

ORDINANCE NO. _____

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

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

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

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

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

WHEREAS, the City and owners of the property within the District desire to amend the Operating Agreement; and

WHEREAS, in order to satisfy the requirements of Section 3980.0109(a)(2) of the District Act, the City and the Owner desire to enter into the First Amendment to Hunter Ranch Project Agreement (“First Amendment”) attached as Exhibit “A”; and

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

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The Mayor is hereby authorized to execute the First Amendment attached hereto as Exhibit “A” with Hunter Ranch Improvement District No. 1 of Denton County, Texas

relative to funding, construction, ownership, maintenance, and repair of public improvements serving property located within the District Area and other related matters.

SECTION 2. A substantial copy of the First Amendment is attached hereto as Exhibit “A” and incorporated herein for all purposes. Minor adjustments to the attached First 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 his designee, is further authorized to carry out all duties and obligations to be performed by the City under the First Amendment, unless otherwise reserved in the First 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: | _____ | _____ | _____ | _____ |
| Paul Meltzer, District 3 | _____ | _____ | _____ | _____ |
| Joe Holland, District 4: | _____ | _____ | _____ | _____ |
| Brandon Chase McGee, At-Large Place 5 | _____ | _____ | _____ | _____ |
| Chris Watts, At-Large Place 6 | _____ | _____ | _____ | _____ |

PASSED AND APPROVED this the _____ day of _____, 2024.

GERARD HUDSPETH, MAYOR

ATTEST:

LAUREN THODEN, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

MACK REINWAND, CITY ATTORNEY

Exhibit "A"

First Amendment to Operating Agreement

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

FIRST AMENDMENT TO OPERATING AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF DENTON §

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

RECITALS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AMENDMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“County” means Denton County, Texas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Project Agreement” means that Project Agreement, approved by Ordinance No. 20-764, dated April 7, 2020, between the City and Petrus Investment, L.P., regarding the property within the District Area, as may be amended, and any other project agreement between the City and a

Developer regarding property within the District Area.

“Regional District” means the district resulting from division of the District designated as responsible for coordinating and managing the (a) acquisition, construction, improvement, and financing of the Regional Improvement Projects and Regional Supplemental Projects benefitting the District Area of the Regional District, and (b) maintenance of the Park Improvements, and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City.

“Regional Improvement Projects” means Improvement Projects that serve more than one District.

“Regional Supplemental Projects” means Supplemental Projects that serve more than one District.

“Regional Tax” has the meaning set forth in Section 3.08 of this Agreement.

“Regional Tax Rate” means the annual rate of the Regional Tax imposed and collected on taxable property within the District Area for the purpose set forth in Section 3.08 of this Agreement. Such term shall include the Contract Tax Rate.

“Supplemental Projects” means Authorized Projects in addition to Improvement Projects permitted to be designed, constructed, acquired, improved, or financed in accordance with Section 4.12 of this Agreement.

“TCEQ” means Texas Commission on Environmental Quality.

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

B. ARTICLE III. OPERATION OF DISTRICT, is hereby amended as follows:

Section 3.06(b) is hereby amended and replaced by substitution of the following:

3.06 District Boundaries and Division.

(b) Provided it has not issued Bonds and is not imposing ad valorem taxes, the District may divide, sequentially from time to time, ultimately resulting in no more than four (4) separate districts within the original District Area, without further consent from the City. The initially proposed boundaries of the resulting districts are generally depicted on Hunter Ranch: Master Plan Community Ordinance No. MPC19-0002c (the “MPC”). However, the District reserves the right to revise such boundaries prior to each District division proceeding. A new district created by division of the District may not at time of creation, contain any land outside of the original boundaries of the District. A new district created by division of the District is subject to the terms and conditions of the District Act, Consent Resolution, and this Agreement. At its election, a new district must either enter into a Joinder to this Agreement in the form attached hereto as Exhibit “E” or a new operating agreement. Any new operating agreement must be approved by the City Council, such consent to be evidenced by resolution or ordinance. Any Joinder entered into

pursuant to this Agreement shall not require the approval or consent of the City Staff or City Council but shall include a general description of the portion of the Improvement Projects projected to be constructed and financed to serve the new district. To the extent Supplemental Projects projected to be constructed and financed to serve the new district have been determined, a general description of such improvements will be included in the Joinder. Each new district entering into a Joinder shall provide a copy of the Joinder to the City within 30 days from its effective date.

Section 3.07(c) is hereby amended and replaced by substitution of the following:

(c) The provisions of this Section 3.07 are not intended to limit the sources of funding the District's obligations under Sections 4.09(b) or 5.02 hereof. Such obligations may be funded by any monies legally available to the District. The District may adopt and enforce charges and fees (other than impact fees), in addition to taxes and assessments, for providing or making available any District facility or service as authorized by the District Act.

The following Sections 3.08, 3.09, and 3.10 are added to and made a part of ARTICLE III.
OPERATION OF DISTRICT:

3.08 Regional District. The Regional District intends to acquire, construct, extend, and finance its Internal Improvement Projects and Internal Supplemental Projects in stages to meet the needs of the development within its boundaries, and the Regional Improvement Projects and Regional Supplemental Projects in stages to meet the needs of the District Area. The Regional District intends to maintain the Park Improvements within the District Area in a similar manner. The Regional District plans to finance the cost of acquiring and constructing its Internal Improvement Projects and Internal Supplemental Projects through the issuance of Bonds secured by an Internal Tax. The Regional District plans to finance the cost of acquiring and constructing the Regional and Regional Supplemental Projects through the issuance of Bonds secured by payments by each Participating District and the Regional District pursuant to a contract from the proceeds of a special ad valorem tax (the "Regional Tax"), fees and charges, or other legally available funds. The Regional District intends to pay the cost of maintaining the Park Improvements from payments by each Participating District and the Regional District pursuant to a contract from proceeds of special Assessments, fees and charges, or other legally available funds.

Each order dividing the District into a new district shall (i) designate the new district as either a "Participating District" or the "Regional District"; (ii) require the Regional District be responsible for coordinating and managing the activities assumed by it in the Operating Agreement with respect to the District Area; and (iii) require the new Participating District contract with the Regional District in such a manner that the Regional District will be able to acquire, construct, and finance Regional Improvement Projects and Regional Supplemental Projects and maintain Park Improvements for the District Area as contemplated by the Operating Agreement, and other miscellaneous improvements as may be agreed upon in writing by the Regional District and City.

3.09 Participating District. Each Participating District intends to acquire, construct, extend, and finance its Internal Improvement Projects and Internal Supplemental Projects in stages to meet the needs of the development within its boundaries. A Participating District plans to

finance the cost of acquiring and constructing Internal Improvement Projects and Internal Supplemental Projects through the issuance of Bonds secured by an unlimited tax pledge of that District (the “Internal Tax”), subject to compliance with the requirements of Section 5.02(d) herein.

3.10 Special Legislation. The District was created and operates pursuant to the District Act and MMD Act. To the extent necessary to effectuate the terms and provisions of the Operating Agreement with respect to the financing of Improvement Projects and Supplemental Projects by the Regional District and maintaining Park Improvements in the manner as contemplated herein, the Parties agree to cooperate at no cost to the City to secure amendment to the District Act through the passage of legislation by the State Legislature (the “Legislation”). The Legislation shall provide that the principal amount of Bonds secured by revenue or contract payments meeting the requirements of Section 49.108, Texas Water Code, issued by the Regional District in the aggregate may not exceed 10 percent of the assessed value of all real property within the District Area.

The provisions of Section 5.01(d) of this Amendment shall only become effective upon the effective date of the Legislation in form and substance sufficient to authorize such provisions. Until such time the original provisions of Section 5.01(d) of the Agreement shall remain in full force and effect.

C. ARTICLE IV. DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS, is hereby amended as follows:

Section 4.01 is hereby amended and replaced by substitution of the following:

4.01 Description of Improvement Projects. Except as otherwise provided in 4.12 below, the District may acquire, construct, finance, fund or reimburse only the Improvement Projects. A periodic review of the improvements listed on Exhibit B shall be performed not less than annually to determine if additions to or deletions from Exhibit B are appropriate. Any mutually agreed upon revisions to Exhibit B, Exhibit B-1, and Exhibit L resulting from such review shall be effected by approval of the City Manager in response to written request by the District and shall not require approval of City Council.

Section 4.03 is hereby amended and replaced by substitution of the following:

4.03 Construction of Improvements. The Developer is responsible for any costs to construct the Improvement Projects and Developer’s reimbursement for Improvement Projects by the District is subject to the terms of this Agreement. The City has no obligation under this Agreement to construct or contribute financially to the Improvement Projects or other public infrastructure located within the District Area; and except as otherwise may be described in sections 4.08 and 4.11 hereof, the City has no obligation under this Agreement to construct or contribute financially to Improvement Projects or other public infrastructure outside the District Area required to serve development of the District Area. All Improvement Projects shall be designed, acquired, constructed, installed, and maintained in compliance with the requirements of the Consent Resolution, this Agreement, the District Act, and applicable provisions of the general

laws relating to municipal management districts, including Chapter 375, Local Government Code. Plan review, construction, inspection, and approval of all Improvement Projects shall comply with the MPC and City criteria manual, as amended from time to time.

Section 4.11, subsections (a), (c), and (f) are hereby amended and replaced by the following:

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

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

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

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

(f) When the cost of the City Offsites has been fully paid, a financial analysis shall be performed to ensure that the District has not paid more than the District Cost, taking into consideration City receipt of applicable District Area Revenues. If as a result of such analysis, the District is determined to have overpaid the District Cost, such excess shall be returned to the District. Such funds shall be available for use by the District for any lawful District purpose, including reimbursement of the cost of Improvement Projects and eligible Regional Supplemental Projects.

Section 4.11(g) is deleted in its entirety.

The following Sections 4.12 and 4.13 are added to and made a part of ARTICLE IV.
DESCRIPTION/CONSTRUCTION OF IMPROVEMENT PROJECTS:

4.12 Supplemental Projects.

(a) Development of the District Area will require the acquisition, construction, improvement, and financing of Authorized Improvements in addition to the Improvement Projects. These Supplemental Projects shall include payments of impact fees made pursuant to Section 4.11 hereof for portions of the City Offsites serving the District Area. The District shall maintain records and prepare regular reports to the City regarding the status of construction of both Improvement Projects and Supplemental Projects. Upon completion of an Improvement Project evidenced by written acceptance by the City, Supplemental Projects in an equal amount will be eligible for reimbursement by the District.

(b) Construction of Supplemental Projects shall be performed in accordance with the applicable requirements of Sections 4.02 through 4.07 hereof.

4.13 Construction Schedule and Reduction in Supplemental Projects Eligible for Reimbursement.

(a) The District agrees to award a contract and issue a notice to proceed thereunder for construction of Authorized Projects to serve Hunter Ranch Phase 1 (“Phase 1”) by December 31, 2024. Construction of such improvements shall be deemed “complete” upon the date of issuance of the first building permit for Phase 1, which shall be no later than December 31, 2026. Failure to complete either task within 6 months after its respective deadline will result in a 25% reduction in the amount of Phase 1 Supplemental Projects eligible for reimbursement. The amount of Phase 1 Supplemental Projects eligible for reimbursement will be further reduced by 25% for each subsequent 6 month period a task remains incomplete.

(b) The District agrees to complete the design and public bidding processes, and execution of oversize participation agreements with terms mutually acceptable to the District and the City, if any are necessary, for award of a contract for construction of Roark Branch Interceptor Phase 1 (D-2) and Phase 2 (D-4) (the “Roark Branch Interceptor”) by December 31, 2025. Failure to complete this task by June 30, 2026, will result in a 25% reduction in the amount of Supplemental Projects that would otherwise become available as a result of construction of the

Roark Branch Interceptor. The amount of Supplemental Projects eligible for reimbursement will be further reduced by 25% for each subsequent 6 month period the foregoing task remains incomplete.

(c) The District agrees to use its best efforts to secure 50-foot easements necessary for construction of the Roark Branch Interceptor by December 31, 2025.

(d) The District's performance of its obligations under this Section 4.13 is subject to the provisions of Section 7.02 herein. The City agrees to cooperate in good faith with the District in its effort to complete the tasks within the respective deadlines as set out in this Section 4.13.

(e) Each six-month period following May 31, 2027, during which gas wells are not plugged and abandoned pursuant to the terms of Section 2.2 of the Project Agreement, excluding periods of time due to an event of force majeure under the Project Agreement, shall result in a \$250,000 reduction in the amount of Supplemental Projects eligible for reimbursement

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

Section 5.01, subsections (a), (b), (c), and (d) are hereby amended and replaced by substitution of the following:

5.01 General Bond Authority.

(a) Subject to the limitations and conditions of this Article V, the District may issue Bonds for (i) the actual costs and expenses of designing, acquiring, constructing, installing, and funding Improvement Projects and Supplemental Projects; and (ii) expenses authorized by Section 49.155, Water Code (the "Maximum Reimbursement Amount"). The costs and expenses of Supplemental Projects that may be financed by District Bonds shall be limited to the amount calculated pursuant to Section 4.12 hereof. Costs authorized pursuant to Section 49.155(a)(12), Water Code, shall be limited to an amount not to exceed \$4,000,000 in the aggregate.

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

(c) The principal amount of Bonds issued by the District in aggregate, excluding the principal amount of any Bonds issued to refund outstanding Bonds (the "Maximum Bond Amount"), may not exceed the amount necessary to fund the Maximum Reimbursement Amount.

(d) The principal amount of Bonds issued by the District to acquire or construct Internal Improvement Projects or Internal Supplemental Projects may not exceed ten percent (10%) of the assessed value of all real property in the District. Such Bonds may be issued over time in multiple series; provided in no event is the District authorized to issue more than \$50,000,000 principal amount of Bonds in the aggregate for such purposes until such time as the estimated taxable assessed value of the District, as certified by the Denton Central Appraisal District ("DCAD"), exceeds \$500,000,000. Upon receipt of such certification, the District is authorized to issue not

more than \$100,000,000 principal amount of Bonds in the aggregate for such purposes until such time as the estimated taxable assessed value of the District Area as certified by DCAD exceeds \$1,000,000,000. Thereafter, and in the same manner, the authorization of the District to issue Bonds will be increased in additional increments of \$50,000,000, upon receipt of certification by DCAD for each additional increment that the estimated taxable assessed value of the District has increased by an additional \$500,000,000 to support such increment. The Districts shall provide copies of each DCAD certified estimate of taxable assessed value of the District in accordance with the provisions of Sections 3.05 and 5.06 of this Agreement.

The principal amount of Bonds issued by the Regional District for Regional Improvement Projects and Regional Supplemental Projects secured by revenue or contract payments meeting the requirements of Section 49.108, Texas Water Code, may not exceed ten percent (10%) of the assessed value of all real property within the District Area.

Section 5.02, subsections (a), (c), and (d) are hereby amended and replaced by substitution of the following:

5.02 Terms and Conditions.

(a) The Parties acknowledge and agree that the Developer intends to advance funds to or on behalf of the District for the acquisition and construction of the Improvement Projects and Supplemental Projects, and District creation and administration expenses pursuant to a reimbursement agreement with the District (the “Developer Reimbursement Agreement”). The Developer Reimbursement Agreement authorized by this Agreement shall be in substantially the form as attached hereto as Exhibit “I-1”. The District will not amend the Developer Reimbursement Agreement to expand its obligations beyond those expressly provided thereunder nor enter into any additional reimbursement agreement with the Developer without the prior written consent of the City Council. Further, pursuant to Section 4.11 hereof, third parties in addition to the Developer may advance funds to or on behalf of the District pursuant to an impact fee reimbursement agreement (the “Builder Reimbursement Agreement”), in substantially the form attached hereto as Exhibit “I-2”. The Builder Reimbursement Agreement along with the Development Reimbursement Agreement are collectively referred to as the “Reimbursement Agreements”).

(c) The District will reimburse Developer for the reimbursable portion of the costs of acquiring and constructing Improvement Projects and Supplemental Projects, including “developer interest”, to the maximum extent permitted by law, including without limitation the rules of TCEQ, Office of the Texas Attorney General, this Agreement and the Consent Resolution. However, the foregoing District reimbursement obligation shall terminate with respect to any costs incurred subsequent to forty (40) years from the Effective Date.

(d) Each proposed issuance of Bonds, whether issued by the Regional District for Regional Improvement Projects or Regional Supplemental Projects, or the Regional District or a Participating District for Internal Improvement Projects or Internal Supplemental Projects, must comply with the Benchmark Tax Rate feasibility test. For the avoidance of doubt, this means the maximum tax rate equivalent shall be calculated for each of the Districts, and the resulting

calculations shall demonstrate each individual equivalent rate does not exceed the Benchmark Tax Rate. The District shall provide the City a report evidencing the District's determination of compliance with the Benchmark Tax Rate feasibility test prior to the issuance of each Series of Bonds.

Section 5.07, subsection (a) is hereby amended and replaced by substitution of the following:

5.07 Creation of Funds.

- (a) The District shall create the following funds:
 - (i) General Fund;
 - (ii) Assessment Fund;
 - (iii) Contract Fund;
 - (iv) For each series of Bonds, a Capital Projects Fund;
 - (v) For each series of Bonds, a Debt Service Fund; and
 - (vi) Regional Contract Fund.

Section 5.07 is hereby amended by the addition of the following subsection (h):

(h) Regional Contract Fund – The Regional District shall deposit all Regional Tax proceeds and Assessments received from the Participating Districts to the credit of the Regional Contract Fund; and such fund shall be applied only for the purposes set forth in Section 3.08 herein.

Section 5.08, introductory paragraph and subsections (b) and (c) are hereby amended and replaced by substitution of the following:

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

(b) The District shall certify with appropriate supporting documentation, that the Available Funds will be used to reimburse only the cost of Improvement Projects or eligible Supplemental Projects; and

(c) The use of Available Funds to reimburse the cost of Improvement Projects and eligible Supplemental Projects shall be subject to the applicable rules of the TCEQ.

Section 5.08(d) is deleted in its entirety.

E. ARTICLE VI. DISSOLUTION OF DISTRICT, is amended as follows:

Section 6.01, subsections (a), (b), and (c) are hereby amended and replaced by substitution of the following:

6.01 Dissolution by City.

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

(b) If the City dissolves the District prior to the District's completion of performance of its function and purpose of the acquisition and construction of all Improvement Projects and eligible Supplemental Projects necessary for full development of the District Area; and reimbursement of Developer for monies advanced to or on behalf of the District for such purposes to the maximum extent permitted hereunder and required under the Reimbursement Agreements, on the effective date of District dissolution the City shall (i) pay in cash to Developer who has advanced monies to or on behalf of the District pursuant to the Reimbursement Agreements, to the maximum extent permitted hereunder and required under the Reimbursement Agreements, an amount equal to actual costs incurred by Developer in connection with the Improvement Projects and eligible Supplemental Projects that has not been reimbursed as of the date of dissolution as required under the terms of the Reimbursement Agreements; and (ii) be deemed to have assumed all of the District's ongoing contractual obligations, including, but not limited to, the District's obligations to reimburse Developer to the maximum extent permitted hereunder for future expenditures to be made subsequent to the date of dissolution for Improvement Projects and eligible Supplemental Projects in accordance with any then existing Reimbursement Agreements, with the source of funds for the City's payment being proceeds of bonds, notes or other obligations the City determines to issue for such purpose or other legally available funds in the sole discretion of the City. All obligations assumed by the City, including obligations to issue bonds, notes or other obligations for the payment to Developer, shall be subject to all conditions, restrictions or other limitations applicable to the District under this Agreement and the Consent Resolution, including for the issuance of Bonds. This obligation is conditional upon the acquisition and construction of such Improvement Projects and eligible Supplemental Projects by the Developer, in lieu of the District, in the manner required by the Reimbursement Agreements; and Developer's compliance with its Project Agreement. Furthermore, the foregoing City reimbursement obligation shall terminate with respect to any costs incurred subsequent to forty (40) years from the Effective Date. This Section 6.01(b) survives the termination or expiration of this Agreement; however, it is not intended to create any restriction of the City's police powers.

(c) Notwithstanding anything to the contrary in Section 6.01(b) hereof or otherwise, in the event that the District has issued Bonds as described in Sections 4.12 and 5.01 hereof, the City may at any time after 30 days from completion of such issuance of Bonds dissolve the District after giving notice as provided in subparagraph (d) below, pursuant to Section 375.263 of Chapter 375, Texas Local Government Code, or any successor statute thereto.

F. ARTICLE VII. MISCELLANEOUS, is hereby amended as follows:

Sections 7.01, 7.21, and 7.22 are hereby amended and replaced by substitution of the following:

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

To District: Hunter Ranch Improvement District No. 1 of Denton County, Texas
Attn: President, Board of Directors
c/o Allen Boone Humphries Robison LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Email: ccrawford@abhr.com

With a copy to the Developer:

Attn: Mr. Andrew Pieper, Vice President
HR 3200, LP
3000 Turtle Creek Blvd.
Dallas, Texas 75219
Email: Andrew.Pieper@hillwood.com

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

7.21 Term. On or after the earlier to occur of (a) 30 days after the date the District has completed the issuance of the Bonds as described in Sections 4.12 and 5.01 hereof, or (b) the date the District certifies that (i) the acquisition and construction of all Improvement Projects and eligible Supplemental Projects is complete; and (ii) reimbursement of each Developer for monies advanced to or on behalf of the District for such purpose has been made to the maximum extent permitted hereunder, the City may elect to terminate the Agreement upon 90 days written notice to the District.

7.22 Exhibits. The Parties acknowledge and agree that the information contained in the Studies served as the basis for the preparation of many of the following exhibits (the “Exhibits”). The Parties acknowledge and agree that the information contained in the Studies is based upon estimates, assumptions, and projections as of the Effective Date of this Agreement which are subject to change. The Studies themselves are not incorporated herein as part of this Agreement, but can be relied on by the Parties as a baseline projection of improvement projects, and their related costs, needed to serve development inside and outside the District Area. If future studies, prepared by the District or Developer in cooperation with and based upon input, recommendations, and approvals from the City, or prepared by the City, propose to change, modify, update, or supersede the Studies, an amendment to this Agreement is not required.

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

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

G. EXHIBITS. Exhibit D-1: Amendment to Consent Resolution is hereby added and made a part of the Operating Agreement. Exhibits E, I, and J of the Operating Agreement are hereby deleted each in their entirety and replaced with revised Exhibits E, I-1, I-2, and J attached to this Amendment as ATTACHMENTS 1, 2, 3, and 4, respectively. Exhibits H-1 and H-2 are deleted in their entirety and not replaced.

GENERAL

A. GOVERNING LAW. All questions concerning the construction, validity and interpretation of this Amendment and the performance of the obligations imposed by this Amendment shall be governed by the internal law, not the law of conflicts, of the State of Texas.

- B. AUTHORIZATION. Each of the Parties to this Amendment represents and warrants to the other that such Party is authorized to enter into this Amendment and have taken all necessary action to approve the execution of this Amendment.
- C. RATIFICATION. Except as specifically set forth in this Amendment, all provisions of the Operating Agreement shall remain in full force and effect. The Operating Agreement as amended by this Amendment is hereby ratified and confirmed. In the event of any conflict between the terms and provisions of the Operating Agreement and the terms of this Amendment, the terms and provisions of this Operating Agreement shall mean and refer to the Operating Agreement as amended hereby.
- D. COUNTERPART. This Amendment may be executed in two (2) or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTED on this the ____ day of May, 2024 but to be effective as of the May 7, 2024.

CITY OF DENTON, TEXAS
A home rule municipality

By: _____
Name: _____
Title: Mayor

ATTEST:

_____, City Secretary

Approved as to Form:

_____, City Attorney

| | |
|--|-----------------------|
| THIS AGREEMENT HAS BEEN REVIEWED AND APPROVED as to financial and operational obligations and business terms. | |
| _____ SIGNATURE | _____ PRINTED NAME |
| _____ TITLE | |
| _____ DEPARTMENT | |

STATE OF TEXAS §

COUNTY OF DENTON §

Before me the undersigned notary public appeared _____, Mayor of City of Denton, a home rule municipality, and executed the foregoing agreement for the purposes therein expressed on behalf of such municipality on the ____ day of May, 2024.

Notary Public in and for the State of Texas

EXECUTED on this the ____ day of May, 2024 but to be effective as of May 7, 2024.

HUNTER 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 _____, President of Hunter Ranch Improvement District No. 1 of Denton County, Texas, a political subdivision of the State of Texas, on behalf of said political subdivision on the ____ day of May, 2024.

Notary Public in and for the State of Texas

(SEAL)

Exhibit “D-1”

Amendment to Consent Resolution

EXHIBIT D - RESOLUTION AMENDING CONSENT RESOLUTION

RESOLUTION NO. _____

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

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

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

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

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

WHEREAS, the City and District have agreed to amend the terms and provisions of the Operating Agreement and the City has adopted Resolution No. _____, dated May __, 2024, approving a First Amendment to Operating Agreement, between the City and the District (the "First Amendment"); and

WHEREAS, amendment of the Operating Agreement as provided by the First Amendment requires amendment of the Consent Resolution as provided herein.

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

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

SECTION 2. Section 4 of the Consent Resolution is hereby amended and restated to provide as follows:

The District shall be subject to the following terms and provisions:

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

(c) Issuance of Bonds

- (i) The District may issue Bonds payable wholly or partly from ad valorem taxes, revenue other than assessments, contract payments, grants, or other District money, or any combination of those sources of money, only to pay for an authorized District purpose or project;
- (ii) Each series of Bonds will have a maximum maturity of 30 years, and expressly provide that the District reserves the right to redeem each series of Bonds on any date not later than the 10th anniversary of the date of issuance without premium;
- (iii) Except as otherwise permitted by law, the Bonds will be sold only after taking public bids;
- (iv) The bids for the Bonds will be received not more than forty-five days after notice of the sale of the Bonds is given;
- (v) The Bonds will not be payable from or secured by special assessment revenues of the District;
- (vi) The Bonds will not be payable from or secured by a pledge of ad valorem taxes of the City or the revenues from the City's utility or other system or any other revenues of the City;
- (vii) The principal amount of Bonds secured by ad valorem taxes issued by the District, when combined with the District's other similarly secured Bonds outstanding at the time of issuance may not exceed ten percent (10%) of the assessed value of all real property in the District. The principal amount of Bonds secured by contract payments meeting the requirements of Section 3980.0504(2) of the District Act issued by the District, when combined with the District's other similarly secured Bonds outstanding at the time of issuance may not exceed ten percent (10%) of the assessed value of all real property subject to the applicable District contract;
- (viii) No Bonds, other than refunding Bonds, will be sold for less than 95% of par; provided that the net effective interest rate on the Bonds so sold, taking into account any discount or premiums as well as the interest borne by such Bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such Bonds is given;

- (ix) Any refunding Bonds issued by the District must provide for a minimum of three percent (3%) net present value savings; and the latest maturity of the refunding Bonds may not extend beyond the latest maturity of the refunded Bonds unless approved by the City;
 - (x) At least 45 days before the sale of a series of Bonds or at least 45 days before entering into any bond purchase agreement for the sale of Bonds, the District shall submit a copy of the documents authorizing the Bonds to the City staff together with (a) the certifications from each developer in the District that the developer is in compliance with the developer's project agreement with the City; and (b) certification that the District is in compliance with this resolution and its operating agreement with the City (collectively, the "Bond Documents").
 - (xi) The City staff must complete its review of the Bond Documents not later than the 30th day after the date the City receives such documents. In the event the City staff determines a developer or the District is not in compliance, it may object to the issuance of a series of Bonds by the delivery of written notice of such objection (the "Initial Notice of Noncompliance") to the District within 35 days from the date of City's receipt of the Bond Documents. Such notice shall set forth in reasonable detail the basis for the City staff objection and the District shall be given a reasonable time to cure based on the alleged noncompliance, but in no event less than 30 days (the "Cure Period"). In the event that the City staff determines the basis for its objection has not been cured within the Cure Period, it shall provide written notice (the "Final Notice of Noncompliance") of such determination to the District . Subsequent to its receipt of the Final Notice of Noncompliance, the District must obtain consent of the City Council for the issuance of such Bonds.
- (d) Boundary Changes
- (i) Land shall not be added to or excluded from the District without the written consent of the City Council as provided by the District Act.
- (e) District Division
- (i) The City's consent to the creation of the District granted by this resolution shall constitute consent to future creation of any new district created by division pursuant to the District Act; provided the

new district is located wholly within the area of the District as of the effective date of the District Act.

- (ii) The creation of any new district by division shall be subject to the conditions of this resolution and the District Act.
- (iii) The District may not be divided into more than four (4) new districts without City consent.

(f) Dissolution

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

(g) Miscellaneous

- (i) A contract of the District payable from ad valorem taxes or special assessments for a period longer than 3 years must be approved by the City unless such contract is terminable at will at the discretion of the District upon 30 days written notice, is subject to annual appropriation by the District or has been approved by the qualified voters of the District.
- (ii) City consent shall be required to include any part of the area of the District in a tax increment reinvestment zone or tax abatement reinvestment zone.

(h) Remedies

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

SECTION 3. If any section, subsection, clause, phrase or portion of this resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.

SECTION 4. This resolution shall be in full force and effect from and after its passage.

The motion to approve this resolution was made by _____ and seconded by _____. The resolution was passed and approved by the following vote [__ - __]:

| | Aye | Nay | Abstain | Absent |
|---------------------------------------|------------|------------|----------------|---------------|
| Mayor Gerard Hudspeth: | _____ | _____ | _____ | _____ |
| Vicki Byrd, District 1: | _____ | _____ | _____ | _____ |
| Brian Beck, District 2: | _____ | _____ | _____ | _____ |
| Paul Meltzer, District 3 | _____ | _____ | _____ | _____ |
| Joe Holland, District 4: | _____ | _____ | _____ | _____ |
| Brandon Chase McGee, At-Large Place 5 | _____ | _____ | _____ | _____ |
| Chris Watts, At-Large Place 6 | _____ | _____ | _____ | _____ |

PASSED AND APPROVED this the _____ day of _____, 2024.

GERARD HUDSPETH, MAYOR

ATTEST:

LAUREN THODEN, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

MACK REINWAND, CITY ATTORNEY

Attachment “1”

Exhibit “E” – Form of Joinder

EXHIBIT E - FORM OF JOINDER

EXHIBIT E JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Joinder"), dated as of _____, 20__, is executed by and between Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District"), and Hunter Ranch Improvement District No. ___ of Denton County, Texas (the "New District"), in connection with that certain Operating Agreement entered into between the City and the District, dated effective as of April 7, 2020, as amended by the First Amendment to Operating Agreement, dated _____, 2024 (the "Operating Agreement"). Capitalized terms used herein shall have the definitions provided in the Operating Agreement.

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

WHEREAS, the New District has been created pursuant to the District Act by an order, dated _____, 20__ (the "Division Order"), adopted by the board of directors of the District; and

WHEREAS, the Division Order provides that the existing District shall remain named "Hunter Ranch Improvement District No. 1 of Denton County, Texas" and the New District shall be named "Hunter Ranch Improvement District No. ___ of Denton County, Texas"; and

WHEREAS, the Division Order designates the initial boundaries of the New District as shown on Exhibit "A" hereto (the "New District Area"), and revised boundaries of the District as shown on Exhibit "B" hereto (the "Revised District Area"); and

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

WHEREAS, the New District desires to enter into and execute this Joinder in order to become a party to the Operating Agreement with respect to the New District Area. NOW THEREFORE, the District and the New District agree as follows:

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

2. New District hereby acknowledges, agrees, and confirms that, by its execution of this Joinder, New District shall be deemed to be a “party” to the Operating Agreement, but only with respect to the New District Area, and shall have all of the rights and obligations of the District thereunder with respect to the New District Area, as if it had originally executed Operating Agreement. New District hereby ratifies, as of the date hereof, and agrees to be bound by, all of the applicable terms, provisions and conditions contained in the Operating Agreement with respect to the New District area, to the same effect as if it were an original party thereto. Attached hereto as Exhibit “D” is a general description of the portion of the Improvement Projects, and Supplemental Projects that can be identified, projected to be constructed and financed to serve the New District. District and New District agree to prepare annual reports identifying: (a) the Improvement Projects and Supplemental Projects (as such terms are defined in the Operating Agreement) to be constructed and financed; (b) the status of such construction and financing activities; (c) the amount of Bonds authorized for such projects; and (d) the amount of Bonds issued to finance such projects. From and after the date hereof, the District shall be released from any liability that results from New District’s failure to perform its obligations under the Operating Agreement.

3. [FOR REGIONAL DISTRICT JOINDER ONLY] District and New District acknowledge and agree District has been designated as the “Regional District” responsible for coordinating and managing the activities assumed by it in the Operating Agreement.

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

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

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

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

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

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

[SIGNATURE PAGE TO FOLLOW]

HUNTER RANCH IMPROVEMENT DISTRICT
NO. 1 OF DENTON COUNTY, TEXAS
"District"

By: _____

Name: _____

Title: _____

Address: _____

Fax: _____

Phone: _____

Email: _____

ATTEST:

By: _____

Name: _____

Title: _____

Address: _____

Fax: _____

Phone: _____

Email: _____

HUNTER RANCH IMPROVEMENT DISTRICT
NO. ___ OF DENTON COUNTY, TEXAS
"New District"

By: _____

Name: _____

Title: _____

Address: _____

Fax: _____

Phone: _____

Email: _____

ATTEST:

By: _____

Name: _____

Title: _____

Address: _____

Fax: _____

Phone: _____

Email: _____

EXHIBIT A

NEW DISTRICT AREA

EXHIBIT B

REVISED DISTRICT AREA

EXHIBIT C

COPY OF OPERATING AGREEMENT

EXHIBIT D

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

Attachment “2”

Exhibit “I-1” – Form of Developer Reimbursement Agreement

EXHIBIT I-1 - FORM OF DEVELOPER REIMBURSEMENT AGREEMENT

EXHIBIT I-1
DEVELOPER REIMBURSEMENT AGREEMENT

This DEVELOPER REIMBURSEMENT AGREEMENT (the "Agreement") is made and entered into effective as of the ___ day of _____, 20__, (the "Effective Date") between _____, a _____ (the "Developer") and HUNTER RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON COUNTY, TEXAS (the "District"), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59, of the Texas Constitution and an Act of the Texas Legislature codified at Chapter 3980, Special District Local Laws Code (the "District Act"), and operating under the District Act, and Chapter 375, Local Government Code. (The Developer and District are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".)

RECITALS:

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

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

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

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

WHEREAS, the City has adopted Resolution No. _____, dated _____, 2024 (the "2024 Resolution"), amending the 2020 Resolution (the 2020 Resolution as amended by the 2024 Resolution, the "Consent Resolution"); and

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

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(2) of the District Act, the District and City entered into an "Operating Agreement", effective April 7, 2020, as amended by that "First Amendment to Operating Agreement", effective _____, 2024 (the "Operating Agreement"), that provides for: (a) a general description of the Improvement Projects and Supplemental Projects (collectively, the "Projects") that may be financed by the District; (b) the terms and conditions of the financing of the Projects; and (c) the operation of the District; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the Developer and the City have entered into a Project Agreement, effective April 7, 2020, as amended by that "First Amendment to Project Agreement", effective _____, 2024 (the "Project Agreement"), relating to various aspects of the development of property inside or outside the District Area; and

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

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

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

WHEREAS, the District hereby requests Developer: (i) to advance or pay on behalf of the District certain monies to pay for District Operating Costs; and (ii) at such time as

Developer determines to proceed with development, to advance to or pay on behalf of the District all monies to acquire and construct the Projects; and

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

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

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

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

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

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

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

ARTICLE I
MAINTENANCE AND OPERATING COSTS

1.1. The District has incurred and will continue to incur District Operating Costs which will be paid from: (a) revenues from the District's M&O Tax; and (b) revenues from Assessments levied by the District; and (c) revenues from any other legally available source (collectively, the "District Revenue").

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

ARTICLE II
DEVELOPER OBLIGATIONS

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

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

2.3. Plans and Specifications.

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

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

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

2.4. Provision of Projects. The District shall cooperate with Developer and take all steps necessary to facilitate construction of the Projects including, but not limited to,

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

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

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

2.6. Lienholder Releases. In the event Developer borrows the money for the acquisition or development of the Property or to make payments for the design and construction of the Projects (or otherwise desires to place a lien on the Property), Developer agrees to: (a) notify the District in writing of the name of such lender; (b) obtain from such lender, and deliver to the District, written releases and/or subordination agreements, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien on any portion of the Projects and that in the event such

lienholder should foreclose on any portion of the Property, such lienholder shall not have any title to the Projects; (c) obtain from such lender, and deliver to the District, written releases, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), evidencing that such lender has not taken a lien, pledge, or any other interest in this Agreement or to any right, title, or interest of Developer under this Agreement except for the right of Developer to be reimbursed under this Agreement; and (d) obtain from such lender, and deliver to the District, the written acknowledgement of such lender, in a form reasonably satisfactory to the District (which reasonable satisfaction shall be evidenced by written acknowledgement), acknowledging and agreeing that should such lender, or its successors or assigns, take title to any portion of the Property, that such lender, and its successors and assigns, shall take title subject to the terms and conditions of this Agreement.

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

2.8. Records. Developer shall keep accurate records itemizing and separating all costs relative to the portions of the Projects eligible for reimbursement by the District. Within 60 days after the date of the District's receipt of the District Engineer's certificate of completion for each portion of the Projects, Developer shall deliver to the District copies of all records reasonably requested by the District to evidence that such portion of the Projects constructed or otherwise acquired by Developer is subject to reimbursement by the District. Such records shall include but shall not be limited to, contracts, requests for payment, engineer's recommendation for payment, and cancelled checks (or other evidence of payment if approved by the TCEQ). Following its delivery of such documentation, Developer's obligation regarding maintenance of its records shall be limited to maintaining its records in its normal course of business; provided, however, Developer shall not destroy such records for a period of not more than 36 months.

2.9. Further Documentation. Upon completion of any portion of the Improvement Projects, Developer shall cause to be executed any additional

documentation reasonably requested by the District to evidence the District's ownership of the Improvement Projects free and clear of any liens, including any acknowledgment from any lienholder on the Property.

ARTICLE III
CONVEYANCE AND MAINTENANCE OF IMPROVEMENTS

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

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

ARTICLE IV
ASSIGNMENT OF REIMBURSEMENT AMOUNT

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

4.2. Conveyance of Property. In the event Developer sells, conveys, or otherwise transfers ownership of any portion of the Property (a "Sale Tract") to any person or entity (a "New Owner") other than a homebuilder or an end-user homeowner, prior to such conveyance Developer shall require New Owner execute a joinder (a "Joinder") to this Agreement (whereupon, New Owner shall be the "Developer" under this Agreement with respect to the Sale Tract, and Developer shall be released from any further obligations under this Agreement with respect to the Sale Tract). Such Joinder shall be effective as to the District only upon completion of the following: (a) the execution of an acknowledgement of notice by the District to evidence the District's receipt of notice of such conveyance; and (b) District receipt of a copy of the conveyance and Joinder as recorded in the Real Property Records of Denton County.

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

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

ARTICLE V DISTRICT REIMBURSEMENTS

5.1. District Reimbursement Amount.

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

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

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

5.2. Sale and Issuance of District Bonds.

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

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

has a continuing obligation to issue and sell the Bonds until Developer has been fully paid the District Reimbursement Amount, subject only to the performance of the additional actions set forth in Section 5.4 of this Agreement.

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

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

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

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

time as the District's financial advisor determines that such issuance would be financially feasible.

- (c) Promptly sell the Bonds after obtaining TCEQ approval (if applicable).
- (d) Obtain the OAG approval of the Bonds.
- (e) Obtain registration of the Bonds by the Comptroller of Public Accounts and the State of Texas.
- (f) Pay Developer in accordance with this Agreement promptly after the closing of the sale of the Bonds.

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

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

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

ARTICLE VI
ADDITIONAL PROVISIONS

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

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

6.3. Force Majeure. If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of “force majeure” that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period that performance is made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, immediately after the occurrence of any force majeure, the Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, “force majeure” means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; the issuance of a restraining order by any court having jurisdiction.

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

If to the District:

Hunter Ranch Improvement District No. 1 of Denton County
President, Board of Directors
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway
Suite 2600
Houston, Texas 77027
Phone: 972-823-0805
E-mail: ccrawford@abhr.com

If to Developer:

Attn: _____
Phone: _____
E-mail: _____

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

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

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

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

6.9. Term. This Agreement shall remain in effect for a term ending on the earlier of (a) sixty-five (65) years after the Effective Date, or (b) when the District has reimbursed the District Reimbursement Amount.

6.10. Default and Remedies.

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

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

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

6.11. Assignability. Except as provided in Section 6.21 below, this Agreement shall bind and benefit District and its legal successors and Developer and its legal successors, but shall not otherwise be assignable, in whole or in part, by either party except by supplementary written agreements between the Parties. If the City dissolves the District in its entirety it shall assume the obligations of the District, to the fullest extent provided by law, and this Agreement shall remain in full force and effect in accordance with, and subject to, Section 6.01 of the Operating Agreement. In the event of such dissolution of the District and assumption of this Agreement, the Parties acknowledge and agree that (a) nothing in this Agreement is intended to delegate or impair the performance by the City of its governmental functions, (b) the calling of bond elections and the issuance and sale of bonds, notes or other obligations of the City for

payment of any District Reimbursement Amount are governmental functions within the sole discretion of the City Council of the City, and (c) the inability or failure by the City to call bond elections or to issue and sell bonds, notes or other obligations shall not under any circumstances constitute a failure to perform an obligation of, or a default by, the City under this Agreement, and the City shall remain obligated to reimburse the Reimbursement Amount, but such reimbursement may occur only if and when the City determines to issue bonds, notes, or other obligations or use other legally available funds for such purpose.

6.12. Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, (a) the remainder of this Agreement, and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances, shall be not be affected thereby and the remainder of this Agreement shall be construed to achieve the intent of the parties and (b) the invalid or unconstitutional provision shall be rewritten to achieve the intent of the parties as expressed in the recitals.

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

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

6.15. Developer Verifications.

(a) Developer represents and warrants that, at the time of execution and delivery of this Agreement, neither Developer, nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same that exists to make a profit, if any, boycotts Israel or will boycott Israel during the term of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel"

means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with Developer.

(b) Developer represents and warrants that, neither Developer, nor any wholly owned subsidiary, majority owned subsidiary, parent company, or affiliate of the same that exists to make a profit, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201, Texas Government Code, and posted on the following pages of the Texas Comptroller of Public Account’s internet website

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>

<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>

<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes Developer and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same that exist to make a profit, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan, Iran, or a foreign terrorist organization. Developer understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with Developer.

(c) Developer represents and warrants that it and its parent company, wholly- or majority-owned subsidiaries, or other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the terms of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, and to the extent such Section is not inconsistent with a governmental entity’s constitutional or statutory duties related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds. As used in the foregoing verification, “boycott energy company” means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (1) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (2) does business with a company described by the preceding statement.

(d) Developer represents and warrants that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association during the term of the Agreement, as amended. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” means: (1) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (2) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (3) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; but does not include the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; or a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association.

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

6.17. Addition of Land to District. In the event that District should add land owned by Developer or an affiliate of Developer to the District (the “Added Land”), the Added Land shall be included within the definition of “Property” for all purposes of this Agreement, and the rights and obligations of the Parties hereunder shall be expressly applicable to the Added Land without necessity of amendment to this Agreement.

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

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

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

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

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

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

(a) Conduct Bond authorization elections;

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

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

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

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

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

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

[SIGNATURE PAGES FOLLOW]

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

DISTRICT:

ATTEST:

HUNTER RANCH IMPROVEMENT DISTRICT
NO. ___ OF DENTON COUNTY, TEXAS

Secretary, Board of Directors

By: _____
President, Board of Directors

(DISTRICT SEAL)

THE STATE OF TEXAS §

COUNTY OF DENTON §

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

Notary Public in and for the
State of Texas

DEVELOPER:

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__, by
_____, _____ of
_____, as general partner of _____ on behalf
of said company and partnerships.

Notary Public in and for T E X A S

EXHIBIT A
PROPERTY DESCRIPTION

EXHIBIT B
SPECIAL CONDITION

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

edies arising under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

sing under the Contract Documents for a default in payment of sums due the Contractor pursuant to the Contract Documents; provided, however, that, as aforesaid, the Contractor shall look solely to Developer for payment of sums due or to become due pursuant to or in relation to this Contract (including any damages which may ever become due under the Contract), and the District shall have no obligation for payment of such sums.

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

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

ment of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

ent of Developer obligations hereunder and a copy of the assignment and the District's acceptance is delivered to the Contractor. The District, the Developer, and the Contractor hereby acknowledge that these Special Conditions to the Contract are acceptable.

"CONTRACTOR"

"DISTRICT"

[DEVELOPER]



Attachment “3”

Exhibit “I-2” – Form of Builder Reimbursement Agreement

EXHIBIT "I-2"

**BUILDER REIMBURSEMENT AGREEMENT
AND ASSIGNMENT OF REIMBURSEMENT RIGHTS**
(Road Improvements and Capital Recovery Fees)

THE STATE OF TEXAS §
 §
COUNTY OF DENTON §

THIS BUILDER REIMBURSEMENT AGREEMENT AND ASSIGNMENT OF REIMBURSEMENT RIGHTS (the "**Agreement**") is made and entered into as of the ____ day of _____, 20__, by and between ____ (Builder Name)_____, a _____ (the "**Owner**"), _____ (Development Entity Name)_____, a _____ ("**Assignee**"), and HUNTER RANCH IMPROVEMENT DISTRICT NO. ___ OF DENTON COUNTY, TEXAS (the "**District**"), a political subdivision of the State of Texas, operating under the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, Chapter 375 of the Texas Local Government Code, as amended, Chapter 49 of the Texas Water Code, as amended, and Chapter 3980, Special District Local Laws Code. Owner, Assignee, and the District may be individually referred to as a "Party" or collectively as the "**Parties**."

RECITALS:

WHEREAS, the District was created by act of the 86th Texas Legislature, House Bill 4683, codified at Chapter 3980, Special District Local Laws Code, for the purpose, among others, of providing water, sanitary sewer, drainage, and road facilities to serve the land within its boundaries; and

WHEREAS, the District is located within the corporate limits of the City of Denton (the "City") and subject to the terms and conditions of Denton City Council Resolution NO. 20-762, dated April 7, 2020, as amended by Denton City Council Resolution No. _____, dated _____, 2024 (collectively, the "Consent Resolution"); and

WHEREAS, the District and City have entered into that "Operating Agreement", dated April 7, 2020, as amended by that "First Amendment to Operating Agreement", dated _____, 2024 (collectively, the "Operating Agreement"); and

WHEREAS, Owner is or will be the owner of that certain real property located within the District, more particularly described in **Exhibit "A"** attached hereto and made a part hereof for all purposes ("**Owner's Land**"); and

WHEREAS, Owner wishes the District to finance the construction or other acquisition of certain roadway facilities and related appurtenances and facilities located

within right-of-way or elsewhere within Owner's Land, and capital recovery fees related to water and sewer facilities and roads that are necessary to serve Owner's Land (collectively, the "**Facilities**"), as Owner's development schedule dictates; and

WHEREAS, the District wishes Owner to proceed with the construction or other acquisition of the Facilities, as Owner's development schedule dictates, but the District does not have any funds which could be used to construct the Facilities, nor does the District have the ability, at this time, to issue its bonds to construct such Facilities; and

WHEREAS, pursuant to the laws of the State of Texas, the District is authorized to enter into agreements whereby a landowner constructs certain facilities on behalf of the District so that land in the District can be served with public facilities; and

WHEREAS, Owner desires to assign to Assignee all of Owner's rights to reimbursement payments in, to and under this Agreement, as further described in **Section F** herein, Assignee desires to accept such assignment, subject to the terms and provisions of this Agreement, and the District agrees to make all reimbursement payments directly to Assignee pursuant to the terms of this Agreement.

AGREEMENT:

FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged by both Parties, the District and Owner hereby agree and contract as follows:

- A. Provision of Facilities. Owner, acting on behalf of the District, shall, from time to time as Owner's development schedule dictates, purchase, construct or otherwise cause the construction or acquisition of the Facilities or capacities needed for development of Owner's Land in the manner provided by the general law for municipal management districts and in full compliance with the applicable rules and regulations of the Texas Commission on Environmental Quality (the "**TCEQ**"), the provisions of the Texas Water Code, the applicable regulations of the City, and all other regulatory bodies having jurisdiction over such construction or acquisition. The provision of Facilities shall be subject to the terms and conditions of the Consent Resolution and Operating Agreement.
- B. Project Management. An engineer chosen by Owner and reasonably acceptable to the District shall serve as "Project Engineer" (herein so called) for the construction of the Facilities. Only if applicable pursuant to state laws related to competitive bidding requirements for municipal management districts, the Project Engineer shall advise and make recommendations to the Board of Directors (the "**Board**") upon the award of construction contracts on the Facilities; shall make monthly

reports, if requested, to the Board and Owner on the progress of construction; approve all pay estimates and change orders submitted, and shall certify them as correct, and shall submit the same to the Board and Owner for approval; and provide the appropriate level of inspection and observation during the construction of the Facilities to assure construction is in substantial compliance with the approved plans, and shall recommend final acceptance of the Facilities to the Board when appropriate.

- C. Contracts. Only if applicable pursuant to state laws related to competitive bidding requirements for municipal management districts, the Board shall review all bids received for the construction of the Facilities and shall authorize the award of the construction contracts, provided that Owner authorizes same award. If applicable, Construction contracts shall include payment and performance bonds and maintenance guarantees after completion, all as required by law for municipal management districts.
- D. Payment of Costs. Owner shall make, in a timely fashion, all payments on the contracts awarded by the Owner on behalf of the District or by the District for the construction or other acquisition of the Facilities as the same become due. Such contracts shall provide that the contractor shall look solely to the Owner for payment of all claims. Owner shall, upon making any payment, provide copies of all invoices and certifications recommending payment to the District.
- E. District Reimbursement. The District shall reimburse Owner for the monies hereafter funded by Owner for the Facilities with the proceeds of its bonds in accordance with the terms of this Agreement. The amount to be reimbursed for the Facilities shall be an amount equal to the maximum amount allowed by law, and, if applicable, the TCEQ under its then current rules, including, but not limited to, land, engineering fees, reports, studies and interest on the monies expended by Owner through the date such monies are repaid to Owner. To the extent the TCEQ determines in reviewing the District's bond application (if applicable) that the cost of any portion of the Facilities may not be reimbursed or interest paid under the rules of such agency, then the amount of payment or reimbursement shall be appropriately reduced. Owner shall provide the District with such information and documentation as the District may reasonably request to enable it to calculate interest and verify payments. The District agrees to use its reasonable best efforts to issue its Bonds to reimburse Owner when feasible. However, the District's obligation to issue its bonds and repay Owner for the Facilities is subject to the terms and conditions of the Consent Resolution and Operating Agreement.
- F. Assignment of Reimbursables. Owner hereby conveys, transfers and assigns to Assignee, and the District hereby agrees to pay directly to Assignee pursuant to this Agreement as if otherwise paid to Owner, all of Owner's rights to all revenues,

monies, proceeds and payments accruing and to accrue, and all sums payable and to be payable, to Owner and to which Owner is or may be otherwise entitled under this Agreement (the "**Reimbursables**"). Assignee hereby accepts the assignment of all Reimbursables under this Agreement from Owner (the "**Assignment**").

- G. Interpleader. In the event that any controversy or uncertainty should arise with respect to the rights to any sum of the Reimbursables due or to become due under this Agreement or in accordance with the Assignment, the District shall have the right, in its sole and absolute discretion, to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the Parties.
- H. Applicable Law. This Agreement and the obligations of the Parties hereunder are subject to all rules, regulations and laws which may be applicable by the United States, the State of Texas, or any regulatory agency having jurisdiction, including the applicable rules of the TCEQ. Venue shall lie solely in Denton County.
- I. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the District, Assignee and Owner and shall not be construed to confer any benefit or right upon any other party. Notwithstanding the foregoing, Assignee is a beneficiary of the provisions contained herein and shall be authorized to enforce them at any time in accordance with the terms provided in Section N.
- J. Modification. This Agreement shall be subject to change or modification only with the mutual written consent of the Parties.
- K. Recitals. The "Recitals" set forth in this Agreement are true and correct and are incorporated as part of this Agreement.
- L. Entire Agreement and Survival. This Agreement constitutes the entire Agreement between the Parties relative to the subject matter hereof. There have not been and are no agreements, covenants, representations or warranties between the Parties other than those expressly stated or provided for herein.
- M. Good Faith Cooperation. The Parties agree to use good faith in the performance of their respective duties and obligations under this Agreement such that the intent of the Parties shall be fulfilled. The Parties further agree to take such additional actions, from time to time, as may be reasonably necessary to fully carry out the purposes and intent of this Agreement including, but not limited to, the execution of further documentation. Except as otherwise expressly provided herein, each Party shall pay its own expenses incident to carrying this Agreement into effect and consummating the transactions provided herein.

- N. Default and Remedies. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure). In addition, no Party shall be in default under this Agreement if within the applicable reasonable cure period the Party to whom the default notice was given begins performance and thereafter uses its good faith efforts to diligently and continuously pursue performance until the alleged failure has been cured. If a Party is in default under this Agreement, then the non-defaulting Party shall be entitled to all remedies available under applicable law including, but not limited to, specific performance, injunctive relief, mandamus relief, and damages; provided, however, (i) the District does not have the right to terminate this Agreement prior to the expiration of its term, and (ii) once Owner advances money hereunder, the obligation of the District to issue and sell Bonds to reimburse for such monies shall not be affected by any alleged default by Owner that is unrelated to the advancing of such monies. The failure of any Party to insist, in one or more instances, upon performance by another Party of any provision of this Agreement shall not be construed as a waiver of future performance of such provision. If any Party hereto is the prevailing Party in any legal proceedings against the other brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorney's fees from the non-prevailing Party to such proceedings. However, in no event shall any party be liable for any punitive damages, or any speculative or consequential damages, such as lost profits, as a result of the breach of a representation or warranty or any other default hereunder.

The District acknowledges that this Agreement is for the providing of goods and services and, pursuant to Section 271.152, Texas Local Government Code, the District has waived its immunity from suit solely for the purpose of Owner enforcing this Agreement.

- O. Merger of District. In the event the District should consolidate or otherwise merge with another utility district or another public entity, such merger shall not in any way impair or diminish Owner's rights hereunder.
- P. Assignment. In the event Owner sells, conveys, or otherwise transfers ownership of Owner's Land to any person or entity other than an end-user homeowner, Owner may, upon written notice to the District and Assignee, assign Owner's rights and obligations under this Agreement, subject to the Assignment of the Reimbursables to Assignee pursuant to **Section F** herein, to the new owner, provided that the new owner executes a joinder to this Agreement or otherwise agrees in writing to be bound by the terms of this Agreement, including Assignee's rights to all the Reimbursables. The District's acknowledgment of notice of any

assignment hereunder shall not be deemed a waiver of the District's rights hereunder, and the Parties hereto acknowledge and agree that any subsequent assignments shall be subject to all of the terms hereof, including specifically Assignee's rights under this Agreement. Notwithstanding anything herein to the contrary, Owner shall not assign its rights to Reimbursables hereunder to any party other than to Assignee, as provided in **Section F** herein. Upon written notice to the District and Owner, Assignee may assign to any other entity its rights, in whole or in part, to the Reimbursables assigned by Owner pursuant to this Agreement and the Assignment. Owner agrees that in the event it sells all or any of Owner's Land (excluding the sale of developed lots to a homebuyer or sale to an owner's association), Owner and the District shall require any reimbursement agreement between the District and such purchaser to include the provisions herein regarding Assignee's rights to receive the Reimbursables in accordance with this Agreement and the Assignment, and no such reimbursement agreement with any purchaser shall be valid unless and until Assignee has approved the provisions thereof. Owner and the District agree that neither shall intentionally take any action or inaction, including, but not limited to, any assignments pursuant to this **Section P**, that may reduce or hinder the rights of Assignee hereunder to promptly receive the Reimbursables in accordance with this Agreement and the Assignment.

- Q. Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances shall not be affected thereby.
- R. Consideration. Each Party hereto hereby finds, determines and represents that the benefits provided to it and the obligations hereunder are binding upon it and constitute due consideration for its execution of this Agreement. In particular, Owner's commitment to advance monies hereunder results in certain material benefits being provided to the District and constitutes adequate consideration for the District's obligations to issue bonds from time to time to reimburse Assignee. Owner hereby represents that the District's commitment to reimburse Assignee for monies expended by Owner pursuant to this Agreement constitutes adequate consideration for its commitment to perform its obligations hereunder.
- S. Force Majeure. If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of "force majeure" that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period

that performance is made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, within thirty (30) days after the occurrence of any force majeure, the Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, "force majeure" means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; orders of any kind of the Government of the United States or of the State of Texas or any civil or military authority; the issuance of a restraining order by any court having jurisdiction; and no other.

T. Notice. All notices provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such Party; or by facsimile copy transmission. Notice given by mail shall be effective upon deposit in the United States mail. Notice given in any other manner shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the Parties shall be as follows:

If to the District: Hunter Ranch Improvement District No. ___ of Denton County, Texas
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attn: _____

If to Owner: _____

Attn: _____

If to Assignee: _____

Attn: _____

Any Party hereto may change its address for notice by giving three (3) days prior written notice to the other Parties.

U. Certifications. Owner certifies:

1) Pursuant to Texas Government Code Chapter 2271, as amended, the Owner verifies that at the time of execution and delivery of this Agreement and for the term of this Agreement, neither the Owner, its parent companies, nor its common-control affiliates currently boycott or will boycott Israel. The term "boycott Israel" as used in this paragraph has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended; and

2) Pursuant to Texas Government Code, Chapter 2252, as amended, the Owner represents and verifies that at the time of execution and delivery of this Agreement and for the term of this Agreement, neither the Owner, its parent companies, nor its common-control affiliates (i) engage in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

3) Pursuant to Chapter 2274 of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), Owner certifies that it is not a Company that has a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and agrees it will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The terms "discriminates against a firearm entity or firearm trade association" and "discriminate against a firearm entity or firearm trade association" have the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3), Texas Government Code (as added by SB 19). For purposes of this paragraph, "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit, but does not mean a sole proprietorship.

4) Pursuant to Chapter 2275 of the Texas Government Code, Owner verifies that neither Owner, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Owner, nor any of its sub-contractors (i) is owned or controlled by (a) individuals who are citizens of China, Iran, North Korea, Russia or any designated country; or (b) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, of any designated country; and (ii) is headquartered in China, Iran, North Korea, Russia

or a designated country. The term “designated country” means a country designated by the Governor as a threat to critical infrastructure under Section 113.003 of the Texas Business & Commerce Code. The term “critical infrastructure” means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility.

5) Pursuant to Chapter 2276 of the Texas Government Code (as redesignated by House Bill 4595, 88th Texas Legislature, Regular Session), Owner certifies that it is not a Company that boycotts energy companies and agrees it will not boycott energy companies during the term of this Agreement. The terms "boycotts energy companies" and "boycott energy companies" have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code. For purposes of this paragraph, "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit, but does not include a sole proprietorship.

V. Form 1295 Certificate of Interested Parties. Prior to the execution of this Agreement, Owner agrees to file with the District, pursuant to Texas Government Code Section 2252.908, a signed and completed Texas Ethics Commission ("TEC") Form 1295 and a certification of filing with the TEC.

W. Term. This Agreement shall remain in effect for a term of forty (40) years or until Owner's Land has been fully developed and the District has reimbursed Owner and/or Assignee for the Facilities.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

DISTRICT:

HUNTER RANCH IMPROVEMENT
DISTRICT NO. ____ OF DENTON COUNTY,
TEXAS

ATTEST:

Secretary, Board of Directors

By: _____
President, Board of Directors

OWNER:

a _____

By: _____

Name: _____

Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

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

Notary Public, State of Texas

EXHIBIT "A"
To Builder Reimbursement Agreement and Assignment of Reimbursement Rights
Property Description
(To be Inserted when Executed)

Attachment “4”

Exhibit “J” – District Certification

EXHIBIT J - DISTRICT CERTIFICATION

EXHIBIT J
DISTRICT CERTIFICATION

[DATE]

Name of Issuer: Hunter Ranch Improvement District No. ____ of Denton County, Texas

Name of Bond Issue: \$_____, _____ Bonds, Series _____
(Hunter Ranch Improvement District No. ____ of Denton County, Texas)

Re: District Certification

To whom it may concern:

This District Certification is being delivered pursuant to the Operating Agreement, dated as of April 7, 2020, and amended effective _____, 2024 (the "Operating Agreement"), between the City of Denton, Texas, a Texas Home Rule municipality (the "City"), and the Hunter Ranch Improvement District No. 1 of Denton County, Texas (the "District"), as a condition precedent to the District issuing the referenced series of bonds (the "Bonds") to reimburse _____ (the "Developer(s)") for funds advanced for the Improvement Projects and Supplemental Projects for which the Bonds are to be issued. The capitalized terms used herein shall have the meanings ascribed to them in the Operating Agreement unless otherwise specifically defined herein. The District hereby makes the following certifications:

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

| Developer Amount | Project Agreement | Reimbursement |
|---------------------|-------------------|---------------|
| _____ | _____ | _____ |

3. The District is in compliance in all material respect with the provisions of the District Act relating to the proposed issuance of the Bonds and construction of the Improvement Projects and Supplemental Projects for which the Bonds are to be issued.

4. The District is in compliance with the terms and conditions set out in SECTION 4 of the City of Denton Resolution No. 20-765 consenting to the creation of the District as amended by City of Denton Resolution No. _____.

CITY BENCHMARK CRITERIA (Y/N)

(b) Construction of Improvement Projects

Use of Bonds proceeds limited to Improvement Projects and eligible Supplemental Projects (See Exhibit A hereto) _____

Improvement Projects and eligible Supplemental Projects to be funded by Bonds designed and constructed in accordance with City plans and specifications _____

Improvement Projects and eligible Supplemental Projects to be funded by Bonds conveyed to City _____

(c) Issuance of Bonds

Bonds payable solely from District ad valorem taxes (other than the Contract Tax) or revenues or contract payments **OTHER THAN** special District assessments, City ad valorem taxes or other City revenues _____

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

Bonds publicly bid _____

Bonds not sold for less than 95% par value _____

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

Bonds payable solely from District ad valorem taxes, when combined with outstanding District bonds similarly secured, do not exceed 10% of assessed value of all real property in District _____

Bonds payable by contract payments meeting the requirements of Section 3980.0504(2) of the District Act, when combined with outstanding District bonds similarly secured, do not exceed 10% of assessed value of all real property subject to the applicable District contract _____

(d) Boundary Changes / (e) District Division

All District boundary changes approved by City Council _____

Joinders or new agreements provided for all District divisions _____

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

CITY BENCHMARK CRITERIA (Y/N)

3.05 Financial Reporting.

All specified reports filed with City _____

5.01 General Bond Authority.

Improvement Project and Supplemental Project Construction Status (See Exhibit A hereto) _____

Proposed developer reimbursement amount (\$ _____) _____

Proposed Bond amount (\$ _____) _____

5.02 Terms and Conditions.

TCEQ and AG feasibility requirements met _____

Benchmark Tax Rate feasibility test met _____

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

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

5.06 Final Bond Documents and Reports.

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

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

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

HUNTER RANCH IMPROVEMENT DISTRICT NO. ___ OF DENTON COUNTY, TEXAS

By: _____ Name: _____ Title: _____

STATE OF TEXAS § COUNTY OF DENTON §

This instrument was acknowledged before me on _____, 20__ by _____, _____, the _____ of Hunter Ranch Improvement District No. ___ of Denton County, Texas on behalf of said district.

Notary Public, State of Texas

EXHIBIT A

IMPROVEMENT PROJECT
CONSTRUCTION STATUS