ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE EXECUTION OF A SECOND AMENDMENT TO COLE RANCH OPERATING AGREEMENT WITH COLE RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS, RELATIVE TO FUNDING OF IMPROVEMENT PROJECTS SERVING PROPERTY WITHIN COLE RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY AND ADDING DEFINITIONS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to Section 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, Cole Ranch Improvement District No. 1 of Denton County, Texas (the "District") has been created and operates under Chapter 3981, 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 3981.0109(a)(2) of the District Act, the City and Owner entered into the Operating Agreement dated April 7, 2020 and approved by City Ordinance 20-761 (the "Agreement") and as amended by the First Amendment to the Cole Ranch Operating Agreement dated February 18, 2025 and approved by City Ordinance 25-217 (the "First Amendment", together with the Agreement, the "Original Agreement"); 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 Original 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 District wish to, and it is in the public interest for the City and District to, amend the Original Agreement 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 their designee is hereby authorized to execute the

Second Amendment to Operating Agreement attached hereto as **Exhibit "A"**.

SECTION 2. The Second Amendment is attached hereto as **Exhibit "A"** 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 their designee, is further authorized to carry out all duties and obligations to be performed by the City under the Original Agreement as amended by the Second Amendment, unless otherwise reserved in the Original Agreement as amended by the Second Amendment 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 _____and seconded by _____. The ordinance was passed and approved by the following vote [___-___]:

	Aye	**Nay**	**Abstain**	**Absent**
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:

Scott Bray
Deputy City Attorney

_____
MACK REINWAND, CITY ATTORNEY

Exhibit "A"

Second Amendment to Cole Ranch Operating Agreement

SECOND AMENDMENT TO OPERATING AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DENTON §

This SECOND AMENDMENT TO OPERATING AGREEMENT (this "Second Amendment") is made and entered into between the CITY OF DENTON, TEXAS, a home rule municipality situated in Denton County, Texas (the "City"), and COLE 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 3981, 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 February 18, 2025 (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 may divide into 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, 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 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 "M", 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.

B. ARTICLE V. FINANCING IMPROVEMENT PROJECTS, is hereby amended as follows:

Section 5.02, subsection (a) is hereby amended and replaced by 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-1A," for the Regional District, and Exhibit "I-1B," for a Participating District. 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. ARTICLE VII. MISCELLANEOUS, is hereby amended as follows:

Section 7.22 is amended as follows:

7.22 Exhibits.

(a) 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.

(b) 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 - Amended
Exhibit B-1: Maps of Development Off−Site and Development On−Site Amended B 1C
Exhibit C: Park Improvements − Amended
Exhibit C-1: Park Plan − Amended
Exhibit D: Consent Resolution
Exhibit D-1: Amendment to Consent Resolution
Exhibit E: Form of Joinder - Amended
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-1A: Form of Developer Reimbursement Agreement (Regional District)
Exhibit I-1B: Form of Developer Reimbursement Agreement (Participating District)
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
Exhibit M: Wastewater Joint Facility Cost Sharing Agreement

D. EXHIBITS. Exhibit E, Form of Joinder, is hereby deleted in its entirety and replaced with revised Exhibit E, attached to this Second Amendment as ATTACHMENT 1. Exhibit I-1, Form of Developer Reimbursement Agreement, is hereby deleted in its entirety and replaced with Exhibit I-1A and Exhibit I1-B, attached to this Second Amendment as ATTACHMENT 2 AND 3, respectively. Exhibit M, Wastewater Joint Facility Cost Sharing Agreement, is hereby added to the Operating Agreement in the form attached to this Second Amendment as ATTACHMENT 4.

GENERAL

A. GOVERNING LAW. All questions concerning the construction, validity and interpretation of this Second Amendment and the performance of the obligations imposed by this Second 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 Second Amendment represents and warrants to the other that such Party is authorized to enter into this Second Amendment and have taken all necessary action to approve the execution of this Second Amendment.

C. RATIFICATION. Except as specifically set forth in this Second Amendment, all provisions of the Operating Agreement shall remain in full force and effect. The Operating Agreement as amended by this Second 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 Second Amendment, the terms and provisions of this Operating Agreement shall mean and refer to the Operating Agreement as amended hereby.

D. COUNTERPART. This Second 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 Second 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 _____ day of _____, 2026.

CITY OF DENTON, TEXAS
A home rule municipality

By: _____
Name: _____
Title: City Manager

ATTEST:

_____
Ingrid Rex, City Secretary

Approved as to Form:

By: Scott Bray Deputy City Attorney
Mack Reinwand, City Attorney

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

Charlie Rosendahl — Charlie Rosendahl
SIGNATURE — PRINTED NAME

Director
TITLE

Development Services
DEPARTMENT

STATE OF TEXAS §

COUNTY OF DENTON §

Before me the undersigned notary public appeared _____, City Manager 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 ____, 2026.

_____
Notary Public in and for the State of Texas

EXECUTED on this the 20th day of January, 2026, but to be effective as of April 21, 2026.

COLE RANCH IMPROVEMENT DISTRICT
NO. 1 OF DENTON COUNTY, TEXAS

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 Byron Campbell and Mark Harloo, President and Secretary of Cole 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 20th day of January, 2026.

_____
Notary Public in and for the State of Texas

(SEAL)

ALLISON ADAMS
Notary ID #124465257
My Commission Expires
February 28, 2027

Attachment "1"

Exhibit "E" – Form of Joinder – Amended

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Joinder"), dated as of _____, _____, is executed by and between Cole Ranch Improvement District No. 1 of Denton County, Texas (the "District") and Cole Ranch Improvement District No. _ of Denton County, Texas (the "New District"), in connection with that certain Operating Agreement entered into between the City of Denton, Texas (the "City"), and the District, dated effective as of April 7, 2020, as amended by the First Amendment to Operating Agreement, dated February 18, 2025 and the Second Amendment to Operating Agreement, dated April 21, 2026 (the "Operating Agreement"). Capitalized terms used herein shall have the definitions provided in the Operating Agreement.

WHEREAS, the District was created during the 86th Regular Session of the Texas Legislature through the passage of H.B. 4693 and codified under Chapter 3981, 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 "Cole Ranch Improvement District No. 1 of Denton County, Texas" and the New District shall be named "Cole Ranch Improvement District No. __ of Denton County, Texas"; and

WHEREAS, the boundaries of the New District are shown on Exhibit "A" hereto, reflecting the initial boundaries of the New District designated under the Division Order [and an annexation of land pursuant an Order Adding Land adopted by the New District's Board of Directors on _____, 20__] (the "New District Area"); and

WHEREAS, the Division Order designated 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.

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. District and New District acknowledge and agree that, pursuant to the Operating Agreement, New District has been designated as a "Participating District," and the 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 3981.0708 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. 20-762, consenting to the creation of the District, as amended by City Resolution No. 25-220.

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. 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]

Attachment "2"

Exhibit "I-1A" – Form of Developer Reimbursement Agreement (Regional District)

DEVELOPER REIMBURSEMENT AGREEMENT
(Regional District)

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 COLE 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 under 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 3981, 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 3,169.4269-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, the District was created during the 86th Regular Session of the Texas Legislature through the passage of HB 4693 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 3981.0109(a)(1) of the District Act, the City adopted Resolution No. 20-762, dated April 7, 2020 (the "2020 Resolution"), consenting to the creation of the Cole Ranch and to the inclusion of the Property in the District; and

WHEREAS, the City has adopted Resolution No. 25-220, dated February 18, 2025 (the "2025 Resolution"), amending the 2020 Resolution (the 2020 Resolution as amended by the 2025 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 3981.0109(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 February 18, 2025, as may be further amended form time to time (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, the District has been designated as the "Regional District" responsible for coordinating and managing the activities assumed by it in the Operating Agreement; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(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 February 18, 2025 (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 Property 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 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 Property 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 willing to advance on behalf of the District only 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 Property, 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 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 Property 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 Property.

(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 Property 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 Projects, Developer shall cause to be executed any additional documentation reasonably requested by the District to evidence the District's ownership of the 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 Projects, the District shall convey such Projects to the City. All Projects shall be used to serve the Property to the fullest extent necessary.

3.2. Maintenance and Operation. Except as provided by law or the Operating Agreement, upon acceptance of title to 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 and within the Property with respect to Regional Supplemental Projects, as defined in the Operating Agreement.

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 shall not exceed the reimbursable portion of the costs of acquiring and construction the Improvement Projects and Supplemental Projects, as those terms are defined in the Operating Agreement, including developer interest, to the maximum extent permitted by law (the "District Reimbursement Amount"). 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 District Reimbursement Amount.

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 the maximum District Reimbursement Amount as the aggregate principal amount of Bonds. 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 (1) all of the District Area, (2) the Property, with respect to Regional Supplemental Projects, and (3) $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 as set forth in 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:

Cole Ranch Improvement District No. 1 of Denton County, Texas
President, Board of Directors
c/o Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205
E-mail: srobinson@abhr.com

If to Developer:

_____
_____
_____
_____
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) forty (40) 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://comptro1ler.texas.gov/purchasing/docs/iran-list.pdf
https://comptrol1er.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:

COLE RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS

_____
Secretary, Board of Directors

By:_____
President, Board of Directors

(DISTRICT SEAL)

THE STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20___, by _____, ___ President, Board of Directors, Cole Ranch Improvement District No. 1 of Denton County, Texas, a political subdivision of the State of Texas, on behalf of said political subdivision.

[SEAL]

_____
Notary Public in and for the
State of Texas

DEVELOPER:

_____,
a _____

By:_____
Name: _____
Title: _____

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__, by _____, _____ of _____, a _____ _____, on its behalf.

[SEAL]

_____
Notary Public in and for the
State of 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, Cole Ranch Improvement District No. 1 of Denton County, Texas (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]

_____

Attachment "3"

Exhibit "I-1B" – Form of Developer Reimbursement Agreement (Participating District)

DEVELOPER REIMBURSEMENT AGREEMENT
(Participating District)

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 COLE RANCH IMPROVEMENT DISTRICT NO. __ OF DENTON COUNTY, TEXAS (the "District"), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to a division of Cole Ranch Improvement District No. 1 of Denton County, Texas ("CRID 1"), a conservation and reclamation district and political subdivision of the State of Texas created under 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 3981, 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 tract of land (the "Property") more particularly described in Exhibit "A", attached hereto, as may be amended from time to time; 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, CRID 1 was created during the 86th Regular Session of the Texas Legislature through the passage of HB 4693 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 3981.0109(a)(1) of the District Act, the City adopted Resolution No. 20-762, dated April 7, 2020 (the "2020

Resolution"), consenting to the creation of the Cole Ranch and to the inclusion of the Property in CRID 1; and

WHEREAS, the City has adopted Resolution No. 25-220, dated February 18, 2025 (the "2025 Resolution"), amending the 2020 Resolution (the 2020 Resolution as amended by the 2025 Resolution, the "Consent Resolution"); and

WHEREAS, the District was created pursuant to the District Act by an Order Dividing District executed _____, adopted by the Board of Directors of CRID 1; 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 3981.0109(a)(2) of the District Act, CRID 1 and City entered into an "Operating Agreement," effective April 7, 2020, as amended by that "First Amendment to Operating Agreement," effective February 18, 2025, as may be further amended form time to time (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 the Operating Agreement, the District entered a Joinder Agreement with CRID 1, of even date herewith, assuming all rights and obligations under the Operating Agreement with respect to the District Area; and

WHEREAS, in satisfaction of the requirements of Section 3981.0109(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 February 18, 2025 (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 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 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 Projects, Developer shall cause to be executed any additional documentation reasonably requested by the District to evidence the District's ownership of the 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 Projects, the District shall convey such Projects to the City. All 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 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 shall not exceed the reimbursable portion of the costs of acquiring and construction the Improvement Projects and Supplemental Projects, as those terms are defined in the Operating Agreement, including developer

interest, to the maximum extent permitted by law (the "District Reimbursement Amount"). 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 District Reimbursement Amount.

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 the maximum District Reimbursement Amount as the aggregate principal amount of Bonds. 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 as set forth in 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:

Cole Ranch Improvement District No. __ of Denton County, Texas
President, Board of Directors
c/o Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205
E-mail: srobinson@abhr.com

If to Developer:

_____
_____
_____
_____
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) forty (40) 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://comptro1ler.texas.gov/purchasing/docs/iran-list.pdf
https://comptrol1er.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:

COLE 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 _____ §

This instrument was acknowledged before me on the _____ day of _____, 20__, by _____, ___ President, Board of Directors, Cole Ranch Improvement District No. __ of Denton County, Texas, a political subdivision of the State of Texas, on behalf of said political subdivision.

[SEAL]

_____
Notary Public in and for the
State of Texas

DEVELOPER:

_____,
a _____

By:_____
Name: _____
Title: _____

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__, by _____, _____ of _____, a _____, on its behalf.

[SEAL]

_____
Notary Public in and for the
State of 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, Cole Ranch Improvement District No. __ of Denton County, Texas (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]
	_____

Attachment “4”

WASTEWATER JOINT FACILITY COST-SHARING AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF DENTON §

COST SHARING AGREEMENT

This Cost Sharing Agreement (this "**Agreement**"), is made and entered into this ___ day of _____, 2026 (the "**Effective Date**"), by and amongst the City of Denton, a Texas Home-Rule Municipal Corporation (hereinafter referred to as the "**City**"), with its offices located at 215 East McKinney Street, Denton, Texas 76201; Cole Ranch Improvement District No. 1 of Denton County, Texas (hereinafter referred to as "**District**") with a mailing address of ABHR, c/o Stephen M. Robinson, 4514 Cole Avenue, Suite 1450, Dallas, Texas, 75205; Cole Ranch Development LP, a Texas limited partnership (hereinafter referred to as "**Developer**"), whose principal address is 5005 Riverway, Suite 500, Houston, Texas 77056; Hunter Ranch Improvement District No. 1 of Denton County, Texas (hereinafter referred to as "**HRID**"); with a mailing address of ABHR, c/o Sanjay Bapat, 4514 Cole Avenue, Suite 1450, Dallas, Texas, 75205; and HR 3200, LP, a Texas limited partnership (hereinafter referred to as "**Hunter Developer**"), whose principal address is 3000 Turtle Creek Boulevard, Dallas, Texas 75219. Each of the City, District, Developer, HRID and Hunter Developer shall be referred to herein as a "**Party**" and together, as the "**Parties**."

RECITALS:

WHEREAS, Developer is the developer or affiliate of the developer of certain real property located in the City of Denton, Texas and being depicted on **Exhibit A-1**, attached hereto and made a part hereof for all purposes (the "**Property**"); and

WHEREAS, the Property is also located within the District; and

WHEREAS, Hunter Developer is the developer or affiliate of the developer of certain real property located in the City of Denton, Texas and being depicted on **Exhibit A-2**, attached hereto and made a part hereof for all purposes (the "**Hunter Property**")

WHEREAS, Developer is in the process of developing and improving the Property and Hunter Developer is in the process of developing and improving the Hunter Property and in connection with the same, the District must design, construct and install adequate wastewater facilities to service the Property and the Hunter Property as generally depicted on **Exhibit B** (the "**District Facilities**"); and

WHEREAS, the City wishes to participate in the cost of designing, constructing and installing a portion of the District Facilities to provide for additional capacity in the wastewater main to expand its utility system and insure adequate utility service to other customers, which consists of the Hickory Creek Interceptor identified in Exhibit L of the Cole Ranch Operating Agreement effective April 7, 2020, as amended by that certain First Amendment to Operating Agreement, effective February 18, 2025 (the "**Operating Agreement**") and the Civil Construction Plans for Hickory Creek Sanitary Sewer CEP25-0028, as shown on **Exhibit C**, attached hereto and incorporated herein by reference (the "**Required Facilities**"); and

WHEREAS, City, District, Developer, HRID and Hunter Developer desire to enter this Agreement to increase the capacity of improvements in anticipation of future development in

the area; and

WHEREAS, City, District, Developer, HRID and Hunter Developer desire to set forth, in writing, their understandings and agreement regarding the design, construction and installation of the Required Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein City, District, Developer, HRID and Hunter Developer do hereby AGREE as follows:

1. Term

This Agreement becomes effective upon the Effective Date and shall remain in effect until the Required Facilities are completed, have been accepted by the City, and the City, District and HRID have paid for their respective portions of the Total Costs (as defined below) for the Required Facilities in accordance with the terms hereof, unless earlier terminated in a writing that is signed by the City, District, Developer, HRID and Hunter Developer.

2. Scope of Work

District shall design, install, and construct the Required Facilities.

3. City, District, Developer, HRID and Hunter Developer Rights and Responsibilities

A. The amount of the City and HRID participation in the cost of the Required Facilities shall be limited to its Project Allocation (as defined below) of the Total Cost. "**Total Cost**" shall be the sum of the Soft Costs and the Hard Costs. "**Soft Costs**" shall mean the actual design, engineering and staking, construction management, inspection, material testing, and legal costs. **"Hard Costs"** shall mean the construction, materials, labor, bonds, bidding, contracting, insurance costs and all related fees and expenses for the Required Facilities. Total Cost will be allocated between the City, HRID and the District on a segment-by-segment basis as shown on **Exhibit D** ("**Project Allocation**")**.**

B. The Parties agree that the construction contracts for the Required Facilities shall be let by the District as owner in accordance with the District's competitive bidding rules. Prior to starting work under a construction contract for the Required Facilities, Developer shall coordinate or cause the District engineer to coordinate a pre-construction meeting with the City, the general contractor, and the engineer of record, as well as all inspections and testing, as contemplated by the development contract for Public Improvements attached hereto as **Exhibit E**.

C. The City shall be responsible for City's Project Allocation Share of the Total Cost based on the pro rata share for the applicable segment set forth in **Exhibit D** ("**City Project Allocation Share**") based on the recommended bid for the Required Facilities. Prior to award of the construction contract, the City shall take all actions to cause the City Council to allocate the funds required for the City Project Allocation Share, as set forth in Section F, below, and place such funds in an escrow account ("**City Escrow**

Account"), which funds shall be subject to the Escrow & Pay Agent Agreement attached hereto as **Exhibit G**, which provides for periodic withdrawal requests ("**Withdrawal Request(s)**") from the District as required to pay costs related to the construction of the Required Facilities (the "**Escrow Agreement**").

D. HRID shall be responsible for HRID's Project Allocation Share of the Total Cost based on the pro rata share for the applicable segment set forth in **Exhibit D** ("**HRID Project Allocation Share**") based on the recommended bid for the Required Facilities. HRID and HRID Developer shall enter into a cost sharing agreement with the District and Developer to account for the HRID Project Allocation Share ("**CRID/HRID Agreement**).

E. The Developer shall be responsible for the Developer's Project Allocation Share of the Total Cost based on the pro rata share for the applicable segment set forth in **Exhibit D** ("**Developer Project Allocation Share**"), based on the recommended bid for the Required Facilities. Developer shall also be responsible for accounting for the HRID Project Allocation Share through the CRID/HRID Agreement.

F. The City shall deposit into the City Escrow Account an initial amount equal to fifty percent (50%) of the City Project Allocation Share within thirty (30) days after the Effective Date of this Agreement (the "**Initial City Funding**"). The remaining fifty percent (50%) of the City Project Allocation Share shall be deposited into the City Escrow Account within sixty (60) days after the closing of the City's next issuance of capital improvement bonds, which is anticipated to occur in October 2026 (the "**City Bond Funding**"). The City currently anticipates funding such remaining balance through the issuance of such bonds; however, the City's obligation to fund its City Project Allocation Share under this Agreement shall not be contingent upon the City Bond Funding or the availability of bond proceeds. The District shall make requests for disbursements from the City Escrow Account on a quarterly basis in advance of the projected City Project Allocation Share for the subsequent quarter. The District shall provide the City Director of Development Services (the "**City Designee**") written notice of its intent to draw from the Escrow Account, along with an accounting of receipts and payments to date, and a calculation of how each Party's Allocation Share for such quarter has been calculated, at least thirty (30) calendar days prior to the start of each calendar quarter for the estimated amounts due for the City Project Allocation Share for the progress of the construction of the Required Facilities in such upcoming quarter. No earlier than fifteen (15) days after providing such notice to the City Designee, the District shall deliver to the Escrow Agent a Withdrawal Request and Certificate for the Escrow Agreement that complies with the requirements of the Escrow Agreement in order to draw cash from the Escrow Account. By way of example, for a quarter beginning on July 1 and ending on September 30, the District shall make a request for disbursement on June 1, and the Withdrawal Request and Certificate shall be provided to the Escrow Agent on June 15 for disbursement by July 1. The first quarterly request for disbursement shall include the Total Costs incurred through the

Effective Date and the projection of Total Costs to be incurred from the Effective Date through the end of the first full calendar quarter following the Effective Date. Within seven days of the funding of the City Escrow Account pursuant to the Initial City Funding, above, the District shall deliver to the Escrow Agent a Withdrawal Request and Certificate for the Escrow Agreement that complies with the requirements of the Escrow Agreement in order to release the first quarterly request for disbursement. If at any time the balance of the City Escrow Account is projected to be insufficient to pay the City Project Allocation Share of the Total Costs for the upcoming quarter based on the construction schedule for the Required Facilities, the District shall notify the City Designee in writing, and the City shall deposit additional funds into the City Escrow Account sufficient to cover the City Project Allocation Share for such upcoming quarter within thirty (30) days after receipt of such notice. In the event the City does not complete the City Bond Funding, or if bond proceeds are insufficient for any reason, the City shall nevertheless deposit into the City Escrow Account the remaining balance of the City Project Allocation Share within thirty (30) days after written notice from the District that such funds are required. In no event shall the City delay funding its City Project Allocation Share beyond December 31, 2026, regardless of whether such bonds have been issued.

G. The District shall provide or cause the District engineer to provide the City Designee and the HRID district engineer copies of invoices and pay applications under the applicable construction contract for the Required Facilities promptly upon receipt and the City Designee and the HRID district engineer shall have fifteen (15) calendar days from the date of receipt to object to the invoices or pay applications. If the City Designee or the HRID district engineer fails to object within the fifteen (15) calendar day timeframe, the pay application will be deemed approved by the City Designee or the HRID district engineer, as applicable. If the City or HRID has an objection, the District and Developer shall reasonably attempt to satisfy the concerns set forth in the objection and provide written notice to the City or HRID explaining the resolution(s) for satisfying such concerns, but the final decision regarding approval of invoices and pay applications shall remain with the District.

H. Within thirty (30) calendar days after completion and final acceptance of the Required Facilities in accordance with Section 4.05 of the Operating Agreement, the District shall cause its engineer and bookkeeper to prepare a final report confirming the total, actual costs of the Required Facilities (the "**Required Facilities Final Accounting**"), which accounting shall include the cost of such report. The Required Facilities Final Accounting shall state: (A) the costs actually paid by each Party for the Required Facilities, (B) the costs that should have been incurred by each Party based on its respective pro rata share for each segment set forth on **Exhibit D**, and (C) the amount of any underpayment or overpayment made by the Parties, taking into account clauses (A) and (B) above. The Required Facilities Final Accounting shall be provided to the Parties within ninety (90) calendar days after completion and final acceptance of the Required Facilities. Within

thirty (30) calendar days of the date the Required Facilities Final Accounting is received by the Parties, the Party that underpaid shall pay the other Party the amount of the underpayment.

I. All change orders under a construction contract for the Required Facilities are subject to approval by the District, the Developer, the HRID district engineer and the City Designee and shall reflect modifications to the contract on a segment-by-segment basis. Each of the HRID district engineer and the City Designee shall have fourteen (14) calendar days from the date of receipt to review and provide written objections to a change order. If the HRID district engineer or City Designee fails to object within the fourteen (14) calendar day timeframe, the change order will be deemed approved by each Party. The District shall consider all reasonable objections to change orders but the final decision regarding approval of a change order remains with the District. To the extent a change order alters the Total Cost or the Project Allocations, the Parties agree that each party's Project Allocation share shall be revised accordingly, **Exhibit D** shall be updated, and this Agreement is automatically amended to reflect the agreed to change order amounts and the City shall deposit the additional City Project Allocation Share into the City Escrow Account.

J. The construction contracts for the Required Facilities shall include performance, payment, and maintenance bonds, in the form attached hereto as **Exhibit F**, which shall be in compliance with Chapter 2253 of the Texas Government Code and in the total amount of the construction contract to ensure completion of the Required Facilities. District shall cause the contractors for the Required Facilities to provide a two (2)-year maintenance bond in favor of the City. City shall cause the contractor or its surety to repair and/or replace all defects due to faulty materials and workmanship that appear within a period of two (2) years from the date of final completion and final acceptance of each phase of the Required Facilities by the City.

K. This Agreement is subject to and governed by the Denton Development Code and any other applicable ordinances of the City of Denton, Texas including Ordinance MPC19-0001b, as each has been or may be amended from time to time.

L. Developer shall make good faith efforts to obtain all necessary permits, licenses, and easements to construct and install the Required Facilities, and the costs for acquisition of all necessary permits and licenses are subject to the Project Allocation. The Parties agree and acknowledge that the City has provided or will provide all property rights on City property required for the construction of the Required Facilities. The easements, deeds, and plats therefor obtained by the Developer in connection with the construction and installation of the Required Facilities shall be reviewed and approved as to form and substance by the City, which approval shall not be unreasonably withheld. If Developer is unable to acquire needed easements, the City agrees to consider securing the required easements with the full powers provided to it, including, if necessary, condemnation, in the method outlined and pursuant to the Operating Agreement Section 4.07. Developer shall

provide the City with any reasonably requested documentation of efforts to obtain such easements, including evidence of negotiations and reasonable offers made to the affected property owners. Any easements for the Required Facilities obtained by the Developer shall be assigned to the City, if not taken in the City's name, prior to acceptance of the Required Facilities, and the Developer warrants clear title to such easements from and against all lawful claims and demands of all persons claiming by, through, or under the Developer, subject however to all easements, covenants, conditions, reservations, restrictions and matters of record and any conditions that would be uncovered by an inspection of the easement area or an accurate survey of the same (collectively, the "**Permitted Exceptions**"), and will indemnify the City against any adverse claim made against such title, other than the Permitted Exceptions.

M. Minor amendments to this Agreement, as determined by the City Manager, may be authorized by the City Manager without the necessity of a vote of City Council.

N. Unless the delay is caused by the act or omission of the City, the City shall not be liable for any additional cost because of delays in beginning, continuing, or completing construction of the Required Facilities.

O. To confirm the actual cost of the Required Facilities, City and HRID shall have the right upon at least one week's notice and at a reasonable time during regular business hours to inspect any and all records of the District, its agents, employees, contractors, or subcontractors, and shall have the right to require the Developer to submit any necessary information, documents, invoices, receipts, or other records to verify the actual cost of the Required Facilities. If the actual costs are lower than those noted on **Exhibit D**, each Party's share of the Total Cost shall be reduced pro rata based on each Party's allocation as set forth on **Exhibit D**.

P. **THE DEVELOPER SHALL INDEMNIFY THE CITY FROM ANY AND ALL CLAIMS, DAMAGES, LOSS, OR LIABILITY OF ANY KIND WHATSOEVER (INCLUDING DEATH), BY REASON OF INJURY TO PROPERTY OR PERSON OCCASIONED BY ANY NEGLIGENT ACT OR OMISSION, NEGLECT, OR WRONGDOING OF THE DEVELOPER, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, OR CONTRACTORS IN THE PERFORMANCE OF THIS AGREEMENT; AND THE DEVELOPER SHALL, AT ITS OWN COST AND EXPENSE, DEFEND AND PROTECT THE CITY AGAINST ANY AND ALL SUCH CLAIMS AND DEMANDS. NOTWITHSTANDING THE FOREGOING TO THE CONTRARY, THE DEVELOPER'S INDEMNIFICATION OBLIGATIONS HEREUNDER SHALL NOT INCLUDE ANY CLAIMS, DAMAGES, LOSSES, OR LIABILITIES OF ANY KIND WHATSOEVER THAT ARE CAUSED BY THE CITY'S SOLE NEGLIGENCE. IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH DEVELOPER AND THE CITY, RESPONSIBILITY AND INDEMNITY, IF ANY, SHALL BE APPORTIONED**

COMPARATIVELY IN ACCORDANCE WITH EACH PARTIES FAULT/NEGLIGENCE. FURTHER, IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH DEVELOPER AND THE CITY, RESPONSIBILITY FOR ALL COSTS OF DEFENSE SHALL BE APPORTIONED BETWEEN THE CITY AND DEVELOPER BASED UPON THE COMPARATIVE FAULT OF EACH.

Q. Prior to the final payment to a contractor for any portion of the Required Facilities:

i. The Required Facilities must be (i) completed by the District; (ii) reviewed and inspected by the City; and (iii) approved and accepted by the City. During the work on the Required Facilities, the City and HRID have the right to review all documents, maps, plats, records, photographs, reports and drawings affecting the construction and to inspect the work in progress; and

ii. At the time of substantial completion of the Required Facilities, Developer shall or shall cause the District engineer to provide record drawings to the City and HRID, notify the City and the HRID engineer of substantial completion, and request a final walkthrough of the work. The City Public Works Inspector shall schedule a final walkthrough within ten (10) calendar days of notification of substantial completion and receipt of record drawings. The City shall then promptly conduct a final walkthrough of the Required Facilities and provide punch list of items to be remedied by the contractor, and the District shall cause the contractor to correct any deficiencies noted by the City in its punch list to the City's satisfaction prior to final acceptance. The City shall schedule any necessary re-inspections within ten (10) calendar days of notice that the punch list items have been completed.

4. Legal Construction

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

5. Counterparts

This Agreement may be executed, including electronically, in one or more counterparts, each of which when so executed shall be deemed to be an original and constitute one and the same instrument. If this Agreement is executed in counterparts, then it shall become fully executed only as of the execution of the last such counterpart called for by the terms of this Agreement to be executed.

6. Assignment

The District, HRID, Developer and Hunter Developer shall not sell, assign, or transfer its obligations or its interest or rights in the Agreement, or any claim or cause of action related thereto in whole or in part, without providing written notice of such assignment to the City. Notwithstanding the other terms of this Agreement, Developer and Hunter Developer may assign their obligations under this Agreement to a related entity or to a special district without prior consent of any of the Parties. As an express condition of consent to any assignment, District shall remain liable for completion of the Required Facilities in the event of default by the successor contractor or assignee.

7. Venue

Any and all suits for any breach of this Agreement, or any other suit pertaining to or arising out of this Agreement, shall be brought in a court of competent jurisdiction in Denton County, Texas. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

8. Entire Agreement

This instrument embodies the entire agreement of the Parties hereto and there are no promises, terms, conditions, or obligations other than those contained or incorporated herein. This Agreement shall supersede all previous communications, representations, or agreements, whether verbal or written, between the Parties hereto with respect to the subject matter of this Agreement.

9. Miscellaneous

A. Pursuant to Section 2270.002, Texas Government Code, the Developer and Hunter Developer each hereby (i) represents that it does not boycott Israel, and (ii) subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of the Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2270.001, Texas Government Code.

B. The Developer and Hunter Developer each hereby represents that (i) it does not engage in business with Iran, Sudan or any foreign terrorist organization and (ii) it is not listed by the Texas Comptroller under Section 2252.153, Texas Government Code, as a company known to have contracts with or provide supplies or services to a foreign terrorist organization. As used in the immediately preceding sentence, "foreign terrorist organization" shall have the meaning given such term in Section 2252.151, Texas Government Code.

C. By signing and entering into this Agreement, Developer and Hunter Developer each verifies, pursuant to Chapter 2274 of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), 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.

D. By signing and entering into the Agreement, Developer and Hunter Developer each verifies, pursuant to Chapter 2274 of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), 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.

E. The Parties agree that this Agreement is an agreement for good and services to the City pursuant to Texas Local Government Code 271.151.

10. Certification of Execution

The person or persons signing and executing this Agreement on behalf of Developer, or representing themselves as signing and executing this Agreement on behalf of Developer, do hereby warrant and certify that he, she or they have been duly authorized by Developer to execute this Agreement on behalf of Developer and to validly and legally bind Developer to all terms, performances and provisions herein set forth. The person or persons signing and executing this Agreement on behalf of District, or representing themselves as signing and executing this Agreement on behalf of District, do hereby warrant and certify that he, she or they have been duly authorized by the District to execute this Agreement on behalf of District and to validly and legally bind District to all terms, performances and provisions herein set forth.

The person or persons signing and executing this Agreement on behalf of Hunter Developer, or representing themselves as signing and executing this Agreement on behalf of Hunter Developer, do hereby warrant and certify that he, she or they have been duly authorized by Hunter Developer to execute this Agreement on behalf of Hunter Developer and to validly and legally bind Hunter Developer to all terms, performances and provisions herein set forth. The person or persons signing and executing this Agreement on behalf of HRID, or representing themselves as signing and executing this Agreement on behalf of HRID, do hereby warrant and certify that he, she or they have been duly authorized by HRID to execute this

Agreement on behalf of HRID and to validly and legally bind HRID to all terms, performances and provisions herein set forth.

11. Notices.

Any notice, payments, or communications 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:	Cole Ranch Improvement District No. 1 of Denton County, Texas Attn: President, Board of Directors c/o Allen Boone Humphries Robinson LLP 4514 Cole Ave, Suite 1450 Dallas, Texas 75205 Email: srobinson@abhr.com
To Developer:	Cole Ranch Development LP Attn: Ms. Elizabeth York, Sr. Vice President and General Counsel 5005 Riverway, Suite 500 Houston, Texas 77056 E-mail: elizabeth@johnsondev.com
To HIRD:	Hunter Ranch Improvement District No. 1 of Denton County, Texas Attn: President, Board of Directors c/o Allen Boone Humphries Robinson LLP 4514 Cole Ave, Suite 1450 Dallas, Texas 75205 Email: sbapat@abhr.com
To Hunter Developer:	Attn: Mr. Andrew Pieper HR 3200, LP 3000 Turtle Creek Blvd. Dallas, Texas 75219 Email: Andrew.pieper@hillwood.com
with a copy to:	Attn: Michele Ringnald HR 3200, LP 3000 Turtle Creek Blvd. Dallas, Texas 75219 Email: michele.ringnald@hillwood.com
To City:	City of Denton Attn: City Manager 215 E. McKinney St. Denton, Texas 76201 Email: cmo@cityofdenton.com

[Signature pages follow]

EXECUTED by the undersigned duly authorized officials and officers of the City and the Developer, on this the _____ day of _____, 2026.

CITY OF DENTON
A Texas Municipal Corporation

By: _____
CASSEY OGDEN, INTERIM CITY MANAGER

ATTEST:
INGRID REX, CITY SECRETARY

By: _____

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

_____
Signature

_____
Title

_____
Department
Date Signed: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

By: _____

DEVELOPER:

COLE RANCH DEVELOPMENT LP
A Texas limited partnership

By: Johnson Cole GP LLC,
A Texas limited liability company
Its general partner

By:_____
Name: Thomas Tucker
Title: Vice President

DISTRICT:

Cole Ranch Improvement District No. 1 of Denton County, Texas

By: _____
_____, Board of Directors

ATTEST:

By:_____
_____, Board of Directors

HRID:

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

By: _____
_____, Board of Directors

ATTEST:

By:_____
_____, Board of Directors

HUNTER DEVELOPER:

HR 3200, LP,
a Texas limited partnership

By: HR 3200 GP, LP,
a Texas limited partnership,
its general partner

By: BOH Investments, GP, LLC,
a Delaware limited liability company,
its general partner

By:_____
Name: Andrew Pieper
Title: Vice President

Exhibit A-1

Property Description – the District

Exhibit A-2

Property Description – Hunter Property

Exhibit B

District Facilities

Exhibit C

Required Facilities

Exhibit D

Estimated Total Costs of Required Facilities and Project Allocation

Exhibit E

Development Contract for Public Improvements

Exhibit F

Payment Bond and Performance Bond

Exhibit G

Escrow Agreement