

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE EXECUTION OF A FIRST AMENDMENT TO HUNTER RANCH PROJECT AGREEMENT 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 Project 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 adopted Resolution No. 20-762, dated April 7, 2020 (the “Consent Resolution”), consenting to the creation of the District and to the inclusion of the land described therein; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the City and Owner entered into the Project Agreement dated April 7, 2020 (the “Project Agreement”); and

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

WHEREAS, the conservation easement in the form required by 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

WHEREAS, in order to satisfy the requirements of Section 3980.0109(a)(3) 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 attached First Amendment to establish the rights and obligations of the City and the Owner with respect to the financing, 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 City Manager or her designee is hereby authorized to execute the First Amendment attached hereto as Exhibit “A” relative to funding, construction, 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.

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 her 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 Hunter Ranch Project Agreement

FIRST AMENDMENT TO HUNTER RANCH PROJECT AGREEMENT

This First Amendment to Hunter Ranch Project Agreement (this "Amendment") is entered into on May 7, 2024 between the City of Denton, Texas, a Texas Home Rule municipality (the "City") and HR JV, L.P., a Texas limited partnership, HWP HR, L.P., a Texas limited partnership, Hunter Ranch Land, LLC, a Texas limited liability company, and HR 3200, LP, a Texas limited partnership (each an "Owner" with respect to the portion of the hereinafter defined Property it owns and collectively, the "Owner" of the entire Property), each a "Party" and collectively the "Parties". This Amendment amends that certain Hunter Ranch Project Agreement between Petrus Investment, L.P. dated April 7, 2020 (the "Agreement"), and in the event of a conflict between the Project Agreement and this Amendment, this Amendment shall control. All capitalized terms shall be defined as stated in the Project Agreement unless otherwise defined herein. Petrus Investment, L.P. is no longer an Owner of any portion of the Property or a Party to the Project Agreement, and executes this Amendment for the sole purpose of authorizing the new Owners defined above to sign this Amendment.

ARTICLE I **RECITALS**

WHEREAS, each Owner is an owner of a portion of the Property, and all of the Owners collectively own the entire Property; and

WHEREAS, each Owner is a developer of real property within the District; and

WHEREAS, in satisfaction of the requirements of Section 3980.0109(a)(3) of the District Act, the City and Owner entered into the Project Agreement; and

WHEREAS, on May 7, 2024, the City and the District entered into the First Amendment to the Operating Agreement amending that certain Operating Agreement between the City and the District effective April 7, 2020 (as amended, the "Operating Agreement"); and

WHEREAS, all references in the Project Agreement to the Operating Agreement shall be construed to mean the Operating Agreement, as amended; and

WHEREAS, the City acknowledges that a conservation easement in the form required by 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 Project Agreement requirements related to the conservation easement have been fully and timely satisfied; and

WHEREAS, the Parties are entering into this Amendment to set forth their understanding regarding issues affecting the development of the Property.

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

ARTICLE II
AMENDMENTS

2.1 Affordable Housing Contribution. Article VII of the Project Agreement is amended to read as follows: "Each Developer seeking reimbursement from a series of District Bonds agrees to contribute to the City's Affordable Housing Program consistent with the terms of Section 5.4 above until such time as an affordable housing contribution equal to \$3,000,000 in the aggregate is fully funded."

2.2 Gas Wells. Subject to the provisions in this Section 2.2, the Owner with respect to the portion of the Property encompassed by gas well Pad 10 and Pad 7, as shown on Exhibit C-2 of the Master Plan Community Ordinance No. MPC19-0002c adopted on April 7, 2020 (the "MPC Ordinance"), agrees to plug and abandon the gas wells on such pad sites. Such gas wells shall be plugged and abandoned no later than May 31, 2027, as evidenced by a completed railroad commission form W-3 plugging record, provided, however, such deadline may be extended by an event of force majeure pursuant to Section 11.21 of the Project Agreement. Thereafter, there shall be no exploration, development, production, extraction, or transportation of oil, gas or other mineral substances (whether such other mineral substances be part of the mineral estate or part of the surface estate) on, from, or across the surface portion of the Property encompassed by gas well Pad 10 and Pad 7. Each six-month period following May 31, 2027 during which such wells are not plugged and abandoned, excluding periods of time due to an event of force majeure, shall result in a \$250,000 reduction in the amount of Supplemental Projects eligible for reimbursement under the Operating Agreement.

2.3 Upland Habitat Preservation. Pursuant to Section 7.4.8.C of the MPC Ordinance, the total combined Cross Timbers Upland Habitat area to be retained within the Property equals 55 percent (119.3 acres out of 217 acres). The Owner of the 217-acre Cross Timbers Upland Habitat area within the Property agrees to increase the total combined Cross Timbers Upland Habitat area to be retained by ten percent, resulting in a minimum of 65 percent of the area being retained, or 141 acres out of 217 acres.

2.4 Supplemental Projects. All references to the "Improvement Projects" in the Project Agreement shall be construed to mean (a) the Improvement Projects; and (b) the Supplemental Projects, as defined in the First Amendment to Operating Agreement between the City and the District effective on May 7, 2024.

2.5 Notices. Notices shall be addressed as follows:

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

To the Owner: HWP HR, L.P. // HR JV, L.P.
 Attn: Kimberly Cole
 9800 Hillwood Parkway, Suite 300

Fort Worth, Texas 76177
Email: kimberly.cole@hillwood.com

HR 3200, LP // Hunter Ranch Land, LLC
Attn: Andrew Pieper
3000 Turtle Creek Blvd.
Dallas, Texas 75219
Email: Andrew.Pieper@hillwood.com

To District: Hunter Ranch Improvement District No. 1 of Denton County
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: Attn: Misty Ventura
Shupe Ventura, PLLC
9406 Biscayne Blvd.
Dallas, Texas 75218
Email: misty.ventura@svlandlaw.com

ARTICLE III **ADDITIONAL PROVISIONS**

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

3.2 **Binding Obligations.** This Amendment shall be recorded in the deed records of Denton County. This Amendment, when recorded, shall be binding upon the Parties and their successors and assigns permitted by the Project Agreement and upon the Property; however, this Amendment shall not be binding upon, and shall not constitute any encumbrance to title as to, any end-buyer of a final platted and improved lot, other than any Owner or Developer and any Owner or Developer related to or affiliated with such Owner or Developer, that is subject to a final plat recorded in the real property records of Denton County.

3.3 **Interpretation.** The Parties acknowledge that each of them has been actively involved in negotiating this Amendment. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Amendment. In the event of any dispute over the meaning or application of any provision of this

Amendment, the provision will be interpreted fairly and reasonably and neither more strongly for or against any Party, regardless of which Party originally drafted the provision.

3.4 Representations on Authority and Enforceability. The City represents and warrants that this Amendment has been approved by ordinance duly adopted by the City Council in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Amendment on behalf of the City has been duly authorized to do so. Each Owner represents and warrants that this Amendment has been approved by appropriate action of such Owner, and that the individual executing this Amendment on behalf of such Owner has been duly authorized to do so. Each Party acknowledges and agrees that this Amendment is binding upon such Party and enforceable against such Party in accordance with its terms and conditions.

3.5 Entire Agreement. The Project Agreement as amended by this Amendment, the Consent Resolution, and the Operating Agreement, together constitute all of the Project Agreements between the Parties and supersede all prior agreements, whether oral or written, covering the subject matter of these agreements.

3.6 Form 1295. The Parties acknowledge and agree that each Owner submitted to the City a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295") at the time such Owner submitted its signature page to this Amendment. The City hereby confirms timely receipt of the Form 1295 from each Owner pursuant to Section 2252.908, and the City agrees to acknowledge such forms with the TEC through its electronic filing application system not later than the 30th day after the receipt of such forms. The City waives all claims related to the validity and enforceability of this Amendment to the extent such claims are based on noncompliance with Section 2252.908, Texas Government Code.

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

3.8 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.

3.9 Ratification. Except as specifically set forth in this Amendment, all provisions of the Project Agreement shall remain in full force and effect. The Project Agreement as amended by this Amendment is hereby ratified and confirmed. In the event of any conflict between the terms and provisions of the Project Agreement and the terms of this Amendment, the terms and provisions of this Agreement shall mean and refer to the Project Agreement as amended hereby.

3.10 Exhibits. References to the Project Agreement executed on April 7, 2020 found on the forms of "Developer Certification" on Exhibit F of the Project Agreement and

"Joinder Agreement" attached as Exhibit G of the Project Agreement shall be updated to refer to the Project Agreement executed on April 7, 2020, as amended.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

ATTEST:

CITY OF DENTON

By: _____
Name: Jesus Salazar
Title: City Secretary

By: _____
Name: Sara Hensley
Title: City Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Name: Mack Reinwand
Title: 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 §

This instrument was acknowledged before me on _____, 2024 by _____, _____ of the City of Denton, Texas on behalf of said city.

Notary Public, State of Texas

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

OWNER:

HR JV, L.P.
a Texas limited partnership

By: Hillwood Alliance Management, L.P.,
a Texas limited partnership,
its General Partner

By: Hillwood Alliance GP, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2024, by _____, _____ of Hillwood Alliance GP, LLC, a Texas limited liability company, on behalf of said limited liability company, in its capacity as general partner of Hillwood Alliance Management, L.P., a Texas limited partnership, on behalf of said limited partnership, in its capacity as general partner of HR JV, L.P.

Notary Public, State of Texas

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

OWNER:

HWP HR, L.P.
a Texas limited partnership

By: Hillwood Alliance Management, L.P.,
a Texas limited partnership,
its General Partner

By: Hillwood Alliance GP, LLC,
a Texas limited liability company,
its General Partner

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2024, by _____, _____ of Hillwood Alliance GP, LLC, a Texas limited liability company, on behalf of said limited liability company, in its capacity as general partner of Hillwood Alliance Management, L.P., a Texas limited partnership, on behalf of said limited partnership, in its capacity as general partner of HWP HR, L.P.

Notary Public, State of Texas

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

OWNER:

Hunter Ranch Land, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

§

COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2024, by _____, _____ of Hunter Ranch Land, LLC, a Texas limited liability company, on behalf of said company.

Notary Public, State of Texas

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

OWNER:

HR 3200, LP
a Texas limited partnership

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

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

By: _____

Name: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2024, by _____, _____ of BOH Investments GP, LLC, a Delaware limited liability company, on behalf of said limited liability company, in its capacity as general partner of HR 3200 GP, LP, a Texas limited partnership, on behalf of said limited partnership, in its capacity as general partner of HR 3200, LP, a Texas limited partnership, on behalf of said partnership.

Notary Public, State of Texas

EXECUTED on this the ____ day of _____, 2024 but to be effective as of the Effective Date.

Petrus Investment, LP signs below for the sole purpose of agreeing that is no longer an owner of any portion of the Property and authorizing the new Owner entities identified above to enter into this First Amendment removing Petrus Investment, LP as a Party to the Project Agreement.

PETRUS INVESTMENT, L.P.
a Texas limited partnership

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

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

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2024 by _____, on behalf of Hillwood Development Company, LLC as General Partner of PMC Management, L.P., general partner of Petrus Investment, L.P.

Notary Public, State of Texas