaged or diseased trees, shrubs, or plants and to cut firebreaks, as required in exigent circumstances.

E. Animal and Game Management and Hunting.

i. The right to manage animals and game on the Property, strictly in accordance with applicable city ordinances, game laws and sound wildlife management practices. The use of firearms by Grantor is allowed for this purpose.

ii. The right to hunt on the Property until the public has access to the permeable trails. Any such hunting shall be conducted strictly in accordance with Grantee's ordinances and state law.

F. Farming and Planting. The right to use existing pastures and grasslands used for grazing, plant such trees, shrubs or grasses on the Property as Grantor may desire from time to time. Consistent with the terms of this Conservation Easement, Grantor shall have the right to maintain, restore and enhance native plant and wildlife habitat, consistent with best management practices and all applicable laws and regulations governing such practices.

G. Livestock. The right to run cattle and horses on the Property. In no event shall the Property be over-grazed. Land is to remain fenced to prevent external cattle and livestock from entering the Property. With the exception of dogs and livestock, there shall be no domestic cats or intentional introduction of exotic wildlife or potentially invasive species on the Property. Livestock introduction is prohibited except as authorized herein.

H. Restoration. The right to restore damage caused by natural disasters such as drought, flooding, tornados and fire, to dredge waterways of debris and silt/gravel deposits caused by flooding, to restore soil levels and contours and replace shrubs and trees lost to natural occurrences or disasters with like or improved species. If such damage results in the loss of topsoil, Grantor shall have the right to remove topsoil from other areas of the Property to restore the damage caused by the natural disaster.

I. Erosion Control. The right to control erosion by the planting of grasses or by other means not inconsistent with the purposes of this Conservation Easement.

J. Composting, Burning, and Storing of Plant Material. The right to compost, burn (including controlled burning of fields and pastures) or store plant material and vegetative waste generated by permitted activities and uses and the right to store customary waste generated on the Property by permitted activities and uses.

K. Leasing. The right to lease all or a portion of the Property for any use permitted under this Conservation Easement, including hunting as limited herein.

L. Other Vegetation. Grantor expressly reserves the right to plant, cultivate and maintain, as may be reasonably necessary, various trees, vines, shrubs, grasses, and similar vegetation on any portion of the Property currently utilized as grassland or pastureland.

M. Compliance with Zoning and Agreements. Grantor expressly reserves the right to use and improve the Property as necessary to comply with the requirements of any zoning ordinance applicable to the Property, any agreement between Grantor and the City of Denton, and any agreement between Hunter Ranch Improvement District No. 1 of Denton County, Texas and the City of Denton.

6. Rights of Grantee. Grantee or its authorized representatives, shall have the right to enter the Property at reasonable times upon notice for the purpose of inspecting the Property to determine if the Grantor or any of its successors and assigns is complying with the terms, conditions, restrictions, and Purposes of the Conservation Easement.

7. Liens and Taxes. Grantor shall keep the Property free of any and all liens, including, without limitation, liens arising out of any work performed for, materials furnished to, or obligations incurred by Grantor. Grantor shall pay before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority and shall upon written request by Grantee furnish Grantee with satisfactory evidence of payment.

8. Enforcement. In the event of a breach of this Conservation Easement by Grantor, the Grantee, any third-party or any third-party working for or under the direction of Grantor or the Grantee, the Parties shall be notified immediately. Grantor shall have thirty (30) days after receipt of such notice to undertake actions that are reasonably calculated to correct the conditions constituting the breach. If the conditions constituting the breach are corrected in a timely and reasonable manner, no further action shall be warranted or authorized. If the conditions constituting the breach are such that more than thirty (30) days are required to cure the breach, Grantor shall not be in default hereunder if Grantor undertakes the cure of such breach during the thirty (30) day period following notice of the breach and diligently pursues the cure of the breach to completion. If Grantor fails to initiate such corrective action within thirty (30) days or fails to complete the necessary corrective action, the Grantee may enforce the Conservation Easement by appropriate legal proceedings, including an action for damages, injunctive and other relief after mediating the dispute. Notwithstanding the foregoing, the Grantee reserves the immediate right, without notice, to obtain a temporary restraining order, injunctive relief or other appropriate relief if the breach of any provision of the Conservation Easement is materially impairing or would irreversibly or otherwise materially impair the benefits to be derived from the Conservation Easement. Grantor and the Grantee acknowledge that under such circumstances, damage to the Grantee would be irreparable and remedies at law will be inadequate. The rights and remedies of the Grantee provided hereunder shall be in addition to, and not in lieu of, all other rights and remedies available to Grantee in connection with the Conservation Easement. Any forbearance or failure on the part of the Grantee to exercise its rights in the event of a violation shall not be deemed or construed to be a waiver of Grantee's rights hereunder. Nor shall forbearance or failure to enforce any covenant or provision hereof discharge or invalidate such covenant or provision or any other covenant, condition, or provision hereof or affect the right to the Grantee to enforce the same in the event of a subsequent breach or default. Nothing contained in this Conservation Easement shall be construed to entitle the Grantee to bring any action against Grantor for any injury to or change in the Property, or for any violation of any covenant or provision of this Conservation Easement, resulting from any prudent action taken in good faith by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to life, damage to property or harm to the Property resulting from any of such causes. Grantor shall not be responsible for, or required to, remediate any conditions or damage not caused by Grantor, including damage caused by the public or other third parties. Except in the case of an emergency, neither party shall take any action to institute a legal proceeding until the parties have conducted a full day mediation with a mutually acceptable mediator in Dallas, Denton, or Tarrant County.

9. Duration. The burdens of this Conservation Easement shall run with the Property and shall be enforceable against Grantor and all future interests in and to the Property in perpetuity. Grantor agrees

that the future transfer or conveyance of any interest in or to the Property shall always be subject and subordinate to the terms, conditions, restrictions and purposes of the Conservation Easement and a reference to this Conservation Easement shall be included in each instrument of transfer or conveyance of any interest in or to the Property from and after the Effective Date.

10. Construction and Maintenance of Permeable Trails.

A. Grantor shall construct permeable trails in and through the Property for use by the public and the same shall be completed within twelve (12) months after final plats on fifty (50) percent or more of the property adjoining the Property have been filed in the Real Property Records, Denton County, Texas. Grantor will cooperate with Grantee regarding the location of the trailheads for the permeable trails.

B. Grantor shall be responsible for the maintaining the permeable trails it constructs in and through the Property.

11. General Provisions.

A. Notices. Any notice, request for approval, or other communication required under this Conservation Easement shall be sent by registered or certified mail, postage prepaid, to the following addresses (or such address as may be hereafter specified by notice pursuant to this paragraph):

To Grantor:

To Grantee:

B. Severability. In the event any provision of this Conservation Easement is determined by the appropriate court to be void and unenforceable, all remaining terms shall remain valid and binding.

C. Conservation Easement Binding. The terms, covenants, and conditions of this Conservation Easement shall be binding upon and shall inure to the benefit of Grantor, Grantee and their respective executors, administrators, heirs, legal representatives, successors and assigns. Notwithstanding the foregoing, Grantee may assign (i) this Conservation Easement, or (ii) any rights or interests in this Conservation Easement, with the prior written approval of Grantor which shall not be unreasonably withheld.

D. Warranty. Grantor warrants, covenants, and represents that it owns the Property in fee simple, and that Grantor either owns all interests in the Property which may be impaired by the granting of the Conservation Easement or that there are no outstanding mortgages, tax liens, encumbrances, or other interests in the Property which have not been expressly subordinated to the Conservation Easement.

E. Subsequent Transfers. Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument that transfers any interest in all or any portion of the Property. Grantor agrees to provide written notice of any transfer at least thirty (30) days prior to the date of the transfer. The parties agree that the terms of the Conservation Easement shall survive any merger of the fee and easement interests in the

Property or any portion thereof and shall not be amended, modified or terminated without the prior written consent and approval of the parties.

F. Assignment or Transfer. The parties recognize and agree that the benefits of the Conservation Easement are in gross and assignable by the Grantee upon notice and consent by Grantor; provided, however, that the Grantee hereby covenants and agrees, that in the event it transfers or assigns the Conservation Easement, the organization receiving the interest will be a qualified holder under state law acceptable to Grantor. The Grantee further covenants and agrees that the terms of the transfer or assignment will be such that the transferee or assignee will be required to continue in perpetuity the conservation purposes described in this Conservation Easement.

G. Obligations of Ownership. Grantee shall not be responsible for any costs or liability of any kind related to the ownership, operation, insurance, upkeep, or maintenance of the Property, except as expressly provided herein. Nothing herein shall relieve the Grantor of the obligation to comply with any federal, state, or local laws, regulations and permits that may apply to the Property in connection with the exercise by Grantor of the Reserved Rights.

H. Extinguishment. If changed conditions render impossible the continued use of the Property for the conservation purposes as contemplated by this Conservation Easement, the Conservation Easement may only be extinguished, in whole or in part, by judicial proceeding in any court of competent jurisdiction.

I. Eminent Domain. Whenever all or any part of the Property is taken in the exercise of eminent domain to substantially abrogate the restrictions imposed by this Conservation Easement, the parties shall join in appropriate actions at the time of such taking to recover the full value of the taking, and all incidental and direct damages due to the taking.

J. Proceeds. The Conservation Easement constitutes a real property interest immediately vested in Grantee. If all or a portion of the Property is sold, exchanged, or involuntarily converted following an extinguishment of all or any portion of the Conservation Easement, or following the exercise of eminent domain, Grantee shall be entitled to the fair market value of the Conservation Easement. The parties stipulate that the fair market value of the Conservation Easement shall be determined by multiplying the fair market value of the Property unencumbered by the Conservation Easement by the ratio of the value of the Conservation Easement as of the Effective Date to the value of the Property (without deduction for the value of the Conservation Easement) at the time of this grant. The values as of the Effective Date and as referenced in this Section 9(I) shall be the values used, or which would have been used, to calculate a deduction for federal income tax purposes, pursuant to Section 170(h) of the Internal Revenue Code of 1986, as amended (whether eligible or ineligible for such a deduction). Grantee shall use its share of any proceeds in a manner consistent with the purposes of the Conservation Easement.

K. Failure of Grantee. If at any time Grantee is unable or fails to enforce the Conservation Easement, or if Grantee ceases to be a qualified grantee, and if within a reasonable period of time after the occurrence of any of such events, Grantee fails to make an assignment of its interest pursuant to the Conservation Easement, then Grantee's interest shall become vested

in another qualified grantee in accordance with and as provided by an appropriate and final, non-appealable proceeding in a court of competent jurisdiction to which Grantor is a party.

L. Amendment. This Conservation Easement granted herein may be amended, but only in a writing signed by the Parties hereto; provided, however, that such amendment does not affect the qualification of the Conservation Easement or the status of the Grantee under any applicable laws, is consistent with the conservation purposes of this Conservation Easement granted herein.

M. Statutory Conservation Easement. The parties expressly agree and understand that this Conservation Easement is created under, and will be interpreted according to, Chapter 183 (Conservation Easements) of the Texas Natural Resources Code.

N. Re-recording. The Grantee is authorized to record or file any notices or instruments appropriate to assuring the perpetual enforceability of this Conservation Easement and Grantee may re-record this instrument at any time as may be required to preserve its rights in this Easement.

O. Captions. The captions herein have been inserted solely for convenience of reference and are not a part of this Conservation Easement and shall have no effect upon construction or interpretation.

P. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

Q. Reasonableness Standard. The parties shall follow a reasonableness standard and shall use their best efforts to make any determinations that are necessary or are contemplated to be made by them either separately or jointly under this Easement in a timely manner and shall cooperate with one another and shall take all other reasonable action suitable to that end.

R. Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the State of Texas.

S. Venue. The parties acknowledge and agree that any and all disputes arising out of, or relating to, this Conservation Easement will be brought, heard, and determined exclusively in Denton County, Texas. Both parties consent to venue in such courts and waive and relinquish any right to assert that any action instituted by the other party in any such court is in the improper venue or should be transferred to a more convenient forum.

T. Further Assurances; Cooperation. After the Effective Date, the parties shall each execute and deliver such documents and take such other actions as shall be necessary to carry out the Purposes of the Conservation Easement. Each party covenants and warrants that it shall, whenever and as often as it shall be reasonably requested to do so by the other party to the Conservation Easement, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further documents and instruments as may be

necessary and proper in order to effectuate the intent and purposes of the Conservation Easement.

U. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with paragraph L.

V. Effective Date. The parties intend that these restrictions take effect on the day and year this Easement is recorded in the Denton County Official Records.

TO HAVE AND TO HOLD the Conservation Easement for the purposes herein described, subject, however, to the matters herein set forth and to all matters of record with respect to the Property, unto Grantee, its successors and assigns, forever; and Grantor does hereby bind itself, its successors and assigns to warrant and defend the Conservation Easement and the rights granted herein, unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise.

[SIGNATURES TO FOLLOW ON NEXT PAGE]



**CITY OF DENTON**, Grantee

By: \_\_\_\_\_ T  
Todd Hileman, City Manager, under the authority of  
Ordinance No. 20-\_\_\_\_\_.

ATTEST:

ROSA RIOS, CITY SECRETARY

\_\_\_\_\_

APPROVED AS TO FORM:

AARON LEAL, CITY ATTORNEY

\_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION**

**DESCRIPTION OF A  
CONSERVATION EASEMENT**

**Being** a tract of land situated in the J. Taft Survey, Abstract Number 1269, Denton County, Texas and being a portion of that certain tract of land described by deed to Petrus Investment, L.P. in Document Number 1998-117450, Real Property Records, Denton County, Texas and being more particularly described by metes and bounds as follows:

**COMMENCING** at a

**THENCE** to the **POINT OF BEGINNING**;

**THENCE** S 70°57'05"E, 118.23 feet;

**THENCE** S 51°44'43"E, 86.75 feet;

**THENCE** S 26°37'29"W, 62.16 feet;

**THENCE** S 37°44'57"W, 91.64 feet;

**THENCE** S 18°27'31"E, 32.27 feet;

**THENCE** S 09°23'50"E, 29.68 feet;

**THENCE** S 58°04'09"E, 50.51 feet;

**THENCE** S 02°18'41"W, 28.16 feet;

**THENCE** S 85°20'44"E, 70.16 feet;

**THENCE** N 50°43'50"E, 62.90 feet;

**THENCE** S 74°35'19"E, 72.93 feet;

**THENCE** S 81°28'52"E, 165.40 feet;

**THENCE** S 52°39'23"E, 101.75 feet;

**THENCE** S 21°13'25"W, 125.90 feet;

**THENCE** S 34°12'54"E, 66.23 feet;

**THENCE** S 62°19'08"E, 182.38 feet;

**THENCE** S 37°29'36"E, 172.11 feet;

**THENCE S 64°27'00"E, 71.11 feet;**  
**THENCE S 22°45'39"W, 36.56 feet;**  
**THENCE S 42°51'12"E, 41.54 feet;**  
**THENCE S 09°59'58"E, 154.54 feet;**  
**THENCE S 51°57'34"E, 26.46 feet;**  
**THENCE S 12°17'23"E, 32.62 feet;**  
**THENCE S 12°06'25"W, 37.91 feet;**  
**THENCE S 66°41'15"W, 36.38 feet;**  
**THENCE N 88°46'55"W, 40.67 feet;**  
**THENCE S 20°24'21"W, 206.25 feet;**  
**THENCE S 80°30'36"W, 45.66 feet;**  
**THENCE S 62°19'53"W, 56.59 feet;**  
**THENCE S 50°19'55"W, 185.32 feet;**  
**THENCE S 26°46'16"W, 78.29 feet;**  
**THENCE S 43°19'13"W, 134.42 feet;**  
**THENCE S 78°21'31"W, 47.24 feet;**  
**THENCE S 85°08'34"W, 115.45 feet;**  
**THENCE N 44°07'52"W, 128.20 feet;**  
**THENCE N 66°46'28"W, 127.49 feet;**  
**THENCE N 52°56'31"W, 159.22 feet;**  
**THENCE N 44°53'19"W, 170.88 feet;**  
**THENCE N 28°11'33"W, 149.95 feet;**  
**THENCE N 15°26'55"W, 153.04 feet;**

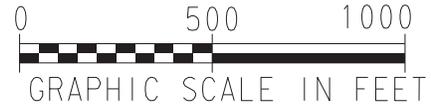
**THENCE** N 03°18'20"W, 280.53 feet;

**THENCE** N 20°48'14"E, 338.96 feet;

**THENCE** N 12°51'42"E, 289.48 feet;

**THENCE** N 32°10'13"E, 189.06 feet to the **Point of Beginning** and containing 1,268,680 square feet or 29.125 acres of land more or less.

NO.	BEARING	DISTANCE
L1	S 70° 57' 05" E	118.23'
L2	S 51° 44' 43" E	86.75'
L3	S 26° 37' 29" W	62.16'
L4	S 37° 44' 57" W	91.64'
L5	S 18° 27' 31" E	32.27'
L6	S 09° 23' 50" E	29.68'
L7	S 58° 04' 9" E	50.51'
L8	S 02° 18' 41" W	28.16'
L9	S 85° 20' 44" E	70.16'
L10	N 50° 43' 50" E	62.90'
L11	S 74° 35' 19" E	72.93'
L12	S 81° 28' 52" E	165.40'
L13	S 52° 39' 23" E	101.75'
L14	S 21° 13' 25" W	125.90'
L15	S 34° 12' 54" E	66.23'
L16	S 62° 19' 08" E	182.38'
L17	S 37° 29' 36" E	172.11'
L18	S 64° 27' 00" E	71.11'
L19	S 22° 45' 39" W	36.56'
L20	S 42° 51' 12" E	41.54'
L21	S 09° 59' 58" E	154.54'
L22	S 51° 57' 34" E	26.46'
L23	S 12° 17' 23" E	32.62'
L24	S 12° 06' 25" W	37.91'
L25	S 66° 41' 15" W	36.38'
L26	N 88° 46' 55" W	40.67'
L27	S 20° 24' 21" W	206.25'
L28	S 80° 30' 36" W	45.66'
L29	S 62° 19' 53" W	56.59'
L30	S 50° 19' 55" W	185.32'
L31	S 26° 46' 16" W	78.29'
L32	S 43° 19' 13" W	134.42'
L33	S 78° 21' 31" W	47.24'
L34	S 85° 08' 34" W	115.45'
L35	N 44° 07' 52" W	128.20'
L36	N 66° 46' 28" W	127.49'
L37	N 52° 56' 31" W	159.22'
L38	N 44° 53' 19" W	170.88'
L39	N 28° 11' 33" W	149.95'
L40	N 15° 26' 55" W	153.04'
L41	N 03° 18' 20" W	280.53'
L42	N 20° 48' 14" E	338.96'
L43	N 12° 51' 42" E	289.48'
L44	N 32° 10' 13" E	189.06'

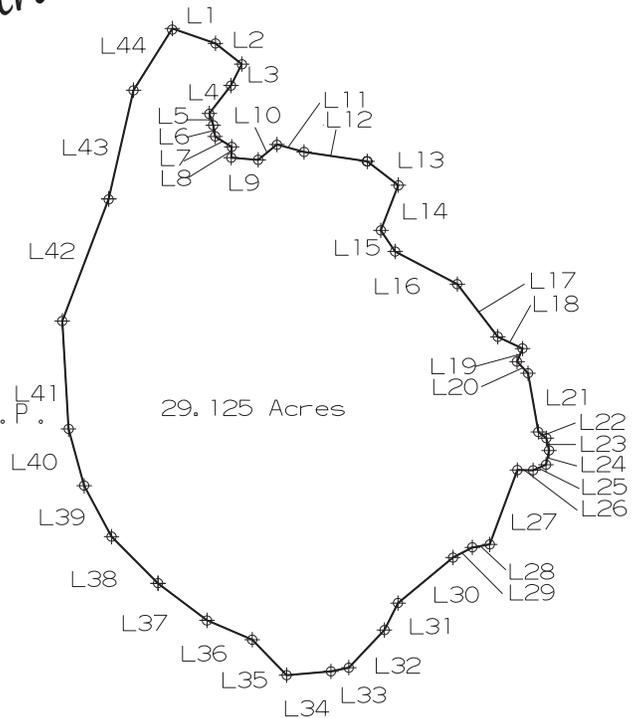


"THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED."

"INTEGRAL PARTS OF THIS DOCUMENT"  
 1. DESCRIPTION  
 2. EXHIBIT

BASIS OF BEARING IS THE TEXAS COORDINATE SYSTEM NORTH CENTRAL ZONE 4202, NAD 83.

*J. Taft Survey  
 Abstract No. 1269*



PETRUS INVESTMENT, L.P.  
 DOCUMENT# 1998-117450  
 R.P.R.D.C.T.

"Preliminary, this document shall not be recorded for any purpose and shall not be used or viewed or relied upon as a final survey document" 22 TAC 663.18C  
 Todd A. Bridges, RPLS 4940  
 Date: 2/26/2020

**EXHIBIT**  
 OF A  
**CONSERVATION EASEMENT**  
 SITUATED IN THE J. TAFT SURVEY,  
 DENTON COUNTY, TEXAS

9800 HILLWOOD PARKWAY, SUITE 250  
 FORT WORTH, TEXAS 76177 PH.# 817-562-3350

**EXHIBIT B**  
**BASELINE DOCUMENTATION REPORT**

## **EXHIBIT E – FORM OF JOINDER**

### **EXHIBIT E** **JOINDER AGREEMENT**

**THIS JOINDER AGREEMENT** (the “Joinder”), dated as of \_\_\_\_\_, 20\_\_\_, is executed by and between Hunter Ranch Improvement District No. 1 of Denton County (the “Original District”) and Hunter Ranch Improvement District No. 1-\_\_\_ of Denton County (the “New District”), in connection with that certain Operating Agreement (the “Operating Agreement”) entered into between the City of Denton, Texas (the “City”), and the Original District, dated effective as of April 7, 2020. Capitalized terms used herein shall have the definitions provided in the Operating Agreement.

WHEREAS, the Original District was created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of H.B. 4683 and codified under Chapter 3980, Special District Local Laws Code (the “District Act”); and

WHEREAS, the New District has been created pursuant to the District Act by an order, dated \_\_\_\_\_, 20\_\_\_ (the “Division Order”), adopted by the board of directors of the Original District; and

WHEREAS, before the New District may exercise any powers under the District Act, the New District must enter into a joinder to the Operating Agreement or a separate operating agreement with the City; and

WHEREAS, New District desires to enter into and execute this Joinder in order to become a party to the Operating Agreement with respect to area within its boundaries (the “New District Area”). NOW THEREFORE, the Original District and the New District agree as follows:

1. Attached hereto as Exhibit “A” is a true, correct, and complete copy of the Operating Agreement. The terms and provisions of the Operating Agreement are incorporated herein for all purposes.

2. New District hereby acknowledges, agrees, and confirms that, by its execution of this Joinder, New District shall be deemed to be a “party” to the Operating Agreement, but only with respect to the New District Area, and shall have all of the rights and obligations of the Original District thereunder with respect to the New District Area, as if it had originally executed Operating Agreement. New District hereby ratifies, as of the date hereof, and agrees to be bound by, all of the applicable terms, provisions and conditions contained in the Operating Agreement with respect to the New District Area, to the same effect as if it were an original party thereto. Attached hereto as Exhibit “B” is a description of the portion of the Improvement Projects (as defined in the Operating Agreement) that will be constructed and financed by New District. From and after the date hereof, the Original District shall be released from subsequently performing any obligations under the Operating Agreement with respect to the New District Area and the Improvement Projects as described in Exhibit “B” and from any liability that results for New District’s failure to perform such obligations. Pursuant to the Division Order, (i) the maximum aggregate amount the New District may reimburse the Developer as described in Sections 5.01(a) and 5.08 of the

Operating Agreement is \$ \_\_\_\_\_, and such maximum aggregate amount applicable to the Original District is reduced by such amount, and (ii) the maximum aggregate principal amount of Bonds the New District may issue as described in Section 5.01(c) of the Operating Agreement is \$ \_\_\_\_\_, and such maximum aggregate principal amount applicable to the Original District is reduced by such amount.

3. New District agrees to provide a copy of this Joinder to the City within 15 days after its execution by all parties.

4. The parties hereto have entered into this Joinder in satisfaction of the requirements of Section 3980.0708 of the District Act. New District further acknowledges, agrees, and confirms that it is subject to and will abide with the terms and conditions of City Resolution No. 20-765, consenting to the creation of the Original District.

5. The Parties intend that the City and the Developer, but no other parties, be third party beneficiaries of this Joinder.

6. This Joinder may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one agreement.

7. This Joinder shall be governed by and construed and interpreted in accordance with the laws of the State of Texas, and exclusive venue shall lie in Denton County, Texas.

IN WITNESS WHEREOF, each party has caused this Joinder to be duly executed by its authorized officer as of the day and year first above written.

[SIGNATURE PAGE TO FOLLOW]

HUNTER RANCH IMPROVEMENT  
DISTRICT NO. 1 OF DENTON COUNTY  
“Original District”

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

HUNTER RANCH IMPROVEMENT  
DISTRICT NO. 1-\_\_ OF DENTON COUNTY  
“New District”

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

EXHIBIT A

COPY OF OPERATING AGREEMENT

**EXHIBIT B**

**DESCRIPTION OF PORTION  
OF IMPROVEMENT PROJECTS  
TO BE CONSTRUCTED AND FINANCED**

**EXHIBIT F - FORM OF SPECIAL WARRANTY DEED**

**EXHIBIT F**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**SPECIAL WARRANTY DEED**

**STATE OF TEXAS §**

**COUNTY OF DENTON § KNOW ALL MEN BY THESE PRESENTS**

That \_\_\_\_\_ [ADD APPROPRIATE GRANTOR INFORMATION HERE INCLUDING ENTITY TYPE AND STATE OF FORMATION AS APPLICABLE] (herein called "Grantor"), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration to Grantor in hand paid by the CITY OF DENTON, a Texas Home Rule Municipal Corporation (herein called "Grantee"), 215 E. McKinney, Denton, Texas 76201, the receipt and sufficiency of which are hereby acknowledged and confessed, and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty set forth below, has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY, unto Grantee all the real property in Denton County, Texas being particularly described on Exhibit "A", attached hereto and made a part hereof for all purposes, and being located in Denton County, Texas, together with any and all rights or interests of Grantor in and to adjacent streets, alleys and rights of way and together with all and singular the improvements and fixtures thereon and all other rights and appurtenances thereto (collectively, the "Property").

Notwithstanding the foregoing grant of conveyance, Grantor, subject to the limitation of such reservations made herein, reserves, for [ADD APPROPRIATE PRONOUN HERE, AND HERE] devisees, heirs, successors and assigns the following (collectively, herein "Reservations from Conveyance"): (i) all oil, gas, and other minerals in, on and under, and that may be produced from the Property, and (ii) all of Grantor's interest in the water (including, without limitation, underground water from any and all depths and geological formations, surface water, diffuse surface flow and runoff, and harvested rain water, and all of the water rights associated with the

Property, including any and all permits issued by the North Texas Groundwater Conservation District and any and all permits, licenses or other governmental authorizations related to such water) that is in and under the Property and that may be produced from it, subject to applicable laws and ordinances. Grantor, [ADD APPROPRIATE PRONOUN HERE] devisees, heirs, successors and assigns shall not have the right to use or access the surface of the Property, in any way, manner or form, in connection with or related to the reserved oil, gas, and other minerals or water and/or related to exploration and/or production of the oil, gas, and other minerals or water reserved herein, including without limitation, use or access of the surface of the Property for the location of any well or drill sites, well bores, whether vertical or any deviation from vertical, water wells, pit areas, seismic activities, tanks or tank batteries, pipelines, roads, electricity or other utility infrastructure, and/or for subjacent or lateral support for any surface facilities or well bores, or any other infrastructure or improvement of any kind or type in connection with or related to the reserved oil, gas, and other minerals or water, and/or related to the exploration or production of same.

As used herein, the term “Minerals” shall include oil, gas, and all associated hydrocarbons, and shall exclude (i) all substances that any reasonable extraction, mining or other exploration and/or production method, operation, process or procedure would consume, deplete or destroy the surface of the Property; and (ii) all substances which are at or near the surface of the Property.

Nothing herein shall be construed to prohibit the production of the reserved oil, gas, and other minerals and/or the pooling of the reserved mineral estate with other lands, so long as all surface operations are located entirely on lands other than the Property.

As used herein, the term “surface of the Property” shall include the area from the surface of the earth to a depth of five hundred feet (500’) below the surface of the earth and all areas above the surface of the earth.

The use of the Property shall be restricted to any and all [ADD APPROPRIATE USE RESTRICTION HERE] uses.

Exceptions to Conveyance and Warranty: See Exhibit “B” attached hereto and made a part hereof for all purposes.

Grantor hereby assigns to Grantee, without recourse, warranty, or representation, any and

all claims and causes of action that Grantor may have for or related to any defects in, or injury to, the Property existing on the date of this deed, unless expressly reserved herein or in the Contract of Sale between Grantor and Grantee.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee and Grantee's successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANTOR

\_\_\_\_\_

[ADD APPROPRIATE SIGNATURE BLOCK(S) AND ACKNOWLEDGEMENT(S)]

Upon Filing Return To:

Capital Projects – Real Estate  
Attn: Deanna Cody, Deputy Director  
216 W. Mulberry Street  
Denton, Texas 76201

Property Tax Bills To:

City of Denton Finance Department  
215 E. McKinney Street  
Denton, Texas 76201

**EXHIBIT G - FORM OF ADDENDUM TO PERMANENT EASEMENT**

**EXHIBIT G**  
**ADDENDUM TO PERMANENT EASEMENT**

This Addendum to the foregoing \_\_\_\_\_ Easement (the “Easement”) modifies the Easement as follows:

1. The Easement is not assignable by Grantee without the prior written consent of Grantor, which consent shall not be unreasonably withheld, conditioned, or delayed.
  
2. This section applies only to easements for underground linear infrastructure projects: Grantor reserves and retains the right to grant other rights and easements across, over, or under (but not parallel and overlapping) the Property to such other persons as Grantor deems proper, provided such other grants do not interfere with the use of the Easement by Grantee for the purpose set forth herein. Notwithstanding anything to the contrary, Grantor and any future owners of the fee title to the Property and their designees shall retain the following rights with respect to the Property:
  - (a) to build fences (unless construction of said fence requires a building permit, in which case Grantor must obtain written consent from Grantee), one or more roads, driveways, alleys, and to construct underground utilities across, over, and under the Property; and
  
  - (b) to landscape the Property.

Grantor and any future owner of the fee title to the Property shall locate any such fences, roads, alleys, or utilities crossing Grantee’s facilities within the Property at an angle of approximately 90 degrees; provided, however, the crossing angle of such improvements with the facilities may be reduced to no less than 60 degrees to the extent such reduction is deemed appropriate or desirable by Grantor or such future owners of the Property in their reasonable discretion, but in no event shall such fences, roads, alleys, or utilities cross the facilities within the Property at less than a 60 degree angle without the prior consent of Grantee. The horizontal and vertical location of all fences, roads, alleys, or utilities or landscaping improvements within the Property shall be subject to reasonable minimum horizontal and vertical clearance requirements of the Grantee. The right of Grantor and any future owners of the Property to landscape the surface of the Property as set forth above shall not give Grantor and any future owners of the Property the right to place hardscape (such as fountains, walls, and retaining walls) on the surface of the Property without the prior written consent of Grantee so long as the construction of such hardscape does not require a building permit. In the event the construction of such hardscape does require a building permit, Grantor and any future owners must obtain from Grantee written consent of the construction. Further, Grantor, at its expense, shall have the right to relocate any facilities installed pursuant to this Easement provided that the level of service provided by such facilities at the new location will not be impaired or disrupted in any respect either in the process of such relocation or after the completion thereof and further provided that the new location is compatible with the then-existing adjacent infrastructure of Grantee.

3. Grantee shall repair any damage to improvements on the Property or surrounding property and restore the surface of the Property and surrounding property from damage resulting from Grantee's use of the Property.

4. The Grantee shall not use the Property, or permit use of the Property by any other person, in a manner that violates applicable laws or regulations or constitutes a hazard to the health, safety, and/or welfare of the public. Except for the normal use of fuels, lubricants, and chemicals required to install said public infrastructure and their normal byproducts of use, the Grantee shall not, and shall not permit any of its employees, agents, contractors, subcontractors, suppliers, or invitees to generate, manufacture, or dispose of on or about the Property any hazardous substance. If Grantor in good faith believes that a hazardous substance may have been generated, manufactured, or disposed of on or about the Property by the Grantee or any of its employees, agents, contractors, subcontractors, suppliers, or invitees, Grantor may have environmental studies of the Property conducted as it deems appropriate. In the event such studies reveal that a hazardous substance has been generated, manufactured, or disposed of on or about the Property, except as noted above, the cost of such studies shall be paid by Grantee.

5. Except with regard to those arising from the gross negligence or willful act or omission of Grantor, Grantor shall not be responsible for any claims, suits, losses, liability, costs, and expenses from a User's use of the Property. A "User" is defined to include any person, other than the Grantee, providing materials or service in connection with the design and construction of the Facilities.

6. All notices required or permitted hereby shall be in writing and become effective after being deposited in the U.S. mail, certified or registered with appropriate postage prepaid, or, if delivered by some other manner, when actually received. Notices to the parties shall be addressed as follows:

To Grantor:

with a copy to:

To Grantee:                   City of Denton  
  City Manager's Office  
  215 E. McKinney Street  
  Denton, Texas 76201

with a copy to:

From time to time a party may designate a new address for the purpose of receiving notices hereunder by giving notice of its new address to the other party in the manner provided above.

7. This grant of Easement shall automatically terminate and revert to Grantor or its successors in interest upon abandonment by Grantee.

8. This Easement and Addendum to be effective as of the date first set forth in the Easement.

9. In the event of a conflict between this Addendum and the Easement, the provisions of this Addendum shall control.

**EXHIBIT H-1 - PUBLIC IMPROVEMENT COST SUMMARY**

**Exhibit H-1**

**Public Improvement Cost Summary  
Hunter Ranch**

	<b>MMD Financed Costs</b>				<b>Developer Financed Cost</b>		<b>Grand Totals</b>
	<b>Development Off-Site MMD</b>	<b>Development On-site MMD</b>	<b>Additional Costs</b>	<b>Total MMD Costs</b>	<b>Development Costs</b>	<b>Total Developer Costs</b>	
<b>Capital Costs</b>							
Roadway Infrastructure	\$ -	\$ 124,123,900	\$ -	\$ 124,123,900		\$ -	\$ 124,123,900
Potable Water Infrastructure	\$ 14,513,950	\$ 16,390,475	\$ -	\$ 30,904,425		\$ -	\$ 30,904,425
Wastewater Infrastructure	\$ 16,809,400	\$ 28,308,935	\$ -	\$ 45,118,335		\$ -	\$ 45,118,335
Lakes/Dams/Spillways/Drainage Conveyance	\$ 15,120,000		\$ -	\$ 15,120,000		\$ -	\$ 15,120,000
Public Parks & Trails	\$ -	\$ -		\$ -	\$ 22,049,315	\$ 22,049,315	\$ 22,049,315
Private Parks, Open Space, Trails & Landscaping w/ Public Access					\$ 41,624,920	\$ 41,624,920	\$ 41,624,920
Private Amenity Areas	\$ -	\$ -	\$ -	\$ -	\$ 24,300,000	\$ 24,300,000	\$ 24,300,000
Public Land & Capital Contributions Requirements	\$ -	\$ -	\$ 5,430,000	\$ 5,430,000	\$ 1,912,500	\$ 1,912,500	\$ 7,342,500
Affordable Housing - Capital Contributions	\$ -	\$ -		\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
MMD Eligible Costs for District Creation & Operation (Cap).			\$ 4,000,000	\$ 4,000,000			\$ 4,000,000
Contingency / Price Escalation	\$ 16,101,909	\$ 58,531,042	\$ 1,882,581	\$ 76,515,532	\$ 31,163,731	\$ 31,163,731	\$ 107,679,263
<b>Additional Costs</b>							
Developer Interest	\$ -	\$ -	\$ 48,796,375	\$ 48,796,375		\$ -	\$ 48,796,375
Landscape / Maintenance / District Operation - 15 Yrs	\$ -	\$ -	\$ 41,000,000	\$ 41,000,000		\$ -	\$ 41,000,000
<b>Total Costs Universe By Funding Source</b>	<b>\$ 62,545,259</b>	<b>\$ 227,354,352</b>	<b>\$ 101,108,956</b>	<b>\$ 391,008,567</b>	<b>\$ 122,550,466</b>	<b>\$ 122,550,466</b>	<b>\$ 513,559,033</b>

\* - 3M/YR for 15YR

Total Projected Reimbursement - Does not include Landscape / Maintenance / District Operations	\$ 350,000,000
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1. Additional costs not reimbursed through the MMD include In-Tract development costs to include public infrastructure: \$ 266,000,000
2. This table summarizes the public infrastructure costs to be financed by the MMD and the Developer.
3. The developer (or other qualified entity) will pre-fund certain projects listed under MMD Financed Costs along with land acquisition costs therefor and then be reimbursed by the MMD at such time as the appropriate level of assessed valuation is in place.
4. Developer Financed Costs are those not reimbursed or funded by the MMD.

**EXHIBIT H-2 - PLAN OF FINANCE**

<b>Hunter Ranch Summary</b>	
<b>Total Reimbursable Costs</b>	<b>\$ 350,000,000</b>
<b>Total Estimated Capital Contributions</b>	<b>\$ 6,896,100</b>
<b>Total Potential Contract Tax Deposits</b>	<b>\$ 137,522,856</b>
District 1 Value in Year 35	\$ 2,166,782,617
District 2 Value in Year 35	\$ 2,166,782,617
District 3 Value in Year 35	\$ 2,166,782,617
District 4 Value in Year 35	\$ 2,200,300,363
<b>Total Value in Year 35</b>	<b>\$8,700,648,213</b>
District 1 Bond Principal Capacity	\$ 76,870,000
District 2 Bond Principal Capacity	\$ 86,255,000
District 3 Bond Principal Capacity	\$ 100,265,000
District 4 Bond Principal Capacity	\$ 133,485,000
<b>Total</b>	<b>\$ 396,875,000</b>
District 1 Reimbursement Capacity	\$ 65,781,948
District 2 Reimbursement Capacity	\$ 74,033,635
District 3 Reimbursement Capacity	\$ 86,742,295
District 4 Reimbursement Capacity	\$ 115,571,383
<b>Total</b>	<b>\$342,129,260</b>
Tax for M&O	\$ 0.1000
Tax for Debt Service	\$ 0.3900
<b>Total Tax Rate</b>	<b>\$ 0.4900</b>
M&O Revenue in Year 35	\$ 8,700,648
\$MM financed per \$0.01 through year 35	\$ 8,772,545

# Hunter Ranch Bond Summary

## Hunter Rollup

Bond Sale Date	AV at Issuance	Bond Principal Amount	COI	UW Discount	Capitalized Interest	Total Available for Reimbursement	Potential Contract Tax Account Contributions	Developer Capital Contributions
12/1/2024	67,990,708	\$4,005,000	\$269,743	\$120,150	\$360,450	\$3,254,658	\$0	\$325,466
12/1/2025	146,511,030	4,585,000	297,873	137,550	309,488	3,840,090	8,232	384,009
12/1/2026	242,019,635	5,475,000	341,038	164,250	246,375	4,723,338	50,874	472,334
12/1/2027	349,969,883	6,525,000	406,963	195,750	261,000	5,661,288	98,250	566,129
12/1/2028	477,268,984	7,690,000	463,465	230,700	307,600	6,688,235	157,418	668,824
12/1/2029	616,039,472	7,655,000	461,768	229,650	306,200	6,657,383	222,365	665,738
12/1/2030	857,472,720	15,190,000	902,180	455,700	865,350	12,966,770	300,609	1,296,677
12/1/2031	1,047,764,823	11,365,000	717,203	340,950	656,313	9,650,535	383,348	965,054
12/1/2032	1,250,159,791	12,205,000	772,943	366,150	488,200	10,577,708	545,629	1,057,771
12/1/2033	1,507,277,931	15,530,000	934,205	465,900	621,200	13,508,695	640,208	494,100
12/1/2034	1,757,056,845	14,310,000	873,535	429,300	572,400	12,434,765	767,590	0
12/1/2035	2,042,756,350	18,035,000	1,130,563	541,050	1,020,400	15,342,988	926,931	0
12/1/2036	2,321,057,356	16,580,000	1,060,630	497,400	896,950	14,125,020	1,078,050	0
12/1/2037	2,561,854,757	14,880,000	992,705	446,400	791,400	12,649,495	1,290,217	0
12/1/2038	2,921,139,403	21,860,000	1,328,150	655,800	1,050,400	18,825,650	1,450,676	0
12/1/2039	3,217,243,306	17,070,000	1,097,725	512,100	682,800	14,777,375	1,587,584	0
12/1/2040	3,613,389,535	24,755,000	1,543,643	742,650	1,336,700	21,132,008	1,826,215	0
12/1/2041	3,905,204,732	17,440,000	1,101,990	523,200	968,475	14,846,335	1,966,866	0
12/1/2042	4,214,367,522	18,675,000	1,172,363	560,250	747,000	16,195,388	2,162,178	0
12/1/2043	4,598,188,506	23,185,000	1,392,123	695,550	927,400	20,169,928	2,283,101	0
12/1/2044	4,960,137,444	21,985,000	1,332,003	659,550	879,400	19,114,048	2,496,973	0
12/1/2045	5,207,999,399	15,065,000	908,543	451,950	602,600	13,101,908	2,755,076	0
12/1/2046	5,325,362,072	7,230,000	531,655	216,900	289,200	6,192,245	2,996,884	0
12/1/2047	5,486,271,590	9,675,000	650,238	290,250	387,000	8,347,513	3,264,241	0
12/1/2048	5,599,834,935	6,985,000	519,773	209,550	279,400	5,976,278	3,459,648	0
12/1/2049	5,749,734,237	9,035,000	619,198	271,050	361,400	7,783,353	3,626,190	0
12/1/2050	5,817,584,149	4,195,000	293,958	125,850	167,800	3,607,393	3,734,975	0
12/1/2051	5,866,798,295	2,990,000	235,515	89,700	119,600	2,545,185	3,894,577	0
12/1/2052	5,917,488,865	3,085,000	240,123	92,550	123,400	2,628,928	4,011,415	0
12/1/2053	5,969,700,152	3,170,000	244,245	95,100	126,800	2,703,855	4,131,757	0
12/1/2054	6,023,477,778	3,275,000	249,338	98,250	131,000	2,796,413	4,255,710	0
12/1/2055	6,078,868,733	3,385,000	254,673	101,550	135,400	2,893,378	4,383,381	0
12/1/2056	6,135,921,416	3,485,000	259,523	104,550	139,400	2,981,528	4,514,883	0
12/1/2057	6,194,685,680	3,615,000	265,828	108,450	144,600	3,096,123	4,650,329	0
12/1/2058	6,255,212,871	3,700,000	269,950	111,000	148,000	3,171,050	4,789,839	0
		<b>\$377,890,000</b>	<b>\$24,135,360</b>	<b>\$11,336,700</b>	<b>\$17,451,100</b>	<b>\$324,966,840</b>	<b>\$137,522,856</b>	<b>\$6,896,100</b>

**District 1**

<b>Bond Sale Date</b>	<b>AV at Issuance</b>	<b>Bond Principal Amount</b>	<b>COI</b>	<b>UW Discount</b>	<b>Capitalized Interest</b>	<b>Total Reimbursement</b>	<b>Potential Contract Tax Account Contributions</b>
12/1/2024	67,990,708	\$4,005,000	\$269,743	\$120,150	\$360,450	\$3,254,658	\$0
12/1/2025	146,511,030	4,585,000	297,873	137,550	309,488	3,840,090	8,232
12/1/2026	242,019,635	5,475,000	341,038	164,250	246,375	4,723,338	50,874
12/1/2027	349,969,883	6,525,000	406,963	195,750	261,000	5,661,288	98,250
12/1/2028	477,268,984	7,690,000	463,465	230,700	307,600	6,688,235	157,418
12/1/2029	605,149,886	7,745,000	466,133	232,350	309,800	6,736,718	222,365
12/1/2030	778,424,692	10,455,000	596,613	313,650	418,200	9,126,538	300,609
12/1/2031	845,316,415	4,180,000	293,230	125,400	167,200	3,594,170	374,747
12/1/2032	905,645,412	3,625,000	266,313	108,750	145,000	3,104,938	486,148
12/1/2033	1,012,355,827	6,435,000	402,598	193,050	257,400	5,581,953	500,733
12/1/2034	1,065,913,469	3,325,000	251,763	99,750	133,000	2,840,488	543,374
12/1/2035	1,097,890,873	1,940,000	184,590	58,200	77,600	1,619,610	613,015
12/1/2036	1,130,827,599	2,000,000	187,500	60,000	80,000	1,672,500	631,406
12/1/2037	1,164,752,427	2,220,000	198,170	66,600	177,600	1,777,630	650,348
12/1/2038	1,199,695,000	2,195,000	196,958	65,850	131,700	1,800,493	669,858
12/1/2039	1,235,685,849	2,195,000	196,958	65,850	87,800	1,844,393	689,954
12/1/2040	1,272,756,425	2,275,000	200,838	68,250	91,000	1,914,913	710,653
12/1/2041	1,310,939,118	0	0	0	0	0	731,972
12/1/2042	1,350,267,291	0	0	0	0	0	753,932
12/1/2043	1,390,775,310	0	0	0	0	0	776,550
12/1/2044	1,432,498,569	0	0	0	0	0	799,846
12/1/2045	1,475,473,526	0	0	0	0	0	823,841
12/1/2046	1,519,737,732	0	0	0	0	0	848,557
12/1/2047	1,565,329,864	0	0	0	0	0	874,013
12/1/2048	1,612,289,760	0	0	0	0	0	900,234
12/1/2049	1,660,658,453	0	0	0	0	0	927,241
12/1/2050	1,710,478,206	0	0	0	0	0	955,058
12/1/2051	1,761,792,553	0	0	0	0	0	983,710
12/1/2052	1,814,646,329	0	0	0	0	0	1,013,221
12/1/2053	1,869,085,719	0	0	0	0	0	1,043,618
12/1/2054	1,925,158,291	0	0	0	0	0	1,074,926
12/1/2055	1,982,913,039	0	0	0	0	0	1,107,174
12/1/2056	2,042,400,431	0	0	0	0	0	1,140,389
12/1/2057	2,103,672,443	0	0	0	0	0	1,174,601
12/1/2058	2,166,782,617	0	0	0	0	0	1,209,839
		<b>\$76,870,000</b>	<b>\$5,220,740</b>	<b>\$2,306,100</b>	<b>\$3,561,213</b>	<b>\$65,781,948</b>	<b>\$34,011,316</b>

**District 2**

<b>Bond Sale Date</b>	<b>AV at Issuance</b>	<b>Bond Principal Amount</b>	<b>COI</b>	<b>UW Discount</b>	<b>Capitalized Interest</b>	<b>Total Reimbursement</b>	<b>Contract Tax Account Contributions</b>
12/1/2024	0	\$0	\$0	\$0	\$0	\$0	\$0
12/1/2025	0	0	0	0	0	0	0
12/1/2026	0	0	0	0	0	0	0
12/1/2027	0	0	0	0	0	0	0
12/1/2028	0	0	0	0	0	0	0
12/1/2029	10,889,587	0	0	0	0	0	0
12/1/2030	79,048,028	4,650,000	301,025	139,500	418,500	3,790,975	0
12/1/2031	202,448,409	7,185,000	423,973	215,550	484,988	6,060,490	8,601
12/1/2032	344,514,379	8,590,000	507,115	257,700	343,600	7,481,585	59,480
12/1/2033	494,922,104	9,095,000	531,608	272,850	363,800	7,926,743	139,475
12/1/2034	687,536,515	11,620,000	651,950	348,600	464,800	10,154,650	224,216
12/1/2035	902,761,380	13,020,000	718,450	390,600	520,800	11,390,150	313,916
12/1/2036	1,019,311,890	7,160,000	437,760	214,800	286,400	6,221,040	435,249
12/1/2037	1,063,404,326	2,835,000	227,998	85,050	226,800	2,295,153	563,579
12/1/2038	1,173,597,864	6,740,000	417,390	202,200	404,400	5,716,010	611,572
12/1/2039	1,235,685,849	3,850,000	277,225	115,500	154,000	3,303,275	629,920
12/1/2040	1,272,756,425	2,245,000	199,383	67,350	89,800	1,888,468	710,653
12/1/2041	1,310,939,118	2,310,000	202,535	69,300	92,400	1,945,765	731,972
12/1/2042	1,350,267,291	2,345,000	204,233	70,350	93,800	1,976,618	753,932
12/1/2043	1,390,775,310	2,285,000	201,323	68,550	91,400	1,923,728	776,550
12/1/2044	1,432,498,569	2,325,000	203,263	69,750	93,000	1,958,988	799,846
12/1/2045	1,475,473,526	0	0	0	0	0	823,841
12/1/2046	1,519,737,732	0	0	0	0	0	848,557
12/1/2047	1,565,329,864	0	0	0	0	0	874,013
12/1/2048	1,612,289,760	0	0	0	0	0	900,234
12/1/2049	1,660,658,453	0	0	0	0	0	927,241
12/1/2050	1,710,478,206	0	0	0	0	0	955,058
12/1/2051	1,761,792,553	0	0	0	0	0	983,710
12/1/2052	1,814,646,329	0	0	0	0	0	1,013,221
12/1/2053	1,869,085,719	0	0	0	0	0	1,043,618
12/1/2054	1,925,158,291	0	0	0	0	0	1,074,926
12/1/2055	1,982,913,039	0	0	0	0	0	1,107,174
12/1/2056	2,042,400,431	0	0	0	0	0	1,140,389
12/1/2057	2,103,672,443	0	0	0	0	0	1,174,601
12/1/2058	2,166,782,617	0	0	0	0	0	1,209,839
		<b>\$86,255,000</b>	<b>\$5,505,228</b>	<b>\$2,587,650</b>	<b>\$4,128,488</b>	<b>\$74,033,635</b>	<b>\$36,096,265</b>

**District 3**

<b>Bond Sale Date</b>	<b>AV at Issuance</b>	<b>Bond Principal Amount</b>	<b>COI</b>	<b>UW Discount</b>	<b>Capitalized Interest</b>	<b>Total Reimbursement</b>	<b>Potential Contract Tax Account Contributions</b>
12/1/2024	0	\$0	\$0	\$0	\$0	\$0	\$0
12/1/2025	0	0	0	0	0	0	0
12/1/2026	0	0	0	0	0	0	0
12/1/2027	0	0	0	0	0	0	0
12/1/2028	0	0	0	0	0	0	0
12/1/2029	0	0	0	0	0	0	0
12/1/2030	0	0	0	0	0	0	0
12/1/2031	0	0	0	0	0	0	0
12/1/2032	0	0	0	0	0	0	0
12/1/2033	0	0	0	0	0	0	0
12/1/2034	3,606,862	0	0	0	0	0	0
12/1/2035	42,104,097	2,470,000	195,295	74,100	222,300	1,978,305	0
12/1/2036	170,917,868	7,465,000	437,553	223,950	503,888	6,299,610	11,395
12/1/2037	333,698,004	9,835,000	567,163	295,050	393,400	8,579,388	76,290
12/1/2038	547,846,540	12,920,000	713,700	387,600	516,800	11,301,900	169,246
12/1/2039	745,871,607	12,015,000	670,713	360,450	480,600	10,503,238	267,710
12/1/2040	1,048,496,169	18,215,000	965,213	546,450	728,600	15,974,738	404,909
12/1/2041	1,187,998,968	8,635,000	509,298	259,050	345,400	7,521,253	502,921
12/1/2042	1,232,777,066	2,735,000	223,148	82,050	109,400	2,320,403	645,811
12/1/2043	1,360,521,577	7,650,000	461,525	229,500	306,000	6,652,975	665,185
12/1/2044	1,432,498,569	4,460,000	306,810	133,800	178,400	3,840,990	685,140
12/1/2045	1,475,473,526	2,600,000	216,600	78,000	104,000	2,201,400	777,379
12/1/2046	1,519,737,732	2,680,000	220,480	80,400	107,200	2,271,920	800,701
12/1/2047	1,565,329,864	2,775,000	225,088	83,250	111,000	2,355,663	824,722
12/1/2048	1,612,289,760	2,860,000	229,210	85,800	114,400	2,430,590	849,463
12/1/2049	1,660,658,453	2,950,000	233,575	88,500	118,000	2,509,925	874,947
12/1/2050	1,710,478,206	0	0	0	0	0	901,196
12/1/2051	1,761,792,553	0	0	0	0	0	928,231
12/1/2052	1,814,646,329	0	0	0	0	0	956,078
12/1/2053	1,869,085,719	0	0	0	0	0	984,761
12/1/2054	1,925,158,291	0	0	0	0	0	1,014,303
12/1/2055	1,982,913,039	0	0	0	0	0	1,044,733
12/1/2056	2,042,400,431	0	0	0	0	0	1,076,075
12/1/2057	2,103,672,443	0	0	0	0	0	1,108,357
12/1/2058	2,166,782,617	0	0	0	0	0	1,141,608
		<b>\$100,265,000</b>	<b>\$6,175,368</b>	<b>\$3,007,950</b>	<b>\$4,339,388</b>	<b>\$86,742,295</b>	<b>\$33,515,804</b>

**District 4**

<b>Bond Sale Date</b>	<b>AV at Issuance</b>	<b>Bond Principal Amount</b>	<b>COI</b>	<b>UW Discount</b>	<b>Capitalized Interest</b>	<b>Total Reimbursement</b>	<b>Potential Contract Tax Account Contributions</b>
12/1/2024	0	\$0	\$0	\$0	\$0	\$0	\$0
12/1/2025	0	0	0	0	0	0	0
12/1/2026	0	0	0	0	0	0	0
12/1/2027	0	0	0	0	0	0	0
12/1/2028	0	0	0	0	0	0	0
12/1/2029	0	0	0	0	0	0	0
12/1/2030	0	0	0	0	0	0	0
12/1/2031	0	0	0	0	0	0	0
12/1/2032	0	0	0	0	0	0	0
12/1/2033	0	0	0	0	0	0	0
12/1/2034	0	0	0	0	0	0	0
12/1/2035	0	0	0	0	0	0	0
12/1/2036	0	0	0	0	0	0	0
12/1/2037	0	0	0	0	0	0	0
12/1/2038	0	0	0	0	0	0	0
12/1/2039	0	0	0	0	0	0	0
12/1/2040	10,766,953	0	0	0	0	0	0
12/1/2041	85,762,372	5,040,000	319,940	151,200	453,600	4,115,260	0
12/1/2042	296,771,606	12,880,000	711,800	386,400	772,800	11,009,000	8,504
12/1/2043	510,055,528	12,930,000	714,175	387,900	517,200	11,310,725	64,817
12/1/2044	775,340,428	15,995,000	859,763	479,850	639,800	14,015,588	212,141
12/1/2045	1,092,459,048	19,170,000	1,010,575	575,100	766,800	16,817,525	330,014
12/1/2046	1,325,791,183	14,215,000	775,213	426,450	568,600	12,444,738	499,071
12/1/2047	1,487,391,268	9,765,000	563,838	292,950	390,600	8,517,613	691,493
12/1/2048	1,559,291,515	4,500,000	308,750	135,000	180,000	3,876,250	809,717
12/1/2049	1,666,277,826	6,420,000	401,870	192,600	256,800	5,568,730	896,761
12/1/2050	1,736,937,425	4,350,000	301,475	130,500	174,000	3,744,025	923,664
12/1/2051	1,789,045,547	3,160,000	243,760	94,800	126,400	2,695,040	998,927
12/1/2052	1,842,716,914	3,260,000	248,610	97,800	130,400	2,783,190	1,028,894
12/1/2053	1,897,998,421	3,355,000	253,218	100,650	134,200	2,866,933	1,059,761
12/1/2054	1,954,938,374	3,465,000	258,553	103,950	138,600	2,963,898	1,091,554
12/1/2055	2,013,586,525	3,570,000	263,645	107,100	142,800	3,056,455	1,124,301
12/1/2056	2,073,994,121	3,690,000	269,465	110,700	147,600	3,162,235	1,158,030
12/1/2057	2,136,213,944	3,800,000	274,800	114,000	152,000	3,259,200	1,192,771
12/1/2058	2,200,300,363	3,920,000	280,620	117,600	156,800	3,364,980	1,228,554
		<b>\$133,485,000</b>	<b>\$8,060,068</b>	<b>\$4,004,550</b>	<b>\$5,849,000</b>	<b>\$115,571,383</b>	<b>\$31,403,479</b>

**Preliminary Financing Plan**  
**Hunter Ranch - All Districts (Rollup)**  
 3% Inflation  
 \$0.49 Total District Tax Rate

Series	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	Totals																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Principal Amount	\$4,005,000	\$4,585,000	\$5,475,000	\$6,525,000	\$7,690,000	\$8,990,000	\$10,450,000	\$12,080,000	\$13,900,000	\$15,930,000	\$18,180,000	\$20,660,000	\$23,380,000	\$26,350,000	\$29,580,000	\$33,080,000	\$36,850,000	\$40,890,000	\$45,210,000	\$49,820,000	\$54,720,000	\$59,910,000	\$65,390,000	\$71,160,000	\$77,220,000	\$83,580,000	\$90,240,000	\$97,200,000	\$104,460,000	\$112,020,000	\$119,880,000	\$128,040,000	\$136,500,000	\$145,260,000	\$154,320,000	\$1,377,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
COI	\$289,743	\$297,873	\$341,038	\$405,963	\$483,465	\$575,768	\$685,189	\$815,203	\$967,203	\$1,144,600	\$1,351,000	\$1,591,000	\$1,868,000	\$2,176,000	\$2,519,000	\$2,900,000	\$3,322,000	\$3,789,000	\$4,295,000	\$4,844,000	\$5,430,000	\$6,056,000	\$6,726,000	\$7,443,000	\$8,209,000	\$9,028,000	\$9,903,000	\$10,837,000	\$11,833,000	\$12,894,000	\$14,023,000	\$15,223,000	\$16,497,000	\$17,848,000	\$19,278,000	\$20,789,000	\$22,383,000	\$240,600,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Unfunded	\$128,150	\$137,900	\$164,250	\$198,750	\$242,000	\$295,000	\$359,000	\$435,000	\$526,000	\$635,000	\$765,000	\$918,000	\$1,098,000	\$1,308,000	\$1,544,000	\$1,810,000	\$2,112,000	\$2,454,000	\$2,840,000	\$3,266,000	\$3,737,000	\$4,258,000	\$4,824,000	\$5,440,000	\$6,102,000	\$6,815,000	\$7,583,000	\$8,410,000	\$9,302,000	\$10,263,000	\$11,297,000	\$12,408,000	\$13,599,000	\$14,884,000	\$16,267,000	\$17,751,000	\$19,338,000	\$170,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Capitalized Interest	\$306,450	\$309,488	\$346,275	\$406,530	\$483,465	\$575,768	\$685,189	\$815,203	\$967,203	\$1,144,600	\$1,351,000	\$1,591,000	\$1,868,000	\$2,176,000	\$2,519,000	\$2,900,000	\$3,322,000	\$3,789,000	\$4,295,000	\$4,844,000	\$5,430,000	\$6,056,000	\$6,726,000	\$7,443,000	\$8,209,000	\$9,028,000	\$9,903,000	\$10,837,000	\$11,833,000	\$12,894,000	\$14,023,000	\$15,223,000	\$16,497,000	\$17,848,000	\$19,278,000	\$20,789,000	\$22,383,000	\$200,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Est. Reimbursement Amount	\$3,254,608	\$3,840,900	\$4,723,338	\$5,654,268	\$6,668,235	\$7,873,233	\$9,278,800	\$10,894,800	\$12,732,800	\$14,810,400	\$17,152,000	\$19,768,000	\$22,660,000	\$25,848,000	\$29,330,000	\$33,110,000	\$37,190,000	\$41,570,000	\$46,250,000	\$51,230,000	\$56,510,000	\$62,090,000	\$67,970,000	\$74,150,000	\$80,630,000	\$87,410,000	\$94,490,000	\$101,870,000	\$109,550,000	\$117,530,000	\$125,810,000	\$134,390,000	\$143,270,000	\$152,450,000	\$161,930,000	\$171,710,000	\$181,790,000	\$1,377,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Est. Project Cost Reimbursement	\$2,367,540	\$2,382,330	\$4,161,531	\$5,654,271	\$7,454,721	\$9,344,092	\$11,327,785	\$13,414,092	\$15,602,335	\$17,991,335	\$20,581,335	\$23,371,335	\$26,361,335	\$29,551,335	\$32,941,335	\$36,531,335	\$40,321,335	\$44,311,335	\$48,501,335	\$52,891,335	\$57,481,335	\$62,271,335	\$67,261,335	\$72,451,335	\$77,841,335	\$83,431,335	\$89,221,335	\$95,211,335	\$101,401,335	\$107,791,335	\$114,381,335	\$121,171,335	\$128,161,335	\$135,351,335	\$142,741,335	\$150,331,335	\$1,377,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Est. Developer's Interest Amount	\$337,118	\$456,751	\$561,807	\$656,567	\$746,763	\$827,907	\$900,215	\$964,603	\$1,021,000	\$1,070,600	\$1,113,200	\$1,150,000	\$1,181,000	\$1,207,000	\$1,229,000	\$1,247,000	\$1,261,000	\$1,272,000	\$1,280,000	\$1,286,000	\$1,290,000	\$1,293,000	\$1,295,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,296,000	\$1,377,000,000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Date Date	12/1/2024	12/1/2025	12/1/2026	12/1/2027	12/1/2028	12/1/2029	12/1/2030	12/1/2031	12/1/2032	12/1/2033	12/1/2034	12/1/2035	12/1/2036	12/1/2037	12/1/2038	12/1/2039	12/1/2040	12/1/2041	12/1/2042	12/1/2043	12/1/2044	12/1/2045	12/1/2046	12/1/2047	12/1/2048	12/1/2049	12/1/2050	12/1/2051	12/1/2052	12/1/2053	12/1/2054	12/1/2055	12/1/2056	12/1/2057	12/1/2058	12/1/2059	12/1/2060	12/1/2061	12/1/2062	12/1/2063	12/1/2064	12/1/2065	12/1/2066	12/1/2067	12/1/2068	12/1/2069	12/1/2070	12/1/2071	12/1/2072	12/1/2073	12/1/2074	12/1/2075	12/1/2076	12/1/2077	12/1/2078	12/1/2079	12/1/2080	12/1/2081	12/1/2082	12/1/2083	12/1/2084	12/1/2085	12/1/2086	12/1/2087	12/1/2088	12/1/2089	12/1/2090	12/1/2091	12/1/2092	12/1/2093	12/1/2094	12/1/2095	12/1/2096	12/1/2097	12/1/2098	12/1/2099	12/1/2100	12/1/2101	12/1/2102	12/1/2103	12/1/2104	12/1/2105	12/1/2106	12/1/2107	12/1/2108	12/1/2109	12/1/2110	12/1/2111	12/1/2112	12/1/2113	12/1/2114	12/1/2115	12/1/2116	12/1/2117	12/1/2118	12/1/2119	12/1/2120	12/1/2121	12/1/2122	12/1/2123	12/1/2124	12/1/2125	12/1/2126	12/1/2127	12/1/2128	12/1/2129	12/1/2130	12/1/2131	12/1/2132	12/1/2133	12/1/2134	12/1/2135	12/1/2136	12/1/2137	12/1/2138	12/1/2139	12/1/2140	12/1/2141	12/1/2142	12/1/2143	12/1/2144	12/1/2145	12/1/2146	12/1/2147	12/1/2148	12/1/2149	12/1/2150	12/1/2151	12/1/2152	12/1/2153	12/1/2154	12/1/2155	12/1/2156	12/1/2157	12/1/2158	12/1/2159	12/1/2160	12/1/2161	12/1/2162	12/1/2163	12/1/2164	12/1/2165	12/1/2166	12/1/2167	12/1/2168	12/1/2169	12/1/2170	12/1/2171	12/1/2172	12/1/2173	12/1/2174	12/1/2175	12/1/2176	12/1/2177	12/1/2178	12/1/2179	12/1/2180	12/1/2181	12/1/2182	12/1/2183	12/1/2184	12/1/2185	12/1/2186	12/1/2187	12/1/2188	12/1/2189	12/1/2190	12/1/2191	12/1/2192	12/1/2193	12/1/2194	12/1/2195	12/1/2196	12/1/2197	12/1/2198	12/1/2199	12/1/2200	12/1/2201	12/1/2202	12/1/2203	12/1/2204	12/1/2205	12/1/2206	12/1/2207	12/1/2208	12/1/2209	12/1/2210	12/1/2211	12/1/2212	12/1/2213	12/1/2214	12/1/2215	12/1/2216	12/1/2217	12/1/2218	12/1/2219	12/1/2220	12/1/2221	12/1/2222	12/1/2223	12/1/2224	12/1/2225	12/1/2226	12/1/2227	12/1/2228	12/1/2229	12/1/2230	12/1/2231	12/1/2232	12/1/2233	12/1/2234	12/1/2235	12/1/2236	12/1/2237	12/1/2238	12/1/2239	12/1/2240	12/1/2241	12/1/2242	12/1/2243	12/1/2244	12/1/2245	12/1/2246	12/1/2247	12/1/2248	12/1/2249	12/1/2250	12/1/2251	12/1/2252	12/1/2253	12/1/2254	12/1/2255	12/1/2256	12/1/2257	12/1/2258	12/1/2259	12/1/2260	12/1/2261	12/1/2262	12/1/2263	12/1/2264	12/1/2265	12/1/2266	12/1/2267	12/1/2268	12/1/2269	12/1/2270	12/1/2271	12/1/2272	12/1/2273	12/1/2274	12/1/2275	12/1/2276	12/1/2277	12/1/2278	12/1/2279	12/1/2280	12/1/2281	12/1/2282	12/1/2283	12/1/2284	12/1/2285	12/1/2286	12/1/2287	12/1/2288	12/1/2289	12/1/2290	12/1/2291	12/1/2292	12/1/2293	12/1/2294	12/1/2295	12/1/2296	12/1/2297	12/1/2298	12/1/2299	12/1/2300	12/1/2301	12/1/2302	12/1/2303	12/1/2304	12/1/2305	12/1/2306	12/1/2307	12/1/2308	12/1/2309	12/1/2310	12/1/2311	12/1/2312	12/1/2313	12/1/2314	12/1/2315	12/1/2316	12/1/2317	12/1/2318	12/1/2319	12/1/2320	12/1/2321	12/1/2322	12/1/2323	12/1/2324	12/1/2325	12/1/2326	12/1/2327	12/1/2328	12/1/2329	12/1/2330	12/1/2331	12/1/2332	12/1/2333	12/1/2334	12/1/2335	12/1/2336	12/1/2337	12/1/2338	12/1/2339	12/1/2340	12/1/2341	12/1/2342	12/1/2343	12/1/2344	12/1/2345	12/1/2346	12/1/2347	12/1/2348	12/1/2349	12/1/2350	12/1/2351	12/1/2352	12/1/2353	12/1/2354	12/1/2355	12/1/2356	12/1/2357	12/1/2358	12/1/2359	12/1/2360	12/1/2361	12/1/2362	12/1/2363	12/1/2364	12/1/2365	12/1/2366	12/1/2367	12/1/2368	12/1/2369	12/1/2370	12/1/2371	12/1/2372	12/1/2373	12/1/2374	12/1/2375	12/1/2376	12/1/2377	12/1/2378	12/1/2379	12/1/2380	12/1/2381	12/1/2382	12/1/2383	12/1/2384	12/1/2385	12/1/2386	12/1/2387	12/1/2388	12/1/2389	12/1/2390	12/1/2391	12/1/2392	12/1/2393	12/1/2394	12/1/2395	12/1/2396	12/1/2397	12/1/2398	12/1/2399	12/1/2400	12/1/2401	12/1/2402	12/1/2403	12/1/2404	12/1/2405	12/1/2406	12/1/2407	12/1/2408	12/1/2409	12/1/2410	12/1/2411	12/1/2412	12/1/2413	12/1/2414	12/1/2415	12/1/2416	12/1/2417	12/1/2418	12/1/2419	12/1/2420	12/1/2421	12/1/2422	12/1/2423	12/1/2424	12/1/2425	12/1/2426	12/1/2427	12/1/2428	12/1/2429	12/1/2430	12/1/2431	12/1/2432	12/1/2433	12/1/2434	12/1/2435	12/1/2436	12/1/2437	12/1/2438	12/1/2439	12/1/2440	12/1/2441	12/1/2442	12/1/2443	12/1/2444	12/1/2445	12/1/2446	12/1/2447	12/1/2448	12/1/2449	12/1/2450	12/1/2451	12/1/2452	12/1/2453	12/1/2454	12/1/2455	12/1/2456	12/1/2457	12/1/2458	12/1/2459	12/1/2460	12/1/2461	12/1/2462	12/1/2463	12/1/2464	12/1/2465	12/1/2466	12/1/2467	12/1/2468	12/1/2469	12/1/2470	12/1/2471	12/1/2472	12/1/2473	12/1/2474	12/1/2475	12/1/2476	12/1/2477	12/1/2478	12/1/2479	12/1/2480	12/1/2481	12/1/2482	12/1/2483	12/1/2484	12/1/2485	12/1/2486	12/1/2487	12/1/2488	12/1/2489	12/1/2490	12/1/2491	12/1/2492	12/1/2493	12/1/2494	12/1/2495	12/1/2496	12/1/2497	12/1/2498	12/1/2499	12/1/2500	12/1/2501	12/1/2502	12/1/2503	12/1/2504	12/1/2505	12/1/2506	12/1/2507	12/1/2508	12/1/2509	12/1/2510	12/1/2511	12/1/2512	12/1/2513	12/1/2514	12/1/2515	12/1/2516	12/1/2517	12/1/2518	12/1/2519	12/1/2520	12/1/2521	12/1/2522	12/1/2523	12/1/2524	12/1/2525	12/1/2526	12/1/2527	12/1/2528	12/1/2529	12/1/2530	12/1/2531	12/1/2532	12/1/2533	12/1/2534	12/1/2535	12/1/2536	12/1/2537	12/1/2538	12/1/2539	12/1/2540	12/1/2541	12/1/2542	12/1/2543	12/1/2544	12/1/2545	12/1/2546	12/1/2547	12/1/2548	12/1/2549	12/1/2550	12/1/2551	12/1/2552	12/1/2553	12/1/2554	12/1/2555	12/1/2556	12/1/2557	12/1/2558	12/1/2559	12/1/2560	12/1/2561	12/1/2562	12/1/2563	12/1/2564	12/1/2565	12/1/2566	12/1/2567	12/1/2568	12/1/2569	12/1/2570	12/1/2571	12/1/2572	12/1/2573	12/1/2574	12/1/2575	12/1/2576	12/1/2577	12/1/2578	12/1/2579	12/1/2580	12/1/2581	12/1/2582	12/1/2583	12/1/2584	12/1/2585	12/1/2586	12/1/2587	12/1/2588	12/1/2589	12/1/2590	12/1/2591	12/1/2592	12/1/2593	12/1/2594	12/1/2595	12/1/2596	12/1/2597	12/1/2598	12/1/2599	12/1/2600	12/1/2601

**Preliminary Financing Plan**  
**Hunter Ranch - MMD 1**  
 3% Inflation  
 \$0.49 Total District Tax Rate

Series	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Totals
Principal Amount	\$4,005,000	\$4,585,000	\$5,475,000	\$6,525,000	\$7,690,000	\$7,745,000	\$10,455,000	\$4,180,000	\$3,625,000	\$6,435,000	\$3,325,000	\$1,940,000	\$2,000,000	\$2,220,000	\$2,195,000	\$2,195,000	\$2,275,000	\$ 76,870,000
COI	\$269,743	\$297,873	\$341,038	\$406,963	\$463,465	\$466,133	\$596,613	\$293,230	\$266,313	\$402,598	\$251,763	\$184,590	\$187,500	\$198,170	\$196,958	\$196,958	\$200,838	\$ 5,220,740
UW Discount	\$120,150	\$137,550	\$164,250	\$195,750	\$230,700	\$232,350	\$313,650	\$125,400	\$108,750	\$193,050	\$99,750	\$58,200	\$60,000	\$66,600	\$65,850	\$65,850	\$68,250	\$ 2,306,100
Capitalized Interest	\$360,450	\$309,488	\$246,375	\$261,000	\$307,600	\$309,800	\$418,200	\$167,200	\$145,000	\$257,400	\$133,000	\$77,600	\$80,000	\$177,600	\$131,700	\$87,800	\$91,000	\$ 3,561,213
Est. Reimbursement Amount	\$3,254,658	\$3,840,090	\$4,723,338	\$5,661,288	\$6,688,235	\$6,736,718	\$9,126,538	\$3,594,170	\$3,104,938	\$5,581,953	\$2,840,488	\$1,619,610	\$1,672,500	\$1,777,630	\$1,800,493	\$1,844,393	\$1,914,913	\$ 65,781,948
Est. Project Cost Reimbursement	\$2,867,540	\$3,383,339	\$4,161,531	\$5,054,721	\$5,971,638	\$6,014,926	\$8,148,694	\$3,209,080	\$2,772,266	\$4,983,886	\$2,536,150	\$1,446,080	\$1,493,304	\$1,587,170	\$1,607,583	\$1,646,779	\$1,709,743	\$ 58,594,430
Est. Developer's Interest Amount	\$387,118	\$456,751	\$561,807	\$606,567	\$716,597	\$721,791	\$977,843	\$385,090	\$332,672	\$598,066	\$304,338	\$173,530	\$179,196	\$190,460	\$192,910	\$197,613	\$205,169	\$ 7,187,518
Dated Date	12/1/2024	12/1/2025	12/1/2026	12/1/2027	12/1/2028	12/1/2029	12/1/2030	12/1/2031	12/1/2032	12/1/2033	12/1/2034	12/1/2035	12/1/2036	12/1/2037	12/1/2038	12/1/2039	12/1/2040	
First Payment Date	3/1/2025	3/1/2026	3/1/2027	3/1/2028	3/1/2029	3/1/2030	3/1/2031	3/1/2032	3/1/2033	3/1/2034	3/1/2035	3/1/2036	3/1/2037	3/1/2038	3/1/2039	3/1/2040	3/1/2041	
First Maturity Date	9/1/2027	9/1/2027	9/1/2028	9/1/2029	9/1/2030	9/1/2031	9/1/2032	9/1/2033	9/1/2034	9/1/2035	9/1/2036	9/1/2037	9/1/2038	9/1/2040	9/1/2040	9/1/2041	9/1/2042	
Final Maturity Date	9/1/2050	9/1/2051	9/1/2052	9/1/2053	9/1/2054	9/1/2055	9/1/2056	9/1/2057	9/1/2058	9/1/2059	9/1/2060	9/1/2061	9/1/2062	9/1/2064	9/1/2065	9/1/2066		
AV at Issuance	67,990,708	146,511,030	242,019,635	349,969,883	477,268,984	605,149,886	778,424,692	845,316,415	905,645,412	1,012,355,827	1,065,913,469	1,097,890,873	1,130,827,599	1,164,752,427	1,199,695,000	1,235,685,849	1,272,756,425	
Direct Debt Ratio	5.89%	5.86%	5.81%	5.83%	5.81%	5.78%	5.75%	5.68%	5.57%	5.48%	5.38%	5.24%	5.10%	4.97%	4.83%	4.68%	4.54%	
Rated? (Y/N)	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Capitalized Interest (Years)	2	1.5	1	1	1	1	1	1	1	1	1	1	1	2	1.5	1	1	
Interest Rate	4.50%	4.50%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	

		Inflation Start Date	
Property Inflation Rate	3.00%	1/1/2024	
Base Int Rate	4.50%		
Benefit of Rating	0.50%		
Tax Collection %	98.00%		
Interest Earnings %	1.50%		
Starting Fund Balance	-		

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Prior Year's Assessed Valuation	Capitalized Interest	Debt Service Requirements	Tax Rate per \$100 of AV	Tax Collections @ 98.00%	Interest Earnings @ 1.50%	Ending Balance	Debt Service Coverage %	M&O Tax Rate per \$100 of AV	M&O Tax Collections @ 98.00%	Contract Tax Rate per \$100 of AV	Contract Tax Collections @ 98.00%	Cumulative Tax Collections
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,450	-	-	-	-	360,450	-	0.4900	-	0.0600	-	-
2025	135,169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000	309,488	135,169	0.3900	53,508	5,407	593,684	177.2%	0.1000	13,720	0.0600	8,232	8,232
2026	180,225	154,744	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,520,000	246,375	334,969	0.3900	330,679	8,905	844,674	109.5%	0.1000	84,790	0.0600	50,874	59,106
2027	275,225	311,325	184,781	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,091,750	261,000	771,331	0.3900	638,625	12,670	985,638	85.7%	0.1000	163,750	0.0600	98,250	157,356
2028	275,950	306,600	371,375	195,750	-	-	-	-	-	-	-	-	-	-	-	-	-	267,718,115	307,600	1,149,675	0.3900	1,023,219	14,785	1,181,566	73.8%	0.1000	262,360	0.0600	157,418	314,774
2029	276,450	306,875	370,750	416,000	230,700	-	-	-	-	-	-	-	-	-	-	-	-	378,170,960	309,800	1,600,775	0.3900	1,445,369	17,723	1,353,684	64.5%	0.1000	370,600	0.0600	222,365	537,138
2030	276,725	306,925	369,900	419,800	492,600	232,350	-	-	-	-	-	-	-	-	-	-	-	511,239,867	418,200	2,098,300	0.3900	1,953,959	20,305	1,647,848	61.6%	0.1000	501,015	0.0600	300,609	837,748
2031	276,775	311,750	368,825	418,200	490,200	494,800	313,650	-	-	-	-	-	-	-	-	-	-	637,325,413	167,200	2,674,200	0.3900	2,435,858	24,718	1,601,424	50.8%	0.1000	622,531	0.0600	374,747	1,212,495
2032	276,600	311,125	367,525	416,400	492,600	497,400	668,200	125,400	-	-	-	-	-	-	-	-	-	826,782,706	145,000	3,155,250	0.3900	3,159,964	24,021	1,775,158	52.1%	0.1000	799,701	0.0600	486,148	1,698,643
2033	276,200	310,275	371,000	419,400	489,600	494,600	668,200	267,200	108,750	-	-	-	-	-	-	-	-	851,586,187	257,400	3,405,225	0.3900	3,254,762	26,627	1,908,723	51.3%	0.1000	823,692	0.0600	500,733	2,199,376
2034	275,575	309,200	369,025	417,000	491,400	496,600	667,800	268,200	230,000	193,050	-	-	-	-	-	-	-	1,073,819,425	133,000	3,717,850	0.3900	3,531,932	28,631	1,884,436	46.6%	0.1000	894,435	0.0600	543,374	2,742,750
2035	274,725	307,900	366,825	419,400	492,800	498,200	667,000	269,000	231,600	412,400	99,750	-	-	-	-	-	-	1,042,543,131	257,400	4,039,600	0.3900	3,984,600	28,267	1,935,302	45.9%	0.1000	1,010,168	0.0600	613,015	3,355,765
2036	278,650	311,375	369,400	416,400	493,800	494,400	670,800	269,600	233,000	411,200	213,000	58,200	-	-	-	-	-	1,073,819,425	80,000	4,219,825	0.3900	4,104,138	29,030	1,928,644	44.5%	0.1000	1,040,473	0.0600	631,406	3,987,171
2037	277,125	309,400	366,525	418,200	494,400	495,400	669,000	270,000	229,200	409,800	214,800	122,600	60,000	-	-	-	-	1,106,034,008	177,600	4,336,450	0.3900	4,227,262	28,930	2,025,986	45.3%	0.1000	1,071,687	0.0600	650,348	4,637,519
2038	275,375	307,200	368,425	419,600	494,600	496,000	671,800	271,800	230,400	413,200	211,400	125,800	125,000	66,600	-	-	-	1,139,215,028	131,700	4,470,600	0.3900	4,354,080	30,390	2,071,556	45.4%	0.1000	1,103,838	0.0600	669,858	5,307,377
2039	278,400	309,775	369,875	415,600	494,400	496,200	669,000	265,400	231,400	411,200	213,000	123,800	128,200	88,800	65,850	-	-	1,173,391,479	87,800	4,560,900	0.3900	4,484,702	31,073	2,114,231	44.4%	0.1000	1,136,953	0.0600	689,954	5,997,332
2040	275,975	306,900	370,875	416,400	493,800	496,000	670,800	265,400	232,200	414,000	214,400	126,800	126,200	143,800	142,800	65,850	-	1,208,593,223	91,000	4,762,200	0.3900	4,619,243	31,713	2,093,988	42.7%	0.1000	1,171,062	0.0600	710,653	6,707,984
2041	278,325	308,800	366,425	416,800	492,800	495,400	672,000	265,200	232,800	411,400	210,600	124,600	129,200	146,600	140,600	68,250	-	1,244,851,020	-	4,902,600	0.3900	4,757,821	31,410	1,980,618	39.9%	0.1000	1,206,194	0.0600	731,972	7,439,957
2042	275,225	310,250	366,750	416,800	491,400	494,400	667,600	269,800	233,200	413,600	211,800	122,400	127,000	144,200	138,400	146,000	68,250	1,282,196,551	-	4,969,425	0.3700	4,649,245	29,709	1,690,147	34.0%	0.1000	1,242,379	0.0600	753,932	8,193,888
2043	276,900	311,250	366,625	416,400	489,600	498,000	667,800	269,000	233,400	410,400	212,800	125,200	129,800	146,800	141,200	143,800	-	1,320,662,447	-	4,977,375	0.3700	4,788,722	25,352	1,526,847	30.7%	0.1000	1,279,651	0.0600	776,550	8,970,288
2044	278,125	311,800	371,050	416,000	492,400	496,000	671,400	268,000	234,000	412,000	213,600	122,800	127,400	144,200	138,800	141,200	146,600	1,360,282,321	-	4,980,375	0.3700	4,932,384	22,903	1,501,758	30.2%	0.1000	1,318,040	0.0600	799,846	9,770,234
2045	273,900	306,900	369,800	419,400	489,600	493,600																								

**Preliminary Financing Plan**  
**Hunter Ranch - MMD 2**  
 3% Inflation  
 \$0.49 Total District Tax Rate

Series	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Totals
Principal Amount	\$4,650,000	\$7,185,000	\$8,095,000	\$9,095,000	\$11,620,000	\$13,020,000	\$7,160,000	\$2,835,000	\$6,740,000	\$3,850,000	\$2,245,000	\$2,310,000	\$2,345,000	\$2,285,000	\$2,325,000	\$ 81,790,000
COI	\$301,025	\$423,973	\$507,115	\$531,608	\$651,950	\$718,450	\$437,760	\$227,998	\$417,390	\$277,225	\$199,383	\$202,535	\$204,233	\$201,323	\$203,263	\$ 5,292,180
UW Discount	\$139,500	\$215,550	\$257,700	\$272,800	\$348,600	\$390,600	\$214,800	\$85,050	\$202,200	\$115,500	\$69,300	\$70,350	\$69,300	\$68,550	\$69,750	\$ 2,453,700
Capitalized Interest	\$418,500	\$484,988	\$343,600	\$363,800	\$464,800	\$520,800	\$286,400	\$226,800	\$404,400	\$154,000	\$89,800	\$92,400	\$93,800	\$91,400	\$93,000	\$ 3,972,163
Est. Reimbursement Amount	\$3,790,975	\$6,060,490	\$7,481,585	\$7,926,743	\$10,154,650	\$11,390,150	\$6,221,040	\$2,295,153	\$5,716,010	\$3,303,275	\$1,888,468	\$1,945,765	\$1,976,618	\$1,923,728	\$1,958,988	\$ 70,071,958
Est. Project Cost Reimbursement	\$3,340,066	\$5,339,639	\$6,679,987	\$7,077,449	\$9,066,652	\$10,169,777	\$5,554,500	\$2,049,243	\$5,103,580	\$2,949,353	\$1,686,132	\$1,737,290	\$1,764,837	\$1,717,614	\$1,749,096	\$ 62,441,535
Est. Developer's Interest Amount	\$450,909	\$720,851	\$801,598	\$849,294	\$1,087,998	\$1,220,373	\$666,540	\$245,909	\$612,430	\$353,922	\$202,336	\$208,475	\$211,780	\$206,114	\$209,892	\$ 7,630,422
Dated Date	12/1/2030	12/1/2031	12/1/2032	12/1/2033	12/1/2034	12/1/2035	12/1/2036	12/1/2037	12/1/2038	12/1/2039	12/1/2040	12/1/2041	12/1/2042	12/1/2043	12/1/2044	
First Payment Date	3/1/2031	3/1/2032	3/1/2033	3/1/2034	3/1/2035	3/1/2036	3/1/2037	3/1/2038	3/1/2039	3/1/2040	3/1/2041	3/1/2042	3/1/2043	3/1/2044	3/1/2045	
First Maturity Date	9/1/2033	9/1/2033	9/1/2034	9/1/2035	9/1/2036	9/1/2037	9/1/2038	9/1/2040	9/1/2040	9/1/2041	9/1/2042	9/1/2044	9/1/2044	9/1/2045	9/1/2046	
Final Maturity Date	9/1/2056	9/1/2057	9/1/2058	9/1/2059	9/1/2060	9/1/2061	9/1/2062	9/1/2063	9/1/2064	9/1/2066	9/1/2067	9/1/2068	9/1/2069	9/1/2070		
AV at Issuance	79,048,028	202,448,409	344,514,379	494,922,104	687,536,515	902,761,380	1,019,311,890	1,063,404,326	1,173,597,864	1,235,685,849	1,272,756,425	1,310,939,118	1,350,267,291	1,390,775,310	1,432,498,569	
Direct Debt Ratio	5.88%	5.85%	5.93%	5.91%	5.87%	5.83%	5.77%	5.66%	5.57%	5.46%	5.32%	5.18%	5.03%	4.87%	4.71%	
Rated? (Y/N)	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Capitalized Interest (Years)	2	1.5	1	1	1	1	1	2	1.5	1	1	1	1	1	1	
Interest Rate	4.50%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	

Inflation Start Date	
Property Inflation Rate	3.00%
Base Int Rate	4.50%
Benefit of Rating	0.50%
Tax Collection %	98.00%
Interest Earnings %	1.50%

Starting Fund Balance

Year	Year															Prior Year's Assessed Valuation	Capitalized Interest	Debt Service Requirements	Tax Rate per \$100 of AV	Tax Collections @ 98.00%	Interest Earnings @ 1.50%	Ending Balance	Debt Service Coverage %	M&O Tax Rate per \$100 of AV	M&O Tax Collections @ 98.00%	Contract Tax Rate per \$100 of AV	Contract Tax Collections @ 98.00%	Cumulative Tax Collections
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044													
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418,500	-	0.3900	-	-	418,500	-	0.1000	-	0.0600	-	-	
2031	156,938	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,627,141	484,988	0.3900	55,905	6,278	480,732	179.0%	0.1000	14,335	0.0600	8,601	8,601	
2032	209,250	242,494	-	-	-	-	-	-	-	-	-	-	-	-	-	101,157,125	343,600	0.3900	386,623	12,131	1,099,342	103.7%	0.1000	99,134	0.0600	59,480	68,081	
2033	319,250	483,325	257,700	-	-	-	-	-	-	-	-	-	-	-	-	237,202,698	363,800	0.3900	906,589	16,490	1,325,946	81.5%	0.1000	232,459	0.0600	139,475	207,556	
2034	319,300	486,125	548,600	272,850	-	-	-	-	-	-	-	-	-	-	-	381,319,963	464,800	0.3900	1,457,405	19,889	1,641,165	71.8%	0.1000	373,694	0.0600	224,216	431,772	
2035	319,125	483,475	550,400	583,800	348,600	-	-	-	-	-	-	-	-	-	-	533,870,782	520,800	0.3900	2,040,454	24,617	1,941,637	63.1%	0.1000	523,193	0.0600	313,916	745,688	
2036	323,725	485,600	551,800	580,000	744,800	390,600	-	-	-	-	-	-	-	-	-	740,219,062	286,400	0.3900	2,829,117	29,125	2,009,754	53.8%	0.1000	725,415	0.0600	435,249	1,180,937	
2037	322,875	487,275	547,800	581,000	743,600	835,800	214,800	-	-	-	-	-	-	-	-	958,467,756	226,800	0.3900	3,733,150	30,146	2,196,814	54.2%	0.1000	939,298	0.0600	563,579	1,744,516	
2038	321,800	483,500	548,600	581,600	742,000	833,200	456,400	85,050	-	-	-	-	-	-	-	1,040,083,003	404,400	0.3900	4,052,150	32,952	2,557,236	59.6%	0.1000	1,019,287	0.0600	611,572	2,356,089	
2039	320,500	484,500	549,000	581,800	745,000	835,200	459,600	113,400	202,200	-	-	-	-	-	-	1,071,291,673	154,000	0.3900	4,291,200	38,359	2,552,871	54.3%	0.1000	1,049,866	0.0600	629,920	2,986,008	
2040	318,975	485,050	549,000	581,600	742,400	831,600	457,400	188,400	429,600	115,500	-	-	-	-	-	1,208,593,223	89,800	0.3900	4,619,243	38,293	2,600,683	53.0%	0.1000	1,184,421	0.0600	710,653	3,696,661	
2041	322,225	485,150	548,600	581,000	744,400	832,600	460,000	185,400	433,200	249,000	67,350	-	-	-	-	1,244,851,020	92,400	0.3900	4,908,925	39,010	2,580,989	51.1%	0.1000	1,219,954	0.0600	731,972	4,428,633	
2042	320,025	484,800	547,800	580,000	745,800	833,000	457,200	187,400	431,400	245,200	144,800	69,300	-	-	-	1,282,196,551	93,800	0.3900	4,900,555	38,715	2,567,334	49.4%	0.1000	1,256,553	0.0600	753,932	5,182,565	
2043	322,600	484,000	551,600	583,600	741,600	832,800	459,200	184,200	429,400	246,400	142,600	147,400	70,350	-	-	1,320,662,447	91,400	0.3900	5,047,572	38,510	2,549,065	47.7%	0.1000	1,294,249	0.0600	776,550	5,959,114	
2044	319,725	482,750	549,800	581,600	742,000	832,000	460,800	186,000	432,200	247,400	145,400	150,200	148,800	68,550	-	1,360,282,321	93,000	0.3900	5,196,999	38,236	2,532,075	46.0%	0.1000	1,373,077	0.0600	799,846	6,758,960	
2045	321,625	486,050	552,600	584,200	741,800	835,600	457,000	187,600	429,600	248,200	143,000	147,800	151,600	146,400	69,750	1,401,090,790	-	0.3900	5,502,825	37,981	2,422,201	43.5%	0.1000	1,373,069	0.0600	823,841	7,582,802	
2046	323,075	483,675	549,800	581,200	746,000	833,400	458,000	184,000	431,800	248,800	145,600	145,400	149,200	144,200	148,000	1,443,123,514	-	0.3900	5,572,150	36,333	2,402,002	43.0%	0.1000	1,414,261	0.0600	848,557	8,431,359	
2047	319,075	485,850	551,600	582,800	744,400	835,600	458,600	185,400	433,600	244,200	143,000	148,000	151,800	147,000	150,800	1,486,417,219	-	0.3500	5,098,411	36,030	1,954,718	35.1%	0.1000	1,466,689	0.0600	874,013	9,305,372	
2048	319,850	482,350	552,800	583,800	742,200	832,000	458,800	186,600	430,000	244,600	145,400	150,400	149,200	144,600	148,400	1,531,009,736	-	0.3500	5,251,363	29,321	1,664,402	29.9%	0.1000	1,500,390	0.0600	900,234	10,205,606	
2049	320,175	483,400	548,400	584,200	744,400	832,800	458,600	187,600	431,200	244,800	142,600	147,600	151,000	147,200	151,000	1,576,940,028	-	0.3500	5,575,575	24,966	1,522,697	27.3%	0.1000	1,545,401	0.0600	927,241	11,132,846	
2050	320,050	483,775	548,600	584,000	745,800	832,800	458,000	188,400	432,000	244,800	144,800	148,800	148,400	144,600	148,400	1,624,248,229	-	0.3500	5,574,625	22,840	1,542,084	27.7%	0.1000	1,591,763	0.0600	955,058	12,087,904	
2051	319,475	483,475	548,200	583,200	741,400	832,000	457,000	184,000	432,400	244,600	141,800	146,800	151,000	147,000	150,800	1,672,975,676	-	0.3400	5,574,355	23,131	1,576,420	28.2%	0.1000	1,639,516	0.0600	983,710	13,071,614	
2052	323,450	482,500	552,200	581,800	746,400	835,400	460,600	184,600	432,400	244,200	143,800	148,800	148,000	149,200	148,000	1,723,164,946	-	0.3300	5,572,715	23,646	1,591,432	28.5%	0.1000	1,688,702	0.0600	1,013,221	14,084,835	
2053	321,750	485,850	550,400	579,800	745,400	832,800	458,600	185,000	432,000	248,600	145,600	145,600	150,000	146,200	150,200	1,774,859,894	-	0.3200	5,565,961	23,871	1,603,464	2						

**Preliminary Financing Plan**  
**Hunter Ranch - MMD 3**  
 3% Inflation  
 \$0.49 Total District Tax Rate

Series	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Totals
Principal Amount	\$2,470,000	\$7,465,000	\$9,835,000	\$12,920,000	\$12,015,000	\$18,215,000	\$8,635,000	\$2,735,000	\$7,650,000	\$4,460,000	\$2,600,000	\$2,680,000	\$2,775,000	\$2,860,000	\$2,950,000	\$ 100,265,000
COI	\$195,295	\$437,553	\$567,163	\$713,700	\$670,713	\$965,213	\$509,298	\$223,148	\$461,525	\$306,810	\$216,600	\$220,480	\$225,088	\$229,210	\$233,575	\$ 6,175,368
UW Discount	\$74,100	\$223,950	\$295,050	\$387,600	\$360,450	\$546,450	\$259,050	\$82,050	\$229,500	\$133,800	\$78,000	\$80,400	\$83,250	\$85,800	\$88,500	\$ 3,007,950
Capitalized Interest	\$222,300	\$503,888	\$393,400	\$516,800	\$480,600	\$728,600	\$345,400	\$109,400	\$306,000	\$178,400	\$104,000	\$107,200	\$111,000	\$114,400	\$118,000	\$ 4,339,388
Est. Reimbursement Amount	\$1,978,305	\$6,299,610	\$8,579,388	\$11,301,900	\$10,503,238	\$15,974,738	\$7,521,253	\$2,320,403	\$6,652,975	\$3,840,990	\$2,201,400	\$2,271,920	\$2,355,663	\$2,430,590	\$2,509,925	\$ 86,742,295
Est. Project Cost Reimbursement	\$1,743,000	\$5,550,317	\$7,660,167	\$10,090,982	\$9,377,891	\$14,263,158	\$6,715,404	\$2,071,788	\$5,940,156	\$3,429,455	\$1,965,536	\$2,028,500	\$2,103,270	\$2,170,170	\$2,241,004	\$ 77,350,799
Est. Developer's Interest Amount	\$235,305	\$749,293	\$919,220	\$1,210,918	\$1,125,347	\$1,711,579	\$805,848	\$248,615	\$712,819	\$411,535	\$235,864	\$243,420	\$252,392	\$260,420	\$268,921	\$ 9,391,496
Dated Date	12/1/2035	12/1/2036	12/1/2037	12/1/2038	12/1/2039	12/1/2040	12/1/2041	12/1/2042	12/1/2043	12/1/2044	12/1/2045	12/1/2046	12/1/2047	12/1/2048	12/1/2049	
First Payment Date	3/1/2036	3/1/2037	3/1/2038	3/1/2039	3/1/2040	3/1/2041	3/1/2042	3/1/2043	3/1/2044	3/1/2045	3/1/2046	3/1/2047	3/1/2048	3/1/2049	3/1/2050	
First Maturity Date	9/1/2038	9/1/2038	9/1/2039	9/1/2040	9/1/2041	9/1/2042	9/1/2043	9/1/2044	9/1/2045	9/1/2046	9/1/2047	9/1/2048	9/1/2049	9/1/2050	9/1/2051	
Final Maturity Date	9/1/2061	9/1/2062	9/1/2063	9/1/2064	9/1/2065	9/1/2066	9/1/2067	9/1/2068	9/1/2069	9/1/2070	9/1/2071	9/1/2072	9/1/2073	9/1/2074	9/1/2075	
AV at Issuance	42,104,097	170,917,868	333,698,004	547,846,540	745,871,607	1,048,496,169	1,187,998,968	1,232,777,066	1,360,521,577	1,432,498,569	1,475,473,526	1,519,737,732	1,565,329,864	1,612,289,760	1,660,658,453	
Direct Debt Ratio	5.87%	5.81%	5.92%	5.93%	5.90%	5.86%	5.80%	5.68%	5.57%	5.46%	5.32%	5.18%	5.04%	4.89%	4.75%	
Rated? (Y/N)	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Capitalized Interest (Years)	2	1.5	1	1	1	1	1	1	1	1	1	1	1	1	1	
Interest Rate	4.50%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	

Inflation Start Date	
Property Inflation Rate	3.00%
Base Int Rate	4.50%
Benefit of Rating	0.50%
Tax Collection %	98.00%
Interest Earnings %	1.50%

Starting Fund Balance

2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	Prior Year's Assessed Valuation	Capitalized Interest	Debt Service Requirements	Tax Rate per \$100 of AV	Tax Collections @ 98.00%	Interest Earnings @ 1.50%	Ending Balance	Debt Service Coverage %	M&O Tax Rate per \$100 of AV	M&O Tax Collections @ 98.00%	Contract Tax Rate per \$100 of AV	Contract Tax Collections @ 98.00%	Cumulative Tax Collections
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222,300	-	0.3900	-	-	222,300	-	0.1000	-	0.0600	-	-
83,363	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,379,274	503,888	83,363	0.3900	18,517	3,335	664,676	183.1%	0.1000	4,748	0.0600	11,395	11,395
111,150	251,944	-	-	-	-	-	-	-	-	-	-	-	-	-	129,744,241	393,400	363,094	0.3900	209,796	9,970	914,749	94.6%	0.1000	53,794	0.0600	76,290	87,685
171,150	500,925	295,050	-	-	-	-	-	-	-	-	-	-	-	-	287,832,608	516,800	967,125	0.3900	805,428	13,721	1,283,573	76.0%	0.1000	206,520	0.0600	169,246	256,930
168,450	503,500	628,400	387,600	-	-	-	-	-	-	-	-	-	-	-	455,289,507	480,600	1,687,950	0.3900	1,436,608	19,254	1,532,084	61.5%	0.1000	368,361	0.0600	267,710	524,640
170,750	505,625	629,000	826,800	360,450	-	-	-	-	-	-	-	-	-	-	688,621,598	728,600	2,492,625	0.3900	2,319,298	22,981	404,909	61.2%	0.1000	594,692	0.0600	404,909	929,550
172,825	502,300	629,200	829,400	770,600	546,450	-	-	-	-	-	-	-	-	-	855,308,532	345,400	3,450,775	0.3900	3,032,861	31,655	2,069,480	47.9%	0.1000	777,657	0.0600	502,921	1,432,471
169,675	503,750	629,000	826,400	769,000	1,163,600	259,050	-	-	-	-	-	-	-	-	1,098,317,252	109,400	4,320,475	0.3900	4,341,484	31,042	2,230,932	47.5%	0.1000	1,113,201	0.0600	645,811	2,078,282
171,525	504,750	628,400	828,000	767,000	1,166,200	500,400	82,050	-	-	-	-	-	-	-	1,131,266,769	306,000	4,698,325	0.3900	4,608,370	33,644	2,480,440	49.4%	0.1000	1,181,633	0.0600	665,185	2,743,467
168,150	505,300	627,400	829,000	769,600	1,168,000	552,200	174,400	229,500	-	-	-	-	-	-	1,165,204,772	178,400	5,023,550	0.3900	4,746,621	37,207	2,419,118	44.6%	0.1000	1,217,082	0.0600	685,140	3,428,607
169,775	505,400	631,000	824,400	771,600	1,164,000	553,600	176,800	491,000	133,800	-	-	-	-	-	1,322,073,424	104,000	5,421,375	0.3900	5,354,969	36,287	2,492,999	44.2%	0.1000	1,373,069	0.0600	777,379	4,205,986
171,175	505,050	629,000	824,400	768,000	1,164,400	554,600	174,000	488,600	283,400	78,000	-	-	-	-	1,361,735,626	107,200	5,640,625	0.3900	5,515,618	37,395	2,512,587	43.2%	0.1000	1,414,261	0.0600	800,701	5,006,687
172,350	504,250	631,600	828,800	769,000	1,164,000	555,200	176,200	491,000	284,200	164,000	80,400	-	-	-	1,402,587,695	111,000	5,821,000	0.3900	5,681,087	37,689	2,521,362	42.1%	0.1000	1,456,689	0.0600	824,722	5,831,408
168,300	503,000	628,600	827,400	769,400	1,167,800	550,400	173,200	488,000	284,800	166,600	172,200	83,250	-	-	1,444,665,326	114,400	5,982,950	0.3900	5,851,519	37,820	2,542,152	41.3%	0.1000	1,500,390	0.0600	849,463	6,680,872
169,250	501,300	630,200	825,400	769,200	1,165,600	550,400	175,200	489,800	285,200	169,000	169,600	176,000	85,800	-	1,488,005,286	118,000	6,161,950	0.3900	6,027,065	38,132	2,563,399	40.3%	0.1000	1,545,401	0.0600	874,947	7,555,819
169,975	504,150	631,200	827,800	768,400	1,167,600	555,000	177,000	491,200	285,400	166,200	172,000	178,400	184,400	88,500	1,532,645,445	-	6,367,225	0.3900	6,207,877	38,451	2,442,501	37.8%	0.1000	1,591,763	0.0600	901,196	8,457,014
170,475	501,325	631,600	829,400	767,000	1,168,600	554,000	173,600	492,200	285,400	168,400	174,200	175,600	181,600	188,000	1,578,624,808	-	6,461,400	0.3900	6,394,113	36,638	2,411,852	37.4%	0.1000	1,639,516	0.0600	928,231	9,385,246
170,750	503,050	631,400	825,200	770,000	1,163,800	552,600	175,200	487,800	285,200	165,400	171,200	177,800	183,800	190,200	1,625,983,552	-	6,453,200	0.3600	6,079,326	36,178	2,074,156	32.1%	0.1000	1,688,702	0.0600	956,078	10,341,324
170,800	504,100	630,600	825,400	767,200	1,167,800	550,800	176,600	488,200	284,800	167,400	173,200	179,800	180,800	187,200	1,674,763,059	-	6,454,700	0.3600	6,261,706	31,112	1,912,274	29.7%	0.1000	1,739,363	0.0600	984,761	11,326,085
170,625	504,475	629,200	824,800	768,800	1,165,800	553,600	172,800	488,200	284,200	164,200	170,000	176,600	182,800	189,200	1,725,005,959	-	6,445,300	0.3600	6,449,557	28,684	1,945,215	30.1%	0.1000	1,791,544	0.0600	1,014,303	12,340,388
170,225	504,175	627,200	828,400	769,600	1,167,800	550,800	174,000	487,800	288,400	166,000	171,800	178,400	184,600	191,000	1,776,756,129	-	6,460,200	0.3500	6,458,515	29,178	1,972,708	30.5%	0.1000	1,845,290	0.0600	1,044,733	13,385,121
169,600	503,200	629,600	826,000	769,600	1,168,600	552,600	175,000	492,000	287,200	167,600	173,400	180,000	181,200	187,600	1,830,058,813	-	6,463,200	0.3400	6,462,205	29,991	2,001,303	31.0%	0.1000	1,900,649	0.0600	1,076,075	14,461,195
168,750	501,550	631,200	827,800	768,800	1,168,200	553,800	175,800	490,600	285,800	169,000	176,400	182,800	189,200	196,000	1,884,960,577	-	6,459,500	0.3300	6,460,305	30,020	2,032,127	31.4%	0.1000	1,957,668	0.0600	1,108,357	15,569,552
172,675	504,225	632,000	828,600	767,200	1,166,600	554,400	176,400	488,800	284,200	165,200	171,200	177,800	184,200	190,600	1,941,509,394	-	6,464,100	0.3200	6,452,474	30,482	2,050,983	31.8%	0.1000	2,016,398	0.0600	1,141,608	16,711,160
171,150	501,000	627,000	828,400	769,800</																							

**Preliminary Financing Plan**  
**Hunter Ranch - MMD 4**  
 3% Inflation  
 \$0.49 Total District Tax Rate

Series	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	Totals
Principal Amount	\$5,040,000	\$12,880,000	\$12,930,000	\$15,995,000	\$19,170,000	\$14,215,000	\$9,765,000	\$4,500,000	\$6,420,000	\$4,350,000	\$3,160,000	\$3,260,000	\$3,555,000	\$3,465,000	\$3,570,000	\$3,690,000	\$3,800,000	\$3,920,000	\$ 133,485,000
COI	\$319,940	\$711,800	\$714,175	\$859,763	\$1,010,575	\$775,213	\$563,838	\$308,750	\$401,870	\$301,475	\$243,760	\$248,610	\$253,218	\$258,553	\$263,645	\$269,465	\$274,800	\$280,620	\$ 8,060,068
UW Discount	\$151,200	\$386,400	\$387,900	\$479,850	\$575,100	\$426,450	\$292,950	\$135,000	\$192,800	\$130,500	\$94,800	\$97,800	\$100,650	\$103,950	\$107,100	\$110,700	\$114,000	\$117,600	\$ 4,004,550
Capitalized Interest	\$453,600	\$772,800	\$517,200	\$639,800	\$766,800	\$568,000	\$396,600	\$180,000	\$256,800	\$174,000	\$128,400	\$130,400	\$134,200	\$138,600	\$142,800	\$147,800	\$152,000	\$156,800	\$ 5,849,500
Est. Reimbursement Amount	\$4,115,260	\$11,009,000	\$11,310,725	\$14,015,588	\$16,817,525	\$12,444,738	\$9,517,613	\$3,876,250	\$5,568,730	\$3,744,025	\$2,695,040	\$2,783,190	\$2,866,933	\$3,056,455	\$3,162,235	\$3,259,200	\$3,364,980	\$3,468,980	\$ 115,571,383
Est. Project Cost Reimbursement	\$3,625,780	\$9,829,464	\$10,098,062	\$12,513,917	\$15,015,647	\$11,111,373	\$7,605,011	\$3,460,938	\$4,972,080	\$3,342,879	\$2,406,296	\$2,484,991	\$2,559,761	\$2,646,337	\$2,728,978	\$2,823,424	\$2,910,000	\$3,004,446	\$ 103,140,175
Est. Developer's Interest Amount	\$489,480	\$1,179,536	\$1,212,663	\$1,501,670	\$1,801,878	\$1,333,365	\$912,601	\$415,313	\$596,650	\$401,146	\$288,754	\$298,199	\$307,171	\$317,560	\$327,477	\$338,811	\$349,200	\$360,534	\$ 12,431,208
Dated Date	12/1/2041	12/1/2042	12/1/2043	12/1/2044	12/1/2045	12/1/2046	12/1/2047	12/1/2048	12/1/2049	12/1/2050	12/1/2051	12/1/2052	12/1/2053	12/1/2054	12/1/2055	12/1/2056	12/1/2057	12/1/2058	
First Payment Date	3/1/2042	3/1/2043	3/1/2044	3/1/2045	3/1/2046	3/1/2047	3/1/2048	3/1/2049	3/1/2050	3/1/2051	3/1/2052	3/1/2053	3/1/2054	3/1/2055	3/1/2056	3/1/2057	3/1/2058	3/1/2059	
First Maturity Date	9/1/2044	9/1/2044	9/1/2045	9/1/2046	9/1/2047	9/1/2048	9/1/2049	9/1/2050	9/1/2051	9/1/2052	9/1/2053	9/1/2054	9/1/2055	9/1/2056	9/1/2057	9/1/2058	9/1/2059	9/1/2060	
Final Maturity Date	9/1/2067	9/1/2068	9/1/2069	9/1/2070	9/1/2071	9/1/2072	9/1/2073	9/1/2074	9/1/2075	9/1/2076	9/1/2077	9/1/2078	9/1/2079	9/1/2080	9/1/2081	9/1/2082	9/1/2083	9/1/2084	
AV at Issuance	85,762,372	296,771,606	510,055,528	775,340,428	1,092,459,048	1,325,791,183	1,487,391,268	1,559,291,515	1,666,277,826	1,736,937,425	1,789,045,547	1,842,716,914	1,897,998,421	1,954,938,374	2,013,586,525	2,073,994,121	2,136,213,944	2,200,300,363	
Direct Debt Ratio	5.88%	6.04%	6.05%	5.99%	5.87%	5.78%	5.67%	5.54%	5.42%	5.28%	5.13%	4.98%	4.84%	4.69%	4.54%	4.39%	4.24%		
Rated? (Y/N)	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		
Capitalized Interest (Years)	2	1.5	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Interest Rate	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		

Property Inflation Rate	3.00%	Inflation Start Date	1/1/2024
Base Int Rate	4.50%		
Benefit of Rating	0.50%		
Tax Collection %	98.00%		
Interest Earnings %	1.50%		

Starting Fund Balance

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	Prior Year's Assessed Valuation	Capitalized Interest	Debt Service Requirements	Tax Rate per \$100 of AV	Tax Collections @ 98.00%	Interest Earnings @ 1.50%	Ending Balance	Debt Service Coverage %	M&O Tax Rate per \$100 of AV	M&O Tax Collections @ 98.00%	Contract Tax Rate per \$100 of AV	Contract Tax Collections @ 98.00%	Cumulative Tax Collections
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3900	-	-	-	0.1000	-	0.0600	-	-	
2041	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	453,600	-	0.3900	-	453,600	-	0.1000	-	0.0600	-	-	
2042	170,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,462,417	170,100	0.3900	55,275	6,804	1,118,379	182.4%	0.1000	14,173	0.0600	8,504	8,504
2043	226,800	386,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,232,541	517,200	0.3900	421,309	16,776	1,460,464	93.6%	0.1000	108,028	0.0600	64,817	73,221
2044	346,800	825,200	387,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,783,870	639,800	0.3900	1,378,916	21,907	1,941,187	78.4%	0.1000	353,568	0.0600	212,141	285,462
2045	346,400	822,800	827,200	479,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	561,249,066	766,800	0.3900	2,145,094	29,118	2,405,948	66.8%	0.1000	550,024	0.0600	330,014	615,476
2046	345,775	825,000	829,800	1,024,800	575,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	848,759,398	568,600	0.3900	3,243,958	36,089	2,654,121	56.7%	0.1000	831,784	0.0600	499,071	1,114,547
2047	349,925	826,600	826,800	1,024,400	1,226,800	426,450	-	-	-	-	-	-	-	-	-	-	-	-	-	1,176,008,467	390,600	0.3900	4,494,704	39,812	2,898,262	53.2%	0.1000	1,152,488	0.0600	691,493	1,806,040
2048	348,625	822,600	828,400	1,023,400	1,228,400	908,600	292,950	-	-	-	-	-	-	-	-	-	-	-	-	1,377,069,988	180,000	0.3900	5,452,975	43,474	2,931,923	49.5%	0.1000	1,349,529	0.0600	809,717	2,615,757
2049	347,100	823,200	829,400	1,021,800	1,229,200	910,000	625,600	135,000	-	-	-	-	-	-	-	-	-	-	-	1,525,103,778	256,800	0.3900	5,828,947	43,979	3,140,348	50.1%	0.1000	1,494,602	0.0600	896,761	3,512,518
2050	345,350	823,200	829,800	1,024,600	1,229,200	910,800	626,200	290,000	192,600	-	-	-	-	-	-	-	-	-	-	1,570,856,892	174,000	0.3900	6,003,815	47,105	3,093,518	46.7%	0.1000	1,539,440	0.0600	923,664	4,436,182
2051	348,375	822,600	829,600	1,026,600	1,228,400	911,000	626,400	290,600	411,800	130,500	-	-	-	-	-	-	-	-	-	1,698,854,771	126,400	0.3900	6,493,023	46,403	3,133,469	45.7%	0.1000	1,664,878	0.0600	998,927	5,435,108
2052	345,950	826,400	828,800	1,022,800	1,226,800	910,600	626,200	286,000	410,600	279,000	94,800	-	-	-	-	-	-	-	-	1,749,820,414	130,400	0.3900	6,687,814	47,002	3,140,735	44.5%	0.1000	1,714,824	0.0600	1,028,894	6,464,003
2053	348,300	824,400	827,400	1,023,400	1,229,400	909,600	625,600	286,400	409,200	279,800	201,400	97,800	-	-	-	-	-	-	-	1,802,315,027	134,200	0.3900	6,888,448	47,111	3,147,794	43.2%	0.1000	1,766,269	0.0600	1,059,761	7,523,764
2054	350,200	826,800	825,400	1,023,200	1,226,000	908,000	624,600	286,600	412,600	280,400	203,400	210,400	100,650	-	-	-	-	-	-	1,856,384,477	138,600	0.3900	7,095,101	47,217	3,150,462	42.1%	0.1000	1,819,257	0.0600	1,091,554	8,615,318
2055	346,650	823,400	827,800	1,022,200	1,226,800	910,800	623,200	286,600	410,600	280,800	200,200	207,200	214,200	103,950	-	-	-	-	-	1,912,076,012	142,800	0.3900	7,307,955	47,257	3,164,074	41.0%	0.1000	1,873,834	0.0600	1,124,301	9,739,619
2056	347,875	824,400	829,400	1,025,400	1,226,600	907,800	626,400	286,400	413,400	282,000	209,000	212,600	220,200	107,100	107,100	-	-	-	-	1,969,438,292	147,600	0.3900	7,527,193	47,461	3,174,953	39.9%	0.1000	1,930,050	0.0600	1,158,030	10,897,648
2057	348,650	824,600	825,200	1,022,800	1,225,400	909,200	624,000	286,000	410,800	276,200	203,600	210,600	212,600	110,700	110,700	-	-	-	-	2,028,521,441	152,000	0.3900	7,938,150	47,474	3,179,286	38.8%	0.1000	1,987,951	0.0600	1,192,771	12,990,419
2058	348,975	824,000	825,400	1,024,000	1,228,200	909,800	626,200	290,400	413,000	276,200	205,000	207,000	214,200	114,000	114,000	-	-	-	-	2,089,377,084	156,800	0.3900	7,985,599	47,688	3,174,200	37.7%	0.1000	2,047,590	0.0600	1,228,554	13,318,973
2059	348,850	822,600	824,800	1,024,400	1,224,800	908,600	622,800	289,400	409,800	276,000	201,200	208,400	215,600	117,600	117,600	-	-	-	-	2,152,058,397	-	0.3900	8,225,167	47,613	3,021,130	35.3%	0.1000	2,109,017	0.0600	1,265,410	14,584,383
2060	348,275	825,400	828,400	1,023,800	1,225,400	908,600	624,000	288,200	411,400	280,600	202,400	209,600	216,800	119,400	119,400	-	-	-	-	2,200,300,363	-	0.3900	8,409,548	45,317	2,906,120						

**EXHIBIT I - FORM OF DEVELOPER REIMBURSEMENT AGREEMENT**

**EXHIBIT I**  
**DEVELOPER REIMBURSEMENT AGREEMENT**

This DEVELOPER REIMBURSEMENT AGREEMENT (the “Agreement”) is made and entered into effective as of the \_\_\_ day of \_\_\_\_\_, 2020, (the “Effective Date”) between Petrus Investment, L.P., a Texas limited partnership (the “Developer”) and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY (the “District”), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59, of the Texas Constitution and an Act of the Texas Legislature codified at Chapter 3980, Special District Local Laws Code (the “District Act”), and operating under the District Act, and Chapter 375, Local Government Code. (The Developer and District are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”).

**RECITALS:**

WHEREAS, Developer is the owner of and desires to develop the 3,167.72 acre tract of land (the “Property”) more particularly described in Exhibit “A”, attached hereto; however, as of the Effective Date, the Property is not served by adequate water, wastewater, drainage, road, landscaping, park, and recreational facilities, and such facilities are not otherwise available to the Property; and

WHEREAS, the Property is located within the corporate limits of the City of Denton (the “City”), and within Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072, each issued to the City (collectively, the “City CCNs”); and

WHEREAS, District was created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of HB 4683 and codified under the District Act, for the benefit of the public and for the purposes of, including but not limited to, the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(1) of the District Act, the City has adopted Resolution No. 20-765, dated April 7, 2020 (the “Consent Resolution”), consenting to the creation of the District and to the inclusion of the Property in the District; and

WHEREAS, the land within the boundaries of the District as of the Effective Date, and as they may be adjusted from time to time, is hereinafter sometimes referred to as the “District Area”; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(2) of the District Act, the District and City have entered into an “Operating Agreement”, effective April 7, 2020 (the “Operating Agreement”), that provides for: (a) a general description of the Improvement

Projects that may be financed by the District; (b) the terms and conditions of the financing of the Improvement Projects; and (c) the operation of the District; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the Developer and the City have entered into a Project Agreement, effective April 7, 2020 (the "Project Agreement"), relating to various aspects of the development of property inside or outside the District Area; and

WHEREAS, unless otherwise specifically defined herein, all capitalized terms used in this Agreement shall have the meanings ascribed to them in the Operating Agreement; and

WHEREAS, the Developer wishes to proceed with development of the District Area in phases; however, the Parties acknowledge the District does not have funds currently available to fund the acquisition and construction of the Improvement Projects to facilitate such development; and

WHEREAS, Developer has paid certain costs related to creation of the District (the "Creation Costs"), and certain operating and administrative costs of the District, and pursuant to the terms of this Agreement is willing: (i) to advance or pay on behalf of the District certain monies needed to pay for the ongoing costs and expenses for the operation and administration of the District including, but not limited to, director fees, insurance premiums, bookkeeping fees, legal fees, engineering fees, inspection fees, auditing fees, fees to operate and maintain certain Improvement Projects, and all other similar fees and expenses (such costs collectively with the Creation Costs, the "District Operating Costs"); and (ii) to advance or pay on behalf of the District all monies to pay for all portions of the Improvement Projects that are necessary for development of all of the Property, that are eligible for reimbursement from the District; and

WHEREAS, the District hereby requests Developer: (i) to advance or pay on behalf of the District certain monies to pay for District Operating Costs; and (ii) at such time as Developer determines to proceed with development, to advance to or pay on behalf of the District all monies to acquire and construct the Improvement Projects; and

WHEREAS, Developer and the District acknowledge that development within the District Area would not occur but for this Agreement and the performance by Developer and the District of their respective duties and obligations under this Agreement; and

WHEREAS, in order to induce Developer to advance or pay on behalf of the District monies for the purposes set forth above, the District represents it will: (i) conduct elections for the approval of the resident electors of the District of the authorization of bonds (the "Bonds") for Improvement Projects and District Operating Costs; (ii) issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the Texas Commission on Environmental Quality (the "TCEQ"), and the provisions hereof and of the Consent Resolution and the Operating Agreement) Bonds in multiple issues and secured in whole or in part by ad valorem taxes levied on land within the District; and (iii) use the proceeds from the sale of the Bonds to reimburse Developer; and

WHEREAS, Developer is only willing to advance on behalf of the District monies for the purposes set forth above based on the obligation of the District to issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), the Bonds and to use the proceeds from the Bonds to reimburse Developer; and

WHEREAS, the District represents it will proceed with the issuance and sale, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), of the Bonds and is obligated to issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), the Bonds to reimburse Developer subject only to: (i) satisfaction of the conditions set forth in Section 5.2 of this Agreement; and (ii) the performance by the District of the acts set forth in Section 5.4 of this Agreement; and

WHEREAS, the Parties acknowledge they are entering into this Agreement to implement the purpose of the Operating Agreement, and this Agreement is subject to the terms and provisions of the Consent Resolution and Operating Agreement; and

WHEREAS, the Parties each represent to the other that it may enter into this Agreement pursuant to authority provided by the Constitution and laws of the State of Texas, particularly the District Act and Chapter 375, Local Government Code.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the District and Developer contract and agree as follows.

ARTICLE I  
MAINTENANCE AND OPERATING COSTS

1.1. The District has incurred and will continue to incur District Operating Costs which will be paid from: (a) revenues from the District's M&O Tax; and (b) revenues from Assessments levied by the District; and in the case of (a) and (b) in aggregate, will not exceed \$0.49 per \$100.00 assessed valuation; and (c) revenues from any other legally available source (collectively, the "District Revenue").

1.2. In order to ensure the timely and orderly administration of the District's operations, including the discharge of its obligations hereunder, Developer shall advance to the District, from time to time, the amounts, if any, by which District Operating Costs exceed District Revenue.

ARTICLE II  
DEVELOPER OBLIGATIONS

2.1. The Parties acknowledge and agree that the only improvement projects that may be financed by the District are those Improvement Projects described in the Operating Agreement. Accordingly, the obligations of the District hereunder with respect to the acquisition, construction, and financing of public infrastructure to serve the District Area, including reimbursement of the Developer, are expressly limited to the Improvement Projects.

2.2. From time to time Developer shall advise the District (a) that Developer desires the District to proceed with the construction of a phase of the Improvement Projects and (b) that Developer is prepared to advance to the District monies for the construction of such improvements. Thereafter, the District shall acquire, construct or otherwise cause the construction or acquisition of the Improvement Projects in the manner provided by the District Act, the general law for conservation and reclamation districts and in full compliance with the applicable rules and regulations of the TCEQ, the provisions of the Texas Water Code, the Consent Resolution and the Operating Agreement, the ordinances and regulations of the City, Denton County, Texas, and all other regulatory bodies having jurisdiction over such construction or other acquisition.

2.3. Plans and Specifications.

(a) Plans and specifications for Improvement Projects shall be prepared by the District's engineer or other engineer selected by Developer and approved by the District (the "District Engineer"). Unless otherwise agreed by the District and Developer, each engineering design contract shall reflect the District as the "owner" of the Improvement Projects; however, the District Engineer shall cooperate with the Developer regarding the design and bidding of the Improvement Projects. Each contract shall provide that final design of the Improvement Projects shall be subject to review and approval by the District Engineer and the District, which shall not be unreasonably withheld or delayed. All monies due the District Engineer relative to the design of the Improvement Projects shall be due and payable solely by Developer, subject to reimbursement by the District as provided herein. Any contracts entered into by the Developer for the design of the Improvement Projects shall be subject to review and approval by the District, and each contract for Improvement Projects shall include the provision attached hereto as Exhibit B acknowledging that the District shall not be liable under such contract for any payments whatsoever.

(b) The Improvement Projects shall be designed in accordance with the standards and specifications of the District, the City, the County, the TCEQ, including, but not limited to, all rules and regulations applicable to the construction of improvements such that the District can fulfill its obligation to reimburse Developer as provided by this Agreement, and any other agency having or hereafter acquiring jurisdiction. The design and sizing, including the location of stub outs and/or termination points, of the Improvement Projects shall take into consideration the anticipated development of other land in the District so that the District Area will be provided with adequate water, wastewater, drainage, road, parks, and recreational facilities of consistent quality and on the most economical basis. In addition, the District may require a phase of such facilities

to be sized in order to co-ordinate the construction of the facilities with similar facilities necessary to serve other property within the District Area.

(c) Construction of the Improvement Projects shall be subject to the periodic review, inspection, and approval by the District, which approval shall not be unreasonably withheld or delayed. Developer shall pay the District Engineer for inspections of that portion of the Improvement Projects subject to inspection by the District a fee not to exceed 2% of the costs to construct the Improvement Projects, which fee shall be payable monthly commencing on the date which is 30 days from the commencement of construction of the Improvement Projects. The Developer shall also pay to the City the review and inspection fees of the City for review and inspection services provided by the City or its agents for the construction and installation of Improvement Projects.

2.4. Provision of Improvement Projects. The District shall cooperate with Developer and take all steps necessary to facilitate construction of the Improvement Projects including, but not limited to, causing construction drawings and plans and specifications to be prepared, obtaining all necessary governmental approvals, and bidding and awarding a contract or contracts for the construction, installation or other acquisition of the Improvement Projects, all at the cost of Developer. Developer shall not initiate the bidding for construction of a phase of the Improvement Projects until authorized by the District, which authorization shall not be unreasonably withheld or delayed. The District Engineer shall be responsible for bidding each construction contract and all bids shall be received at an office of the District Engineer. District contracts shall be subject to the competitive bidding requirements of Section 375.221, Local Government Code. Developer shall be solely responsible for all costs and expenses related to such bidding, design and construction of the Improvement Projects, subject to reimbursement by the District as provided herein. Unless otherwise agreed by the Parties, all of such contracts shall reflect the District as “owner,” but Developer as “guarantor of payment” under the contract, for all Improvement Projects. No contracts shall be let for the design or construction of the Improvement Projects without the approval of the Developer. Any contracts entered into by Developer for the design of the Improvement Projects shall be subject to review and approval by the District.

No change in the final plans and specifications for Improvement Projects shall be effected or permitted except pursuant to written change order approved by the District. Such change orders shall clearly state changes to be made and the increase or decrease in costs effected thereby. It is understood and agreed that any change orders are subject to the rules of the TCEQ.

2.5. Payment of Costs. Developer shall make, in a timely fashion, either (1) all payments on the contracts awarded by the District for the construction or other acquisition of the Improvement Projects, including engineering and consultant invoices or (2) advances of money to the District in amounts sufficient to make all such payments. Payment shall be made by Developer only after approval thereof by the District Engineer. Such contracts shall provide that the contractor shall look solely to the Developer for payment of all monies due for construction of the Improvement Projects. Developer shall, within 60 days after making any payment, provide copies to the District of all invoices and certifications recommending payment together with

copies of all cancelled checks (with all such documentation clearly describing the Improvement Projects to which the documentation applies).

2.6. Lienholder Releases. In the event Developer borrows the money for the acquisition or development of the Property or to make payments for the design and construction of the Improvement Projects (or otherwise desires to place a lien on the Property), Developer agrees to: (a) notify the District in writing of the name of such lender; (b) obtain from such lender, and deliver to the District, written releases and/or subordination agreements, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien on any portion of the Improvement Projects and that in the event such lienholder should foreclose on any portion of the Property, such lienholder shall not have any title to the Improvement Projects; (c) obtain from such lender, and deliver to the District, written releases, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien, pledge, or any other interest in this Agreement or to any right, title, or interest of Developer under this Agreement except for the right of Developer to be reimbursed under this Agreement; and (d) obtain from such lender, and deliver to the District, the written acknowledgement of such lender, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), acknowledging and agreeing that should such lender, or its successors or assigns, take title to any portion of the Property, that such lender, and its successors and assigns, shall take title subject to the terms and conditions of this Agreement.

2.7. Easements and Sites. Developer shall cause to be dedicated to the public all easements, sites, and rights-of-way necessary for the installation of the Improvement Projects within the District Area in accordance with Sections 4.05, 4.07 and 4.09 of the Operating Agreement. All costs related thereto shall be paid by Developer and be subject to reimbursement pursuant to and in accordance with applicable rules of the TCEQ and as provided herein. Developer may retain the right to grant other easements within any easement granted to the public (but not within sites granted in fee or rights-of-way granted to the public) or to cross any such easement, as long as such rights are limited to providing for the installation, operation and maintenance of any improvements that benefit the District, do not unreasonably interfere with access and maintenance of public infrastructure within the easement, and comply with all statutes, ordinances, rules and regulations.

2.8. Records. Developer shall keep accurate records itemizing and separating all costs relative to the portions of the Improvement Projects eligible for reimbursement by the District. Within 60 days after the date of the District's receipt of the District Engineer's certificate of completion for each portion of the Improvement Projects, Developer shall deliver to the District copies of all records reasonably requested by the District to evidence that such portion of the Improvement Projects constructed or otherwise acquired by Developer is subject to reimbursement by the District. Such records shall include but shall not be limited to, contracts, requests for payment, engineer's recommendation for payment, and cancelled checks (or other evidence of payment if approved by the TCEQ). Following its delivery of such documentation, Developer's obligation regarding maintenance of its records shall be limited to maintaining its records in its

normal course of business; provided, however, Developer shall not destroy such records for a period of not more than 36 months.

2.9. Further Documentation. Upon completion of any portion of the Improvement Projects, Developer shall cause to be executed any additional documentation reasonably requested by the District to evidence the District's ownership of the Improvement Projects free and clear of any liens, including any acknowledgment from any lienholder on the Property.

### ARTICLE III CONVEYANCE AND MAINTENANCE OF IMPROVEMENTS

3.1. Conveyance of Improvements. The Parties acknowledge and agree that upon completion and acceptance of any portion of the Improvement Projects, the District shall convey such Improvement Projects to the City. All Improvement Projects shall be used to serve the District Area to the fullest extent necessary.

3.2. Maintenance and Operation. Except as provided by law or the Operating Agreement, upon acceptance of title to Improvement Projects by the City, the District shall be relieved of any further responsibility for maintenance and operation thereof. The District shall continue to be responsible for the maintenance of landscaping within road right-of-way and Park Improvements in the District Area.

### ARTICLE IV ASSIGNMENT OF REIMBURSEMENT AMOUNT

4.1. Conditioned Permitted Assignment. Developer shall have the right to assign, pledge, mortgage, transfer, or otherwise encumber all or any portion of the District Reimbursement Amount (hereinafter defined); provided, however, that any such assignment, pledge, mortgage or other transfer or encumbrance (an "Assignment") shall be effective as to the District only upon completion of the following: (a) the execution of an acknowledgement of notice by the District to evidence the District's receipt of notice of such Assignment; and (b) District receipt of a copy of the Assignment as recorded in the Real Property Records of Denton County.

4.2. Conveyance of Property. In the event Developer sells, conveys, or otherwise transfers ownership of any portion of the Property (a "Sale Tract") to any person or entity (a "New Owner") other than a homebuilder or an end-user homeowner, prior to such conveyance Developer shall require New Owner execute a joinder (a "Joinder") to this Agreement (whereupon, New Owner shall be the "Developer" under this Agreement with respect to the Sale Tract, and Developer shall be released from any further obligations under this Agreement with respect to the Sale Tract). Each such Joinder shall provide for the allocation of the maximum amount of the District Reimbursement Amount between the Developer and the New Owner, and the maximum amount of the District Reimbursement Amount payable to the Developer and all New Owners shall never exceed the maximum amount of \$350,000,000 in the aggregate. Such Joinder shall be effective as to the District only upon completion of the following: (a) the

execution of an acknowledgement of notice by the District to evidence the District's receipt of notice of such conveyance; and (b) District receipt of a copy of the conveyance and Joinder as recorded in the Real Property Records of Denton County.

4.3. Reliance. The District shall be entitled to pay any sums due or to become due under this Agreement in accordance with the most recent Assignment or Joinder with respect to which the District has executed an acknowledgement of notice as required hereunder, and the District's records with respect thereto shall be deemed conclusively correct. The District shall not be required to pay any sums due or to become due under this Agreement unless the party claiming such right to receive such sums can prove to the satisfaction of the District compliance with these requirements, and such party's rights thereto.

4.4. District's Rights. In the event any litigation should arise with respect to rights to any monies due or to become due under this Agreement, the District shall continue to have the obligation to issue Bonds to pay such monies, and, at the District's sole and absolute discretion, to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the parties to such monies. No assignment or other transfer by any party of its rights or obligations under this Agreement (even though the District may acknowledge such assignment or transfer) shall constitute a waiver by the District of its rights under this Agreement; and all parties to this Agreement acknowledge and agree that all assignments or transfers shall be subject to the obligation of the assignees or transferees to be bound by the terms of this Agreement.

## ARTICLE V DISTRICT REIMBURSEMENTS

### 5.1. District Reimbursement Amount.

(a) As part of the consideration for the Parties entering into this Agreement, the District shall reimburse Developer for monies advanced or paid by Developer that are eligible for reimbursement by the District, plus the maximum interest allowed by TCEQ rules, including, but not limited to, (i) monies advanced or paid for District Operating Costs, but not to exceed the maximum amount of \$4,000,000; and (ii) monies advanced or paid by Developer for Improvement Projects. However, the total amount that the District is obligated to pay Developer pursuant to this Agreement (the "District Reimbursement Amount") shall not exceed the maximum amount of \$350,000,000 in the aggregate. The District Reimbursement Amount shall be paid in accordance with the provisions of this Agreement, including without limitation the conditions set forth in this Article V, from Bond proceeds or other legally available District funds as permitted by the Operating Agreement. The District Reimbursement Amount shall include all amounts allowed by state law and rules of the TCEQ under its then current rules including, but not limited to, engineering fees, reports, studies, land costs, easement and right-of-way costs, organizational and administrative costs, legal expenses, contract costs, all construction costs, and interest on the monies expended by Developer through the date such monies are paid in accordance with this Agreement.

(b) In the event (and to the extent) the TCEQ determines, in reviewing any Bond application, that any portion of the District Reimbursement Amount may not be reimbursed or interest paid under the rules of the TCEQ, then the District Reimbursement Amount shall be reduced as required by such rules. Subject to Section 2.8 of this Agreement, Developer shall provide the District with such information and documentation as the District may reasonably request to enable the District to calculate interest and verify payments. In the event there is a disagreement between Developer and the District as to whether an expenditure or advance of money by Developer is owed hereunder or eligible to be reimbursed under state law or the rules of the TCEQ, the District shall include such amount in the Bond application and shall provide Developer with the opportunity to submit information and appear before the TCEQ in support of the reimbursement. The District and Developer shall be bound by the decision of the TCEQ.

(c) If reimbursement for any portion of the District Reimbursement Amount is not subject to the rules of the TCEQ, then the District shall reimburse Developer the maximum amount allowed by law and the rules of any state agency having jurisdiction over such reimbursement, including the office of the Attorney General of the State of Texas (the “OAG”). The District shall always be obligated to pay Developer the maximum amount allowed by then-current applicable law and rules and regulations of the TCEQ, but not to exceed the maximum amount of \$350,000,000 in the aggregate.

#### 5.2. Sale and Issuance of District Bonds.

(a) The District hereby agrees to proceed with the sale and issuance, from time to time (and at the earliest possible time), of the Bonds in multiple series to reimburse and pay Developer the District Reimbursement Amount as provided by this Agreement. However, the District and Developer acknowledge and agree that the District shall not issue more than \$395,000,000 aggregate principal amount of Bonds to pay the District Reimbursement Amount. The District Bonds shall be secured by District ad valorem tax revenue (other than the Contract Tax) and any other revenue other than Assessments.

(b) The obligation of the District to sell and issue Bonds for such purposes is subject to the following conditions: (i) approval by the TCEQ (when applicable) of the issuance and sale of the Bonds; (ii) a finding of economic feasibility as set forth in Section 5.4 hereof, (iii) compliance with the District Act, Consent Resolution, Project Agreement and Operating Agreement; (iv) the receipt of a bid and awarding of sale of the Bonds by the District; (v) approval of the Bonds by the Attorney General of the State of Texas; (vi) registration of the Bonds by the Comptroller of Public Accounts of the State; and (vii) the receipt of the proceeds from the sale of the Bonds. The District shall fully cooperate with Developer to cause the foregoing conditions to be satisfied. The District has a continuing obligation to issue and sell the Bonds until Developer has been fully paid the District Reimbursement Amount, subject only to the performance of the additional actions set forth in Section 5.4 of this Agreement.

5.3. Order of Payment. Unless otherwise agreed by the District and Developer, the District shall include in each Bond application the first monies advanced by Developer pursuant to this Agreement that have not yet been reimbursed by the District.

5.4. Bond Issuance Activities. In connection with the issuance of the Bonds, the District shall promptly perform the activities described below. The District shall fully cooperate with Developer and shall complete such activities so that Bonds may be issued at the earliest possible date and the District can fulfill its payment obligations to Developer as provided by this Agreement. The District shall not take any action (or fail to take any action) that may or will reduce any amount owed to Developer pursuant to this Agreement or that may or will delay or impair in any way the issuance of any Bonds or the prompt payment to Developer of the amount owed Developer under this Agreement.

(a) Call elections within the District for authorization by the resident District electors to issue the Bonds from time to time in amounts and within terms sufficient to reimburse Developer for costs of acquiring and constructing the Improvement Projects necessary to serve all of the District Area, and \$4,000,000 of District Operating Costs.

(b) Apply to the TCEQ (when applicable) for approval of the issuance of the Bonds at such time as Developer requests, and upon the District's financial advisor determining that it is feasible for the District to issue the Bonds. A Bond issue will be considered "feasible" if (i) it can be amortized with a debt service tax rate compliant with the Benchmark Tax Rate limitation of the Operating Agreement, based upon existing values and projections of future values located within the Property in accordance with the TCEQ rules and the Operating Agreement, (ii) meets the applicable requirements of the Consent Resolution and Operating Agreement, and (iii) otherwise meets the requirements of the TCEQ and OAG. Developer may request that the Bonds be issued in more than one series, provided that the District shall not be required to issue any series of Bonds in an initial principal amount of less than \$1,000,000 unless it is the last series of Bonds to be issued by the District pursuant to this Agreement. At such time as the District submits each application to the TCEQ for approval of the issuance of any Bonds, the District shall notify Developer in writing of such bond application (and upon request of Developer shall immediately provide a full and complete copy of such bond application) so that Developer can verify that the District is in full compliance with the provisions of this Agreement. In no event shall the District be required to begin the process of issuing any series of bonds (whether or not TCEQ approval is required for such series) until such time as the District's financial advisor determines that such issuance would be financially feasible.

(c) Promptly sell the Bonds after obtaining TCEQ approval (if applicable).

(d) Obtain the OAG approval of the Bonds.

(e) Obtain registration of the Bonds by the Comptroller of Public Accounts and the State of Texas.

(f) Pay Developer in accordance with this Agreement promptly after the closing of the sale of the Bonds.

5.5. Developer Obligations. Developer agrees to cooperate with the District in the preparation of each Bond application and to provide to the District all documents and information reasonably requested by the District: (a) in preparing the Bond application; (b) in otherwise documenting the amounts to be reimbursed pursuant to this Agreement; and (c) to allow completion of a developer reimbursement report by the District's auditor relative to any issuance of Bonds. In addition, Developer agrees to provide the District all information reasonably requested by the District in the preparation of its Official Statement relative to the issuance of the Bonds, including all information and documents needed by the District to comply with Securities and Exchange Commission Rule 15(c)(2)-12.

5.6. Waiver of Exemptions. As a condition to proceeding with the actions set forth in Section 5.4(b), Developer and all holders of a lien on the Property shall enter into an agreement whereby, as to taxes levied by the District, Developer and any subsequent owner of all or any portion of the Property permanently waive the right to claim agricultural, open space, wildlife management, timberland, or inventory valuations for any land, homes or buildings owned by Developer within the District, in accordance with the rules of the TCEQ. Nothing herein shall prevent (a) Developer from maintaining an agricultural exemption over the Property for any taxing jurisdiction other than the District and the City, or (b) a residential homeowner from qualifying for any lawfully available exemption from any taxing jurisdiction, including the District.

5.7. M&O Tax Proceeds and Assessments. The Parties acknowledge and agree that the primary source of funds for payment of the District Reimbursement Amount shall be proceeds of the District Bonds. However, the Developer shall have the right to reimbursement from other legally available funds of the District, including M&O Tax proceeds, contract tax proceeds, or Assessments, to the extent permitted by the Operating Agreement.

## ARTICLE VI ADDITIONAL PROVISIONS

6.1. General. This Agreement and the obligations of the Parties hereunder are subject to the Consent Resolution, the Operating Agreement, and all rules, regulations and laws which may be applicable by the City, the State of Texas, or any regulatory agency having jurisdiction, including the rules of the TCEQ and OAG.

6.2. Recitals. The "Recitals" set forth in this Agreement are true and correct and are incorporated as part of this Agreement.

6.3. Force Majeure. If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of "force majeure" that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period that performance is made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, immediately after the occurrence of any force majeure, the

Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, “force majeure” means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; the issuance of a restraining order by any court having jurisdiction.

6.4. Notices. Any notice required or contemplated by this Agreement shall be deemed given: (a) if mailed via U.S. Mail, Certified Mail Return Receipt Requested, on the earlier of the date actually received at the delivery address or five business days after mailed; (b) if deposited with a private delivery service (such as UPS or FedEx), when delivered, as evidenced by a receipt signed by a person at the delivery address; and (c) if otherwise given (including by FAX or E-mail), when actually received at the delivery address. All notices shall be addressed as set forth below; however, any Party may change its address for purposes of this Agreement by giving notice of such change as provided by this section.

If to the District:

Hunter Ranch Improvement District No. 1 of Denton County  
President, Board of Directors  
c/o Crawford & Jordan LLP  
3100 McKinnon Street  
Suite 1100  
Dallas, Texas 75201  
Phone: 214-981-9090  
E-mail: ccrawford@crawlaw.net

If to Developer:

Petrus Investment, L.P.  
3000 Turtle Creek Blvd.  
Dallas, Texas 75219  
Attn: Mr. Brian Carlock  
Phone: (972) 201-2932  
E-mail: Brian.Carlock@hillwood.com

With a copy to:  
Petrus Investment, L.P.  
3000 Turtle Creek Blvd.  
Dallas, Texas 75219  
Attn: Mr. Ike Robb

Petrus Investment, L.P.  
3000 Turtle Creek Blvd.  
Dallas, Texas 75219  
Attn: Mr. Jeremy Fowler

6.5. Parties In Interest. The Parties intend that the City be a third party beneficiary of this Agreement. This Agreement shall be for the sole and exclusive benefit of the District, Developer (and their successors as permitted by this Agreement), and the City and shall not be construed to confer any benefit or right upon any other party.

6.6. Modification. Except as expressly provided in Sections 6.17 and 6.21 below, this Agreement shall be subject to amendment, change, or modification only with the written consent of Developer and the District.

6.7. Entire Agreement. This Agreement constitutes the entire Agreement between the parties relative to the subject matter hereof. There are no agreements, covenants, representations or warranties between the parties other than those expressly stated or provided for herein, relating to such subject matter. Further, this Agreement shall replace and supersede in all respects any other agreement relating to the subject matter hereof that may be construed to apply to the Property.

6.8. Good Faith Cooperation. The Parties agree to use good faith in the performance of their respective duties and obligations under this Agreement such that the intent of the Parties shall be fulfilled. The Parties further agree to take such additional actions, from time to time, as may be necessary to fully carry out the purposes and intent of this Agreement including, but not limited to, the execution of further documentation.

6.9. Term. In the event that the conservation easement in the form attached to the Project Agreement as **Exhibit "D"** for the Pilot Knob Peak (as defined in the Project Agreement) is not recorded in the real property records of Denton County, Texas, within 180 calendar days from the date of passage of the Consent Resolution, this Agreement shall expire in all respects and no longer be effective or binding upon the Parties. Further, the District shall be considered to have never been created. This Agreement shall remain in effect for a term ending on the earlier of (a) sixty-five (65) years after the Effective Date, or (b) when the District has reimbursed the District Reimbursement Amount.

6.10. Default and Remedies.

(a) Notice. No Party shall be in default under this Agreement until written notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure).

(b) Remedies. If a Party is in default under this Agreement, then the non-defaulting Party shall be entitled to all remedies available under applicable law including, but not limited to, specific performance, injunctive relief, mandamus relief, and damages; provided, however, no Party to this Agreement shall have the right to terminate this Agreement prior to the expiration of its term (and the prohibition against termination of this Agreement applies regardless of the nature or frequency of any default). In addition, once Developer has advanced monies on behalf of the District under this Agreement, the obligation of the District to issue and sell Bonds to reimburse such advances in accordance with this Agreement shall not be affected by any alleged or actual default by the party who has advanced such monies (unless the default constitutes or results in a breach of the TCEQ rules or requirements for such Bond issuance). The failure of any Party to insist, in one or more instances, upon performance by another Party of any provision of this Agreement shall not be construed as a waiver of performance of such provision.

(c) Attorney Fees. If any Party hereto is the prevailing party in any legal proceedings against the other brought under or with relation to this Agreement, such prevailing party shall additionally be entitled to recover court costs and reasonable attorney's fees from the non-prevailing party to such proceedings.

6.11. Assignability. Except as provided in Section 6.21 below, this Agreement shall bind and benefit District and its legal successors and Developer and its legal successors, but shall not otherwise be assignable, in whole or in part, by either party except by supplementary written agreements between the Parties. If the City dissolves the District in its entirety it shall assume the obligations of the District, to the fullest extent provided by law, and this Agreement shall remain in full force and effect in accordance with, and subject to, Section 6.01 of the Operating Agreement. In the event of such dissolution of the District and assumption of this Agreement, the Parties acknowledge and agree that (a) nothing in this Agreement is intended to delegate or impair the performance by the City of its governmental functions, (b) the calling of bond elections and the issuance and sale of bonds, notes or other obligations of the City for payment of any District Reimbursement Amount are governmental functions within the sole discretion of the City Council of the City, and (c) the inability or failure by the City to call bond elections or to issue and sell bonds, notes or other obligations shall not under any circumstances constitute a failure to perform an obligation of, or a default by, the City under this Agreement, and the City shall remain obligated to reimburse the Reimbursement Amount, but such reimbursement may occur only if and when the City determines to issue bonds, notes, or other obligations or use other legally available funds for such purpose.

6.12. Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, (a) the remainder of this Agreement, and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this

Agreement to other persons or circumstances, shall be not be affected thereby and the remainder of this Agreement shall be construed to achieve the intent of the parties and (b) the invalid or unconstitutional provision shall be rewritten to achieve the intent of the parties as expressed in the recitals.

6.13. Consideration. Each Party hereto agrees that the mutual obligations of the parties under this Agreement, including the resulting benefits, constitute due consideration for its execution of this Agreement. In particular, the obligation of Developer to advance monies to the District results in material benefits to the District and constitutes adequate consideration for the District's obligations to issue Bonds from time to time, and otherwise reimburse Developer for monies spent or advanced under this Agreement.

6.14. Construction and Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas. The titles assigned to the various Sections and Articles of this Agreement are for convenience of reference only and shall not be restrictive of the subject matter of any such Section or Article or otherwise affect the meaning, construction, or effect of any part hereof.

6.15. Compliance with Sections 2271.002 and 2252.152, Texas Government Code.

(a) To the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2271.002, Texas Government Code, solely for purposes of compliance with Chapter 2271, Texas Government Code, the Developer hereby verifies that the Developer: (i) does not Boycott Israel (as such term is defined in Section 2271.001, Texas Government Code) and (ii) subject to or as otherwise required by applicable law, including, without limitation, 50 U.S.C. Section 4607, will not Boycott Israel during the term of the Agreement; and

(b) To the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.152, Texas Government Code, solely for the purposes of compliance with Chapter 2252, Texas Government Code, neither the Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Developer is a company currently listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

6.16. Limited Waiver of Sovereign Immunity. The District agrees that this Agreement shall constitute a contract subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code. Further, to the extent allowed by law, the District waives its rights to sovereign immunity as to an action in equity by the Developer for a writ of mandamus of specific performance to enforce all the terms of this Agreement. The District does not waive its rights to sovereign immunity for any other actions permitted by law or for any amount of money beyond the amounts provided in Article V herein.

6.17. Addition of Land to District. In the event that District should add land owned by Developer or an affiliate of Developer to the District (the "Added Land"), the Added Land shall be included within the definition of "Property" for all purposes of this Agreement, and the rights and

obligations of the Parties hereunder shall be expressly applicable to the Added Land without necessity of amendment to this Agreement.

6.18. Governing Law and Venue. THIS AGREEMENT AND THE OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED, CONSTRUED, GOVERNED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. VENUE SHALL BE IN DENTON COUNTY, TEXAS.

6.19. Representations by Developer. The Developer represents and covenants that:

(a) This Agreement, the transactions contemplated herein, and the execution and delivery of this Agreement have been duly authorized by the Developer;

(b) This Agreement, and the representations and covenants contained herein, and the consummation of the transactions contemplated herein, will not violate or constitute a breach of any contract or other agreement to which the Developer is a party; and

(c) The Developer has made or will make sufficient financial arrangements to assure its ability to provide funds to pay District Operating Costs and the costs associated with the acquisition and construction of the Improvement Projects.

6.20. Representations by the District. The District represents and covenants that it will use its best efforts to:

(a) Conduct Bond authorization elections;

(b) Apply for and obtain the approval of the TCEQ for the issuance and sale of the Bonds, subject to the terms and conditions set forth herein;

(c) Market the Bonds, subject to the terms and conditions set forth herein, in the manner contemplated hereby; and

(d) Apply for and obtain the approval of the Attorney General of the State of Texas of the Bonds.

6.21. District Division. In the event the District adopts an order dividing the District, it is required to provide for the division of assets and liabilities between the new districts. The Parties acknowledge and agree that as part of such division, it may be necessary to amend this Agreement by the partial assignment of the rights and obligations of the Parties hereunder between the new districts. In such event, the Parties agree to use good faith in the negotiation and documentation of such amendment and assignment to fully carry out such addition.

6.22. District Dissolution. The Parties acknowledge that the City has the right to dissolve the District pursuant to the provisions of the District Act. The Parties intend for the obligations of the District under this Agreement to constitute “obligations” of the District within the meaning of Section 43.075, Local Government Code, and the District Act. The Parties further intend in the event that the City adopts an ordinance dissolving the District, the City shall assume

the obligations of the District, including under this Agreement, to the fullest extent permitted by law and the terms of the Operating Agreement and this Agreement. The City has agreed to provide the District and Developer nine (9) months advance written notice of its intent to initiate proceedings for the dissolution of the District. Upon receipt of such notice the Parties will meet with the City to confirm the status of the outstanding obligations of each of the Parties under the Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first written above.

**DISTRICT:**

ATTEST:

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY

\_\_\_\_\_  
Secretary, Board of Directors

By: \_\_\_\_\_  
President, Board of Directors

(DISTRICT SEAL)

THE STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_, \_\_\_ President, Board of Directors, Hunter Ranch Improvement District No. 1 of Denton County, a political subdivision of the State of Texas, on behalf of said political subdivision.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

**DEVELOPER:**

PETRUS INVESTMENT, L.P.,  
a Texas limited partnership

By: PMC Management, L.P.,  
a Texas limited partnership,  
its general partner

By: Hillwood Development Company, LLC,  
a Texas limited liability company,  
its general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS                   §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by \_\_\_\_\_, \_\_\_\_\_ of Hillwood Development Company, LLC, as general partner of PMC Management, L.P., as general partner of Petrus Investment, L.P. on behalf of said company and partnerships.

\_\_\_\_\_  
Notary Public in and for T E X A S

EXHIBIT A  
PROPERTY DESCRIPTION

EXHIBIT B  
SPECIAL CONDITION

Notwithstanding any other items, conditions, or provisions of the general or special conditions or any other provisions of the Contract Documents to the contrary, \_\_\_\_\_ (the "District") shall be deemed and considered as the "Owner" for all purposes under the Contract Documents, except for purposes of making payment to the Contractor of all or any portion of sums due or to become due to Contractor pursuant to or in relation to this Contract, including any damages which may ever become due under the Contract and including any costs associated with any change orders to the Contract. After submission to and approval by the District, the Contractor agrees to and shall look solely to \_\_\_\_\_ ("Developer"), for payment of all construction estimates, invoices or other sums, of whatever kind or nature, due or to become due pursuant to or in relation to this Contract, and the District shall never be responsible to the Contractor; therefore, Developer, agrees to make all payments to Contractor in accordance with the terms hereof. It is agreed that a default by Developer in making such payments to the Contractor shall constitute a default by Owner and shall entitle the Contractor to all rights and remedies arising under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

Developer reserves the right to assign its obligations hereunder to the District, subject to written acceptance thereof by the District. A copy of any such assignment and the acceptance thereof by the District shall be provided to the Contractor, and thereafter the District shall be obligated to make further payments due the Contractor pursuant to this Contract.

For purposes of convenient administration of this Contract, District may from time to time make payments due the Contractor pursuant to this Contract from funds advanced to the District by Developer or from other sources available to the District; provided, however, no such payment by the District will obligate the District to make further payments due the Contractor pursuant to this Contract (and Developer, shall remain liable to make such future payments), unless and until District has accepted an assignment of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

"CONTRACTOR"

"DISTRICT"

\_\_\_\_\_

\_\_\_\_\_

[DEVELOPER]

---

**EXHIBIT J - DISTRICT CERTIFICATION**

**EXHIBIT J**  
**DISTRICT CERTIFICATION**

[DATE]

Name of Issuer: Hunter Ranch Improvement District No. 1 of Denton County  
Name of Bond Issue: \$\_\_\_\_\_, \_\_\_\_\_ Bonds, Series  
\_\_\_\_\_  
(Hunter Ranch Improvement District No. 1 of Denton County)

Re: District Certification

To whom it may concern:

This District Certification is being delivered pursuant to the Operating Agreement (the "Operating Agreement"), dated as of April 7, 2020, between the City of Denton, Texas, a Texas Home Rule municipality (the "City"), and the Hunter Ranch Improvement District No. 1 of Denton County (the "District"), as a condition precedent to the District issuing the referenced series of bonds (the "Bonds") to reimburse \_\_\_\_\_ (the "Developer(s)") for funds advanced for the Improvement Projects for which the Bonds are to be issued. The capitalized terms used herein shall have the meanings ascribed to them in the Operating Agreement unless otherwise specifically defined herein. The District hereby makes the following certifications:

1. True and correct copies of the documents authorizing the Bonds are enclosed herewith.
2. Certifications from each Developer in the District (which are listed below, along with amounts to be reimbursed from proceeds of the Bonds, if any) certifying compliance with the terms and conditions of its Project Agreement with the City are enclosed herewith.

Developer	Project Agreement	Reimbursement Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. The District is in compliance in all material respect with the provisions of the District Act relating to the proposed issuance of the Bonds and construction of the Improvement Projects for which the Bonds are to be issued.
4. The District is in compliance with the terms and conditions set out in SECTION 4 of the City of Denton Resolution No. 20-765 consenting to the creation of the District.

CITY BENCHMARK CRITERIA (Y/N)

(b) Construction of Improvement Projects

Use of Bonds proceeds limited to Improvement Projects (See Exhibit A hereto) \_\_\_\_\_

Improvement Projects to be funded by Bonds designed and constructed in accordance with City plans and specifications \_\_\_\_\_

Improvement Projects to be funded by Bonds conveyed to City \_\_\_\_\_

(c) Issuance of Bonds

Bonds payable solely from District ad valorem taxes (other than the Contract Tax) and/or revenues **OTHER THAN** special District assessments, City ad valorem taxes or other City revenues \_\_\_\_\_

Bonds have maximum maturity of 30 years or less, with right to redeem within 10 years \_\_\_\_\_

Bonds publicly bid \_\_\_\_\_

Bonds not sold for less than 95% par value \_\_\_\_\_

Bond net effective interest rate does not exceed 2% above highest average interest rate reported in "20 Bond Index" during preceding month \_\_\_\_\_

Bonds, when combined with outstanding District bonds, do not exceed 10% of assessed value of all real property in District \_\_\_\_\_

(d) Boundary Changes/(e) District Division

All District boundary changes approved by City Council \_\_\_\_\_

Joinders or new agreements provided for all District divisions \_\_\_\_\_

5. The District is in compliance with the terms and conditions of the Operating Agreement.

CITY BENCHMARK CRITERIA (Y/N)

3.05 Financial Reporting.

All specified reports filed with City \_\_\_\_\_

5.01 General Bond Authority.

Improvement Project Construction Status \_\_\_\_\_  
(See Exhibit A hereto)

Proposed developer reimbursement amount (\$\_\_\_\_\_) \_\_\_\_\_  
within remaining cap limitation \_\_\_\_\_  
(Current remaining authorized amount -\$\_\_\_\_\_)

Proposed Bond amount (\$\_\_\_\_\_) within remaining cap limitation \_\_\_\_\_  
(Current remaining authorized amount -\$\_\_\_\_\_)

5.02 Terms and Conditions.

TCEQ and AG feasibility requirements met \_\_\_\_\_

Debt service tax rate for Bonds and outstanding bonds,  
current M&O Tax rate, and Assessment rate, within Benchmark  
Tax Rate limitation (\$0.49) \_\_\_\_\_

TCEQ bond application or road bond information for Bonds filed  
with City within specified time limits \_\_\_\_\_

Any projection of growth in District assessed valuation used to  
support feasibility of Bonds limited to 2 years and supported by  
market study \_\_\_\_\_

5.06 Final Bond Documents and Reports.

All specified reports relating to each outstanding series of bonds  
filed with City \_\_\_\_\_

6. No outstanding bonds are in default and no reserve funds have been drawn upon that have not been replenished in accordance with applicable bond order, resolution or indenture requirements.

Any and all information provided by the District, contained in this certification, to the best knowledge of the undersigned, is true and correct, as of \_\_\_\_\_, 20\_\_.

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS                   §  
  §  
COUNTY OF DENTON           §

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_,  
\_\_\_\_\_, the \_\_\_\_\_ of Hunter Ranch Improvement District No. 1 of Denton County  
on behalf of said district.

\_\_\_\_\_  
Notary Public, State of Texas

EXHIBIT A

IMPROVEMENT PROJECT  
CONSTRUCTION STATUS

**EXHIBIT K - CITY OFFSITES**

**EXHIBIT K - CITY OFF-SITES**

Project Number	Project Name	Project Type	Construction Party	Service	Facility Type	Required Right of Way	City Utilization	Development Utilization	Estimate	City Cost	MMD/ Development Cost	MMD Reimbursement?	COD Off-Site/ MMD Participation	Ownership	Maintainance
O-2	Southwest Pump Station Improvements	Offsite	COD	Water			15.00%	85.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,376,250	COD	COD
O-3	36/42-inch North Loop 288 Transmission Main	Offsite	COD	Water			20.00%	80.00%	\$ 48,614,700	\$ 48,614,700	\$ -	N/A	\$ 38,891,760	COD	COD
O-4	Highway 380 Pump Station Improvements Phase 1	Offsite	COD	Water			10.00%	90.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,692,500	COD	COD
O-5	36-inch West Loop 288 Transmission Main	Offsite	COD	Water			10.00%	90.00%	\$ 7,120,400	\$ 7,120,400	\$ -	N/A	\$ 6,408,360	COD	COD
O-8	Highway 380 Pump Station Improvements Phase 2	Offsite	COD	Water			10.00%	90.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,692,500	COD	COD
O-9	16-inch Jim Christal Transmission Main	Offsite	COD	Water			30.00%	70.00%	\$ 4,528,200	\$ 4,528,200	\$ -	N/A	\$ 3,169,740	COD	COD
O-3	Proposed Diversion Lift Station	Offsite	COD	Wastewater			50.00%	50.00%	\$ 10,007,600	\$ 10,007,600	\$ -	N/A	\$ 5,003,800	COD	COD
51039	Jim Christal Road - East of Loop 288	Offsite	COD	Roads	Minor	4-lane divided	98.59%	1.41%	\$ 19,674,900	\$ 19,674,900	\$ -	N/A	\$ 277,416	COD	COD
45891	Vintage Blvd - East of IH 35W	Offsite	COD/County	Roads	Principal	6-lane divided	90.57%	9.43%	\$ 15,000,700	\$ 15,000,700	\$ -	N/A	\$ 1,414,566	COD	COD
52776	R2/Allred Road - East of R9/West of US 377	Offsite	COD	Roads	Principal	6-lane divided	93.75%	6.25%	\$ 11,589,900	\$ 11,589,900	\$ -	N/A	\$ 724,369	COD	COD
52709	Crawford Road - West of IH 35 W	Offsite	TXDOT/COD/County	Roads	Minor	4-lane divided	83.87%	16.13%	\$ 11,470,700	\$ 11,470,700	\$ -	N/A	\$ 1,850,224	COD	COD
52758	Robson Ranch - East/West of R1	Offsite	TXDOT/COD/County	Roads	Principal	6-lane divided	90.77%	9.23%	\$ 8,383,600	\$ 8,383,600	\$ -	N/A	\$ 773,806	COD	COD
52808	R8 - Underwood Dr - North of Cole Property	Offsite	COD	Roads	Principal	4-lane divided	57.89%	42.11%	\$ 12,160,800	\$ 12,160,800	\$ -	N/A	\$ 5,120,913	COD	COD
52897	R6 - North of Tom Cole Rd	Offsite	COD	Roads	Minor	4-lane divided	100.00%	0.00%	\$ 11,398,100	\$ 11,398,100	\$ -	N/A	\$ -	COD	COD
									<b>\$ 178,924,600</b>	<b>\$ 178,924,600</b>	<b>\$ -</b>		<b>\$ 80,396,204</b>		

\*MMD Reimbursement for M&O is limited to \$8,000,000

Note - The cost of the "MMD" facilities noted above will be determined by future studies, analysis or designs that will further define the proportional benefit to the individual districts.

**FIGURE 1**  
**CITY OF DENTON**  
**WATER DISTRIBUTION SYSTEM**  
**RECOMMENDED IMPROVEMENTS**  
**OFFSITE PROJECTS**

- LEGEND**
- Pressure Reducing Valve
  - Pump Station
  - Ground Storage Tank
  - Elevated Storage Tank
  - Water Treatment Plant
  - Under Design/Construction Water Line
  - 10" and Smaller Water Line
  - 12" and Larger Water Line
  - Road
  - Railroad
  - Stream
  - Lake
  - Parcel
  - Hunter/Cole Development
  - City Limit
  - ETJ Boundary
  - Other City Limit

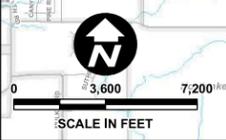
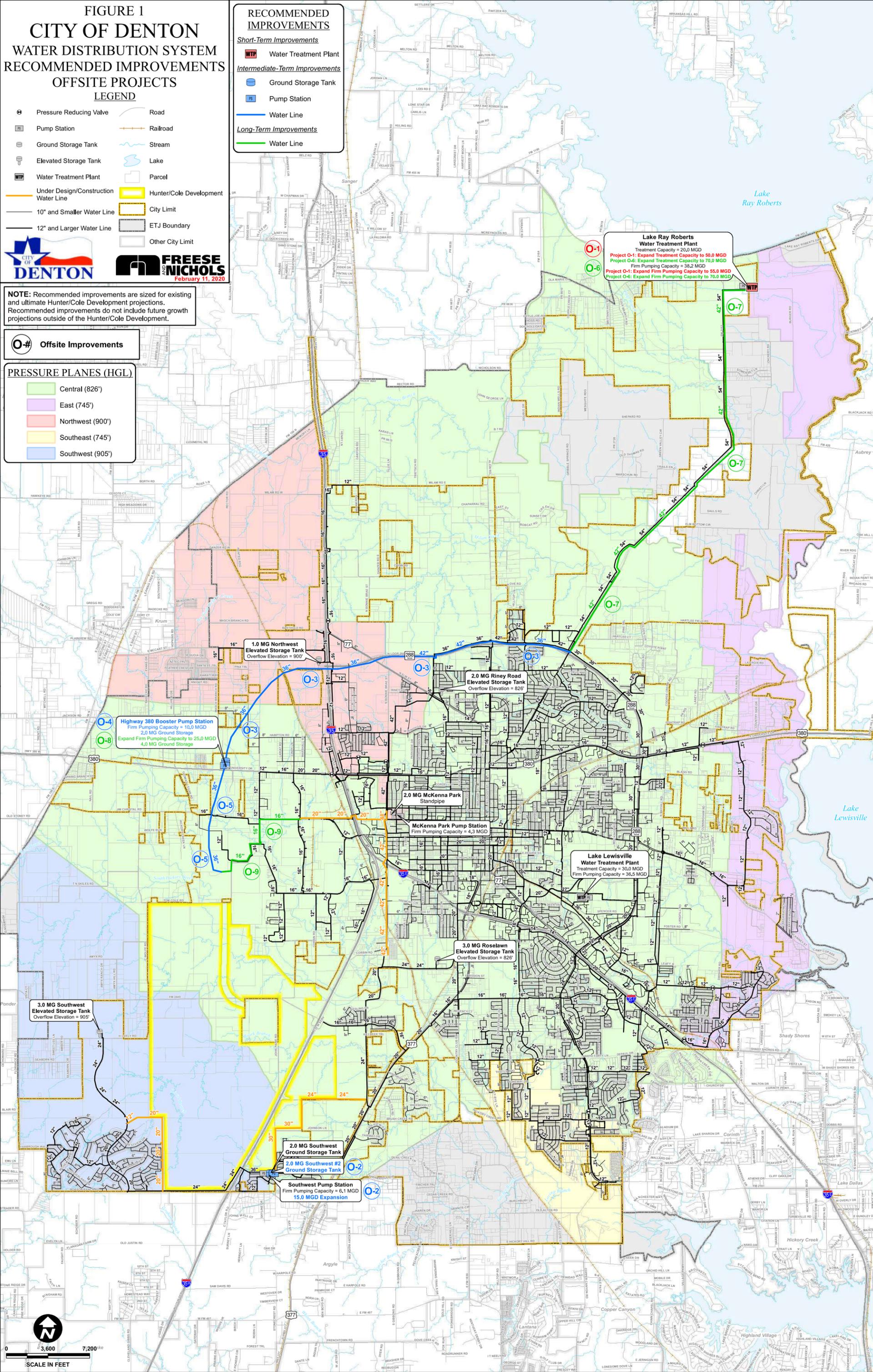
- RECOMMENDED IMPROVEMENTS**
- Short-Term Improvements**
- Water Treatment Plant
- Intermediate-Term Improvements**
- Ground Storage Tank
  - Pump Station
- Long-Term Improvements**
- Water Line



**NOTE:** Recommended improvements are sized for existing and ultimate Hunter/Cole Development projections. Recommended improvements do not include future growth projections outside of the Hunter/Cole Development.

**Offsite Improvements**

- PRESSURE PLANES (HGL)**
- Central (826')
  - East (745')
  - Northwest (900')
  - Southeast (745')
  - Southwest (905')

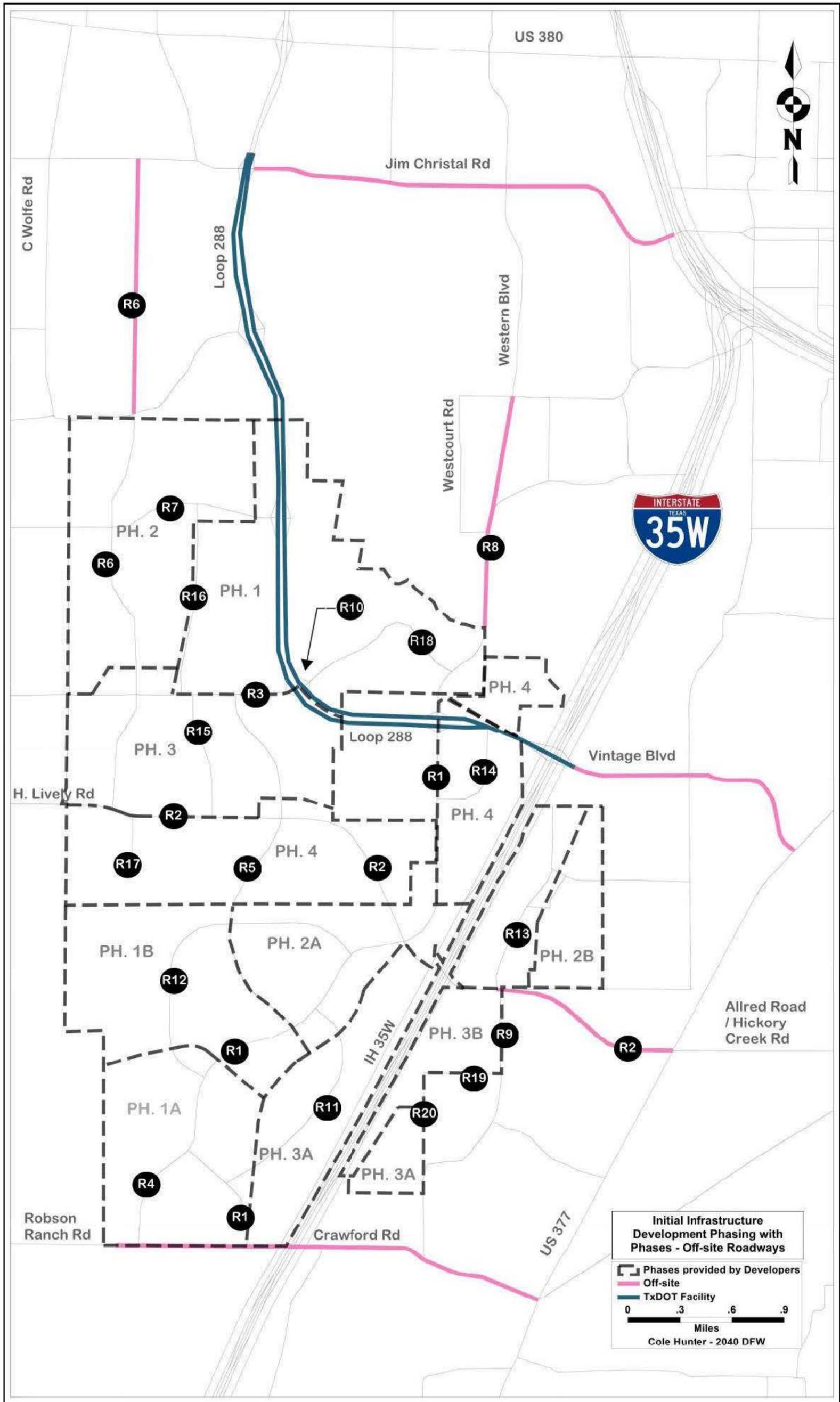


Created by Freese and Nichols, Inc.  
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 Document Title: Exhibit K1-A - Maps of City Offsites  
 User Name: 0389



**EXHIBIT K1-C - MAPS OF CITY OFFSITES**

**Planning Level Infrastructure Development Phasing Map – Off-site Roadways with Phase Boundaries**



**EXHIBIT L - LIST OF IMPROVEMENT PROJECTS**

**Exhibit L - List of Improvement Projects**

Project Number	Project Name	Project Type	Construction Party	Service	Facility Type	Required Right of Way	City Utilization	Development Utilization	Estimate	City Cost	MMD/	MMD Reimbursement?	COD Off-Site/ Participation	MMD Ownership	MMD Maintainance
											Development Cost				
D-1	12/20-inch Robson Ranch Transmission Main	Offsite	MMD	Water					\$ 2,856,600	\$ -	\$ 2,856,600	Eligible	N/A	COD	COD
D-2	36-inch I-35 Transmission Main	Offsite	MMD	Water					\$ 13,405,900	\$ -	\$ 13,405,900	Eligible	N/A	COD	COD
D-3	30-inch Cole Ranch Transmission Main	Offsite	MMD	Water					\$ 12,266,600	\$ -	\$ 12,266,600	Eligible	N/A	COD	COD
D-4	24-inch Southwest EST Transmission Main	Offsite	MMD	Water					\$ 12,151,900	\$ -	\$ 12,151,900	Eligible	N/A	COD	COD
D-5	12/16-inch John Pane Transmission Main	Onsite	MMD	Water					\$ 4,388,000	\$ -	\$ 4,388,000	Eligible	N/A	COD	COD
D-6	12-inch Underwood Transmission Main	Offsite	MMD	Water					\$ 2,888,200	\$ -	\$ 2,888,200	Eligible	N/A	COD	COD
D-7	2.0 MG Hunter Cole Elevated Storage Tank & 24-inch Water Line	Onsite	MMD	Water					\$ 10,841,900	\$ -	\$ 10,841,900	Eligible	N/A	COD	COD
D-8	12/16-inch Hunter Ranch Transmission Main	Onsite	MMD	Water					\$ 5,896,600	\$ -	\$ 5,896,600	Eligible	N/A	COD	COD
D-9	12-inch Cole Ranch Looping Transmission Main	Onsite	MMD	Water					\$ 4,326,700	\$ -	\$ 4,326,700	Eligible	N/A	COD	COD
D-10	12-inch Hunter Ranch Looping Transmission Main	Onsite	MMD	Water					\$ 2,284,300	\$ -	\$ 2,284,300	Eligible	N/A	COD	COD
D-1	27-inch Cole Ranch Interceptor Phase-2	Offsite	MMD	Wastewater					\$ 14,177,100	\$ -	\$ 14,177,100	Eligible	N/A	COD	COD
D-2	24/36-inch Roark Branch Interceptor Phase 1	Offsite	MMD	Wastewater					\$ 11,915,200	\$ -	\$ 11,915,200	Eligible	N/A	COD	COD
D-3	24-inch Creekway Drive Interceptor	Offsite	MMD	Wastewater					\$ 8,440,800	\$ -	\$ 8,440,800	Eligible	N/A	COD	COD
D-4	21/27/30-inch Roark Branch Interceptor Phase 2	Onsite	MMD	Wastewater					\$ 17,108,800	\$ -	\$ 17,108,800	Eligible	N/A	COD	COD
D-5	8/12/15-inch Hunter Ranch West Collectors	Onsite	MMD	Wastewater					\$ 4,772,100	\$ -	\$ 4,772,100	Eligible	N/A	COD	COD
D-6	8/12/15/21-inch Cole Ranch Collectors	Onsite	MMD	Wastewater					\$ 13,032,000	\$ -	\$ 13,032,000	Eligible	N/A	COD	COD
D-7	27-inch Cole Ranch Interceptor Phase 1	Offsite	MMD	Wastewater					\$ 3,975,300	\$ -	\$ 3,975,300	Eligible	N/A	COD	COD
D-8	8/12/15-inch Hunter Ranch East Collectors	Onsite	MMD	Wastewater					\$ 7,525,900	\$ -	\$ 7,525,900	Eligible	N/A	COD	COD
D-9	8/12/15-inch Hunter Ranch Central Collectors	Onsite	MMD	Wastewater					\$ 5,737,900	\$ -	\$ 5,737,900	Eligible	N/A	COD	COD
D-10	8/15-inch Hunter Ranch South Collectors	Onsite	MMD	Wastewater					\$ 4,254,800	\$ -	\$ 4,254,800	Eligible	N/A	COD	COD
O-1	Lake Ray Roberts WTP Expansion #1	Offsite	COD	Water			60.00%	40.00%	\$ 70,020,000	\$ 70,020,000	\$ -	N/A	N/A	COD	COD
O-2	Southwest Pump Station Improvements	Offsite	COD	Water			15.00%	85.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,376,250	COD	COD
O-3	36/42-inch North Loop 288 Transmission Main	Offsite	COD	Water			20.00%	80.00%	\$ 48,614,700	\$ 48,614,700	\$ -	N/A	\$ 38,891,760	COD	COD
O-4	Highway 380 Pump Station Improvements Phase 1	Offsite	COD	Water			10.00%	90.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,692,500	COD	COD
O-5	36-inch West Loop 288 Transmission Main	Offsite	COD	Water			10.00%	90.00%	\$ 7,120,400	\$ 7,120,400	\$ -	N/A	\$ 6,408,360	COD	COD
O-6	Lake Ray Roberts WTP Expansion #2	Offsite	COD	Water			50.00%	50.00%	\$ 50,331,000	\$ 50,331,000	\$ -	N/A	N/A	COD	COD
O-7	42-inch LRRWTP Transmission Main	Offsite	COD	Water			40.00%	60.00%	\$ 57,716,700	\$ 57,716,700	\$ -	N/A	N/A	COD	COD
O-8	Highway 380 Pump Station Improvements Phase 2	Offsite	COD	Water			10.00%	90.00%	\$ 6,325,000	\$ 6,325,000	\$ -	N/A	\$ 5,692,500	COD	COD
O-9	16-inch Jim Christal Transmission Main	Offsite	COD	Water			30.00%	70.00%	\$ 4,528,200	\$ 4,528,200	\$ -	N/A	\$ 3,169,740	COD	COD
O-1	Proposed Hickory Creek WRP Phase 1	Offsite	COD	Wastewater			20.00%	80.00%	\$ 65,010,100	\$ 65,010,100	\$ -	N/A	N/A	COD	COD
O-2	Proposed Hickory Creek WRP Phase 2	Offsite	COD	Wastewater			5.00%	95.00%	\$ 44,850,000	\$ 44,850,000	\$ -	N/A	N/A	COD	COD
O-3	Proposed Diversion Lift Station	Offsite	COD	Wastewater			50.00%	50.00%	\$ 10,007,600	\$ 10,007,600	\$ -	N/A	\$ 5,003,800	COD	COD
O-4	12/15-inch Robson Ranch Interceptor	Offsite	COD	Wastewater			100.00%	0.00%	\$ 4,884,200	\$ 4,884,200	\$ -	N/A	N/A	COD	COD
O-5	Proposed Hickory Creek WRP Phase 3	Offsite	COD	Wastewater			40.00%	60.00%	\$ 74,750,000	\$ 74,750,000	\$ -	N/A	N/A	COD	COD
52925	Loop 288 SB - North of R7	Offsite	TXDOT	Roads	Freeway	6-lane divided			\$ -	\$ -	\$ -	N/A	N/A	TXDOT	TXDOT
52946	Loop 288 SB - West of R1	Offsite	TXDOT	Roads	Freeway	6-lane divided			\$ -	\$ -	\$ -	N/A	N/A	TXDOT	TXDOT
51039	Jim Christal Road - East of Loop 288	Offsite	COD	Roads	Minor	4-lane divided	98.59%	1.41%	\$ 19,674,900	\$ 19,674,900	\$ -	N/A	\$ 277,416	COD	COD
45891	Vintage Blvd - East of IH 35W	Offsite	COD/County	Roads	Principal	6-lane divided	90.57%	9.43%	\$ 15,000,700	\$ 15,000,700	\$ -	N/A	\$ 1,414,566	COD	COD
52790	R3/FM 2449 - West of Loop 288	Onsite	MMD	Roads	Principal	6-lane divided			\$ 12,500,200	\$ -	\$ 12,500,200	Eligible	N/A	COD/TXDOT	COD/TXDOT
52776	R2/Allred Road - East of R9/West of US 377	Offsite	COD	Roads	Principal	6-lane divided	93.75%	6.25%	\$ 11,589,900	\$ 11,589,900	\$ -	N/A	\$ 724,369	COD	COD
52771	R2/Allred Road - East of John Paine Road	Onsite	MMD	Roads	Principal	6-lane divided			\$ 7,775,700	\$ -	\$ 7,775,700	Eligible	N/A	COD	COD
52773	R2/Allred Road - West of John Paine Road	Onsite	MMD	Roads	Principal	6-lane divided			\$ 26,420,500	\$ -	\$ 26,420,500	Eligible	N/A	COD	COD
52709	Crawford Road - West of IH 35 W	Offsite	TXDOT/COD/County	Roads	Minor	4-lane divided	83.87%	16.13%	\$ 11,470,700	\$ 11,470,700	\$ -	N/A	\$ 1,850,224	COD	COD
52758	Robson Ranch - East/West of R1	Offsite	TXDOT/COD/County	Roads	Principal	6-lane divided	90.77%	9.23%	\$ 8,383,600	\$ 8,383,600	\$ -	N/A	\$ 773,806	COD	COD
52879	R6 - South of FM 2449	Onsite	MMD	Roads	Minor	4-lane divided			\$ 24,968,700	\$ -	\$ 24,968,700	Eligible	N/A	COD	COD
52866	R7 - West of Loop 288	Onsite	MMD	Roads	Minor	4-lane divided			\$ 10,551,700	\$ -	\$ 10,551,700	Eligible	N/A	COD	COD
52823	R16 - North of FM 2449	Onsite	MMD	Roads	Collector	4-lane divided			\$ 9,842,200	\$ -	\$ 9,842,200	Eligible	N/A	COD	COD
52943	R10 - East of Loop 288	Onsite	MMD	Roads	Minor	4-lane divided			\$ 1,596,100	\$ -	\$ 1,596,100	Eligible	N/A	COD	COD
52872	R18 - West of John Paine Road	Onsite	MMD	Roads	Collector	4-lane divided			\$ 8,423,500	\$ -	\$ 8,423,500	Eligible	N/A	COD	COD
52791	R15 - North of Allred Road	Onsite	MMD	Roads	Collector	4-lane divided			\$ 6,384,200	\$ -	\$ 6,384,200	Eligible	N/A	COD	COD
52828	R5 - North of Allred Road	Onsite	MMD	Roads	Minor	4-lane divided			\$ 19,684,500	\$ -	\$ 19,684,500	Eligible	N/A	COD	COD
52853	R13 - North of R2	Onsite	MMD	Roads	Collector	4-lane divided			\$ 10,019,600	\$ -	\$ 10,019,600	Eligible	N/A	COD	COD
52767	R12 - West of R4	Onsite	MMD	Roads	Collector	4-lane divided			\$ 17,379,400	\$ -	\$ 17,379,400	Eligible	N/A	COD	COD
52953	R1/John Paine Road - North/South of Allred Road	Onsite	MMD	Roads	Principal	4-lane divided			\$ 41,787,600	\$ -	\$ 41,787,600	Eligible	N/A	COD	COD
52756	R4 - North of Robson Ranch Road	Onsite	MMD	Roads	Principal	4-lane divided			\$ 6,445,300	\$ -	\$ 6,445,300	Eligible	N/A	COD	COD
52777	R9 - South of Allred Road	Onsite	MMD	Roads	Minor	4-lane divided			\$ 4,344,600	\$ -	\$ 4,344,600	Eligible	N/A	COD	COD
52824	R11 - East of R4	Onsite	MMD	Roads	Collector	4-lane divided			\$ 12,058,900	\$ -	\$ 12,058,900	Eligible	N/A	COD	COD
52782	R19 - West of R9	Onsite	MMD	Roads	Collector	4-lane divided			\$ 3,901,400	\$ -	\$ 3,901,400	Eligible	N/A	COD	COD
52782	R20 - West of R9	Onsite	MMD	Roads	Collector	4-lane divided			\$ 2,926,000	\$ -	\$ 2,926,000	Eligible	N/A	COD	COD
52808	R8 - North of Loop 288	Onsite	MMD	Roads	Principal	4-lane divided			\$ 5,546,100	\$ -	\$ 5,546,100	Eligible	N/A	COD	COD
52808	R8 - Underwood Dr - North of Cole Property	Offsite	COD	Roads	Principal	4-lane divided	57.89%	42.11%	\$ 12,160,800	\$ 12,160,800	\$ -	N/A	\$ 5,120,913	COD	COD
52897	R6 - North of Tom Cole Rd	Offsite	COD	Roads	Minor	4-lane divided	100.00%	0.00%	\$ 11,398,100	\$ 11,398,100	\$ -	N/A	\$ -	COD	COD
52807	R14 - Hunter NE Collector	Onsite	MMD	Roads	Collector	4-lane divided			\$ 5,675,000	\$ -	\$ 5,675,000	Eligible	N/A	COD	COD
52788	R17 - Cole - West Collector	Onsite	MMD	Roads	Collector	4-lane divided			\$ 2,926,000	\$ -	\$ 2,926,000	Eligible	N/A	COD	COD

Hunter - 54 Acre City Park	Amenity	Developer	Parks	\$	3,959,000	\$-	\$	3,959,000	N/A	N/A	COD	District	
Hunter - 5 Acre Neighborhood Park 1 (5 acres)	Amenity	Developer	Parks	\$	825,000	\$-	\$	825,000	N/A	N/A	COD	District	
Hunter - 5 Acre Neighborhood Park 2 (5 acres)	Amenity	Developer	Parks	\$	825,000	\$-	\$	825,000	N/A	N/A	COD	District	
Hunter - Dog Park (2 acres)	Amenity	Developer	Parks	\$	450,000	\$-	\$	450,000	N/A	N/A	District	District	
Hunter - 10' Regional Trails Right of Way (5.4 miles)	Amenity	MMD	Parks	\$	3,379,050	\$-	\$	3,379,050	Eligible	N/A	COD	District	
Hunter - 10' Regional Trails Other (5.6 miles)	Amenity	Developer	Parks	\$	3,504,200	\$-	\$	3,504,200	N/A	N/A	District	District	
Hunter - 6' Community Trails Right of Way (.8 miles)	Amenity	MMD	Parks	\$	268,104	\$-	\$	268,104	Eligible	N/A	COD	District	
Hunter - 6' Community Trails Other (15.4 miles)	Amenity	Developer	Parks	\$	5,161,002	\$-	\$	5,161,002	N/A	N/A	District	District	
Hunter - 6' Community Trails Highway (4.8 miles)	Amenity	Developer	Parks	\$	1,608,624	\$-	\$	1,608,624	N/A	N/A	TXDOT	District	
Hunter - Pocket Park (15)	Amenity	Developer	Private	\$	1,875,000	\$-	\$	1,875,000	N/A	N/A	District	District	
Hunter - Amenity Centers (2)	Amenity	Developer	Private	\$	18,000,000	\$-	\$	18,000,000	N/A	N/A	HOA	HOA	
Hunter - Town Center Green	Amenity	Developer	Private	\$	2,000,000	\$-	\$	2,000,000	N/A	N/A	District	District	
Hunter - Development Art (3)	Amenity	Developer	Private	\$	750,000	\$-	\$	750,000	N/A	N/A	District	District	
Hunter - Entries - Primary (3)	Amenity	Developer	Private	\$	1,050,000	\$-	\$	1,050,000	N/A	N/A	District	District	
Hunter - Entries - Secondary (2)	Amenity	Developer	Private	\$	250,000	\$-	\$	250,000	N/A	N/A	District	District	
Hunter - Entries - Neighborhood (23)	Amenity	Developer	Private	\$	1,150,000	\$-	\$	1,150,000	N/A	N/A	District	District	
Hunter - Streetscape-Signature Parkway	Amenity	Developer	Private	\$	11,323,315	\$-	\$	11,323,315	Eligible	N/A	COD	District	
Hunter - Streetscape-Urban Blvd	Amenity	Developer	Private	\$	4,866,906	\$-	\$	4,866,906	Eligible	N/A	COD	District	
Hunter - Gas Wells	Amenity	Developer	Private	\$	7,020,552	\$-	\$	7,020,552	N/A	N/A	District	District	
Hunter - Screen wall	Amenity	Developer	Private	\$	422,500	\$-	\$	422,500	N/A	N/A	District	District	
Cole - 50 Acre City Park	Amenity	Developer	Parks	\$	3,959,000	\$-	\$	3,959,000	N/A	N/A	COD	District	
Cole - 5 Acre Neighborhood Park 1 (5 acres)	Amenity	Developer	Parks	\$	825,000	\$-	\$	825,000	N/A	N/A	COD	District	
Cole - 5 Acre Neighborhood Park 2 (5 acres)	Amenity	Developer	Parks	\$	825,000	\$-	\$	825,000	N/A	N/A	COD	District	
Cole - Dog Park (2 acres)	Amenity	Developer	Parks	\$	450,000	\$-	\$	450,000	N/A	N/A	District	District	
Cole - 10' Regional Trails Right of Way (6.9 miles)	Amenity	MMD	Parks	\$	4,279,725	\$-	\$	4,279,725	Eligible	N/A	District	District	
Cole - 10' Regional Trails Other (5.1 miles)	Amenity	Developer	Parks	\$	3,163,275	\$-	\$	3,163,275	N/A	N/A	District	District	
Cole - 6' Community Trails Right of Ways (.8 miles)	Amenity	MMD	Parks	\$	268,104	\$-	\$	268,104	Eligible	N/A	COD	District	
Cole - 6' Community Trails Other (12.7 miles)	Amenity	Developer	Parks	\$	4,256,151	\$-	\$	4,256,151	N/A	N/A	District	District	
Cole - 6' Community Trails Highway (.5 miles)	Amenity	Developer	Parks	\$	167,565	\$-	\$	167,565	N/A	N/A	TXDOT	District	
Cole - Pocket Park (15)	Amenity	Developer	Private	\$	1,875,000	\$-	\$	1,875,000	N/A	N/A	District	District	
Cole - Amenity Centers (2)	Amenity	Developer	Private	\$	18,000,000	\$-	\$	18,000,000	N/A	N/A	HOA	HOA	
Cole - Development Art (3)	Amenity	Developer	Private	\$	750,000	\$-	\$	750,000	N/A	N/A	District	District	
Cole - Entries - Primary (2)	Amenity	Developer	Private	\$	700,000	\$-	\$	700,000	N/A	N/A	District	District	
Cole - Entries - Secondary (1)	Amenity	Developer	Private	\$	125,000	\$-	\$	125,000	N/A	N/A	District	District	
Cole - Entries - Neighborhood (36)	Amenity	Developer	Private	\$	1,800,000	\$-	\$	1,800,000	N/A	N/A	District	District	
Cole - Streetscape-Signature Parkway	Amenity	Developer	Private	\$	12,258,497	\$-	\$	12,258,497	Eligible	N/A	COD	District	
Cole - Streetscape-Urban Blvd	Amenity	Developer	Private	\$	3,642,075	\$-	\$	3,642,075	Eligible	N/A	COD	District	
Cole - Streetscape-Collector	Amenity	Developer	Private	\$	12,669,100	\$-	\$	12,669,100	Eligible	N/A	COD	District	
Cole - Gas Wells	Amenity	Developer	Private	\$	7,522,020	\$-	\$	7,522,020	N/A	N/A	District	District	
LDDS-1 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage	\$	15,120,000	\$	-	\$	15,120,000	Eligible	N/A	District	District
LDDS-2 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage	\$	13,230,000	\$	-	\$	13,230,000	Eligible	N/A	District	District
LDDS-3 (Lakes/Drainage/Dams/Spillways)	Offsite	MMD	Drainage		9,450,000			9450000	Eligible	N/A	District	District	
West Side Service Center	Land & Funding	COD	Funding	\$	525,000	\$	-	\$	525,000	Eligible	N/A	COD	COD
Cole Fire Station	Land & Funding	COD	Land	\$	90,000	\$	-	\$	90,000	Eligible	N/A	COD	COD
Hunter Fire Station	Land & Funding	COD	Land	\$	90,000	\$	-	\$	90,000	Eligible	N/A	COD	COD
DME Substation	Land & Funding	COD	Land	\$	300,000	\$	-	\$	300,000	N/A	N/A	COD	COD
Elevated Water Storage Tank	Land & Funding	COD	Land	\$	150,000	\$	-	\$	150,000	Eligible	N/A	COD	COD
West Side SW Transfer Station	Land & Funding	COD	Funding	\$	225,000	\$	-	\$	225,000	Eligible	N/A	COD	COD
West Side Booster Pump Station	Land & Funding	COD	Funding	\$	75,000	\$	-	\$	75,000	Eligible	N/A	COD	COD
Hickory Creek Wastewater Lift Station	Land & Funding	COD	Funding	\$	45,000	\$	-	\$	45,000	Eligible	N/A	COD	COD
Capital Expense for WTP Expansion - Early Design Start	Land & Funding	COD	Funding	\$	500,000	\$	-	\$	500,000	N/A	N/A	COD	COD
Capital Expense for Affordable Housing	Land & Funding	COD	Funding	\$	3,000,000	\$	-	\$	3,000,000	N/A	N/A	COD	COD
Capital Expense for Emergency Services (Fire)	Land & Funding	COD	Funding	\$	10,000,000	\$	-	\$	10,000,000	Eligible	N/A	COD	COD
Maintenance & Operation*	M&O	MMD	M&O	\$	90,000,000	\$	-	\$	90,000,000	Eligible	N/A	District	District
Developer Interest	Interest	MMD	Interest	\$	78,071,432	\$	-	\$	78,071,432	Eligible	N/A	District	District
Contingency	Contingency	MMD	Contingency	\$	108,569,892	\$	-	\$	108,569,892	Eligible	N/A	District	District
				\$	1,425,555,489	\$	546,486,600	\$	879,068,889	\$	80,396,204		

\*MMD Reimbursement for M&O is limited to \$8,000,000

Note - The cost of the "MMD" facilities noted above will be determined by future studies, analysis or designs that will further define the proportional benefit to the individual districts.

**Exhibit "B"**

First Amendment to Hunter Ranch Operating Agreement

Denton County  
Juli Luke  
County Clerk

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Instrument Number: 83671

ERecordings-RP  
AMENDMENT

Recorded On: August 05, 2024 02:53 PM

Number of Pages: 84

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" Examined and Charged as Follows: "

Total Recording: \$357.00

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\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 83671  
Receipt Number: 20240805000558  
Recorded Date/Time: August 05, 2024 02:53 PM  
User: Joy R  
Station: Station 19

**Record and Return To:**

Corporation Service Company



STATE OF TEXAS  
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke  
County Clerk  
Denton County, TX

FIRST AMENDMENT TO OPERATING AGREEMENT

THE STATE OF TEXAS     §  
  §  
COUNTY OF DENTON     §

This FIRST AMENDMENT TO OPERATING AGREEMENT (this "Amendment") is made and entered into effective as of the 7<sup>th</sup> day of May, 2024, between the CITY OF DENTON, TEXAS, a home rule municipality situated in Denton County, Texas (the "City"), and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS (the "District"), a conservation and reclamation district and body politic and a political subdivision of the State of Texas, created under the authority of Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59 of the Texas Constitution, and operating under and governed by the provisions of Chapter 3980, Special District Local Laws Code (the "District Act"), and Chapter 375, Local Government Code (the "MMD Act"). (The City and District are sometimes hereinafter referred to individually as "Party," and collectively as "Parties").

RECITALS:

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(1) of the District Act, the City has adopted Resolution No. 20-762, dated April 7, 2020 (the "Consent Resolution"), consenting to the creation of the District and to the inclusion of the land described therein; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(2) of the District Act, the City and the District have entered into that "Operating Agreement", dated as of April 7, 2020 (the "Operating Agreement"); and

WHEREAS, the capitalized terms appearing herein shall have the meanings ascribed to them in the Operating Agreement unless otherwise defined herein; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(3) of the District Act, the City and Developer have entered into that "Project Agreement", dated as of April 7, 2020 (the "Project Agreement"); and

WHEREAS, a conservation easement in the form required by Section 3 of the Consent Resolution and Section 9.2 of the Project Agreement was recorded in the real property records of Denton County, Texas, within 180 calendar days from the date of passage of the Consent Resolution, and all requirements of the Consent Resolution and Project Agreement related to the conservation easement have been fully and timely satisfied; and

WHEREAS, the District, using any money available to the District for the purpose, may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized by applicable law, including without limitation the

District Act, MMD Act, and the Rules of Texas Commission on Environmental Quality (the “TCEQ”), each as may be amended from time to time (the “Authorized Projects”); and

WHEREAS, the Operating Agreement currently limits the Authorized Projects the District is permitted to acquire, construct, improve, and finance to only the Improvement Projects; and

WHEREAS, the Parties have agreed to amend the Operating Agreement to authorize an increase in the Benchmark Tax Rate; authorize Authorized Projects in addition to Improvement Projects that may be acquired, constructed, and financed by the District (the “Supplemental Projects”); increase the amount of Bonds that may be issued by the District; and increase the amount of reimbursement that may be paid by the District to the Developer; and

WHEREAS, the District Act and Operating Agreement provide the District may divide, ultimately resulting in no more than four (4) separate districts and, to avoid the duplication of effort and provide greater efficiency, the Parties have determined to provide for the (a) acquisition, construction, improvement, and financing of the Improvement Projects and Supplemental Projects regional in nature (the “Regional Supplemental Projects”), and (b) maintenance of Park Improvements by designation of one of such new districts as the district (the “Regional District”) responsible for coordinating and managing such activities; and

WHEREAS, it is contemplated the Regional District will enter into contracts with the other new districts created by division of the District (the “Participating Districts” and along with the Regional District, the “Districts”) to undertake and perform the obligations of the District with regard to the (a) acquisition, construction, improvement, and financing of the Improvement Projects and Regional Supplemental Projects that serve or otherwise benefit the District Area; and (b) maintenance of the Park Improvements and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City; and

WHEREAS, the Regional District will issue bonds to finance the acquisition and construction of the Improvement Projects and Regional Supplemental Projects secured by revenues and contract payments from the Participating Districts and the Regional District; and

WHEREAS, in order to implement the proposed Regional District plan of finance, amendment to the District Act, Consent Ordinance, and Operating Agreement will be necessary; and

WHEREAS, the Districts will issue bonds to finance the acquisition and construction of Supplemental Projects internal in nature (the “Internal Supplemental Projects”) secured by ad valorem taxes; and

WHEREAS, this Amendment is being entered into in accordance with and in satisfaction of the requirements of Section 7.08 of the Operating Agreement, and is intended to incorporate the Operating Agreement in every particular not otherwise changed hereby.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the City and District agree as follows.

## AMENDMENTS

A. ARTICLE II. DEFINITIONS, is hereby amended and replaced in its entirety by substitution of the following provisions:

“Agreement” means this Operating Agreement between the City and the District, negotiated and executed in satisfaction of the requirement of Section 3980.0109(a)(2) of the District Act, as may be amended.

“Assessments” means special assessments authorized by the District Act imposed and collected by the Board against benefited property within the District Area to pay costs of maintaining landscaping in road right-of-way and Park Improvements in the District Area and for no other purpose.

“Authorized Projects” means any improvement projects or services authorized under applicable law, including but not by way of limitation, the District Act, MMD Act, and rules of the TCEQ, each as may be amended from time to time.

“Benchmark Tax Rate” means a maximum ad valorem tax rate equivalent of the District (including (a) Regional Tax Rate; (b) Internal Tax Rate; (c) Contract Tax Rate and (d) M&O Tax Rate) calculated solely to demonstrate financial feasibility of an issuance of District Bonds in an amount not exceeding \$0.77 per \$100 of assessed value of taxable property in the District, unless otherwise agreed by the Parties. The calculation of such rate shall be performed prior to each issuance of Bonds until the District has issued all Bonds up to the maximum amount permitted by the terms of this Agreement to fund the costs of the Improvement Projects and Supplemental Projects necessary for full development of the District. The calculation of such rate shall also include any projected rate of Assessment (with such Assessment expressed in terms of an ad valorem tax rate). The Benchmark Tax Rate is not intended to create any restriction on the District’s authority to pledge an unlimited tax as security for District Bonds or other obligations.

“Board” means the Board of Directors of the District.

“Bond Documents” means, for each series of Bonds, (i) the order or resolution of the District authorizing the Bonds, (ii) any preliminary official statement prepared in connection with the Bonds, (iii) any trust indenture entered into in connection with the Bonds, and (iv) certifications from each Developer in the District, and from the District as required by Section 5.04(b) of this Agreement.

“Bonds” means bonds, notes, or other obligations authorized by the District Act and issued or incurred by the District, whether in one or more series or contracts, to pay, or reimburse a Developer for, the costs of Improvement Projects and Supplemental Projects, including expenses authorized by Section 49.155, Water Code, and secured by ad valorem taxes, or any other revenue, other than Assessments, authorized by the District Act, MMD Act, and this Agreement.

“City” means the City of Denton, a home rule municipality located in Denton County.

**“City CCNs”** means the Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072 each issued to the City by the TCEQ.

**“City Council”** means the governing body of the City.

**“Consent Resolution”** means City of Denton Resolution No. 20-765, dated April 7, 2020, as may be amended.

**“Construction Contract”** means any contract awarded by or on behalf of the District for the acquisition, construction or installation of an Improvement Project or Supplemental Project.

**“Contract Tax”** has the meaning set forth in Section 4.11(b) of this Agreement.

**“Contract Tax Rate”** has the meaning set forth in Section 4.11(b) of this Agreement.

**“County”** means Denton County, Texas.

**“Developer”** means (i) HR 3200, L.P., a Texas limited partnership; (ii) an assignee of HR 3200, L.P. under the Project Agreement; (iii) any person or entity that becomes a party to the Project Agreement; and (iv) any person or entity that enters into a project agreement with the City with regard to property within the District Area.

**“Development Off-site”** means Improvement Projects extended to and/or through the District Area to facilitate growth within the larger service area, as listed on Exhibit “B” as an “Offsite” project type and depicted on Exhibit “B-1” hereto.

**“Development On-site”** means Improvement Projects that are designed and sized to service multiple development projects/areas in the District Area, as listed on Exhibit “B” as an “Onsite” project type and depicted on Exhibit “B-1” hereto.

**“District”** means the Hunter Ranch Improvement District No. 1 of Denton County, Texas, created by the District Act. Upon division of the District, “District” will mean each new district created by such division that has entered into a Joinder or new operating agreement pursuant to Section 3.06 hereof.

**“Districts”** means collectively the Regional District and each Participating District resulting from division of the District.

**“District Act”** means Chapter 3980, Subtitle C, Title 4, Special District Local Laws Code, adopted by the 86<sup>th</sup> Texas Legislature Regular Session and effective June 10, 2019, as may be amended.

**“District Area”** means the land within the boundaries of the District described on Exhibit “A” hereto, as may be expanded or reduced from time to time with the consent of the City. Upon division of the District and designation of the Regional District, “District Area” for the Regional District will be (i) for purposes of Internal Improvement Projects and Internal Supplemental

Projects, the land within the boundaries of the Regional District, and (ii) for purposes of Regional Improvement Projects, Regional Supplemental Projects and the maintenance of Park Improvements, the geographic area for which the Regional District will be responsible for coordinating and managing the acquisition, construction, and financing of Regional Improvement Projects and Regional Supplemental Projects, and maintenance of the Park Improvements, and other miscellaneous improvements as may be agreed in writing by the Regional District and City.

“Improvement Projects” means those certain water, wastewater, and drainage facilities, and roads, improvements in aid of roads, and road right-of-way projects, as described on Exhibit “B” and depicted on Exhibit “B-1” hereto, and those certain streetscaping, trail right-of-way, and contributions of land and funds for municipal facilities as described on Exhibit “B” hereto, as may be amended in accordance with Section 4.01 of this Agreement.

“Internal Improvement Projects” means Improvement Projects that serve only one District.

“Internal Supplemental Projects” means Supplemental Projects that serve only one District.

“Internal Tax” has the meaning set forth in Section 3.09 of this Agreement.

“Internal Tax Rate” means the annual rate of the Internal Tax authorized by the District Act imposed and collected by the Board on taxable property in the District, the principal purpose of which is to fund debt service of Bonds issued for Internal Improvement Projects and Internal Supplemental Projects.

“M&O Tax” has the meaning set forth in Section 3.07(a) of this Agreement.

“M&O Tax Rate” means the annual rate of the M&O Tax authorized by the District Act imposed and collected on taxable property in the District, the primary purpose of which is to maintain and operate the District.

“Maximum Bond Amount” has the meaning set forth in Section 5.01(c) of this Agreement.

“Maximum Reimbursement Amount” has the meaning set forth in Section 5.01(a) of this Agreement.

“MMD Act” means Chapter 375, Local Government Code, as may be amended.

“Park Improvements” means those improvement projects consisting of parks, recreational facilities, landscaping, and land, described on Exhibit “C” and depicted on Exhibit “C-1”, hereto.

“Participating District” means a district resulting from division of the District other than the Regional District.

“Project Agreement” means that Project Agreement, approved by Ordinance No. 20-764, dated April 7, 2020, between the City and Petrus Investment, L.P., regarding the property within the District Area, as may be amended, and any other project agreement between the City and a

Developer regarding property within the District Area.

**“Regional District”** means the district resulting from division of the District designated as responsible for coordinating and managing the (a) acquisition, construction, improvement, and financing of the Regional Improvement Projects and Regional Supplemental Projects benefitting the District Area of the Regional District, and (b) maintenance of the Park Improvements, and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City.

**“Regional Improvement Projects”** means Improvement Projects that serve more than one District.

**“Regional Supplemental Projects”** means Supplemental Projects that serve more than one District.

**“Regional Tax”** has the meaning set forth in Section 3.08 of this Agreement.

**“Regional Tax Rate”** means the annual rate of the Regional Tax imposed and collected on taxable property within the District Area for the purpose set forth in Section 3.08 of this Agreement. Such term shall include the Contract Tax Rate.

**“Supplemental Projects”** means Authorized Projects in addition to Improvement Projects permitted to be designed, constructed, acquired, improved, or financed in accordance with Section 4.12 of this Agreement.

**“TCEQ”** means Texas Commission on Environmental Quality.

**“Term”** means the term of this Agreement, beginning on the Effective Date and ending upon the termination of this Agreement pursuant to Section 7.21 herein.

B. ARTICLE III. OPERATION OF DISTRICT, is hereby amended as follows:

Section 3.06(b) is hereby amended and replaced by substitution of the following:

3.06 District Boundaries and Division.

(b) Provided it has not issued Bonds and is not imposing ad valorem taxes, the District may divide, sequentially from time to time, ultimately resulting in no more than four (4) separate districts within the original District Area, without further consent from the City. The initially proposed boundaries of the resulting districts are generally depicted on Hunter Ranch: Master Plan Community Ordinance No. MPC19-0002c (the “MPC”). However, the District reserves the right to revise such boundaries prior to each District division proceeding. A new district created by division of the District may not at time of creation, contain any land outside of the original boundaries of the District. A new district created by division of the District is subject to the terms and conditions of the District Act, Consent Resolution, and this Agreement. At its election, a new district must either enter into a Joinder to this Agreement in the form attached hereto as Exhibit “E” or a new operating agreement. Any new operating agreement must be approved by the City Council, such consent to be evidenced by resolution or ordinance. Any Joinder entered into

pursuant to this Agreement shall not require the approval or consent of the City Staff or City Council but shall include a general description of the portion of the Improvement Projects projected to be constructed and financed to serve the new district. To the extent Supplemental Projects projected to be constructed and financed to serve the new district have been determined, a general description of such improvements will be included in the Joinder. Each new district entering into a Joinder shall provide a copy of the Joinder to the City within 30 days from its effective date.

Section 3.07(c) is hereby amended and replaced by substitution of the following:

(c) The provisions of this Section 3.07 are not intended to limit the sources of funding the District's obligations under Sections 4.09(b) or 5.02 hereof. Such obligations may be funded by any monies legally available to the District. The District may adopt and enforce charges and fees (other than impact fees), in addition to taxes and assessments, for providing or making available any District facility or service as authorized by the District Act.

The following Sections 3.08, 3.09, and 3.10 are added to and made a part of ARTICLE III.  
OPERATION OF DISTRICT:

**3.08 Regional District.** The Regional District intends to acquire, construct, extend, and finance its Internal Improvement Projects and Internal Supplemental Projects in stages to meet the needs of the development within its boundaries, and the Regional Improvement Projects and Regional Supplemental Projects in stages to meet the needs of the District Area. The Regional District intends to maintain the Park Improvements within the District Area in a similar manner. The Regional District plans to finance the cost of acquiring and constructing its Internal Improvement Projects and Internal Supplemental Projects through the issuance of Bonds secured by an Internal Tax. The Regional District plans to finance the cost of acquiring and constructing the Regional and Regional Supplemental Projects through the issuance of Bonds secured by payments by each Participating District and the Regional District pursuant to a contract from the proceeds of a special ad valorem tax (the "Regional Tax"), fees and charges, or other legally available funds. The Regional District intends to pay the cost of maintaining the Park Improvements from payments by each Participating District and the Regional District pursuant to a contract from proceeds of special Assessments, fees and charges, or other legally available funds.

Each order dividing the District into a new district shall (i) designate the new district as either a "Participating District" or the "Regional District"; (ii) require the Regional District be responsible for coordinating and managing the activities assumed by it in the Operating Agreement with respect to the District Area; and (iii) require the new Participating District contract with the Regional District in such a manner that the Regional District will be able to acquire, construct, and finance Regional Improvement Projects and Regional Supplemental Projects and maintain Park Improvements for the District Area as contemplated by the Operating Agreement, and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City.

**3.09 Participating District.** Each Participating District intends to acquire, construct, extend, and finance its Internal Improvement Projects and Internal Supplemental Projects in stages to meet the needs of the development within its boundaries. A Participating District plans to

finance the cost of acquiring and constructing Internal Improvement Projects and Internal Supplemental Projects through the issuance of Bonds secured by an unlimited tax pledge of that District (the "Internal Tax"), subject to compliance with the requirements of Section 5.02(d) herein.

3.10 Special Legislation. The District was created and operates pursuant to the District Act and MMD Act. To the extent necessary to effectuate the terms and provisions of the Operating Agreement with respect to the financing of Improvement Projects and Supplemental Projects by the Regional District and maintaining Park Improvements in the manner as contemplated herein, the Parties agree to cooperate at no cost to the City to secure amendment to the District Act through the passage of legislation by the State Legislature (the "Legislation"). The Legislation shall provide that the principal amount of Bonds secured by revenue or contract payments meeting the requirements of Section 49.108, Texas Water Code, issued by the Regional District in the aggregate may not exceed 10 percent of the assessed value of all real property within the District Area.

The provisions of Section 5.01(d) of this Amendment shall only become effective upon the effective date of the Legislation in form and substance sufficient to authorize such provisions. Until such time the original provisions of Section 5.01(d) of the Agreement shall remain in full force and effect.

C. ARTICLE IV. DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS, is hereby amended as follows:

Section 4.01 is hereby amended and replaced by substitution of the following:

4.01 Description of Improvement Projects. Except as otherwise provided in 4.12 below, the District may acquire, construct, finance, fund or reimburse only the Improvement Projects. A periodic review of the improvements listed on Exhibit B shall be performed not less than annually to determine if additions to or deletions from Exhibit B are appropriate. Any mutually agreed upon revisions to Exhibit B, Exhibit B-1, and Exhibit L resulting from such review shall be effected by approval of the City Manager in response to written request by the District and shall not require approval of City Council.

Section 4.03 is hereby amended and replaced by substitution of the following:

4.03 Construction of Improvements. The Developer is responsible for any costs to construct the Improvement Projects and Developer's reimbursement for Improvement Projects by the District is subject to the terms of this Agreement. The City has no obligation under this Agreement to construct or contribute financially to the Improvement Projects or other public infrastructure located within the District Area; and except as otherwise may be described in sections 4.08 and 4.11 hereof, the City has no obligation under this Agreement to construct or contribute financially to Improvement Projects or other public infrastructure outside the District Area required to serve development of the District Area. All Improvement Projects shall be designed, acquired, constructed, installed, and maintained in compliance with the requirements of the Consent Resolution, this Agreement, the District Act, and applicable provisions of the general

laws relating to municipal management districts, including Chapter 375, Local Government Code. Plan review, construction, inspection, and approval of all Improvement Projects shall comply with the MPC and City criteria manual, as amended from time to time.

Section 4.11, subsections (a), (c), and (f) are hereby amended and replaced by the following:

(a) In order to provide for the orderly development of the District Area and certain contiguous areas within the City, construction of certain offsite water, sanitary sewer, and road infrastructure will be required from time to time. Each project comprising this infrastructure along with its general description, estimated cost, and estimated percentage of such cost allocated to the District Area is listed in Exhibit "K" and depicted on Exhibit "K-1" attached hereto. Each project listed on Exhibit "K" and depicted on Exhibit "K-1" is hereinafter referred to as a "City Offsite", and all such projects are hereinafter referred to collectively as "City Offsites".

The City intends to fund construction of the City Offsites, primarily, by the issuance of multiple series of bonds, notes or other obligations (the "City Bonds"). City Bonds issued for a City Offsite consisting of water infrastructure and sanitary sewer infrastructure are payable from or otherwise secured, in part, by (i) such City Offsite's share of applicable water impact fees or sewer impact fees, and (ii) other revenues collected by the City from water and sewer users within the service area of such City Offsite. Similarly, City Bonds issued for a City Offsite consisting of road infrastructure are payable from or otherwise secured, in part, by (i) such City Offsite's share of applicable road impact fees, and (ii) other revenues collected by the City from users within the service areas of such City Offsite. The portions of impact fees paid by or on behalf of the District to the City that are allocated to City Offsites are hereinafter referred to as "District Area Revenue". As an alternative to the issuance of City Bonds, the City, at its discretion, may fund construction of a City Offsite by the direct use of impact fees paid by or on behalf of the District and other revenues collected by the City from users within the service area of such City Offsite, including the District Area Revenue and District Tax Revenue (hereinafter defined).

In addition to District Area Revenue collected by the City, the District agrees to provide funding for the District Cost (hereinafter defined) of the City Offsites constructed to serve the District Area. However, in no event shall (i) District Area Revenue and (ii) District Tax Revenue in the aggregate exceed the District Cost of the City Offsites.

(c) Pursuant to Texas Local Government Code, Chapter 395, the City must update the Impact Fee Study at least every five (5) years and may, at the City's option, update it more often (in either case a "Regular Study Update"). The District or Developer may request that the City update the Impact Fee Study (an "Interim Study Update") once every three (3) years pursuant to this Agreement as long as the City has not prepared a Regular Study Update or Interim Study Update within the last preceding three (3) years. An Interim Study Update will include an update of the status of construction of the City Offsites and District Tax Account. An Interim Study Update will also include an analysis of the District Area Revenue generated within the service area for each City Offsite; disbursement from the District Tax Account for each City Offsite; and balance of District Cost remaining due for each City Offsite. All costs to prepare a Regular Study Update shall be paid by the City; and all costs to prepare an Interim Study Update shall be paid by the District or Developer.

(f) When the cost of the City Offsites has been fully paid, a financial analysis shall be performed to ensure that the District has not paid more than the District Cost, taking into consideration City receipt of applicable District Area Revenues. If as a result of such analysis, the District is determined to have overpaid the District Cost, such excess shall be returned to the District. Such funds shall be available for use by the District for any lawful District purpose, including reimbursement of the cost of Improvement Projects and eligible Regional Supplemental Projects.

Section 4.11(g) is deleted in its entirety.

The following Sections 4.12 and 4.13 are added to and made a part of ARTICLE IV. DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS:

**4.12 Supplemental Projects.**

(a) Development of the District Area will require the acquisition, construction, improvement, and financing of Authorized Improvements in addition to the Improvement Projects. These Supplemental Projects shall include payments of impact fees made pursuant to Section 4.11 hereof for portions of the City Offsites serving the District Area. The District shall maintain records and prepare regular reports to the City regarding the status of construction of both Improvement Projects and Supplemental Projects. Upon completion of an Improvement Project evidenced by written acceptance by the City, Supplemental Projects in an equal amount will be eligible for reimbursement by the District.

(b) Construction of Supplemental Projects shall be performed in accordance with the applicable requirements of Sections 4.02 through 4.07 hereof.

**4.13 Construction Schedule and Reduction in Supplemental Projects Eligible for Reimbursement.**

(a) The District agrees to award a contract and issue a notice to proceed thereunder for construction of Authorized Projects to serve Hunter Ranch Phase 1 (“Phase 1”) by December 31, 2024. Construction of such improvements shall be deemed “complete” upon the date of issuance of the first building permit for Phase 1, which shall be no later than December 31, 2026. Failure to complete either task within 6 months after its respective deadline will result in a 25% reduction in the amount of Phase 1 Supplemental Projects eligible for reimbursement. The amount of Phase 1 Supplemental Projects eligible for reimbursement will be further reduced by 25% for each subsequent 6 month period a task remains incomplete.

(b) The District agrees to complete the design and public bidding processes, and execution of oversize participation agreements with terms mutually acceptable to the District and the City, if any are necessary, for award of a contract for construction of Roark Branch Interceptor Phase 1 (D-2) and Phase 2 (D-4) (the “Roark Branch Interceptor”) by December 31, 2025. Failure to complete this task by June 30, 2026, will result in a 25% reduction in the amount of Supplemental Projects that would otherwise become available as a result of construction of the

Roark Branch Interceptor. The amount of Supplemental Projects eligible for reimbursement will be further reduced by 25% for each subsequent 6 month period the foregoing task remains incomplete.

(c) The District agrees to use its best efforts to secure 50-foot easements necessary for construction of the Roark Branch Interceptor by December 31, 2025.

(d) The District's performance of its obligations under this Section 4.13 is subject to the provisions of Section 7.02 herein. The City agrees to cooperate in good faith with the District in its effort to complete the tasks within the respective deadlines as set out in this Section 4.13.

(e) Each six-month period following May 31, 2027, during which gas wells are not plugged and abandoned pursuant to the terms of Section 2.2 of the Project Agreement, excluding periods of time due to an event of force majeure under the Project Agreement, shall result in a \$250,000 reduction in the amount of Supplemental Projects eligible for reimbursement

D. ARTICLE V. FINANCING IMPROVEMENT PROJECTS, is hereby amended as follows:

Section 5.01, subsections (a), (b), (c), and (d) are hereby amended and replaced by substitution of the following:

5.01 General Bond Authority.

(a) Subject to the limitations and conditions of this Article V, the District may issue Bonds for (i) the actual costs and expenses of designing, acquiring, constructing, installing, and funding Improvement Projects and Supplemental Projects; and (ii) expenses authorized by Section 49.155, Water Code (the "Maximum Reimbursement Amount"). The costs and expenses of Supplemental Projects that may be financed by District Bonds shall be limited to the amount calculated pursuant to Section 4.12 hereof. Costs authorized pursuant to Section 49.155(a)(12), Water Code, shall be limited to an amount not to exceed \$4,000,000 in the aggregate.

(b) The District may issue Bonds payable wholly or partly from ad valorem taxes, revenue (other than Assessments), contract payments, grants or other District money, or any combination of those sources of money.

(c) The principal amount of Bonds issued by the District in aggregate, excluding the principal amount of any Bonds issued to refund outstanding Bonds (the "Maximum Bond Amount"), may not exceed the amount necessary to fund the Maximum Reimbursement Amount.

(d) The principal amount of Bonds issued by the District to acquire or construct Internal Improvement Projects or Internal Supplemental Projects may not exceed ten percent (10%) of the assessed value of all real property in the District. Such Bonds may be issued over time in multiple series; provided in no event is the District authorized to issue more than \$50,000,000 principal amount of Bonds in the aggregate for such purposes until such time as the estimated taxable assessed value of the District, as certified by the Denton Central Appraisal District ("DCAD"), exceeds \$500,000,000. Upon receipt of such certification, the District is authorized to issue not

more than \$100,000,000 principal amount of Bonds in the aggregate for such purposes until such time as the estimated taxable assessed value of the District Area as certified by DCAD exceeds \$1,000,000,000. Thereafter, and in the same manner, the authorization of the District to issue Bonds will be increased in additional increments of \$50,000,000, upon receipt of certification by DCAD for each additional increment that the estimated taxable assessed value of the District has increased by an additional \$500,000,000 to support such increment. The Districts shall provide copies of each DCAD certified estimate of taxable assessed value of the District in accordance with the provisions of Sections 3.05 and 5.06 of this Agreement.

The principal amount of Bonds issued by the Regional District for Regional Improvement Projects and Regional Supplemental Projects secured by revenue or contract payments meeting the requirements of Section 49.108, Texas Water Code, may not exceed ten percent (10%) of the assessed value of all real property within the District Area.

Section 5.02, subsections (a), (c), and (d) are hereby amended and replaced by substitution of the following:

5.02 Terms and Conditions.

(a) The Parties acknowledge and agree that the Developer intends to advance funds to or on behalf of the District for the acquisition and construction of the Improvement Projects and Supplemental Projects, and District creation and administration expenses pursuant to a reimbursement agreement with the District (the "Developer Reimbursement Agreement"). The Developer Reimbursement Agreement authorized by this Agreement shall be in substantially the form as attached hereto as Exhibit "I-1". The District will not amend the Developer Reimbursement Agreement to expand its obligations beyond those expressly provided thereunder nor enter into any additional reimbursement agreement with the Developer without the prior written consent of the City Council. Further, pursuant to Section 4.11 hereof, third parties in addition to the Developer may advance funds to or on behalf of the District pursuant to an impact fee reimbursement agreement (the "Builder Reimbursement Agreement"), in substantially the form attached hereto as Exhibit "I-2". The Builder Reimbursement Agreement along with the Development Reimbursement Agreement are collectively referred to as the "Reimbursement Agreements").

(c) The District will reimburse Developer for the reimbursable portion of the costs of acquiring and constructing Improvement Projects and Supplemental Projects, including "developer interest", to the maximum extent permitted by law, including without limitation the rules of TCEQ, Office of the Texas Attorney General, this Agreement and the Consent Resolution. However, the foregoing District reimbursement obligation shall terminate with respect to any costs incurred subsequent to forty (40) years from the Effective Date.

(d) Each proposed issuance of Bonds, whether issued by the Regional District for Regional Improvement Projects or Regional Supplemental Projects, or the Regional District or a Participating District for Internal Improvement Projects or Internal Supplemental Projects, must comply with the Benchmark Tax Rate feasibility test. For the avoidance of doubt, this means the maximum tax rate equivalent shall be calculated for each of the Districts, and the resulting

calculations shall demonstrate each individual equivalent rate does not exceed the Benchmark Tax Rate. The District shall provide the City a report evidencing the District's determination of compliance with the Benchmark Tax Rate feasibility test prior to the issuance of each Series of Bonds.

Section 5.07, subsection (a) is hereby amended and replaced by substitution of the following:

**5.07 Creation of Funds.**

- (a) The District shall create the following funds:
  - (i) General Fund;
  - (ii) Assessment Fund;
  - (iii) Contract Fund;
  - (iv) For each series of Bonds, a Capital Projects Fund;
  - (v) For each series of Bonds, a Debt Service Fund; and
  - (vi) Regional Contract Fund.

Section 5.07 is hereby amended by the addition of the following subsection (h):

(h) Regional Contract Fund – The Regional District shall deposit all Regional Tax proceeds and Assessments received from the Participating Districts to the credit of the Regional Contract Fund; and such fund shall be applied only for the purposes set forth in Section 3.08 herein.

Section 5.08, introductory paragraph and subsections (b) and (c) are hereby amended and replaced by substitution of the following:

**5.08 Use of Other Funds.** In addition to proceeds of District Bonds, the District may use other legally available sources of District funds, including M&O Tax proceeds and funds returned to the District in accordance with Section 4.11 of this Agreement (the "Available Funds"), to reimburse the cost of Improvement Projects and Supplemental Projects subject to compliance with the following requirements and procedures:

(b) The District shall certify with appropriate supporting documentation, that the Available Funds will be used to reimburse only the cost of Improvement Projects or eligible Supplemental Projects; and

(c) The use of Available Funds to reimburse the cost of Improvement Projects and eligible Supplemental Projects shall be subject to the applicable rules of the TCEQ.

Section 5.08(d) is deleted in its entirety.

E. ARTICLE VI. DISSOLUTION OF DISTRICT, is amended as follows:

Section 6.01, subsections (a), (b), and (c) are hereby amended and replaced by substitution of the following:

6.01 Dissolution by City.

(a) The City hereby acknowledges and agrees that: (i) the District's purpose and function includes the acquisition, construction, and financing of all Improvement Projects and eligible Supplemental Projects necessary for the full development of the District Area; (ii) the District currently has no funds legally available for such purpose and function; (iii) the District will enter into obligations to secure funds and perform such purpose and function in the form of the Reimbursement Agreements; and (iv) the District intends to meet its obligations and perform its function so as to reimburse Developer to the maximum extent permitted hereunder for all monies advanced or to be advanced on behalf of the District pursuant to a the Reimbursement Agreements and complete the acquisition and construction of Improvement Projects and eligible Supplemental Projects necessary for full development of the District Area.

(b) If the City dissolves the District prior to the District's completion of performance of its function and purpose of the acquisition and construction of all Improvement Projects and eligible Supplemental Projects necessary for full development of the District Area; and reimbursement of Developer for monies advanced to or on behalf of the District for such purposes to the maximum extent permitted hereunder and required under the Reimbursement Agreements, on the effective date of District dissolution the City shall (i) pay in cash to Developer who has advanced monies to or on behalf of the District pursuant to the Reimbursement Agreements, to the maximum extent permitted hereunder and required under the Reimbursement Agreements, an amount equal to actual costs incurred by Developer in connection with the Improvement Projects and eligible Supplemental Projects that has not been reimbursed as of the date of dissolution as required under the terms of the Reimbursement Agreements; and (ii) be deemed to have assumed all of the District's ongoing contractual obligations, including, but not limited to, the District's obligations to reimburse Developer to the maximum extent permitted hereunder for future expenditures to be made subsequent to the date of dissolution for Improvement Projects and eligible Supplemental Projects in accordance with any then existing Reimbursement Agreements, with the source of funds for the City's payment being proceeds of bonds, notes or other obligations the City determines to issue for such purpose or other legally available funds in the sole discretion of the City. All obligations assumed by the City, including obligations to issue bonds, notes or other obligations for the payment to Developer, shall be subject to all conditions, restrictions or other limitations applicable to the District under this Agreement and the Consent Resolution, including for the issuance of Bonds. This obligation is conditional upon the acquisition and construction of such Improvement Projects and eligible Supplemental Projects by the Developer, in lieu of the District, in the manner required by the Reimbursement Agreements; and Developer's compliance with its Project Agreement. Furthermore, the foregoing City reimbursement obligation shall terminate with respect to any costs incurred subsequent to forty (40) years from the Effective Date. This Section 6.01(b) survives the termination or expiration of this Agreement; however, it is not intended to create any restriction of the City's police powers.

(c) Notwithstanding anything to the contrary in Section 6.01(b) hereof or otherwise, in the event that the District has issued Bonds as described in Sections 4.12 and 5.01 hereof, the City may at any time after 30 days from completion of such issuance of Bonds dissolve the District after giving notice as provided in subparagraph (d) below, pursuant to Section 375.263 of Chapter 375, Texas Local Government Code, or any successor statute thereto.

F. ARTICLE VII. MISCELLANEOUS, is hereby amended as follows:

Sections 7.01, 7.21, and 7.22 are hereby amended and replaced by substitution of the following:

7.01 Notices. Any notice to be given hereunder by a Party to any other Party shall be in writing and may be effected by delivery in person or by facsimile, or by sending said notice by certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given by mail when deposited with the United States Postal Service with sufficient postage affixed.

To District: Hunter Ranch Improvement District No. 1 of Denton County, Texas  
Attn: President, Board of Directors  
c/o Allen Boone Humphries Robison LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027  
Email: ccrawford@abhr.com

With a copy to the Developer:

Attn: Mr. Andrew Pieper, Vice President  
HR 3200, LP  
3000 Turtle Creek Blvd.  
Dallas, Texas 75219  
Email: Andrew.Pieper@hillwood.com

To City: City of Denton  
Attn: City Manager  
215 E. McKinney St.  
Denton, Texas 76201  
Email: sara.hensley@cityofdenton.com

7.21 Term. On or after the earlier to occur of (a) 30 days after the date the District has completed the issuance of the Bonds as described in Sections 4.12 and 5.01 hereof, or (b) the date the District certifies that (i) the acquisition and construction of all Improvement Projects and eligible Supplemental Projects is complete; and (ii) reimbursement of each Developer for monies advanced to or on behalf of the District for such purpose has been made to the maximum extent permitted hereunder, the City may elect to terminate the Agreement upon 90 days written notice to the District.

7.22 Exhibits. The Parties acknowledge and agree that the information contained in the Studies served as the basis for the preparation of many of the following exhibits (the "Exhibits"). The Parties acknowledge and agree that the information contained in the Studies is based upon estimates, assumptions, and projections as of the Effective Date of this Agreement which are subject to change. The Studies themselves are not incorporated herein as part of this Agreement, but can be relied on by the Parties as a baseline projection of improvement projects, and their related costs, needed to serve development inside and outside the District Area. If future studies, prepared by the District or Developer in cooperation with and based upon input, recommendations, and approvals from the City, or prepared by the City, propose to change, modify, update, or supersede the Studies, an amendment to this Agreement is not required.

The Exhibits are attached hereto and incorporated herein as part of this Agreement:

- Exhibit A: Metes and Bounds Description of District Area
- Exhibit B: List of Improvement Projects
- Exhibit B-1: Maps of Development Off-Site and Development On-Site
- Exhibit C: Park Improvements
- Exhibit C-1: Park Plan
- Exhibit D: Consent Resolution
- Exhibit D-1: Amendment to Consent Resolution
- Exhibit E: Form of Joinder
- Exhibit F: Form of Special Warranty Deed
- Exhibit G: Form of Addendum to Permanent Easement
- Exhibit H-1: DELETED
- Exhibit H-2: DELETED
- Exhibit I-1: Form of Developer Reimbursement Agreement
- Exhibit I-2: Form of Builder Reimbursement Agreement
- Exhibit J: District Certification
- Exhibit K: City Offsites
- Exhibit K-1: Maps of City Offsites
- Exhibit L: List of Improvement Projects, Park Improvements, City Offsites and other public and private improvements and amenities

G. EXHIBITS. Exhibit D-1: Amendment to Consent Resolution is hereby added and made a part of the Operating Agreement. Exhibits E, I, and J of the Operating Agreement are hereby deleted each in their entirety and replaced with revised Exhibits E, I-1, I-2, and J attached to this Amendment as ATTACHMENTS 1, 2, 3, and 4, respectively. Exhibits H-1 and H-2 are deleted in their entirety and not replaced.

#### GENERAL

A. GOVERNING LAW. All questions concerning the construction, validity and interpretation of this Amendment and the performance of the obligations imposed by this Amendment shall be governed by the internal law, not the law of conflicts, of the State of Texas.

B. AUTHORIZATION. Each of the Parties to this Amendment represents and warrants to the other that such Party is authorized to enter into this Amendment and have taken all necessary action to approve the execution of this Amendment.

C. RATIFICATION. Except as specifically set forth in this Amendment, all provisions of the Operating Agreement shall remain in full force and effect. The Operating Agreement as amended by this Amendment is hereby ratified and confirmed. In the event of any conflict between the terms and provisions of the Operating Agreement and the terms of this Amendment, the terms and provisions of this Operating Agreement shall mean and refer to the Operating Agreement as amended hereby.

D. COUNTERPART. This Amendment may be executed in two (2) or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTED on this the 18<sup>th</sup> day of ~~May~~ <sup>June</sup>, 2024 but to be effective as of the May 7, 2024.

CITY OF DENTON, TEXAS  
A home rule municipality

By: [Signature]  
Name: Gerard Hudspeth  
Title: Mayor

ATTEST:

[Signature]  
Lauren Thoden, City Secretary

Approved as to Form:

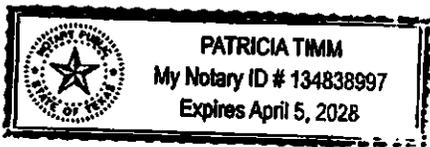
[Signature]  
MAK REINWIND, City Attorney

THIS AGREEMENT HAS BEEN  
REVIEWED AND APPROVED  
as to financial and operational obligations  
and business terms.  
[Signature] Cassey Ogden  
SIGNATURE PRINTED NAME  
ACM  
TITLE  
City Manager's office  
DEPARTMENT

STATE OF TEXAS §  
COUNTY OF DENTON §

Before me the undersigned notary public appeared Gerard Hudspeth Mayor of City of Denton, a home rule municipality, and executed the foregoing agreement for the purposes therein expressed on behalf of such municipality on the 18<sup>th</sup> day of ~~May~~ <sup>June</sup>, 2024.

[Signature]  
Notary Public in and for the State of Texas



EXECUTED on this the 31<sup>st</sup> day of July, 2024 but to be effective as of the Effective Date.

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY

By: [Signature]  
Vice President, Board of Directors

ATTEST:

By: [Signature]  
Secretary, Board of Directors

THE STATE OF TEXAS    §  
  §  
COUNTY OF DENTON    §

Before me the undersigned notary public appeared Kewin Carson, Vice President of Hunter Ranch Improvement District No. 1 of Denton County, a political subdivision of the State of Texas, on behalf of said political subdivision on the 31<sup>st</sup> day of July, 2024.



[Signature]  
Notary Public in and for the State of Texas

**Exhibit "D-1"**

**Amendment to Consent Resolution**

**EXHIBIT D - RESOLUTION AMENDING CONSENT RESOLUTION**

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF DENTON, TEXAS, AMENDING PRIOR RESOLUTION CONSENTING TO THE CREATION OF "HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS" AND THE INCLUSION OF LAND THEREIN; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to Section 59, Article XVI, Texas Constitution, Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District") has been created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of HB 4683 and codified under Chapter 3980, Special District Local Laws Code (the "District Act"), to include land within the City of Denton, Texas (the "City"), as a special district for the benefit of the public, including the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities;

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(1) of the District Act, the City has adopted Resolution No. 20-762, dated April 7, 2020 (the "Consent Resolution"), consenting to the creation of the District and to the inclusion of the land described therein; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(2) of the District Act, the City and the District have entered into that "Operating Agreement", dated as of April 7, 2020 (the "Operating Agreement"); and

WHEREAS, a conservation easement in the form required by Section 3 of the Consent Resolution was recorded in the real property records of Denton County, Texas, within 180 calendar days from the date of passage of the Consent Resolution, and all requirements of the Consent Resolution related to the conservation easement have been fully and timely satisfied; and

WHEREAS, the City and District have agreed to amend the terms and provisions of the Operating Agreement and the City has adopted Resolution No. \_\_\_\_\_, dated May \_\_, 2024, approving a First Amendment to Operating Agreement, between the City and the District (the "First Amendment"); and

WHEREAS, amendment of the Operating Agreement as provided by the First Amendment requires amendment of the Consent Resolution as provided herein.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. The facts and recitations contained in the preamble of this resolution are true and correct.

SECTION 2. Section 4 of the Consent Resolution is hereby amended and restated to provide as follows:

The District shall be subject to the following terms and provisions:

- (a) Board of Directors
  - (i) The City may appoint one additional director to the District board of directors.
- (b) Construction of Improvement Projects
  - (i) The District may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance, inside and outside of its boundaries, only those improvement projects or services as permitted by the District Act and Chapter 375, Local Government Code, as may be limited by the operating agreement between the City and the District (a "District Project");
  - (ii) Before the commencement of construction of any District Project financed by bonds, notes, or other obligations (the "Bonds") or to be conveyed or dedicated to the City, the District will submit to the City all plans and specifications for the construction and obtain City approval thereof;
  - (iii) Prior to the construction of each District Project described above, the District or its engineer will give written notice to the City, stating the date that the construction will be commenced;
  - (iv) The construction of each District Project described above will be in accordance with plans and specifications approved by the City; and during the progress of the construction and installation of the improvements, the City or a City representative may make periodic on-the-ground inspections; and
  - (v) Upon completion of each District Project, District will convey ownership of such improvements to the City in accordance with the operating agreement between the City and the District.

(c) Issuance of Bonds

- (i) The District may issue Bonds payable wholly or partly from ad valorem taxes, revenue other than assessments, contract payments, grants, or other District money, or any combination of those sources of money, only to pay for an authorized District purpose or project;
- (ii) Each series of Bonds will have a maximum maturity of 30 years, and expressly provide that the District reserves the right to redeem each series of Bonds on any date not later than the 10<sup>th</sup> anniversary of the date of issuance without premium;
- (iii) Except as otherwise permitted by law, the Bonds will be sold only after taking public bids;
- (iv) The bids for the Bonds will be received not more than forty-five days after notice of the sale of the Bonds is given;
- (v) The Bonds will not be payable from or secured by special assessment revenues of the District;
- (vi) The Bonds will not be payable from or secured by a pledge of ad valorem taxes of the City or the revenues from the City's utility or other system or any other revenues of the City;
- (vii) The principal amount of Bonds secured by ad valorem taxes issued by the District, when combined with the District's other similarly secured Bonds outstanding at the time of issuance may not exceed ten percent (10%) of the assessed value of all real property in the District. The principal amount of Bonds secured by contract payments meeting the requirements of Section 3980.0504(2) of the District Act issued by the District, when combined with the District's other similarly secured Bonds outstanding at the time of issuance may not exceed ten percent (10%) of the assessed value of all real property subject to the applicable District contract;
- (viii) No Bonds, other than refunding Bonds, will be sold for less than 95% of par; provided that the net effective interest rate on the Bonds so sold, taking into account any discount or premiums as well as the interest borne by such Bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such Bonds is given;

- (ix) Any refunding Bonds issued by the District must provide for a minimum of three percent (3%) net present value savings; and the latest maturity of the refunding Bonds may not extend beyond the latest maturity of the refunded Bonds unless approved by the City;
- (x) At least 45 days before the sale of a series of Bonds or at least 45 days before entering into any bond purchase agreement for the sale of Bonds, the District shall submit a copy of the documents authorizing the Bonds to the City staff together with (a) the certifications from each developer in the District that the developer is in compliance with the developer's project agreement with the City; and (b) certification that the District is in compliance with this resolution and its operating agreement with the City (collectively, the "Bond Documents").
- (xi) The City staff must complete its review of the Bond Documents not later than the 30<sup>th</sup> day after the date the City receives such documents. In the event the City staff determines a developer or the District is not in compliance, it may object to the issuance of a series of Bonds by the delivery of written notice of such objection (the "Initial Notice of Noncompliance") to the District within 35 days from the date of City's receipt of the Bond Documents. Such notice shall set forth in reasonable detail the basis for the City staff objection and the District shall be given a reasonable time to cure based on the alleged noncompliance, but in no event less than 30 days (the "Cure Period"). In the event that the City staff determines the basis for its objection has not been cured within the Cure Period, it shall provide written notice (the "Final Notice of Noncompliance") of such determination to the District . Subsequent to its receipt of the Final Notice of Noncompliance, the District must obtain consent of the City Council for the issuance of such Bonds.

(d) Boundary Changes

- (i) Land shall not be added to or excluded from the District without the written consent of the City Council as provided by the District Act.

(e) District Division

- (i) The City's consent to the creation of the District granted by this resolution shall constitute consent to future creation of any new district created by division pursuant to the District Act; provided the

new district is located wholly within the area of the District as of the effective date of the District Act.

- (ii) The creation of any new district by division shall be subject to the conditions of this resolution and the District Act.
- (iii) The District may not be divided into more than four (4) new districts without City consent.

(f) Dissolution

- (i) The District board of directors shall provide 180 days advance written notice to the City of its intent to dissolve the District.

(g) Miscellaneous

- (i) A contract of the District payable from ad valorem taxes or special assessments for a period longer than 3 years must be approved by the City unless such contract is terminable at will at the discretion of the District upon 30 days written notice, is subject to annual appropriation by the District or has been approved by the qualified voters of the District.
- (ii) City consent shall be required to include any part of the area of the District in a tax increment reinvestment zone or tax abatement reinvestment zone.

(h) Remedies

- (i) In addition to all the rights and remedies provided by the laws of the state, in the event the District violates the terms and provisions of this written consent, the City shall be entitled to injunctive relief or a writ of mandamus issued by a court of competent jurisdiction restraining, compelling or requiring the District and its officials to observe and comply with the terms and provisions prescribed in this written consent to the inclusion of land within the District.

**SECTION 3.** If any section, subsection, clause, phrase or portion of this resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.

SECTION 4. This resolution shall be in full force and effect from and after its passage.

The motion to approve this resolution was made by \_\_\_\_\_ and seconded by \_\_\_\_\_. The resolution was passed and approved by the following vote [\_\_-\_\_]:

	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Paul Meltzer, District 3	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At-Large Place 5	_____	_____	_____	_____
Chris Watts, At-Large Place 6	_____	_____	_____	_____

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
GERARD HUDSPETH, MAYOR

ATTEST:

\_\_\_\_\_  
LAUREN THODEN, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

\_\_\_\_\_  
MACK REINWAND, CITY ATTORNEY

**Attachment "1"**

Exhibit "E" – Form of Joinder

**EXHIBIT E - FORM OF JOINDER**

**EXHIBIT E**  
**JOINDER AGREEMENT**

**THIS JOINDER AGREEMENT** (the "Joinder"), dated as of \_\_\_\_\_, 20\_\_ is executed by and between Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District"), and Hunter Ranch Improvement District No. \_\_\_ of Denton County, Texas (the "New District"), in connection with that certain Operating Agreement entered into between the City and the District, dated effective as of April 7, 2020, as amended by the First Amendment to Operating Agreement, dated \_\_\_\_\_, 2024 (the "Operating Agreement"). Capitalized terms used herein shall have the definitions provided in the Operating Agreement.

WHEREAS, the District was created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of H.B. 4683 and codified under Chapter 3980, Special District Local Laws Code (the "District Act"); and

WHEREAS, the New District has been created pursuant to the District Act by an order, dated \_\_\_\_\_, 20\_\_ (the "Division Order"), adopted by the board of directors of the District; and

WHEREAS, the Division Order provides that the existing District shall remain named "Hunter Ranch Improvement District No. 1 of Denton County, Texas" and the New District shall be named "Hunter Ranch Improvement District No. \_\_\_ of Denton County, Texas"; and

WHEREAS, the Division Order designates the initial boundaries of the New District as shown on Exhibit "A" hereto (the "New District Area"), and revised boundaries of the District as shown on Exhibit "B" hereto (the "Revised District Area"); and

WHEREAS, before the New District may exercise any powers under the District Act, the New District must enter into a joinder to the Operating Agreement or a separate operating agreement with the City; and

WHEREAS, the New District desires to enter into and execute this Joinder in order to become a party to the Operating Agreement with respect to the New District Area. NOW THEREFORE, the District and the New District agree as follows:

1. Attached hereto as Exhibit "C" is a true, correct, and complete copy of the Operating Agreement. The terms and provisions of the Operating Agreement are incorporated herein for all purposes.

within right-of-way or elsewhere within Owner's Land, and capital recovery fees related to water and sewer facilities and roads that are necessary to serve Owner's Land (collectively, the "**Facilities**"), as Owner's development schedule dictates; and

WHEREAS, the District wishes Owner to proceed with the construction or other acquisition of the Facilities, as Owner's development schedule dictates, but the District does not have any funds which could be used to construct the Facilities, nor does the District have the ability, at this time, to issue its bonds to construct such Facilities; and

WHEREAS, pursuant to the laws of the State of Texas, the District is authorized to enter into agreements whereby a landowner constructs certain facilities on behalf of the District so that land in the District can be served with public facilities; and

WHEREAS, Owner desires to assign to Assignee all of Owner's rights to reimbursement payments in, to and under this Agreement, as further described in **Section F** herein, Assignee desires to accept such assignment, subject to the terms and provisions of this Agreement, and the District agrees to make all reimbursement payments directly to Assignee pursuant to the terms of this Agreement.

AGREEMENT:

FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged by both Parties, the District and Owner hereby agree and contract as follows:

- A. **Provision of Facilities.** Owner, acting on behalf of the District, shall, from time to time as Owner's development schedule dictates, purchase, construct or otherwise cause the construction or acquisition of the Facilities or capacities needed for development of Owner's Land in the manner provided by the general law for municipal management districts and in full compliance with the applicable rules and regulations of the Texas Commission on Environmental Quality (the "**TCEQ**"), the provisions of the Texas Water Code, the applicable regulations of the City, and all other regulatory bodies having jurisdiction over such construction or acquisition. The provision of Facilities shall be subject to the terms and conditions of the Consent Resolution and Operating Agreement.
  
- B. **Project Management.** An engineer chosen by Owner and reasonably acceptable to the District shall serve as "Project Engineer" (herein so called) for the construction of the Facilities. Only if applicable pursuant to state laws related to competitive bidding requirements for municipal management districts, the Project Engineer shall advise and make recommendations to the Board of Directors (the "**Board**") upon the award of construction contracts on the Facilities; shall make monthly

reports, if requested, to the Board and Owner on the progress of construction; approve all pay estimates and change orders submitted, and shall certify them as correct, and shall submit the same to the Board and Owner for approval; and provide the appropriate level of inspection and observation during the construction of the Facilities to assure construction is in substantial compliance with the approved plans, and shall recommend final acceptance of the Facilities to the Board when appropriate.

- C. Contracts. Only if applicable pursuant to state laws related to competitive bidding requirements for municipal management districts, the Board shall review all bids received for the construction of the Facilities and shall authorize the award of the construction contracts, provided that Owner authorizes same award. If applicable, Construction contracts shall include payment and performance bonds and maintenance guarantees after completion, all as required by law for municipal management districts.
- D. Payment of Costs. Owner shall make, in a timely fashion, all payments on the contracts awarded by the Owner on behalf of the District or by the District for the construction or other acquisition of the Facilities as the same become due. Such contracts shall provide that the contractor shall look solely to the Owner for payment of all claims. Owner shall, upon making any payment, provide copies of all invoices and certifications recommending payment to the District.
- E. District Reimbursement. The District shall reimburse Owner for the monies hereafter funded by Owner for the Facilities with the proceeds of its bonds in accordance with the terms of this Agreement. The amount to be reimbursed for the Facilities shall be an amount equal to the maximum amount allowed by law, and, if applicable, the TCEQ under its then current rules, including, but not limited to, land, engineering fees, reports, studies and interest on the monies expended by Owner through the date such monies are repaid to Owner. To the extent the TCEQ determines in reviewing the District's bond application (if applicable) that the cost of any portion of the Facilities may not be reimbursed or interest paid under the rules of such agency, then the amount of payment or reimbursement shall be appropriately reduced. Owner shall provide the District with such information and documentation as the District may reasonably request to enable it to calculate interest and verify payments. The District agrees to use its reasonable best efforts to issue its Bonds to reimburse Owner when feasible. However, the District's obligation to issue its bonds and repay Owner for the Facilities is subject to the terms and conditions of the Consent Resolution and Operating Agreement.
- F. Assignment of Reimbursables. Owner hereby conveys, transfers and assigns to Assignee, and the District hereby agrees to pay directly to Assignee pursuant to this Agreement as if otherwise paid to Owner, all of Owner's rights to all revenues,

monies, proceeds and payments accruing and to accrue, and all sums payable and to be payable, to Owner and to which Owner is or may be otherwise entitled under this Agreement (the "**Reimbursables**"). Assignee hereby accepts the assignment of all Reimbursables under this Agreement from Owner (the "**Assignment**").

- G. **Interpleader.** In the event that any controversy or uncertainty should arise with respect to the rights to any sum of the Reimbursables due or to become due under this Agreement or in accordance with the Assignment, the District shall have the right, in its sole and absolute discretion, to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the Parties.
- H. **Applicable Law.** This Agreement and the obligations of the Parties hereunder are subject to all rules, regulations and laws which may be applicable by the United States, the State of Texas, or any regulatory agency having jurisdiction, including the applicable rules of the TCEQ. Venue shall lie solely in Denton County.
- I. **Parties in Interest.** This Agreement shall be for the sole and exclusive benefit of the District, Assignee and Owner and shall not be construed to confer any benefit or right upon any other party. Notwithstanding the foregoing, Assignee is a beneficiary of the provisions contained herein and shall be authorized to enforce them at any time in accordance with the terms provided in Section N.
- J. **Modification.** This Agreement shall be subject to change or modification only with the mutual written consent of the Parties.
- K. **Recitals.** The "Recitals" set forth in this Agreement are true and correct and are incorporated as part of this Agreement.
- L. **Entire Agreement and Survival.** This Agreement constitutes the entire Agreement between the Parties relative to the subject matter hereof. There have not been and are no agreements, covenants, representations or warranties between the Parties other than those expressly stated or provided for herein.
- M. **Good Faith Cooperation.** The Parties agree to use good faith in the performance of their respective duties and obligations under this Agreement such that the intent of the Parties shall be fulfilled. The Parties further agree to take such additional actions, from time to time, as may be reasonably necessary to fully carry out the purposes and intent of this Agreement including, but not limited to, the execution of further documentation. Except as otherwise expressly provided herein, each Party shall pay its own expenses incident to carrying this Agreement into effect and consummating the transactions provided herein.

N. Default and Remedies. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure). In addition, no Party shall be in default under this Agreement if within the applicable reasonable cure period the Party to whom the default notice was given begins performance and thereafter uses its good faith efforts to diligently and continuously pursue performance until the alleged failure has been cured. If a Party is in default under this Agreement, then the non-defaulting Party shall be entitled to all remedies available under applicable law including, but not limited to, specific performance, injunctive relief, mandamus relief, and damages; provided, however, (i) the District does not have the right to terminate this Agreement prior to the expiration of its term, and (ii) once Owner advances money hereunder, the obligation of the District to issue and sell Bonds to reimburse for such monies shall not be affected by any alleged default by Owner that is unrelated to the advancing of such monies. The failure of any Party to insist, in one or more instances, upon performance by another Party of any provision of this Agreement shall not be construed as a waiver of future performance of such provision. If any Party hereto is the prevailing Party in any legal proceedings against the other brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorney's fees from the non-prevailing Party to such proceedings. However, in no event shall any party be liable for any punitive damages, or any speculative or consequential damages, such as lost profits, as a result of the breach of a representation or warranty or any other default hereunder.

The District acknowledges that this Agreement is for the providing of goods and services and, pursuant to Section 271.152, Texas Local Government Code, the District has waived its immunity from suit solely for the purpose of Owner enforcing this Agreement.

O. Merger of District. In the event the District should consolidate or otherwise merge with another utility district or another public entity, such merger shall not in any way impair or diminish Owner's rights hereunder.

P. Assignment. In the event Owner sells, conveys, or otherwise transfers ownership of Owner's Land to any person or entity other than an end-user homeowner, Owner may, upon written notice to the District and Assignee, assign Owner's rights and obligations under this Agreement, subject to the Assignment of the Reimbursables to Assignee pursuant to Section F herein, to the new owner, provided that the new owner executes a joinder to this Agreement or otherwise agrees in writing to be bound by the terms of this Agreement, including Assignee's rights to all the Reimbursables. The District's acknowledgment of notice of any

assignment hereunder shall not be deemed a waiver of the District's rights hereunder, and the Parties hereto acknowledge and agree that any subsequent assignments shall be subject to all of the terms hereof, including specifically Assignee's rights under this Agreement. Notwithstanding anything herein to the contrary, Owner shall not assign its rights to Reimbursables hereunder to any party other than to Assignee, as provided in **Section F** herein. Upon written notice to the District and Owner, Assignee may assign to any other entity its rights, in whole or in part, to the Reimbursables assigned by Owner pursuant to this Agreement and the Assignment. Owner agrees that in the event it sells all or any of Owner's Land (excluding the sale of developed lots to a homebuyer or sale to an owner's association), Owner and the District shall require any reimbursement agreement between the District and such purchaser to include the provisions herein regarding Assignee's rights to receive the Reimbursables in accordance with this Agreement and the Assignment, and no such reimbursement agreement with any purchaser shall be valid unless and until Assignee has approved the provisions thereof. Owner and the District agree that neither shall intentionally take any action or inaction, including, but not limited to, any assignments pursuant to this **Section P**, that may reduce or hinder the rights of Assignee hereunder to promptly receive the Reimbursables in accordance with this Agreement and the Assignment.

- Q. **Severability.** The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances shall not be affected thereby.
- R. **Consideration.** Each Party hereto hereby finds, determines and represents that the benefits provided to it and the obligations hereunder are binding upon it and constitute due consideration for its execution of this Agreement. In particular, Owner's commitment to advance monies hereunder results in certain material benefits being provided to the District and constitutes adequate consideration for the District's obligations to issue bonds from time to time to reimburse Assignee. Owner hereby represents that the District's commitment to reimburse Assignee for monies expended by Owner pursuant to this Agreement constitutes adequate consideration for its commitment to perform its obligations hereunder.
- S. **Force Majeure.** If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of "force majeure" that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period

that performance is made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, within thirty (30) days after the occurrence of any force majeure, the Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, "force majeure" means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; orders of any kind of the Government of the United States or of the State of Texas or any civil or military authority; the issuance of a restraining order by any court having jurisdiction; and no other.

- T. Notice. All notices provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such Party; or by facsimile copy transmission. Notice given by mail shall be effective upon deposit in the United States mail. Notice given in any other manner shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the Parties shall be as follows:

If to the District: Hunter Ranch Improvement District No. \_\_\_ of Denton County, Texas  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027  
Attn: \_\_\_\_\_

If to Owner: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Assignee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Any Party hereto may change its address for notice by giving three (3) days prior written notice to the other Parties.

U. Certifications. Owner certifies:

1) Pursuant to Texas Government Code Chapter 2271, as amended, the Owner verifies that at the time of execution and delivery of this Agreement and for the term of this Agreement, neither the Owner, its parent companies, nor its common-control affiliates currently boycott or will boycott Israel. The term "boycott Israel" as used in this paragraph has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended; and

2) Pursuant to Texas Government Code, Chapter 2252, as amended, the Owner represents and verifies that at the time of execution and delivery of this Agreement and for the term of this Agreement, neither the Owner, its parent companies, nor its common-control affiliates (i) engage in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

3) Pursuant to Chapter 2274 of the Texas Government Code (as added by Senate Bill 19, 87<sup>th</sup> Texas Legislature, Regular Session, "SB 19"), Owner certifies that it is not a Company that has a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and agrees it will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The terms "discriminates against a firearm entity or firearm trade association" and "discriminate against a firearm entity or firearm trade association" have the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3), Texas Government Code (as added by SB 19). For purposes of this paragraph, "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit, but does not mean a sole proprietorship.

4) Pursuant to Chapter 2275 of the Texas Government Code, Owner verifies that neither Owner, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Owner, nor any of its sub-contractors (i) is owned or controlled by (a) individuals who are citizens of China, Iran, North Korea, Russia or any designated country; or (b) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, of any designated country; and (ii) is headquartered in China, Iran, North Korea, Russia

or a designated country. The term "designated country" means a country designated by the Governor as a threat to critical infrastructure under Section 113.003 of the Texas Business & Commerce Code. The term "critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility.

5) Pursuant to Chapter 2276 of the Texas Government Code (as redesignated by House Bill 4595, 88<sup>th</sup> Texas Legislature, Regular Session), Owner certifies that it is not a Company that boycotts energy companies and agrees it will not boycott energy companies during the term of this Agreement. The terms "boycotts energy companies" and "boycott energy companies" have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. For purposes of this paragraph, "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit, but does not include a sole proprietorship.

- V. Form 1295 Certificate of Interested Parties. Prior to the execution of this Agreement, Owner agrees to file with the District, pursuant to Texas Government Code Section 2252.908, a signed and completed Texas Ethics Commission ("TEC") Form 1295 and a certification of filing with the TEC.
  
- W. Term. This Agreement shall remain in effect for a term of forty (40) years or until Owner's Land has been fully developed and the District has reimbursed Owner and/or Assignee for the Facilities.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

DISTRICT:

HUNTER RANCH IMPROVEMENT  
DISTRICT NO. \_\_\_ OF DENTON COUNTY,  
TEXAS

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

By: \_\_\_\_\_  
President, Board of Directors





**EXHIBIT "A"**  
**To Builder Reimbursement Agreement and Assignment of Reimbursement Rights**  
**Property Description**  
**(To be Inserted when Executed)**

**Attachment “4”**

Exhibit “J” – District Certification

**EXHIBIT J - DISTRICT CERTIFICATION**

**EXHIBIT J**  
**DISTRICT CERTIFICATION**

[DATE]

Name of Issuer: Hunter Ranch Improvement District No. \_\_\_ of Denton  
County, Texas

Name of Bond Issue: \$\_\_\_\_\_, \_\_\_\_\_ Bonds,  
Series \_\_\_\_\_  
(Hunter Ranch Improvement District No. \_\_\_ of Denton  
County, Texas)

Re: District Certification

To whom it may concern:

This District Certification is being delivered pursuant to the Operating Agreement, dated as of April 7, 2020, and amended effective \_\_\_\_\_, 2024 (the "Operating Agreement"), between the City of Denton, Texas, a Texas Home Rule municipality (the "City"), and the Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District"), as a condition precedent to the District issuing the referenced series of bonds (the "Bonds") to reimburse \_\_\_\_\_ (the "Developer(s)") for funds advanced for the Improvement Projects and Supplemental Projects for which the Bonds are to be issued. The capitalized terms used herein shall have the meanings ascribed to them in the Operating Agreement unless otherwise specifically defined herein. The District hereby makes the following certifications:

1. True and correct copies of the documents authorizing the Bonds are enclosed herewith.
2. Certifications from each Developer in the District (which are listed below, along with amounts to be reimbursed from proceeds of the Bonds, if any) certifying compliance with the terms and conditions of its Project Agreement with the City are enclosed herewith.

Developer  
Amount

Project Agreement

Reimbursement

\_\_\_\_\_

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
3. The District is in compliance in all material respect with the provisions of the District Act relating to the proposed issuance of the Bonds and construction of the Improvement Projects and Supplemental Projects for which the Bonds are to be issued.
  
  4. The District is in compliance with the terms and conditions set out in SECTION 4 of the City of Denton Resolution No. 20-765 consenting to the creation of the District as amended by City of Denton Resolution No. \_\_\_\_\_.

CITY BENCHMARK CRITERIA (Y/N)

(b) Construction of Improvement Projects

Use of Bonds proceeds limited to Improvement Projects and eligible Supplemental Projects (See Exhibit A hereto) \_\_\_\_\_

Improvement Projects and eligible Supplemental Projects to be funded by Bonds designed and constructed in accordance with City plans and specifications \_\_\_\_\_

• Improvement Projects and eligible Supplemental Projects to be funded by Bonds conveyed to City \_\_\_\_\_

(c) Issuance of Bonds

Bonds payable solely from District ad valorem taxes (other than the Contract Tax) or revenues or contract payments **OTHER THAN** special District assessments, City ad valorem taxes or other City revenues \_\_\_\_\_

Bonds have maximum maturity of 30 years or less, with right to redeem within 10 years \_\_\_\_\_

Bonds publicly bid \_\_\_\_\_

Bonds not sold for less than 95% par value \_\_\_\_\_

Bond net effective interest rate does not exceed 2% above highest average interest rate reported in "20 Bond Index" during preceding month \_\_\_\_\_

Bonds payable solely from District ad valorem taxes, when combined with outstanding District bonds similarly secured, do not exceed 10% of assessed value of all real property in District \_\_\_\_\_

Bonds payable by contract payments meeting the requirements of Section 3980.0504(2) of the District Act, when combined with outstanding District bonds similarly secured, do not exceed 10% of assessed value of all real property subject to the applicable District contract \_\_\_\_\_

**(d) Boundary Changes / (e) District Division**

All District boundary changes approved by City Council \_\_\_\_\_

Joinders or new agreements provided for all District divisions \_\_\_\_\_

**5. The District is in compliance with the terms and conditions of the Operating Agreement.**

**CITY BENCHMARK CRITERIA (Y/N)**

**3.05 Financial Reporting.**

All specified reports filed with City \_\_\_\_\_

**5.01 General Bond Authority.**

Improvement Project and Supplemental Project Construction Status (See Exhibit A hereto) \_\_\_\_\_

Proposed developer reimbursement amount (\$ \_\_\_\_\_)  
Proposed Bond amount (\$ \_\_\_\_\_)

**5.02 Terms and Conditions.**

TCEQ and AG feasibility requirements met \_\_\_\_\_

Benchmark Tax Rate feasibility test met \_\_\_\_\_

TCEQ bond application or road bond information for Bonds filed with City within specified time limits \_\_\_\_\_

Any projection of growth in District assessed valuation used to support feasibility of Bonds limited to 2 years and supported by market study \_\_\_\_\_

5.06 Final Bond Documents and Reports.

All specified reports relating to each outstanding series of bonds filed with City \_\_\_\_\_

6. No outstanding bonds are in default and no reserve funds have been drawn upon that have not been replenished in accordance with applicable bond order, resolution or indenture requirements.

Any and all information provided by the District, contained in this certification, to the best knowledge of the undersigned, is true and correct, as of \_\_\_\_\_, 20\_\_.

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. \_\_\_ OF DENTON COUNTY, TEXAS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS                    §  
  §  
COUNTY OF DENTON            §

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, \_\_\_\_\_, the \_\_\_\_\_ of Hunter Ranch Improvement District No. \_\_\_ of Denton County, Texas on behalf of said district.

\_\_\_\_\_  
Notary Public, State of Texas

EXHIBIT A

IMPROVEMENT PROJECT  
CONSTRUCTION STATUS

2. New District hereby acknowledges, agrees, and confirms that, by its execution of this Joinder, New District shall be deemed to be a "party" to the Operating Agreement, but only with respect to the New District Area, and shall have all of the rights and obligations of the District thereunder with respect to the New District Area, as if it had originally executed Operating Agreement. New District hereby ratifies, as of the date hereof, and agrees to be bound by, all of the applicable terms, provisions and conditions contained in the Operating Agreement with respect to the New District area, to the same effect as if it were an original party thereto. Attached hereto as Exhibit "D" is a general description of the portion of the Improvement Projects, and Supplemental Projects that can be identified, projected to be constructed and financed to serve the New District. District and New District agree to prepare annual reports identifying: (a) the Improvement Projects and Supplemental Projects (as such terms are defined in the Operating Agreement) to be constructed and financed; (b) the status of such construction and financing activities; (c) the amount of Bonds authorized for such projects; and (d) the amount of Bonds issued to finance such projects. From and after the date hereof, the District shall be released from any liability that results from New District's failure to perform its obligations under the Operating Agreement.

3. [FOR REGIONAL DISTRICT JOINDER ONLY] District and New District acknowledge and agree District has been designated as the "Regional District" responsible for coordinating and managing the activities assumed by it in the Operating Agreement.

4. The Parties hereto have entered into this Joinder in satisfaction of the requirements of Section 3980.0708 of the District Act. New District further acknowledges, agrees, and confirms that it is subject to and will abide with the terms and conditions of City Resolution No. 20-765, consenting to the creation of the District, as amended by City Resolution No. \_\_\_\_.

5. The Parties intend that the City and the Developer, but no other parties, be third party beneficiaries of this Joinder.

6. This Joinder may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one agreement.

7. This Joinder shall be governed by and construed and interpreted in accordance with the laws of the State of Texas, and exclusive venue shall lie in Denton County, Texas.

8. The New District agrees to provide a copy of this Joinder to the City within 15 days after its execution by all parties.

IN WITNESS WHEREOF, each party has caused this Joinder to be duly executed by its authorized officer as of the day and year first above written.

[SIGNATURE PAGE TO FOLLOW]

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY, TEXAS  
"District"

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. \_\_\_ OF DENTON COUNTY, TEXAS  
"New District"

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Fax: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Fax: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**EXHIBIT A**  
**NEW DISTRICT AREA**

**EXHIBIT B**  
**REVISED DISTRICT AREA**

**EXHIBIT C**

**COPY OF OPERATING AGREEMENT**

**EXHIBIT D**

**DESCRIPTION OF PORTION  
OF IMPROVEMENT PROJECTS AND SUPPLEMENTAL PROJECTS  
TO BE CONSTRUCTED AND FINANCED**

**Attachment “2”**

Exhibit “I-1” – Form of Developer Reimbursement Agreement

**EXHIBIT I-1 - FORM OF DEVELOPER REIMBURSEMENT AGREEMENT**

**EXHIBIT I-1**  
**DEVELOPER REIMBURSEMENT AGREEMENT**

This DEVELOPER REIMBURSEMENT AGREEMENT (the "Agreement") is made and entered into effective as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, (the "Effective Date") between \_\_\_\_\_, a \_\_\_\_\_ (the "Developer") and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS (the "District"), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59, of the Texas Constitution and an Act of the Texas Legislature codified at Chapter 3980, Special District Local Laws Code (the "District Act"), and operating under the District Act, and Chapter 375, Local Government Code. (The Developer and District are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".)

**RECITALS:**

WHEREAS, Developer is the owner of and desires to develop the \_\_\_\_\_ acre tract of land (the "Property") more particularly described in Exhibit "A", attached hereto; however, as of the Effective Date, the Property is not served by adequate water, wastewater, drainage, road, landscaping, park, and recreational facilities, and such facilities are not otherwise available to the Property; and

WHEREAS, the Property is located within the corporate limits of the City of Denton (the "City"), and within Water Certificate of Convenience and Necessity No. 10195 and Sewer Certificate of Convenience and Necessity No. 20072, each issued to the City (collectively, the "City CCNs"); and

WHEREAS, District was created during the 86<sup>th</sup> Regular Session of the Texas Legislature through the passage of HB 4683 and codified under the District Act, for the benefit of the public and for the purposes of, including but not limited to, the acquisition, construction, improvement, financing, operation, and maintenance of water, wastewater, drainage, road, landscaping, park and recreational facilities; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(1) of the District Act, the City adopted Resolution No. 20-765, dated April 7, 2020 (the "2020 Resolution"), consenting to the creation of the District and to the inclusion of the Property in the District; and

WHEREAS, the City has adopted Resolution No. \_\_\_\_\_, dated \_\_\_\_\_, 2024 (the "2024 Resolution"), amending the 2020 Resolution (the 2020 Resolution as amended by the 2024 Resolution, the "Consent Resolution"); and

WHEREAS, the land within the boundaries of the District as of the Effective Date, and as they may be adjusted from time to time, is hereinafter sometimes referred to as the "District Area"; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(2) of the District Act, the District and City entered into an "Operating Agreement", effective April 7, 2020, as amended by that "First Amendment to Operating Agreement", effective \_\_\_\_\_, 2024 (the "Operating Agreement"), that provides for: (a) a general description of the Improvement Projects and Supplemental Projects (collectively, the "Projects") that may be financed by the District; (b) the terms and conditions of the financing of the Projects; and (c) the operation of the District; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the Developer and the City have entered into a Project Agreement, effective April 7, 2020, as amended by that "First Amendment to Project Agreement", effective \_\_\_\_\_, 2024 (the "Project Agreement"), relating to various aspects of the development of property inside or outside the District Area; and

WHEREAS, unless otherwise specifically defined herein, all capitalized terms used in this Agreement shall have the meanings ascribed to them in the Operating Agreement; and

WHEREAS, the Developer wishes to proceed with development of the District Area in phases; however, the Parties acknowledge the District does not have funds currently available to fund the acquisition and construction of the Projects to facilitate such development; and

WHEREAS, Developer has paid certain costs related to creation of the District (the "Creation Costs"), and certain operating and administrative costs of the District, and pursuant to the terms of this Agreement is willing: (i) to advance or pay on behalf of the District certain monies needed to pay for the ongoing costs and expenses for the operation and administration of the District including, but not limited to, director fees, insurance premiums, bookkeeping fees, legal fees, engineering fees, inspection fees, auditing fees, fees to operate and maintain certain Improvement Projects, and all other similar fees and expenses (such costs collectively with the Creation Costs, the "District Operating Costs"); and (ii) to advance or pay on behalf of the District all monies to pay for all portions of the Projects that are necessary for development of all of the Property, that are eligible for reimbursement from the District; and

WHEREAS, the District hereby requests Developer: (i) to advance or pay on behalf of the District certain monies to pay for District Operating Costs; and (ii) at such time as

Developer determines to proceed with development, to advance to or pay on behalf of the District all monies to acquire and construct the Projects; and

WHEREAS, Developer and the District acknowledge that development within the District Area would not occur but for this Agreement and the performance by Developer and the District of their respective duties and obligations under this Agreement; and

WHEREAS, in order to induce Developer to advance or pay on behalf of the District monies for the purposes set forth above, the District represents it will: (i) conduct elections for the approval of the resident electors of the District of the authorization of bonds (the "Bonds") for Projects and District Operating Costs; (ii) issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the Texas Commission on Environmental Quality (the "TCEQ"), and the provisions hereof and of the Consent Resolution and the Operating Agreement) Bonds in multiple issues and secured in whole or in part by ad valorem taxes levied on land within the District, revenue other than ad valorem taxes or contract payments; and (iii) use the proceeds from the sale of the Bonds to reimburse Developer; and

WHEREAS, Developer is only willing to advance on behalf of the District monies for the purposes set forth above based on the obligation of the District to issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), the Bonds and to use the proceeds from the Bonds to reimburse Developer; and

WHEREAS, the District represents it will proceed with the issuance and sale, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), of the Bonds and is obligated to issue and sell, from time to time (and at the earliest possible time pursuant to applicable law, the rules of the TCEQ, and the provisions hereof and of the Consent Resolution and the Operating Agreement), the Bonds to reimburse Developer subject only to: (i) satisfaction of the conditions set forth in Section 5.2 of this Agreement; and (ii) the performance by the District of the acts set forth in Section 5.4 of this Agreement; and

WHEREAS, the Parties acknowledge they are entering into this Agreement to implement the purpose of the Operating Agreement, and this Agreement is subject to the terms and provisions of the Consent Resolution and Operating Agreement; and

WHEREAS, the Parties each represent to the other that it may enter into this Agreement pursuant to authority provided by the Constitution and laws of the State of Texas, particularly the District Act and Chapter 375, Local Government Code.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the District and Developer contract and agree as follows.

ARTICLE I  
MAINTENANCE AND OPERATING COSTS

1.1. The District has incurred and will continue to incur District Operating Costs which will be paid from: (a) revenues from the District's M&O Tax; and (b) revenues from Assessments levied by the District; and (c) revenues from any other legally available source (collectively, the "District Revenue").

1.2. In order to ensure the timely and orderly administration of the District's operations, including the discharge of its obligations hereunder, Developer shall advance to the District, from time to time, the amounts, if any, by which District Operating Costs exceed District Revenue.

ARTICLE II  
DEVELOPER OBLIGATIONS

2.1. The Parties acknowledge and agree that the only improvement projects that may be financed by the District are (a) those Improvement Projects described in the Operating Agreement, and (b) eligible Supplemental Projects as provided in the Operating Agreement. Accordingly, the obligations of the District hereunder with respect to the acquisition, construction, and financing of public infrastructure to serve the District Area, including reimbursement of the Developer, are expressly limited to the Projects.

2.2. From time to time Developer shall advise the District (a) that Developer desires the District to proceed with the construction of a phase of the Projects and (b) that Developer is prepared to advance to the District monies for the construction of such improvements. Thereafter, the District shall acquire, construct or otherwise cause the construction or acquisition of the Projects in the manner provided by the District Act, the general law for conservation and reclamation districts and in full compliance with the applicable rules and regulations of the TCEQ, the provisions of the Texas Water Code, the Consent Resolution and the Operating Agreement, the ordinances and regulations of the City, Denton County, Texas, and all other regulatory bodies having jurisdiction over such construction or other acquisition.

### 2.3. Plans and Specifications.

(a) Plans and specifications for Projects shall be prepared by the District's engineer or other engineer selected by Developer and approved by the District (the "District Engineer"). Unless otherwise agreed by the District and Developer, each engineering design contract shall reflect the District as the "owner" of the Projects; however, the District Engineer shall cooperate with the Developer regarding the design and bidding of the Improvement Projects. Each contract shall provide that final design of the Projects shall be subject to review and approval by the District Engineer and the District, which shall not be unreasonably withheld or delayed. All monies due the District Engineer relative to the design of the Projects shall be due and payable solely by Developer, subject to reimbursement by the District as provided herein. Any contracts entered into by the Developer for the design of the Projects shall be subject to review and approval by the District, and each contract for Projects shall include the provision attached hereto as Exhibit B acknowledging that the District shall not be liable under such contract for any payments whatsoever.

(b) The Projects shall be designed in accordance with the standards and specifications of the District, the City, the County, the TCEQ, including, but not limited to, all rules and regulations applicable to the construction of improvements such that the District can fulfill its obligation to reimburse Developer as provided by this Agreement, and any other agency having or hereafter acquiring jurisdiction. The design and sizing, including the location of stub outs and/or termination points, of the Projects shall take into consideration the anticipated development of other land in the District so that the District Area will be provided with adequate water, wastewater, drainage, road, parks, and recreational facilities of consistent quality and on the most economical basis. In addition, the District may require a phase of such facilities to be sized in order to coordinate the construction of the facilities with similar facilities necessary to serve other property within the District Area.

(c) Construction of the Projects shall be subject to the periodic review, inspection, and approval by the District, which approval shall not be unreasonably withheld or delayed. Developer shall pay the District Engineer for inspections of that portion of the Projects subject to inspection by the District a fee not to exceed 2% of the costs to construct the Projects, which fee shall be payable monthly commencing on the date which is 30 days from the commencement of construction of the Projects. The Developer shall also pay to the City the review and inspection fees of the City for review and inspection services provided by the City or its agents for the construction and installation of Projects.

2.4. Provision of Projects. The District shall cooperate with Developer and take all steps necessary to facilitate construction of the Projects including, but not limited to,

causing construction drawings and plans and specifications to be prepared, obtaining all necessary governmental approvals, and bidding and awarding a contract or contracts for the construction, installation or other acquisition of the Projects, all at the cost of Developer. Developer shall not initiate the bidding for construction of a phase of the Projects until authorized by the District, which authorization shall not be unreasonably withheld or delayed. The District Engineer shall be responsible for bidding each construction contract and all bids shall be received at an office of the District Engineer. District contracts shall be subject to the competitive bidding requirements of Section 375.221, Local Government Code. Developer shall be solely responsible for all costs and expenses related to such bidding, design and construction of the Projects, subject to reimbursement by the District as provided herein. Unless otherwise agreed by the Parties, all of such contracts shall reflect the District as "owner," but Developer as "guarantor of payment" under the contract, for all Projects. No contracts shall be let for the design or construction of the Projects without the approval of the Developer. Any contracts entered into by Developer for the design of the Projects shall be subject to review and approval by the District.

No change in the final plans and specifications for Projects shall be effected or permitted except pursuant to written change order approved by the District. Such change orders shall clearly state changes to be made and the increase or decrease in costs effected thereby. It is understood and agreed that any change orders are subject to the rules of the TCEQ.

2.5. Payment of Costs. Developer shall make, in a timely fashion, either (1) all payments on the contracts awarded by the District for the construction or other acquisition of the Projects, including engineering and consultant invoices or (2) advances of money to the District in amounts sufficient to make all such payments. Payment shall be made by Developer only after approval thereof by the District Engineer. Such contracts shall provide that the contractor shall look solely to the Developer for payment of all monies due for construction of the Projects. Developer shall, within 60 days after making any payment, provide copies to the District of all invoices and certifications recommending payment together with copies of all cancelled checks (with all such documentation clearly describing the Projects to which the documentation applies).

2.6. Lienholder Releases. In the event Developer borrows the money for the acquisition or development of the Property or to make payments for the design and construction of the Projects (or otherwise desires to place a lien on the Property), Developer agrees to: (a) notify the District in writing of the name of such lender; (b) obtain from such lender, and deliver to the District, written releases and/or subordination agreements, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien on any portion of the Projects and that in the event such

lienholder should foreclose on any portion of the Property, such lienholder shall not have any title to the Projects; (c) obtain from such lender, and deliver to the District, written releases, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien, pledge, or any other interest in this Agreement or to any right, title, or interest of Developer under this Agreement except for the right of Developer to be reimbursed under this Agreement; and (d) obtain from such lender, and deliver to the District, the written acknowledgement of such lender, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), acknowledging and agreeing that should such lender, or its successors or assigns, take title to any portion of the Property, that such lender, and its successors and assigns, shall take title subject to the terms and conditions of this Agreement.

2.7. Easements and Sites. Developer shall cause to be dedicated to the public all easements, sites, and rights-of-way necessary for the installation of the Projects within the District Area in accordance with Sections 4.05, 4.07 and 4.09 of the Operating Agreement. All costs related thereto shall be paid by Developer and be subject to reimbursement pursuant to and in accordance with applicable rules of the TCEQ and as provided herein. Developer may retain the right to grant other easements within any easement granted to the public (but not within sites granted in fee or rights-of-way granted to the public) or to cross any such easement, as long as such rights are limited to providing for the installation, operation and maintenance of any improvements that benefit the District, do not unreasonably interfere with access and maintenance of public infrastructure within the easement, and comply with all statutes, ordinances, rules and regulations.

2.8. Records. Developer shall keep accurate records itemizing and separating all costs relative to the portions of the Projects eligible for reimbursement by the District. Within 60 days after the date of the District's receipt of the District Engineer's certificate of completion for each portion of the Projects, Developer shall deliver to the District copies of all records reasonably requested by the District to evidence that such portion of the Projects constructed or otherwise acquired by Developer is subject to reimbursement by the District. Such records shall include but shall not be limited to, contracts, requests for payment, engineer's recommendation for payment, and cancelled checks (or other evidence of payment if approved by the TCEQ). Following its delivery of such documentation, Developer's obligation regarding maintenance of its records shall be limited to maintaining its records in its normal course of business; provided, however, Developer shall not destroy such records for a period of not more than 36 months.

2.9. Further Documentation. Upon completion of any portion of the Improvement Projects, Developer shall cause to be executed any additional

documentation reasonably requested by the District to evidence the District's ownership of the Improvement Projects free and clear of any liens, including any acknowledgment from any lienholder on the Property.

### ARTICLE III CONVEYANCE AND MAINTENANCE OF IMPROVEMENTS

3.1. Conveyance of Improvements. The Parties acknowledge and agree that upon completion and acceptance of any portion of the Improvement Projects, the District shall convey such Improvement Projects to the City. All Improvement Projects shall be used to serve the District Area to the fullest extent necessary.

3.2. Maintenance and Operation. Except as provided by law or the Operating Agreement, upon acceptance of title to Improvement Projects by the City, the District shall be relieved of any further responsibility for maintenance and operation thereof. The District shall continue to be responsible for the maintenance of landscaping within road right-of-way and Park Improvements in the District Area.

### ARTICLE IV ASSIGNMENT OF REIMBURSEMENT AMOUNT

4.1. Conditioned Permitted Assignment. Developer shall have the right to assign, pledge, mortgage, transfer, or otherwise encumber all or any portion of the District Reimbursement Amount (hereinafter defined); provided, however, that any such assignment, pledge, mortgage or other transfer or encumbrance (an "Assignment") shall be effective as to the District only upon completion of the following: (a) the execution of an acknowledgement of notice by the District to evidence the District's receipt of notice of such Assignment; and (b) District receipt of a copy of the Assignment as recorded in the Real Property Records of Denton County.

4.2. Conveyance of Property. In the event Developer sells, conveys, or otherwise transfers ownership of any portion of the Property (a "Sale Tract") to any person or entity (a "New Owner") other than a homebuilder or an end-user homeowner, prior to such conveyance Developer shall require New Owner execute a joinder (a "Joinder") to this Agreement (whereupon, New Owner shall be the "Developer" under this Agreement with respect to the Sale Tract, and Developer shall be released from any further obligations under this Agreement with respect to the Sale Tract). Such Joinder shall be effective as to the District only upon completion of the following: (a) the execution of an acknowledgement of notice by the District to evidence the District's receipt of notice of such conveyance; and (b) District receipt of a copy of the conveyance and Joinder as recorded in the Real Property Records of Denton County.

4.3. Reliance. The District shall be entitled to pay any sums due or to become due under this Agreement in accordance with the most recent Assignment or Joinder with respect to which the District has executed an acknowledgement of notice as required hereunder, and the District's records with respect thereto shall be deemed conclusively correct. The District shall not be required to pay any sums due or to become due under this Agreement unless the party claiming such right to receive such sums can prove to the satisfaction of the District compliance with these requirements, and such party's rights thereto.

4.4. District's Rights. In the event any litigation should arise with respect to rights to any monies due or to become due under this Agreement, the District shall continue to have the obligation to issue Bonds to pay such monies, and, at the District's sole and absolute discretion, to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the parties to such monies. No assignment or other transfer by any party of its rights or obligations under this Agreement (even though the District may acknowledge such assignment or transfer) shall constitute a waiver by the District of its rights under this Agreement; and all parties to this Agreement acknowledge and agree that all assignments or transfers shall be subject to the obligation of the assignees or transferees to be bound by the terms of this Agreement.

## ARTICLE V DISTRICT REIMBURSEMENTS

### 5.1. District Reimbursement Amount.

(a) As part of the consideration for the Parties entering into this Agreement, the District shall reimburse Developer for monies advanced or paid by Developer that are eligible for reimbursement by the District, plus the maximum interest allowed by TCEQ rules, including, but not limited to, (i) monies advanced or paid for District Operating Costs, but not to exceed the maximum amount of \$4,000,000; and (ii) monies advanced or paid by Developer for Projects. However, the total amount that the District is obligated to pay Developer pursuant to this Agreement (the "District Reimbursement Amount") shall not exceed the maximum amount of \$\_\_\_\_\_ in the aggregate. The District Reimbursement Amount shall be paid in accordance with the provisions of this Agreement, including without limitation the conditions set forth in this Article V, from Bond proceeds or other legally available District funds as permitted by the Operating Agreement. The District Reimbursement Amount shall include all amounts allowed by state law and rules of the TCEQ under its then current rules including, but not limited to, engineering fees, reports, studies, land costs, easement and right-of-way costs, organizational and administrative costs, legal expenses, contract costs, all construction costs, impact fees, and interest on the monies expended by Developer through the date such monies are paid in accordance with this Agreement.

(b) In the event (and to the extent) the TCEQ determines, in reviewing any Bond application, that any portion of the District Reimbursement Amount may not be reimbursed or interest paid under the rules of the TCEQ, then the District Reimbursement Amount shall be reduced as required by such rules. Subject to Section 2.8 of this Agreement, Developer shall provide the District with such information and documentation as the District may reasonably request to enable the District to calculate interest and verify payments. In the event there is a disagreement between Developer and the District as to whether an expenditure or advance of money by Developer is owed hereunder or eligible to be reimbursed under state law or the rules of the TCEQ, the District shall include such amount in the Bond application and shall provide Developer with the opportunity to submit information and appear before the TCEQ in support of the reimbursement. The District and Developer shall be bound by the decision of the TCEQ.

(c) If reimbursement for any portion of the District Reimbursement Amount is not subject to the rules of the TCEQ, then the District shall reimburse Developer the maximum amount allowed by law and the rules of any state agency having jurisdiction over such reimbursement, including the office of the Attorney General of the State of Texas (the "OAG"). The District shall always be obligated to pay Developer the maximum amount allowed by then-current applicable law and rules and regulations of the TCEQ, but not to exceed the maximum amount of \$\_\_\_\_\_ in the aggregate.

## 5.2. Sale and Issuance of District Bonds.

(a) The District hereby agrees to proceed with the sale and issuance, from time to time (and at the earliest possible time), of the Bonds in multiple series to reimburse and pay Developer the District Reimbursement Amount as provided by this Agreement. However, the District and Developer acknowledge and agree that the District shall not issue more than \$\_\_\_\_\_ aggregate principal amount of Bonds to pay the District Reimbursement Amount. The District Bonds shall be secured by District ad valorem tax revenue (other than the Contract Tax) and any other revenue or contract payments other than Assessments.

(b) The obligation of the District to sell and issue Bonds for such purposes is subject to the following conditions: (i) approval by the TCEQ (when applicable) of the issuance and sale of the Bonds; (ii) a finding of economic feasibility as set forth in Section 5.4 hereof, (iii) compliance with the District Act, Consent Resolution, Project Agreement and Operating Agreement; (iv) the receipt of a bid and awarding of sale of the Bonds by the District; (v) approval of the Bonds by the Attorney General of the State of Texas; (vi) registration of the Bonds by the Comptroller of Public Accounts of the State; and (vii) the receipt of the proceeds from the sale of the Bonds. The District shall fully cooperate with Developer to cause the foregoing conditions to be satisfied. The District

has a continuing obligation to issue and sell the Bonds until Developer has been fully paid the District Reimbursement Amount, subject only to the performance of the additional actions set forth in Section 5.4 of this Agreement.

**5.3. Order of Payment.** Unless otherwise agreed by the District and Developer, the District shall include in each Bond application the first monies advanced by Developer pursuant to this Agreement that have not yet been reimbursed by the District.

**5.4. Bond Issuance Activities.** In connection with the issuance of the Bonds, the District shall promptly perform the activities described below. The District shall fully cooperate with Developer and shall complete such activities so that Bonds may be issued at the earliest possible date and the District can fulfill its payment obligations to Developer as provided by this Agreement. The District shall not take any action (or fail to take any action) that may or will reduce any amount owed to Developer pursuant to this Agreement or that may or will delay or impair in any way the issuance of any Bonds or the prompt payment to Developer of the amount owed Developer under this Agreement.

(a) Call elections within the District for authorization by the resident District electors to issue the Bonds from time to time in amounts and within terms sufficient to reimburse Developer for costs of acquiring and constructing the Projects necessary to serve all of the District Area, and \$4,000,000 of District Operating Costs.

(b) Apply to the TCEQ (when applicable) for approval of the issuance of the Bonds at such time as Developer requests, and upon the District's financial advisor determining that it is feasible for the District to issue the Bonds. A Bond issue will be considered "feasible" if (i) it can be amortized compliant with the Benchmark Tax Rate feasibility test of the Operating Agreement, based upon existing values and projections of future values located within the Property in accordance with the TCEQ rules and the Operating Agreement, (ii) meets the applicable requirements of the Consent Resolution and Operating Agreement, and (iii) otherwise meets the requirements of the TCEQ and OAG. Developer may request that the Bonds be issued in more than one series, provided that the District shall not be required to issue any series of Bonds in an initial principal amount of less than \$1,000,000 unless it is the last series of Bonds to be issued by the District pursuant to this Agreement. At such time as the District submits each application to the TCEQ for approval of the issuance of any Bonds, the District shall notify Developer in writing of such bond application (and upon request of Developer shall immediately provide a full and complete copy of such bond application) so that Developer can verify that the District is in full compliance with the provisions of this Agreement. In no event shall the District be required to begin the process of issuing any series of bonds (whether or not TCEQ approval is required for such series) until such

time as the District's financial advisor determines that such issuance would be financially feasible.

- (c) Promptly sell the Bonds after obtaining TCEQ approval (if applicable).
- (d) Obtain the OAG approval of the Bonds.
- (e) Obtain registration of the Bonds by the Comptroller of Public Accounts and the State of Texas.
- (f) Pay Developer in accordance with this Agreement promptly after the closing of the sale of the Bonds.

**5.5. Developer Obligations.** Developer agrees to cooperate with the District in the preparation of each Bond application and to provide to the District all documents and information reasonably requested by the District: (a) in preparing the Bond application; (b) in otherwise documenting the amounts to be reimbursed pursuant to this Agreement; and (c) to allow completion of a developer reimbursement report by the District's auditor relative to any issuance of Bonds. In addition, Developer agrees to provide the District all information reasonably requested by the District in the preparation of its Official Statement relative to the issuance of the Bonds, including all information and documents needed by the District to comply with Securities and Exchange Commission Rule 15(c)(2)-12.

**5.6. Waiver of Exemptions.** As a condition to proceeding with the actions set forth in Section 5.4(b), Developer and all holders of a lien on the Property shall enter into an agreement whereby, as to taxes levied by the District, Developer and any subsequent owner of all or any portion of the Property permanently waive the right to claim agricultural, open space, wildlife management, timberland, or inventory valuations for any land, homes or buildings owned by Developer within the District, in accordance with the rules of the TCEQ. Nothing herein shall prevent (a) Developer from maintaining an agricultural exemption over the Property for any taxing jurisdiction other than the District and the City, or (b) a residential homeowner from qualifying for any lawfully available exemption from any taxing jurisdiction, including the District.

**5.7. M&O Tax Proceeds and Assessments.** The Parties acknowledge and agree that the primary source of funds for payment of the District Reimbursement Amount shall be proceeds of the District Bonds. However, the Developer shall have the right to reimbursement from other legally available funds of the District, including M&O Tax proceeds, contract tax proceeds, or Assessments, to the extent permitted by the Operating Agreement.

ARTICLE VI  
ADDITIONAL PROVISIONS

6.1. General. This Agreement and the obligations of the Parties hereunder are subject to the Consent Resolution, the Operating Agreement, and all rules, regulations and laws which may be applicable by the City, the State of Texas, or any regulatory agency having jurisdiction, including the rules of the TCEQ and OAG.

6.2. Recitals. The "Recitals" set forth in this Agreement are true and correct and are incorporated as part of this Agreement.

6.3. Force Majeure. If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of "force majeure" that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period that performance is made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, immediately after the occurrence of any force majeure, the Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, "force majeure" means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; the issuance of a restraining order by any court having jurisdiction.

6.4. Notices. Any notice required or contemplated by this Agreement shall be deemed given: (a) if mailed via U.S. Mail, Certified Mail Return Receipt Requested, on the earlier of the date actually received at the delivery address or five business days after mailed; (b) if deposited with a private delivery service (such as UPS or FedEx), when delivered, as evidenced by a receipt signed by a person at the delivery address; and (c) if otherwise given (including by FAX or E-mail), when actually received at the delivery address. All notices shall be addressed as set forth below; however, any Party may change its address for purposes of this Agreement by giving notice of such change as provided by this section.

If to the District:

Hunter Ranch Improvement District No. 1 of Denton County  
President, Board of Directors  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway  
Suite 2600  
Houston, Texas 77027  
Phone: 972-823-0805  
E-mail: [ccrawford@abhr.com](mailto:ccrawford@abhr.com)

If to Developer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**6.5. Parties In Interest.** The Parties intend that the City be a third party beneficiary of this Agreement. This Agreement shall be for the sole and exclusive benefit of the District, Developer (and their successors as permitted by this Agreement), and the City and shall not be construed to confer any benefit or right upon any other party.

**6.6. Modification.** Except as expressly provided in Sections 6.17 and 6.21 below, this Agreement shall be subject to amendment, change, or modification only with the written consent of Developer and the District.

**6.7. Entire Agreement.** This Agreement constitutes the entire Agreement between the parties relative to the subject matter hereof. There are no agreements, covenants, representations or warranties between the parties other than those expressly stated or provided for herein, relating to such subject matter. Further, this Agreement shall replace and supersede in all respects any other agreement relating to the subject matter hereof that may be construed to apply to the Property.

**6.8. Good Faith Cooperation.** The Parties agree to use good faith in the performance of their respective duties and obligations under this Agreement such that the intent of the Parties shall be fulfilled. The Parties further agree to take such additional actions, from time to time, as may be necessary to fully carry out the purposes and intent of this Agreement including, but not limited to, the execution of further documentation.

6.9. Term. This Agreement shall remain in effect for a term ending on the earlier of (a) sixty-five (65) years after the Effective Date, or (b) when the District has reimbursed the District Reimbursement Amount.

6.10. Default and Remedies.

(a) Notice. No Party shall be in default under this Agreement until written notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure).

(b) Remedies. If a Party is in default under this Agreement, then the non-defaulting Party shall be entitled to all remedies available under applicable law including, but not limited to, specific performance, injunctive relief, mandamus relief, and damages; provided, however, no Party to this Agreement shall have the right to terminate this Agreement prior to the expiration of its term (and the prohibition against termination of this Agreement applies regardless of the nature or frequency of any default). In addition, once Developer has advanced monies on behalf of the District under this Agreement, the obligation of the District to issue and sell Bonds to reimburse such advances in accordance with this Agreement shall not be affected by any alleged or actual default by the party who has advanced such monies (unless the default constitutes or results in a breach of the TCEQ rules or requirements for such Bond issuance). The failure of any Party to insist, in one or more instances, upon performance by another Party of any provision of this Agreement shall not be construed as a waiver of performance of such provision.

(c) Attorney Fees. If any Party hereto is the prevailing party in any legal proceedings against the other brought under or with relation to this Agreement, such prevailing party shall additionally be entitled to recover court costs and reasonable attorney's fees from the non-prevailing party to such proceedings.

6.11. Assignability. Except as provided in Section 6.21 below, this Agreement shall bind and benefit District and its legal successors and Developer and its legal successors, but shall not otherwise be assignable, in whole or in part, by either party except by supplementary written agreements between the Parties. If the City dissolves the District in its entirety it shall assume the obligations of the District, to the fullest extent provided by law, and this Agreement shall remain in full force and effect in accordance with, and subject to, Section 6.01 of the Operating Agreement. In the event of such dissolution of the District and assumption of this Agreement, the Parties acknowledge and agree that (a) nothing in this Agreement is intended to delegate or impair the performance by the City of its governmental functions, (b) the calling of bond elections and the issuance and sale of bonds, notes or other obligations of the City for

payment of any District Reimbursement Amount are governmental functions within the sole discretion of the City Council of the City, and (c) the inability or failure by the City to call bond elections or to issue and sell bonds, notes or other obligations shall not under any circumstances constitute a failure to perform an obligation of, or a default by, the City under this Agreement, and the City shall remain obligated to reimburse the Reimbursement Amount, but such reimbursement may occur only if and when the City determines to issue bonds, notes, or other obligations or use other legally available funds for such purpose.

**6.12. Severability.** The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, (a) the remainder of this Agreement, and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances, shall be not be affected thereby and the remainder of this Agreement shall be construed to achieve the intent of the parties and (b) the invalid or unconstitutional provision shall be rewritten to achieve the intent of the parties as expressed in the recitals.

**6.13. Consideration.** Each Party hereto agrees that the mutual obligations of the parties under this Agreement, including the resulting benefits, constitute due consideration for its execution of this Agreement. In particular, the obligation of Developer to advance monies to the District results in material benefits to the District and constitutes adequate consideration for the District's obligations to issue Bonds from time to time, and otherwise reimburse Developer for monies spent or advanced under this Agreement.

**6.14. Construction and Interpretation.** This Agreement shall be construed in accordance with and governed by the laws of the State of Texas. The titles assigned to the various Sections and Articles of this Agreement are for convenience of reference only and shall not be restrictive of the subject matter of any such Section or Article or otherwise affect the meaning, construction, or effect of any part hereof.

**6.15. Developer Verifications.**

(a) Developer represents and warrants that, at the time of execution and delivery of this Agreement, neither Developer, nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same that exists to make a profit, if any, boycotts Israel or will boycott Israel during the term of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel"

means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with Developer.

(b) Developer represents and warrants that, neither Developer, nor any wholly owned subsidiary, majority owned subsidiary, parent company, or affiliate of the same that exists to make a profit, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201, Texas Government Code, and posted on the following pages of the Texas Comptroller of Public Account’s internet website

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>

<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>

<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes Developer and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same that exist to make a profit, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan, Iran, or a foreign terrorist organization. Developer understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with Developer.

(c) Developer represents and warrants that it and its parent company, wholly- or majority-owned subsidiaries, or other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the terms of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, and to the extent such Section is not inconsistent with a governmental entity’s constitutional or statutory duties related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds. As used in the foregoing verification, “boycott energy company” means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (1) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (2) does business with a company described by the preceding statement.

(d) Developer represents and warrants 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 have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association during the term of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" means: (1) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (2) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (3) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; but does not include the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; or a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association.

6.16. Limited Waiver of Sovereign Immunity. The District agrees that this Agreement shall constitute a contract subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code. Further, to the extent allowed by law, the District waives its rights to sovereign immunity as to an action in equity by the Developer for a writ of mandamus of specific performance to enforce all the terms of this Agreement. The District does not waive its rights to sovereign immunity for any other actions permitted by law or for any amount of money beyond the amounts provided in Article V herein.

6.17. Addition of Land to District. In the event that District should add land owned by Developer or an affiliate of Developer to the District (the "Added Land"), the Added Land shall be included within the definition of "Property" for all purposes of this Agreement, and the rights and obligations of the Parties hereunder shall be expressly applicable to the Added Land without necessity of amendment to this Agreement.

6.18. Governing Law and Venue. THIS AGREEMENT AND THE OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED, CONSTRUED, GOVERNED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. VENUE SHALL BE IN DENTON COUNTY, TEXAS.

**6.19. Representations by Developer.** The Developer represents and covenants that:

(a) This Agreement, the transactions contemplated herein, and the execution and delivery of this Agreement have been duly authorized by the Developer;

(b) This Agreement, and the representations and covenants contained herein, and the consummation of the transactions contemplated herein, will not violate or constitute a breach of any contract or other agreement to which the Developer is a party; and

(c) The Developer has made or will make sufficient financial arrangements to assure its ability to provide funds to pay District Operating Costs and the costs associated with the acquisition and construction of the Projects.

**6.20. Representations by the District.** The District represents and covenants that it will use its best efforts to:

(a) Conduct Bond authorization elections;

(b) Apply for and obtain the approval of the TCEQ for the issuance and sale of the Bonds, subject to the terms and conditions set forth herein;

(c) Market the Bonds, subject to the terms and conditions set forth herein, in the manner contemplated hereby; and

(d) Apply for and obtain the approval of the Attorney General of the State of Texas of the Bonds.

**6.21. District Division.** In the event the District adopts an order dividing the District, it is required to provide for the division of assets and liabilities between the new districts. The Parties acknowledge and agree that as part of such division, it may be necessary to amend this Agreement by the partial assignment of the rights and obligations of the Parties hereunder between the new districts. In such event, the Parties agree to use good faith in the negotiation and documentation of such amendment and assignment to fully carry out such addition.

**6.22. District Dissolution.** The Parties acknowledge that the City has the right to dissolve the District pursuant to the provisions of the District Act. The Parties intend for the obligations of the District under this Agreement to constitute "obligations" of the District within the meaning of Section 43.075, Local Government Code, and the District Act. The Parties further intend in the event that the City adopts an ordinance dissolving the District, the City shall assume the obligations of the District, including under this Agreement, to the fullest extent permitted by law and the terms of the Operating

Agreement and this Agreement. The City has agreed to provide the District and Developer nine (9) months advance written notice of its intent to initiate proceedings for the dissolution of the District. Upon receipt of such notice the Parties will meet with the City to confirm the status of the outstanding obligations of each of the Parties under the Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first written above.

**DISTRICT:**

ATTEST:

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. \_\_\_ OF DENTON COUNTY, TEXAS

\_\_\_\_\_  
Secretary, Board of Directors

By: \_\_\_\_\_  
President, Board of Directors

(DISTRICT SEAL)

THE STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_, \_\_\_ President, Board of Directors, Hunter Ranch Improvement District No. \_\_\_ of Denton County, Texas, a political subdivision of the State of Texas, on behalf of said political subdivision.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

**DEVELOPER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by  
\_\_\_\_\_ of  
\_\_\_\_\_, as general partner of \_\_\_\_\_ on behalf  
of said company and partnerships.

\_\_\_\_\_  
Notary Public in and for TEXAS

EXHIBIT A  
PROPERTY DESCRIPTION

EXHIBIT B  
SPECIAL CONDITION

Notwithstanding any other items, conditions, or provisions of the general or special conditions or any other provisions of the Contract Documents to the contrary, \_\_\_\_\_ (the "District") shall be deemed and considered as the "Owner" for all purposes under the Contract Documents, except for purposes of making payment to the Contractor of all or any portion of sums due or to become due to Contractor pursuant to or in relation to this Contract, including any damages which may ever become due under the Contract and including any costs associated with any change orders to the Contract. After submission to and approval by the District, the Contractor agrees to and shall look solely to \_\_\_\_\_ ("Developer"), for payment of all construction estimates, invoices or other sums, of whatever kind or nature, due or to become due pursuant to or in relation to this Contract, and the District shall never be responsible to the Contractor; therefore, Developer, agrees to make all payments to Contractor in accordance with the terms hereof. It is agreed that a default by Developer in making such payments to the Contractor shall constitute a default by Owner and shall entitle the Contractor to all rights and remedies arising under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

edies arising under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

sing under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

Developer reserves the right to assign its obligations hereunder to the District, subject to written acceptance thereof by the District. A copy of any such assignment and the acceptance thereof by the District shall be provided to the Contractor, and thereafter the District shall be obligated to make further payments due the Contractor pursuant to this Contract.

For purposes of convenient administration of this Contract, District may from time to time make payments due the Contractor pursuant to this Contract from funds advanced to the District by Developer or from other sources available to the District; provided, however, no such payment by the District will obligate the District to make further payments due the Contractor pursuant to this Contract (and Developer, shall remain liable to make such future payments), unless and until District has accepted an assignment of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

ment of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

ent of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

"CONTRACTOR"

"DISTRICT"

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[DEVELOPER]



**Attachment “3”**

Exhibit “I-2” – Form of Builder Reimbursement Agreement

**EXHIBIT "I-2"**

**BUILDER REIMBURSEMENT AGREEMENT**  
**AND ASSIGNMENT OF REIMBURSEMENT RIGHTS**  
(Road Improvements and Capital Recovery Fees)

THE STATE OF TEXAS           §  
  §  
COUNTY OF DENTON           §

THIS BUILDER REIMBURSEMENT AGREEMENT AND ASSIGNMENT OF REIMBURSEMENT RIGHTS (the "**Agreement**") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_ (Builder Name) \_\_\_\_\_, a \_\_\_\_\_ (the "**Owner**"), \_\_\_\_ (Development Entity Name) \_\_\_\_\_, a \_\_\_\_\_ ("**Assignee**"), and HUNTER RANCH IMPROVEMENT DISTRICT NO. \_\_\_\_ OF DENTON COUNTY, TEXAS (the "**District**"), a political subdivision of the State of Texas, operating under the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, Chapter 375 of the Texas Local Government Code, as amended, Chapter 49 of the Texas Water Code, as amended, and Chapter 3980, Special District Local Laws Code. Owner, Assignee, and the District may be individually referred to as a "Party" or collectively as the "**Parties**."

RECITALS:

WHEREAS, the District was created by act of the 86th Texas Legislature, House Bill 4683, codified at Chapter 3980, Special District Local Laws Code, for the purpose, among others, of providing water, sanitary sewer, drainage, and road facilities to serve the land within its boundaries; and

WHEREAS, the District is located within the corporate limits of the City of Denton (the "**City**") and subject to the terms and conditions of Denton City Council Resolution NO. 20-762, dated April 7, 2020, as amended by Denton City Council Resolution No. \_\_\_\_\_, dated \_\_\_\_\_, 2024 (collectively, the "**Consent Resolution**"); and

WHEREAS, the District and City have entered into that "Operating Agreement", dated April 7, 2020, as amended by that "First Amendment to Operating Agreement", dated \_\_\_\_\_, 2024 (collectively, the "**Operating Agreement**"); and

WHEREAS, Owner is or will be the owner of that certain real property located within the District, more particularly described in **Exhibit "A"** attached hereto and made a part hereof for all purposes ("**Owner's Land**"); and

WHEREAS, Owner wishes the District to finance the construction or other acquisition of certain roadway facilities and related appurtenances and facilities located

**Exhibit "C"**

Second Amendment to Hunter Ranch Operating Agreement

SECOND AMENDMENT TO OPERATING AGREEMENT

THE STATE OF TEXAS     §  
  §  
COUNTY OF DENTON     §

This SECOND AMENDMENT TO OPERATING AGREEMENT (this “Amendment”) is made and entered into effective as of the 13th day of January, 2026, between the CITY OF DENTON, TEXAS, a home rule municipality situated in Denton County, Texas (the “City”), and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS (the “District”), a conservation and reclamation district and body politic and a political subdivision of the State of Texas, created under the authority of Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59 of the Texas Constitution, and operating under and governed by the provisions of Chapter 3980, Special District Local Laws Code (the “District Act”), and Chapter 375, Local Government Code (the “MMD Act”). (The City and District are sometimes hereinafter referred to individually as “Party,” and collectively as “Parties”).

RECITALS:

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(1) of the District Act, the City has adopted Resolution No. 20-762, dated April 7, 2020 (the “Consent Resolution”), consenting to the creation of the District and to the inclusion of the land described therein; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(2) of the District Act, the City and the District have entered into that “Operating Agreement”, dated as of April 7, 2020, which was amended by that “First Amendment to Operating Agreement”, dated as of May 7, 2024 (the “Operating Agreement”); and

WHEREAS, the capitalized terms appearing herein shall have the meanings ascribed to them in the Operating Agreement unless otherwise defined herein; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(a)(3) of the District Act, the City and Developer have entered into that “Project Agreement”, dated as of April 7, 2020 (the “Project Agreement”); and

WHEREAS, the District, using any money available to the District for the purpose, may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized by applicable law, including without limitation the District Act, MMD Act, and the Rules of Texas Commission on Environmental Quality (the “TCEQ”), each as may be amended from time to time (the “Authorized Projects”); and

WHEREAS, the Operating Agreement currently limits the Authorized Projects the District is permitted to acquire, construct, improve, and finance to only the Improvement Projects and Supplemental Projects; and

WHEREAS, the Parties have agreed to amend the Operating Agreement to authorize all Authorized Projects in addition to Improvement Projects that may be acquired, constructed, and financed by the District (the “Supplemental Projects”); and

WHEREAS, pursuant to the District Act and Operating Agreement, the District has divided into (4) separate districts and, to avoid the duplication of effort and provide greater efficiency, the Parties have determined to provide for the (a) acquisition, construction, improvement, and financing of the Improvement Projects and Supplemental Projects regional in nature (the “Regional Supplemental Projects”), and (b) maintenance of Park Improvements by designation of one of such new districts as the district (the “Regional District”) responsible for coordinating and managing such activities; and

WHEREAS, it is contemplated the Regional District will enter into contracts with the other new districts created by division of the District (the “Participating Districts” and along with the Regional District, the “Districts”) to undertake and perform the obligations of the District with regard to the (a) acquisition, construction, improvement, and financing of the Improvement Projects and Regional Supplemental Projects that serve or otherwise benefit the District Area; and (b) maintenance of the Park Improvements and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City; and

WHEREAS, the Regional District will issue bonds to finance the acquisition and construction of the Improvement Projects and Regional Supplemental Projects secured by revenues and contract payments from the Participating Districts and the Regional District; and

WHEREAS, the Districts will issue bonds to finance the acquisition and construction of Supplemental Projects internal in nature (the “Internal Supplemental Projects”) secured by ad valorem taxes; and

WHEREAS, this Amendment is being entered into in accordance with and in satisfaction of the requirements of Section 7.08 of the Operating Agreement, and is intended to incorporate the Operating Agreement in every particular way not otherwise changed hereby.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the City and District agree as follows.

#### AMENDMENTS

A. ARTICLE II. DEFINITIONS, is hereby amended by amending and replacing the following definition in its entirety:

“Developer” means (i) (a) HR 3200, L.P., a Texas limited partnership and (b) HR JV, LP, a Texas limited partnership; (ii) an assignee of either of the entities listed here under item (i)(a) and (i)(b) under the Project Agreement pursuant to a written assignment document executed by such assignee which expressly assigns to such assignee all or a portion of the “Developer” obligations under the Project Agreement; (iii) any person or entity that becomes a “Developer” party to the Project Agreement by executing a Joinder Agreement to the Project Agreement that expressly designates

such person or entity as a “Developer” under the Project Agreement; and (iv) any person or entity that enters into a project agreement with the City with regard to property within the District Area and that is a named “Developer” party to such agreement.

B. ARTICLE IV. DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS, is hereby amended as follows:

Section 4.01 is hereby amended and replaced by the following:

4.01 Description of Improvement Projects. Except as otherwise provided in 4.12 below, the District may acquire, construct, finance, fund or reimburse only the Improvement Projects or Supplemental Projects. A periodic review of the improvements listed on Exhibit B shall be performed not less than annually to determine if additions to or deletions from Exhibit B are appropriate. Any mutually agreed upon revisions to Exhibit B, Exhibit B-1, and Exhibit L resulting from such review shall be effected by approval of the City Manager in response to written request by the District and shall not require approval of City Council.

Section 4.08 is hereby amended and replaced by the following:

4.08 Cost Sharing of Joint Facilities with City.

(a) *Wastewater*. Upon receipt of written notice issued by the District pursuant to Section 4.04 above, the City may request to share, with the District, the costs of a wastewater Improvement Project that benefits the District and the City (“Wastewater Joint Facilities”). In such event, within 90 days from receipt of notice issued by the District, the City shall notify the District of its election in writing, including the extent and description of capacity requested in such Wastewater Joint Facility and a plan for City participation in financing the engineering, design, inspection, testing, and construction costs necessary to accomplish such Wastewater Joint Facility. Before initiation of construction of any such Wastewater Joint Facilities, the District (or the Developer, if appropriate) and the City will enter into a cost sharing agreement in the form attached hereto as Exhibit “A” to this Amendment, which shall be Exhibit “M” to the Operating Agreement, that confirms how such Wastewater Joint Facilities will be funded; provided, however, that the City and the District shall share in the costs of such Joint Facilities on the basis of benefits received. For the avoidance of doubt, the basis of benefits received for Wastewater Joint Facilities shall be considered the prorated share of design capacities in the applicable Wastewater Joint Facilities that are allocable to each of the District and the City (by way of example, if there was a wastewater line that carried 100 million gallons a day of flow, and 50 million gallons were required for the City and 50 million gallons were required for the District, each party would be responsible for 50% of the cost).

(b) *Water and Roads*. Upon receipt of written notice issued by the District pursuant to Section 4.04 above, the City may request the District to oversize an Improvement Project. In such event, within 90 days from receipt of notice issued by the District the City shall notify the District of its election in writing, including the extent and description of oversizing requested and a plan for City participation in financing the engineering, design, inspection, testing, and construction costs necessary to accomplish such oversizing (the “Oversizing Costs”). To the extent permitted

by law and the rules of the TCEQ, and upon mutually agreed upon terms, the District may participate in financing the Oversizing Costs of an Improvement Project. Before initiation of construction of any oversized improvements the District or the Developer, if appropriate, and the City will enter into an agreement that confirms how such oversized improvements will be funded. If the City enters into an oversizing agreement with the Developer, the District will be provided a copy of such agreement.

(c) In no event shall the Developer be reimbursed by the District for costs if the applicable cost sharing agreement provides for Developer impact fee credits or reimbursement from the City for such costs.

Section 4.12 is hereby amended and replaced by the following:

4.12 Supplemental Projects

(a) The District is further authorized to proceed with the acquisition, construction, improvement, and financing of Authorized Projects in addition to the Improvement Projects. These Supplemental Projects shall include payments of impact fees made pursuant to Section 4.11 hereof for portions of the City Offsites serving the District Area. The District shall maintain records and prepare regular reports to the City regarding the status of construction of both Improvement Projects and Supplemental Projects. All Supplemental Projects that are Authorized Projects shall be eligible for reimbursement

(b) Construction of Supplemental Projects shall be performed in accordance with the applicable requirements of Sections 4.02 through 4.07 hereof.

Section 4.13 is hereby amended and replaced by the following:

4.13 Construction Schedule and Reduction in Certain Authorized Projects Eligible for Reimbursement.

(a) The District has awarded a contract and issued a notice to proceed thereunder for construction of Authorized Projects to serve Hunter Ranch Phase 1 (“Phase 1”). Construction of such improvements shall be deemed “complete” upon the date of issuance of the first building permit for Phase 1, which shall be no later than December 31, 2026. Failure to issue the first building permit for Phase 1 within 6 months after its deadline will result in a 25% reduction in the amount of Phase 1 Supplemental Projects eligible for reimbursement. The amount of Phase 1 Supplemental Projects eligible for reimbursement will be further reduced by 25% for each subsequent 6 month period a building permit has not been issued.

(b) The District has completed the design and public bidding processes, and execution of oversize participation agreements with terms mutually acceptable to the District and the City, for award of a contract for construction of Roark Branch Interceptor Phase 1 (D-2) and Phase 2 (D-4) (the “Roark Branch Interceptor”).

(c) The City acknowledges that the District has secured 50-foot easements necessary for construction of the Roark Branch Interceptor.

(d) The District's performance of its obligations under this Section 4.13 is subject to the provisions of Section 7.02 herein. The City agrees to cooperate in good faith with the District in its effort to complete the tasks within the respective deadlines as set out in this Section 4.13.

(e) Each six-month period following May 31, 2027, during which gas wells are not plugged and abandoned pursuant to the terms of Section 2.2 of the Project Agreement, excluding periods of time due to an event of force majeure under the Project Agreement, shall result in a \$250,000 reduction in the amount of Supplemental Projects eligible for reimbursement which shall be effectuated by identifying a Supplemental Project that is an Authorized Project and deducting \$250,000 from the total eligible for reimbursement.

#### GENERAL

- A. GOVERNING LAW. All questions concerning the construction, validity and interpretation of this Amendment and the performance of the obligations imposed by this Amendment shall be governed by the internal law, not the law of conflicts, of the State of Texas.
- B. AUTHORIZATION. Each of the Parties to this Amendment represents and warrants to the other that such Party is authorized to enter into this Amendment and have taken all necessary action to approve the execution of this Amendment.
- C. RATIFICATION. Except as specifically set forth in this Amendment, all provisions of the Operating Agreement shall remain in full force and effect. The Operating Agreement as amended by this Amendment is hereby ratified and confirmed. In the event of any conflict between the terms and provisions of the Operating Agreement and the terms of this Amendment, the terms and provisions of this Operating Agreement shall mean and refer to the Operating Agreement as amended hereby.
- D. COUNTERPART. This Amendment may be executed in two (2) or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

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EXECUTED on this the 7 day of JANUARY, 2026 but to be effective as of January 13, 2026.

HUNTER RANCH IMPROVEMENT DISTRICT  
NO. 1 OF DENTON COUNTY, TEXAS

By: [Signature]  
PRESIDENT, Board of Directors

ATTEST:

By: Amanda Green  
Secretary, Board of Directors

THE STATE OF TEXAS    §  
  §  
COUNTY OF DENTON    §

Before me the undersigned notary public appeared AMANDA GREEN, SECRETARY and ALAN HOFFMAN, PRESIDENT of Hunter Ranch Improvement District No. 1 of Denton County, Texas, a political subdivision of the State of Texas, on behalf of said political subdivision on the 7 day of JANUARY, 2026.

[Signature]  
Notary Public in and for the State of Texas

(SEAL)

