

**DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF MANSFIELD, TEXAS, AND
KNOX STREET PARTNERS NO. 31, LTD.**

This Development Agreement (the “Agreement”) is entered into between the City of Mansfield, a Texas home-rule municipal corporation (the “City”), and Knox Street Partners No. 31, Ltd., a Texas limited partnership, and Hanover Services Group, Inc., a Texas corporation, it’s General Partner, and its successors or assigns (the “Developer”). The City and the Developer are sometimes referred to herein collectively as the “Parties” or singularly as a “Party.”

RECITALS

WHEREAS, Developer owns approximately 70.897 acres of land located south of U.S. 287 and north of St. Paul Road, which lies within the corporate limits of the City in Ellis County, Texas (the “**Property**”) and is described by metes and bounds in **Exhibit A**; and

WHEREAS, the Developer intends to develop the Tract as a mixed-use project, including single-family residential housing, multi-family housing, parks and open space, event space, retail, and other commercial establishments (“**Development**”) in Phases, as depicted in the Concept Plan attached as **Exhibit B**; and

WHEREAS, the City has determined that full development of the Tract as provided herein will promote local economic development and will stimulate business and commercial activity, which will drive infrastructure investment and job creation, and have a multiplier effect that increases both the City's tax base and utility revenues; and

WHEREAS, in order to incentivize, encourage, and support economic development within the City, increase the tax base, and promote employment, the City desires to facilitate the development of the Property through the construction, financing, and maintenance of certain public infrastructure and the construction of enhanced capital value improvements by the Developer; and

WHEREAS, the City intends to create a Reinvestment Zone over the Property pursuant to Chapter 311, Texas Tax Code, as amended (the “**TIRZ Act**”), as depicted in **Exhibit C**; and

WHEREAS, the City intends to consent to the creation of a municipal management district encompassing the Property (the “**MMD**”) in accordance with Chapter 375 Texas Local Government Code, as amended (the “**MMD Act**”); and

WHEREAS, the City desires to provide for the construction, financing, and maintenance of certain public infrastructure and TIRZ eligible projects to provide grants

and reimbursements payable from TIRZ revenues, MMD ad valorem taxes and other available funds of the City; and

WHEREAS, the City intends that reimbursement for the Hanover Improvements (as defined below) benefitting the Development shall be solely from TIRZ Revenues deposited into the District TIRZ Account of the TIRZ Fund and MMD ad valorem taxes, as provided in this Agreement; and

WHEREAS, the Parties agree that the Hanover Improvements are improvements that qualify as projects under the TIRZ Act, and the Parties intend that a portion of TIRZ revenue will be used to fund eligible Hanover Improvements and other costs as authorized by the TIRZ Act; and

WHEREAS, the Development, including the design, construction, and installation of Hanover Improvements, will be of the general benefit to the City and its current and future citizens, including the creation of substantial future tax base for the City, and will enhance the value of all the taxable real property in the TIRZ; and

WHEREAS, the City finds that construction, installation, financing, and maintenance of the Hanover Improvements in the TIRZ and the MMD promotes the interests of the City and will serve its public purposes, including, but not limited to (i) developing and diversifying the economy of the City and the state; (ii) eliminating unemployment and underemployment in the City and state; (iii) developing and expanding commerce in the City and state; (iv) stimulating business and commerce within the City and state; and (v) promoting development and redevelopment within the City and State;

NOW, THEREFORE, for and in consideration of the Recitals above and the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the Parties hereto agree as follows:

ARTICLE I **DEFINITIONS**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

“Affiliates” of the Developer means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly, of the power either to (i) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (ii) direct or cause the direction of

management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

“Applicable Law” means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate, or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, or other Governmental Authority. Applicable Law includes, but is not limited to, the City Regulations.

“City Regulations” means provisions of the Code of Mansfield, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City.

“City Representative” means the City Manager or the City Manager’s designee which may include a third-party inspector or representative.

“City Tax Increment” means, for any given year beginning with the 2024 tax year, the following amounts of the ad valorem property taxes levied on the Property and collected by the City for that year on the captured appraised value of real property taxable by the City and located within the Development for the term of the TIRZ, as set forth in Article IV herein: (i) seventy-five percent (75%) for the first ten (10) years following the issuance of the first certificate of occupancy for the first building in Phase 1 of the Development (as shown in the Phasing Plan); (ii) fifty percent (50%) for the following ten (10) years; and (iii) thirty-five percent (35%) for the following twenty (20) years.

“Concept Plan” means the conceptual plan attached to this Agreement as **Exhibit B**.

“Developer” means Knox Street Partners No. 31, Ltd., a Texas limited partnership, and Hanover Services Group, Inc., a Texas corporation, it’s General Partner and its successors or assigns.

“Effective Date” means the date this Agreement is fully executed by the Parties.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so; (ii) is beyond the reasonable control of the affected Party; (iii) is not due to the affected Party’s fault or negligence; and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes, and inclement construction weather (except as provided below); (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d)

strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party, shortages in labor or materials; (e) fires; (f) epidemics or pandemics where shut-down of commercial construction or the manufacturing of supplies relating thereto has been ordered by a Governmental Authority; and (g) actions or omissions of a governmental authority (including the actions of the City in its capacity as a governmental authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (1) economic hardship; (2) changes in market condition; (3) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (4) during construction, weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; or (5) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Hanover Improvements or the Development.

“Governmental Authority” means any federal, state, or local governmental entity (including any taxing authority) or agency, court, tribunal, or any City board, commission, or other body, whether legislative, judicial, or executive (or a combination or permutation thereof).

“Hanover Improvements” means certain public infrastructure, TIRZ eligible projects to be developed and constructed or caused to be developed or constructed inside and outside the Development by the Developer to benefit the Property, including but not limited to, public streets, sanitary sewer mains, storm drainage facilities, sidewalks, water mains, trails, parks and recreation facilities, structured parking, and other public amenities associated with full development of the Property as listed in Exhibit D. Hanover Improvements shall include land dedicated to the City or MMD for the Hanover Improvements described in the preceding sentence, but such land dedication shall be solely reimbursable from MMD ad valorem taxes or assessments.

“Hanover Improvement Project Costs” means the estimated cost of the Hanover Improvements and associated design, engineering and testing costs to be constructed by the Developer or the City to benefit the Zone and the Development as set forth in Exhibit D, or the TIRZ Project and Finance Plan, such costs to be related to eligible projects as authorized in the MMD Act or the TIRZ Act, including Developer interest equal to the Prime Rate plus one percent (1%) per annum for reimbursement from TIRZ Revenues and the maximum interest rate permitted by the Texas Commission on Environmental Quality for reimbursement from MMD ad valorem taxes.

“District TIRZ Account” means the account within the TIRZ Fund described in Section 5.01(a).

“Impact Fees” means all utility and roadway impact fees, if any, relating to capital improvements that may be assessed and collected by the City on the Property in accordance with Chapter 395, Texas Local Government Code, as amended, and all utility impact fees, if any, relating to the Hanover Improvements in each case assessed, imposed and collected by the City on the Property in accordance with the City Regulations.

“Impositions” means all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by any Governmental Authority, which are or may be assessed, charged, levied, or imposed by any Governmental Authority on Developer, or any property or any business owned by the Developer within the City.

“MMD” means a municipal management district created by the Texas Commission on Environmental Quality in accordance with Chapter 375, Texas Local Government Code that the City has consented to within its boundaries.

“Phase” means each phase of the Development as set forth in the Phasing Plan.

“Phasing Plan” means the phasing plan attached to this Agreement as Exhibit E.

“Plans and Specifications” means the plans and specifications for Hanover Improvements approved by the City, together with any changes thereto approved or required by the City.

“Prime Rate” means, at any time, the rate of interest per annum national commercial banks charge their most creditworthy customers which shall be determined by such rate as published in the Wall Street Journal (or its successor publication if the Wall Street Journal is no longer in publication).

“Ellis County Tax Increment” means, for any given year beginning with the 2024 tax year, the percentage identified in the agreements with Ellis County of the ad valorem property taxes levied and collected by Ellis County for that year on the captured appraised value of real property taxable by Ellis County and located within the TIRZ.

“TIRZ Fund” means the tax increment fund set up by the City in order to receive the TIRZ Revenues in accordance with this Agreement, the TIRZ Act, and the TIRZ Project and Finance Plan.

“TIRZ Project and Finance Plan” means the duly adopted project plan and finance plan for the TIRZ required by the TIRZ Act, as amended.

“TIRZ Reimbursement Agreement” means the agreement between the City and the Developer in which the Developer agrees to fund the certain costs of Hanover Improvements and the City agrees to reimburse the Developer for such costs from TIRZ

Revenues attributable to the Development and in compliance with the TIRZ Project and Finance Plan.

“TIRZ Revenues” means the revenues received from the City Tax Increment, the Ellis County Tax Increment and collected and deposited to the District TIRZ Account, which is defined in Section 5.01(a).

“TIRZ Revenues Aggregate Payment Cap” is defined in Section 5.05.

ARTICLE II

TERM

2.01. Term. The term of this Agreement shall commence on the Effective Date and shall continue until the earlier of 1) the Parties have fully satisfied all terms and conditions of this Agreement or 2) forty-five (45) years from the Effective Date of this Agreement.

ARTICLE III

DEVELOPMENT

3.01. Scope of Agreement. This Agreement establishes provisions for (i) the construction, reimbursement and ownership of the Hanover Improvements; (ii) reimbursement of the costs of the Hanover Improvements from (a) the levy and collection of ad valorem taxes on the Property within the MMD for the financing of the Hanover Improvements benefitting the property within the MMD, or (b) the collection of TIRZ Revenues; and (iii) maintenance of the Hanover Improvements from (a) ad valorem taxes levied by the MMD for maintenance purposes, or (b) property owners association assessments.

3.02. Development Overview. Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete the Hanover Improvements in accordance with approved City Plans and Specifications and subject to the City’s approval as provided herein and in accordance with City Regulations, the Concept Plan, the Phasing Plan, and Applicable Law.

3.03. Ownership of Improvements. Upon completion and acceptance by the City, the City shall own or have a perpetual public easement over and maintain all of the Hanover Improvements, except as otherwise provided in this Agreement.

ARTICLE IV

MUNICIPAL MANAGEMENT DISTRICT

4.01. Municipal Management District. The Developer has requested the City consent, and the City hereby consents, to the creation of an MMD encompassing the

Property to fund the construction, acquisition, maintenance, and operation of the Hanover Improvements within the Development pursuant to the applicable provisions of Chapter 375, Texas Local Government Code, as amended, and Applicable Law. The City consent shall be in substantially the form and substance as shown on Exhibit F.

4.02. MMD Boundaries. The MMD boundaries shall not include any property other than the Property without the mutual written approval of the Parties.

4.03. Levy of Taxes for Reimbursement of Hanover Improvement Project Costs. The MMD may levy ad valorem taxes or assessments on property located within the MMD in accordance with this Agreement for the purpose of (i) reimbursing the Developer from bonds secured by MMD ad valorem taxes for the Hanover Improvement Project Costs pursuant to an MMD reimbursement agreement; and (ii) paying the annual costs of maintenance and operation of the Hanover Improvements.

4.04. MMD Taxes and Payments for MMD Operations and Maintenance. The MMD may levy an ad valorem tax for maintenance and operation of the MMD and its facilities.

ARTICLE V TIRZ

5.01. Tax Increment Reinvestment Zone.

(a) The City created the TIRZ, and the Property is within the boundaries of the TIRZ as shown on the attached Exhibit C. The City shall create an account (the "District TIRZ Account") within the TIRZ Fund in order to identify and allocate the City Tax Increment and the Ellis County Tax Increment attributable to the Property within the TIRZ. The TIRZ Revenues in the District TIRZ Account will be dedicated and used solely for the purpose of paying Hanover Improvement Project Costs listed on Exhibit D.

(b) The City shall continuously collect the TIRZ Revenues from the applicable taxing units during the term of this Agreement in the manner and to the maximum extent permitted by Applicable Law. In addition, to the extent permitted by law, the City covenants and agrees that any repeal of the right and power to collect the TIRZ Revenues will not be effective until the TIRZ Revenues Aggregate Payment Cap (as defined in Section 5.05) has been paid to the MMD from the TIRZ. The City further covenants and agrees that it will make all payments as set forth in subsection 5.02(b) below, without counterclaim or offset, but minus administrative expenses described in subsection 5.02(a) below.

(c) The City shall not be obligated to provide funds to the MMD for any Hanover Improvements except from available TIRZ Revenues in the District TIRZ Account. The City makes no warranty, either express or implied, that there will be

sufficient revenues available for reimbursement of the Hanover Improvement Project Costs or that revenues will be sufficient for the construction or acquisition of all Hanover Improvements. The City does not have an obligation to pay or reimburse any Hanover Improvement Project Costs. Developer acknowledges and agrees that any lack of availability of monies to reimburse Hanover Improvement Project Costs shall in no way diminish any obligation of Developer with respect to the construction of the Hanover Improvements set forth in this Agreement. Developer agrees that TIRZ Revenues shall not be available to pay for or reimburse land dedicated to the City or the MMD for Hanover Improvements.

5.02. Flow of Tax Increment from the Developer TIRZ Account.

(a) On or before the fifteenth (15th) day of May of each calendar year during the term of this Agreement, the City, following the collection of TIRZ Revenues from all applicable taxing units, shall promptly deposit all TIRZ Revenues then available into the District TIRZ Account, net of any City administrative costs relating to the TIRZ, including any reasonable third-party administrative costs, not to exceed the greater of \$50,000 or two percent (2%) of any annual deposit into the District TIRZ Account, but not to exceed payments in excess of the TIRZ Revenues Aggregate Payment Cap.

(b) Following the receipt of the TIRZ Revenues into the District TIRZ Account, as described in Section 5.02(a) above, the MMD shall utilize the TIRZ Revenues consistent with and as permitted by the TIRZ Project and Finance Plan in the following priority:

(i) First, for the payment of debt service on outstanding bonds issued by the MMD for the purpose of payment or reimbursement of eligible Hanover Improvement Project Costs;

(ii) Second, for reimbursement of the Hanover Improvement Project Costs not reimbursed or paid by bonds secured in whole or in part by TIRZ Revenues or any other sources, until all Hanover Improvement Project Costs have been fully reimbursed; and

(iii) Third, to the City for any lawful use as set forth in the TIRZ Project and Finance Plan.

5.03. County Participation. The City shall endeavor to use its reasonable efforts to secure the participation of Ellis County, Texas, in the TIRZ with participation levels and for a duration equal to the City. Failure to secure such participation by the Counties shall not constitute a breach of this Agreement.

5.04. Issuance of Bonds. The MMD may issue bonds or other obligations as authorized by Applicable Law, the debt service of such bonds being paid from (but not secured by) the District TIRZ Account, in one or more series, to reimburse Hanover

Improvement Project Costs not otherwise previously paid or reimbursed from any other source.

5.05. TIRZ Revenues Aggregate Payment Cap. The aggregate of annual payments to the District from the District TIRZ Account shall be the lesser of \$24,923,825 or the actual costs incurred for Hanover Improvement Project Costs (the "TIRZ Revenue Aggregate Payment Cap").

ARTICLE VI **DEVELOPMENT**

6.01. Full Compliance with City Standards. The development and use of the Property by the Developer and its Affiliates, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with all City Regulations.

6.02. Regulations Regarding Building Products, Materials, or Methods. The Developer voluntarily consents to the application of all City Regulations existing as of the Effective Date that govern the use or installation of a building product or material in the construction, renovation, maintenance, or other alteration of a residential or commercial building on the Property, regardless of whether a different building product or material is approved for use by a national model code published within the last three code cycles that applies to the construction, renovation, maintenance, or other alteration of the building. In addition, Developer voluntarily consents to the application of all City Regulations that establish a standard for a building product, material, or aesthetic method in construction, renovation, maintenance, or other alteration of a residential or commercial building, regardless of whether the standard is more stringent than a standard for the product, material, or aesthetic method under a national model code published within the last three code cycles that applies to the construction, renovation, maintenance, or other alteration of the building. The Parties agree that: (i) the City will not issue any permits for the Property in violation of this Section; (ii) the covenants contained within this Section constitute a material term of this Agreement; (iii) Developer's voluntary consent to the application of all City Regulations to the Property, as described in this Section, constitutes a material inducement for the City to authorize the payments to Developer described herein; (d) the covenants contained herein shall run with the land and shall bind Developer and all successors and assigns; and (e) this Section shall survive termination or expiration of this Agreement.

6.03. Use of City Property. The City agrees to allow the Developer the use of any City easements, rights of way, or owned property as is reasonably necessary for the construction and installation of the Hanover Improvements.

6.04. Zoning of Property. The Developer consents and agrees to the zoning of the Property pursuant to City Ordinance 23-5669, "S, South Mansfield Form-Based Development District," which was adopted by the City on November 13, 2023 and that such zoning is consistent with this Agreement.

6.05. Conflicts. To the extent permissible by law, in the event of any conflict between this Agreement and any City Regulations, this Agreement shall control.

6.06. Replat. The Developer may submit a replat for all or any portion of the Property. Any replat shall be in conformance with City Regulations and the Concept Plan.

ARTICLE VII

DEVELOPMENT FEES AND CHARGES

7.01. Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges, if any, applicable to the City's preliminary and final plat review and approval process according to the fee schedule adopted by the City Council and in effect at the time of platting.

7.02. Plan Review and Permit Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges, if any, applicable to the City's review of plans and specifications and issuance of permits (including building permits) for construction of any improvements constructed by Developer requiring City review, according to the fee schedule adopted by the City Council at the time of plan review and permit issuance.

7.03. Inspection Fees. Development of the Property shall be subject to the payment to the City of inspection fees, if any, according to the fee schedule adopted by the City Council at the time of inspection.

7.04. Selection of Building Inspection Firm. In the event the City is unable to routinely complete building inspection within thirty (30) days of a request by the general contractor for a building, the City and the Developer shall implement a program of third-party inspections. Such building inspections for development within the Property may be conducted by a third-party (the "Building Inspection Firm") at the sole cost of the Developer and such costs may be submitted as Hanover Improvement Project Costs if such inspections relate to Hanover Improvements. The Developer shall present to the City three candidate firms for consideration. Such candidate firms shall be in compliance with all Applicable Law and shall not have previously been involved in litigation against the City. In addition, none of such firms shall have previously conducted work for the City for which the City was unsatisfied. The City shall select the Building Inspection Firm from these candidates and shall notify the Developer of its selection within thirty (30) days of receiving the candidate list if the City does not

interview any of the firms. If the City elects to interview any of the firms, the City shall have sixty (60) days to select a Building Inspection Firm. No building inspection fees shall be charged by the City for an inspection performed by a Building Inspection Firm.

7.05. Park Fees. Development of the Property shall be subject to the payment to the City of all park fees, if any, according to the fee schedule adopted by the City Council at the time of inspection. Park fees duly adopted by the City applicable to multi-family development shall not be eligible for reimbursement from TIRZ Revenues.

7.06. Impact Fees. Development of the Property shall be subject to the payment to the City of Impact Fees, if any, according to the fee schedule adopted by the City Council at the time of inspection. Impact Fees applicable to multi-family development shall not be eligible for reimbursement from TIRZ Revenues.

7.07. Rough Proportionality. The Parties agree that all conveyances, dedications, construction costs and other payments, if any, made by the Developer related to the Hanover Improvements are roughly proportional to the need for such improvements created by the development of the Property and Developer hereby waives any claim therefore that it may have. The Developer further acknowledges and agrees that all prerequisites to such a determination of rough proportionality have been met, and that any costs incurred relative to the conveyance, dedication, construction costs and other payments, if any, for the Hanover Improvements are related both in nature and extent to the impact of the Development. The Developer waives and releases all claims against the City related to any and all rough proportionality and individual determination requirements mandated by Section 212.904, Texas Local Government Code, or the Texas or U.S. constitutions, as well as other requirements of a nexus between development conditions and the projected impact of the Development.

7.08. Deferred Development Fees. Except as provided for herein, the Parties agree that all or a portion of fees identified in this Article VII may be deferred by the City, at the City's sole discretion on a case by case basis, and funded by TIRZ Revenues from the District TIRZ Account, which obligation will become effective upon the TIRZ Board's receipt of written notice from the City Manager, or the City Manager's designee, specifying the amount and schedule of development fee payments to be paid.

7.09. Fees Are Hanover Improvement Project Costs. Any fees described in this Section (except as provided in 7.05 and 7.06) that are paid by, or on behalf of, the Developer and that are associated with Hanover Improvements that are eligible for reimbursement from TIRZ Revenues or MMD ad valorem taxes shall be included in the TIRZ Project Plan and Finance Plan and shall be eligible to be reimbursed to the Developer.

7.10. Impact Fees Payment. The City will pay the Developer any Impact Fees collected from the multi-family housing portions of the Development up to an

aggregate of \$1,500,000. All impact fees received by the City from a multi-family housing project within the Development shall be paid to the Developer on a quarterly basis within fifteen (15) days after the close of each quarter. Such payments shall be in addition to payments to the District from the TIRZ as provided in Article V.

ARTICLE VIII

DEVELOPMENT SPECIFIC REQUIREMENTS

8.01. Utility Capacity. The City will provide retail water and wastewater capacity sufficient to meet the ultimate demands of the development on the Property. The City agrees to promptly provide written confirmation of the availability of such capacity reserved in the City system from time to time as reasonably requested by the Developer. The City represents that the current unallocated City water and wastewater capacities of the City are sufficient to meet the projected demands of the Development.

8.02. Property Acquisition. The City shall make good faith efforts to assist Developer in the acquisition of any off-site rights-of-way, easements, property rights, or interests in land to allow construction of the off-site utilities or roadways. If necessary for construction of any of the Hanover Improvements, Developer shall provide any rights-of-way, property rights, or interests in land within Property necessary to develop the Hanover Improvements at no cost to the City.

8.03. Parks, Recreation, and Open Space. The public open space, trails, and other public recreational spaces and amenities shown in the Concept Plan and identified in the Phasing Plan shall meet or exceed the standards or obligations set forth in the City's parkland dedication requirements, shall be dedicated to the public by the City with the right, but not the obligation, to maintain the same. A perpetual public access, use, and recreation easement will be retained in favor of the general public to use and enjoy the public open space, trails, and other public recreational spaces and amenities shown in the Concept Plan and identified in the Phasing Plan.

8.04. Property Association Documents. The Developer intends to create a property owners association or associations ("**Association**") for the Property. The Parties intend that prior to the City's approval of the construction plat for the Phase 1, the Developer will provide the City with a copy of the Association's master declaration of covenants, conditions, and restrictions ("**CCR**"), which shall include the design standards and architectural guidelines to be applied to the Development.

8.05. Development Phasing Plan. The development of the Property by the Developer is planned to occur in Phases in accordance with the Phasing Plan, as shown in **Exhibit E**.

ARTICLE IX
CONSTRUCTION OF HANOVER IMPROVEMENTS

9.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Hanover Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Hanover Improvements and shall obligate each general contractor, architect, and consultants who work on the Hanover Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection, and supervision of the construction of the Hanover Improvements to be undertaken in accordance with City Regulations.

(b) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations, including the City Regulations regarding the design and construction of the Hanover Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance, and two-year maintenance bonds for the Hanover Improvements at 100%.

(c) Upon Developer's completion of the Hanover Improvements, Developer shall provide City with a final cost summary of all Hanover Improvement Project Costs incurred and paid associated with the design and construction of that portion of the Hanover Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by "all bills paid" affidavits and final unconditional lien releases executed by Developer or its contractors with regard to that portion of the Hanover Improvements. Evidence of payment to or direct payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Hanover Improvements.

(d) Developer agrees to require the contractors and subcontractors which construct the Hanover Improvements to provide payment, performance, and two-year maintenance bonds in forms reasonably satisfactory to the City. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City may reasonably reject any surety company regardless of such company's authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to work being performed on any such Hanover Improvements.

(e) Unless otherwise approved in writing by the City, all Hanover Improvements shall be constructed and dedicated to the City in accordance with the City Regulations and Applicable Law.

(f) The City and the Developer shall dedicate or convey by final plat or separate instrument, without cost to the City or the Developer and in accordance with Applicable Law, all property rights (which may be an easement) necessary for the construction, operation, and maintenance of the road, water, drainage, and sewer Hanover Improvements, at the completion of construction of the Hanover Improvements.

9.02. Construction Agreements.

(a) The Developer shall enter into contracts with contractors for construction of the Hanover Improvements to be let in the name of the Developer (the "Construction Agreements"). The Developer's engineers shall prepare and provide, or cause the preparation and provision of, all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Hanover Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Hanover Improvements that the contractor will indemnify, defend, and save harmless the City against any costs or liabilities thereunder in the same manner provided by Section 14.06 "INDEMNIFICATION" of this Agreement. The Developer or its designee shall administer the Construction Agreements and the Hanover Improvement Project Costs, which are estimated on Exhibit D, shall be paid by the Developer or caused to be paid by the Developer, and reimbursed by the City pursuant to the applicable reimbursement agreements.

(b) In addition to Section 9.02(a) above the following requirements apply to Construction Agreements for Hanover Improvements:

(i) Plans and specifications shall comply with all Applicable Law, the Concept Plan, and City Regulations and all Plans and Specifications shall be reviewed and approved by the City prior to the issuance of permits. The City shall have twenty (20) business days from its receipt of the first submittal of the Plans and Specifications that are fully compliant with all City Regulations in the City's discretion, to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have twenty (20) business days from its receipt of such amended or supplemented Plans and Specifications that are fully compliant with all City Regulations in the City's discretion, to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other Governmental Authority; and

(ii) Each Construction Agreement shall provide that the Contractor is an independent contractor, independent of and not the agent of the City.

(c) City's Role. The City shall have no responsibility for the cost of planning, design, engineering, construction, or furnishing/equipping the Hanover Improvements (before, during or after construction) except to the extent of the reimbursement of the Hanover Improvement Project Costs as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Hanover Improvements other than the reimbursements described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Hanover Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Hanover Improvements.

9.03. Project Scope Verification. The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Hanover Improvements are being constructed in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer, or general contractor to consult with the Developer and the City regarding such concerns.

9.04. Joint Cooperation; Access for Planning and Development. During the planning, design, development and construction of the Hanover Improvements, the Parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this Development. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall use its best efforts to cause the architect, engineer, and other design professionals to attend City meetings if requested by the City.

9.05. City Not Responsible. By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove of) any such Plans and Specifications, including the site plan, submitted with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

9.06. Construction Standards and Inspection. Certain Hanover Improvements may be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by

separate instrument. The Hanover Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Hanover Improvements, and this Agreement, provided, however, that if there is any conflict, the regulations of the governing body or entity with jurisdiction over the Hanover Improvement being constructed shall control.

9.07. Utility Capacity – Water and Wastewater. Upon completion of the applicable water and sewer Hanover Improvements necessary to the Property, the City shall provide water and sewer service to the Property. The capacity and continuity of such service shall be the same as, and provision shall be on the same terms and conditions as, it provides to other of its in-city customers. The City intends to commit such capacity in Phases as development proceeds and the City agrees to provide written confirmation of the availability of such capacity reserved in the City system from time to time as reasonably requested by the Developer.

9.08. Hanover Improvements Constructed on City Land or the Property. If any of the Hanover Improvements are on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Hanover Improvements. If the Hanover Improvements are on land owned by the Developer, the Developer shall dedicate easements by plat or shall execute and deliver to the City, at no cost, such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby agrees to grant to the City, at no cost, a permanent access and maintenance easement by plat or separate instrument to enter upon such land for purposes related to inspection and maintenance of the Hanover Improvements. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Hanover Improvements as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Hanover Improvements. The provisions for inspection and acceptance of such Hanover Improvements otherwise provided herein shall apply.

9.09. Additional Requirements. In connection with the design and construction of the Hanover Improvements, the Developer shall undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Hanover Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Hanover Improvements, in accordance with Applicable Law;

(b) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(c) The Developer shall provide the City with reasonable advance notice of any scheduled construction meetings as set forth in the construction contracts for the Hanover Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the progress of the Development;

(d) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in material changes to the portion of the Plans and Specifications for the Hanover Improvements that describe the connection of such Hanover Improvements with City streets, storm sewers and utilities;

(e) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Hanover Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(f) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Hanover Improvements and with City Regulations;

(g) If the Developer performs any soils, construction and materials testing during construction of the Hanover Improvements, the Developer shall make available to the City copies of the results of all such tests;

(h) If any of the foregoing entities or persons shall fail in a material respect to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(i) The Developer shall provide any other information or documentation or services required by City Regulations.

9.10. Revisions to Scope and Cost of Hanover Improvements.

(a) The Hanover Improvement Project Costs, as set forth in **Exhibit D**, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Hanover Improvements shall not exceed such amounts

as set forth in the TIRZ Project and Finance Plan. Should the Hanover Improvements be amended by the City Council, the City Representative shall be authorized to make corresponding changes to the applicable exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Hanover Improvement Project Costs exceed the amounts set forth in the TIRZ Project and Finance Plan, the Developer shall be responsible for such excess costs and such excess costs shall be reimbursed by the MMD and shall not be reimbursed by the City. The City shall only reimburse the Hanover Improvement Project Costs in the amounts set forth in the TIRZ Project and Finance Plan.

9.11. City Police Powers. The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with Applicable Law to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors.

9.12. Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Hanover Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Hanover Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance, or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged prior to the date of dedication and acceptance of the applicable Hanover Improvement by the City and may provide proof thereof to the City through final unconditional lien waivers, recorded release of liens, or other bond guarantees. The City shall have no obligation to accept the dedication of any Hanover Improvements that are encumbered by a lien or any other cloud on title.

9.13. City Consents. Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement, or replacement of the Hanover Improvements or otherwise under this Agreement shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

9.14. Right of the City to Make Inspection.

(a) At any time during the construction of the Hanover Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Hanover Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its general contractor or subcontractors.

(b) Inspection of the construction of all Hanover Improvements shall be by the City Representative. The Developer shall pay the inspection fee which may be included as a Hanover Improvement Project Cost.

(c) City may enter the Property in accordance with City Regulations and Applicable Law to make any repairs or perform any maintenance of Hanover Improvements which the City has accepted for maintenance. If, during construction of the Hanover Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Hanover Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after reasonable notice (other than in the case of an emergency). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

ARTICLE X
PAYMENT OF HANOVER IMPROVEMENTS

10.01. Overall Requirements.

(a) The City shall not be obligated to provide funds to Developer for any Hanover Improvements except from TIRZ Revenues in the District TIRZ Account pursuant to a TIRZ Reimbursement Agreement. The City makes no warranty, either express or implied, that there will be sufficient revenues available for reimbursement of the Hanover Improvement Project Costs or that revenues will be sufficient for the construction or acquisition of all of the Hanover Improvements. Any costs of the Hanover Improvements in excess of the available MMD ad valorem or TIRZ Revenues shall not be paid or reimbursed by the City. The Developer acknowledges and agrees that any lack of availability of monies to reimburse the costs of the Hanover Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Hanover Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the

Developer or Property is subject. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Hanover Improvements in excess of the available funds.

(b) Upon written acceptance of a Hanover Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Hanover Improvements, including all costs thereof and relating thereto, unless dedicated for maintenance to the MMD, Association, or private owner with respect to enhanced capital value improvements.

10.02. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Hanover Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of, the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Hanover Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard and shall retain and maintain all such records for at least two (2) years from the date of completion of the Hanover Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE XI **REPRESENTATIONS AND WARRANTIES**

11.01. Representations and Warranties of City. The City makes the following representations and warranties for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council and the City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the

terms of any agreement or instrument to which the City is a party, or by which the City is bound, or of any provision of any Applicable Law.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Hanover Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

11.02. Representations and Warranties of Developer. The Developer makes the following representations and warranties for the benefit of the City:

(a) Due Organization and Ownership. The Developer is Texas Corporation validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority: No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a party, or by which the Developer is bound, or of any provision of any Applicable Law.

(c) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a Governmental Authority, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(d) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the

Developer under, this Agreement to perform its obligations under this Agreement, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

ARTICLE XII

TERMINATION EVENTS

12.01. Termination Events. The City or Developer may terminate this Agreement upon an uncured Event of Default by the other Party pursuant to Article XIV herein or for a delay by the other Party of an obligation in Article VIII.

12.02. Termination Procedure. If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, with the exception of any pending Payment Certificates or reimbursement requests relating to Hanover Improvement Project Costs that were previously advanced or incurred as of the date of termination, provided that a Payment Certificate or reimbursement request for such Hanover Improvement Project Costs is submitted within ninety (90) days of the termination and is approved by the City pursuant to its normal and usual process for approving such Payment Certificate or reimbursement request. The City must approve such Payment Certificate or reimbursement request within thirty (30) days or submit to the Developer its objections/issues with such Payment Certificate or reimbursement request and reasonably consult with the Developer to cure any deficiencies in the Payment Certificate or reimbursement requests within an additional thirty (30) days.

12.03. City Actions Upon Termination. Upon termination the Developer shall have no claim or right to any further payments for Hanover Improvement Project Costs pursuant to this except that, (i) any Hanover Improvements completed and accepted by the City or (ii) Hanover Improvement Project Costs submitted pursuant to a Payment Certificate or reimbursement request and approved by the City shall still be subject to payment. Any Payment Certificates or reimbursement requests for Hanover Improvement Project Costs submitted to the City, but still under review at the time of termination of this Agreement may be resolved as provided in Section 12.02 if subsequently approved by the City.

ARTICLE XIII

DEFAULT AND REMEDIES

13.01. Developer Default. One or more of the following events shall be an “Event of Default” by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure;

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure such failure within sixty (60) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the Development if such failure is not cured within thirty (30) calendar days after written notice by the City;

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was fraudulent or untrue in any material respect as of the Effective Date;

(h) An Event of Default has occurred pursuant to a TIRZ Reimbursement Agreement entered into pursuant to this Agreement; or

(i) The Developer refuses to develop the Property pursuant to the City Regulations.

13.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in

writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 13.01(g-i) above). Except with respect to cure periods set forth in 13.01 above, which shall be controlling, no breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice, with completion of performance within ninety (90) calendar days (or thirty (30) calendar days in the case of a monetary default).

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure, the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than fourteen (14) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article.

13.03. City's Remedies. With respect to the occurrence of an Event of Default the City may pursue any of the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days, which said additional thirty (30) days however, shall not be construed as an extension of any cure periods provided for in this Agreement. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

13.04. City Default. Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within sixty (60) calendar days after written notice thereof is given by the Developer to the City.

13.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal remedy or remedies specifically including damages as set forth below (specifically excluding specific performance and other equitable remedies), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice, which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided which said additional thirty (30) days however, shall not be construed as an extension of any cure periods provided for in this Agreement.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

13.06. Governmental Functions and Immunity. The Parties hereby acknowledge and agree that the City is entering into this Agreement pursuant to its governmental functions and that nothing contained in this Agreement shall be construed as constituting a waiver of the City's police power, legislative power, or governmental immunity from suit or liability, which are expressly reserved to the extent allowed by law. The Parties agree that this is an Agreement for goods or services to the City. To the extent a Court of competent jurisdiction determines that the City's governmental immunity from suit or liability is waived in any manner, or that this Agreement is

subject to the provisions of Chapter 271 of the Texas Local Gov't Code, as amended, the City's immunity from suit may be waived only as set forth in Subchapter I of Chapter 271, Texas Local Gov't Code. Further, the Parties agree that this Agreement is made subject to all applicable provisions of the Texas Civil Practice and Remedies Code, including but not limited to all defenses, limitations, and exceptions to the limited waiver of immunity from liability provided in Chapter 101 and Chapter 75.

13.07. Limitation on Damages. In no event shall any Party have any liability under this Agreement for any punitive, special, or consequential damages.

13.08. Waiver. Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term, or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

ARTICLE XIV **INSURANCE, INDEMNIFICATION, AND RELEASE**

14.01. Insurance. With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Hanover Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Hanover Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of \$1,000,000 Per Occurrence or a limit equal to the amount of the contract amount, \$5,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a master or controlled insurance policy to satisfy the requirements of this Section, which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this Section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death and property damage liability;

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the commencement of construction of the Hanover Improvements and within ten (10) days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. The contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

14.02. Waiver of Subrogation Rights. The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

14.03. Additional Insured Status. With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

14.04. Certificates of Insurance. Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Hanover Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

14.05. Carriers. All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

14.06. INDEMNIFICATION.

CITY SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM THE ACTS OR OMISSIONS OF THE DEVELOPER OR ITS CONTRACTORS PURSUANT TO THIS AGREEMENT. THE DEVELOPER HEREBY WAIVES ALL CLAIMS AGAINST CITY AND ITS COUNCIL, DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO AS THE "CITY REPRESENTATIVES") FOR DAMAGE TO ANY PROPERTY OR INJURY TO, OR DEATH OF, ANY PERSON ARISING AT ANY TIME AND FROM ANY CAUSE (OTHER THAN THE SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL ACT OF THE CITY REPRESENTATIVES) ARISING FROM THE ACTS OR OMISSIONS OF THE DEVELOPER OR ITS CONTRACTORS PURSUANT TO THIS

AGREEMENT. DEVELOPER DOES HEREBY INDEMNIFY, DEFEND, AND SAVE HARMLESS THE CITY REPRESENTATIVES FROM AND AGAINST ANY AND ALL LIABILITIES, DAMAGES, CLAIMS, SUITS, COSTS (INCLUDING COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION) AND ACTIONS OF ANY KIND BY REASON OF INJURY TO OR DEATH OF ANY PERSON, OR DAMAGE TO OR LOSS OF PROPERTY ARISING FROM DEVELOPER'S BREACH OF ANY OF THE TERMS OR CONDITIONS OF THIS AGREEMENT, OR BY REASON OF ANY ACT OR OMISSION ON THE PART OF DEVELOPER, ITS OFFICERS, DIRECTORS, SERVANTS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, SUB-CONTRACTOR(S), LICENSEES, SUCCESSORS OR PERMITTED ASSIGNS IN THE PERFORMANCE OF THIS AGREEMENT (EXCEPT WHEN SUCH LIABILITY, CLAIMS, SUITS, COSTS, INJURIES, DEATHS OR DAMAGES ARISE DIRECTLY FROM OR ARE ATTRIBUTED TO THE SOLE NEGLIGENCE, GROSS NEGLIGENCE, OR WILLFUL ACT OF THE CITY REPRESENTATIVES). NOTWITHSTANDING THE FOREGOING, IN THE EVENT OF JOINT OR CONCURRENT NEGLIGENCE OF BOTH THE CITY REPRESENTATIVES AND DEVELOPER, THE RESPONSIBILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY REPRESENTATIVES AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS SECTION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND THEIR RESPECTIVE SUCCESSORS AND PERMITTED ASSIGNS AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THE DEVELOPER'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR REQUIRED TO BE MAINTAINED BY DEVELOPER UNDER THIS AGREEMENT. THIS PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

ARTICLE XV GENERAL PROVISIONS

15.01. Notices. Any notice, communication, or disbursement required to be given or made hereunder shall be in writing and shall be given or made by hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, with a confirming copy sent by e-mail or at such other addresses as may be specified in writing by any Party hereto to the other Party hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose (i) if by hand delivery or overnight carrier, at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) or (ii) within five (5) days after deposit in the United States

mail, postage prepaid, certified or registered mail, properly addressed at the following addresses:

To the City:

City of Mansfield
1200 E. Broad Street
Mansfield, TX 75160
Attn: Joe Smolinski, City Manager

With a copy to:

Taylor, Olson, Adkins, Sralla & Elam, LLP
6000 Western Place, Suite 200
Fort Worth, Texas 76107
Attn: Dean Roggia

To Developer:

Knox Street Partners No. 31, Ltd.
c/o Hanover Property Company
3001 Knox Street, Suite 405
Dallas, TX 75205
Attn: Ben Luedtke

With copy to:

Allen Boone Humphries Robinson LLP
4514 Cole Avenue, Suite 1450
Dallas, Texas 75205
Attn: Stephen M. Robinson

15.02. Mutual Assistance. The Parties shall do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

15.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements, or covenants to develop the Property, including construction of the Hanover Improvements may be assigned to any Affiliate thereof without the prior written consent of the City. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer

shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. The Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property. The City shall not be required to make any representations with respect to any assignment and shall not be required to consent to an assignment to an Affiliate.

(b) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written notice to the lender. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured. The City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto.

(c) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

15.04. Table of Contents; Titles and Headings. The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not

a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

15.05. Entire Agreement; Amendment. This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

15.06. Time. In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

15.07. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

15.08. Severability. If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the Parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

15.09. No Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

15.10. No Third-Party Beneficiaries. The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third-party beneficiary, or any individual or entity other than the City, the Developer, or assignees of such Parties.

15.11. No Joint Venture. Nothing contained in this Agreement or any other agreement between the Parties is intended by the Parties to create a partnership or joint venture between or among the Developer and the City, and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be

responsible for any and all suits, demands, costs, or actions proximately resulting from its own individual acts or omissions.

15.12. Independence of Action. It is understood and agreed by and among the Parties that in the design, construction, and development of the Hanover Improvements and any of the related improvements described herein, and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third-party in connection to the Developer's obligations hereunder.

15.13. Limited Recourse. No officer, director, employee, agent, attorney, or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

15.14. Exhibits. All exhibits attached to this Agreement are fully incorporated herein by reference for all purposes wherever reference is made to the same.

15.15. No Consent to Third-Party Financing. The City does not and shall not consent to nor participate in any way in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any TIRZ Reimbursement Agreement.

15.16. Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

15.17. No Acceleration. All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

15.18. Undocumented Workers. The Developer covenants and certifies that it does not and will not knowingly employ an undocumented worker as that term is defined by Section 2264.001(4) of the Texas Government Code. In accordance with Section 2264.052 of the Texas Government Code, if Developer is convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay to the City the full amount of all payments made under this Agreement, plus ten percent (10%) interest per annum from the date such payment was made until the date of full repayment. Repayment shall be paid within one hundred twenty (120) days after the date Developer receives a notice of violation from the City.

15.19. Notice to Purchasers. The Developer shall be responsible for causing the initial Notice to Purchasers to be filed by the MMD with respect to the Property that is included in the MMD.

15.20. Public Information. Notwithstanding any other provision to the contrary in this Agreement, all information, documents, and communications relating to this Agreement may be subject to the Texas Public Information Act and any opinion of the Texas Attorney General or a court of competent jurisdiction relating to the Texas Public Information Act. The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Agreement and each Party agrees that this Agreement may be terminated if a Party knowingly or intentionally fails to comply with a requirement of Subchapter J, if applicable.

15.21. Ethics Disclosure. The Developer represents that it has completed a TEC form 1295 ("Form 1295") generated by the TEC's electronic filing application in accordance with the provisions of Texas Government Code 2252.908 and the rules promulgated by the TEC. The Parties agree that, with the exception of the information identifying the City and the contract identification number, the City is not responsible for the information contained in the Form 1295. The information contained in the Form 1295 has been provided solely by Developer and the City has not verified such information.

15.22. Anti-Boycott Verification. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. 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, '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. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

15.23. Iran, Sudan, and Foreign Terrorist Organizations. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<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 the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

15.24. Governing Law. The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement shall be in the State District Court of Ellis County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

15.25. Petroleum. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall mean, 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 (A) 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 (B) does business with a company described by (A) above. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit.

15.26. Firearms. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Agreement

against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, 'discriminate against a firearm entity or firearm trade association' (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) 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 (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) 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. As used in the foregoing verification, (b) 'firearm entity' means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Developer understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit.

15.27. Conflict. In the event of any conflict between this Agreement and the TIRZ Reimbursement Agreement authorized under this Agreement, the TIRZ Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[SIGNATURES ON FOLLOWING PAGE]

**CITY
CITY OF MANSFIELD**

By:

Joe Smolinski, City Manager

ATTEST:

City Secretary

DEVELOPER

KNOX STREET PARTNERS NO. 31, LTD,
a Texas limited partnership

**By: Hanover Services Group, Inc., a Texas
corporation, its General Partner**

By:

Brian T. Hall, Executive Vice President

CITY

STATE OF TEXAS §
COUNTY OF TARRANT §

 This instrument was acknowledged before me on this ____ day of _____, 2024, by Joe Smolinski, City Manager of the City of Mansfield, on behalf of the City.

Notary Public in and for the State of Texas

[SEAL]

DEVELOPER

STATE OF TEXAS §
COUNTY OF _____ §

 This instrument was acknowledged before me on this ____ day of _____, 2024, by Brian Hall, Executive Vice President of Knox Street Partners No. 31, Ltd, a Texas limited partnership, on behalf of said company.

Notary Public in and for the State of Texas

[SEAL]

[EXHIBIT INDEX]

Exhibit A – Legal Description

Exhibit B – Concept Plan

Exhibit C – TIRZ Boundary Map

Exhibit D – Hanover Improvement Project Costs

Exhibit E – Phasing Plan

Exhibit F - City Consent to MMD

DRAFT

EXHIBIT A
LEGAL DESCRIPTION

BEING a 75.120 acre tract of land situated in the B. Howard Survey, Abstract No. 513, located in Ellis County, Texas and being a portion of a called 252.657 acre tract of land described in Special Warranty Deed to Prairie Ridge Mountain Creek LP recorded in Instrument No. 2136149 of the Official Public Records, Ellis County, Texas (OPRECT), as determined from a survey by Desirée L. Hurst, RPLS 6230 on February 24, 2021 (ground distances are expressed in US survey feet using a project combined scale factor of 1.000072449), being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found having Texas Coordinate System of the North American Datum of 1983 (2011) EPOCH 2010, North Central Zone Grid Coordinates of Northing 6875347.1 and Easting 2405712.1 on the South right-of-way line of U.S. Highway No. 287, a variable width right-of-way, at the North corner of said 252.657 acre tract;

THENCE with said South right-of-way line the following five (5) courses and distances:

1. South 55°36'19" East (Grid Bearings based on said Texas Coordinate System), a distance of 2,828.36 feet to a "TXDOT" Aluminum Disk found for corner;
2. South 08°39'43" East, a distance of 67.84 feet to a "TXDOT" Aluminum Disk found for corner at the beginning of a curve to the right, said curve having a radius of 196.00 feet;
3. Westerly along said curve to the right through a central angle of 42°39'09" an arc distance of 145.91 feet and a chord bearing and distance of South 68°15'07" West, 142.56 feet to a "TXDOT" Aluminum Disk found for corner;
4. South 89°34'42" West, a distance of 51.27 feet to a "TXDOT" Aluminum Disk found for corner;
5. South 71°40'25" West, a distance of 53.18 feet to a "TXDOT" Aluminum Disk found for corner in the East line of a tract of land described in Special Warranty Deed to St. Paul Cemetery Association in Volume 1277, Page 820 of said DRECT;

THENCE with the occupied fence line of said St. Paul Cemetery tract the following three (3) courses and distance:

1. North 00°17'18" West, a distance of 205.96 feet to a 1/2 inch iron rod found with a cap stamped "Dumas Surveying" at the Northeast corner of said St. Paul Cemetery tract;
2. South 89°42'42" West, a distance of 213.90 feet to a calculated point in a multi-trunk Hackberry Tree, with the largest trunk measuring 22 inches in diameter, near a fence post at the Northwest corner of St. Paul Cemetery tract;
3. South 00°17'18" East, passing a rock found near a weathered railroad tie fence post at a distance of 202.76 feet in the occupied North line of St. Paul Road and continuing for a total distance of 238.93 feet to a pk nail with shiner stamped "ypassociates.com" set in the approximate centerline of said St. Paul Road;

THENCE North 89°51'25"West, with said approximate centerline, a distance of 2,559.81 to a pk nail with shiner stamped "ypassociates.com" set at the Southwest corner of said 252.657 acre tract and at the Southeast corner of Somerset Addition, an Addition to the City of Mansfield, recorded in Volume 11, Page 307 Drawer H of the Map Records of Johnson County, Texas (MRJCT);

THENCE North 02°04'24"West, passing at a 1/2 inch iron rod found at the Southeast corner of Lot 21X, Block 2 of said Somerset Addition at a distance of 30.02 feet and continuing for a total distance of 1,351.85 feet to a 1/2 inch iron rod with a cap stamped "JBI" found at the Northwest corner of said 252.657 acre tract and at the Northeast corner of said Lot 21X;

THENCE North 59°59'58" East, a distance of 822.76 feet to the POINT OF BEGINNING and containing 75.120 acres of land, more or less. Save and except a 4.223 acre tract of land for the proposed extension of Barrington Way leaving a net of 70.897 acres, more or less.

SAVE & EXCEPT:

Proposed extension of Barrington Way an approximate 120' right-of-way to be located on the western edge of the above described 75.120 acre tract, described as follows:

BEING a 4.223 acre tract of land situated in the B. Howard Survey, Abstract No. 513, located in Ellis County, Texas and being a portion of a Called 252.657 acre tract of land described in Special Warranty Deed to Prairie Ridge Mountain Creek LP recorded in Instrument No. 2136149 of the Official Public Records, Ellis County, Texas

(OPRECT), as determined from a survey by Desireé L. Hurst, RPLS 6230 on February 24, 2021 (ground distances are expressed in US survey feet using a project combined scale factor of 1.000072449), being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found having Texas Coordinate System of the North American Datum of 1983 (2011) EPOCH 2010, North Central Zone Grid Coordinates of Northing 6875347.1 and Easting 2405712.1 on the South right-of-way line of U.S. Highway No. 287, a variable width right-of-way, at the North corner of said 252.657 acre tract;

THENCE South 59°59'58"West, with the North line of said 252.657 acre tract, a distance of 594.90 feet to the POINT OF BEGINNING of the herein described tract at a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a non-tangent curve to the left, said curve having a radius of 286.50 feet;

THENCE Southerly along said curve to the left through a central angle of 6°04'26" an arc distance of 30.37 feet and a chord bearing and distance of South 06°04'18" West, a distance of 30.36 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a reverse curve to the right having a radius of 1,110.00 feet;

THENCE Southerly along said curve to the right through a central angle of 7°14'33" an arc distance of 140.31 and a chord bearing and distance of South 06°39'22" West, a distance of 140.21 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set;

THENCE South $10^{\circ}16'38''$ West, a distance of 153.51 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a curve to the left having a radius of 990.00 feet;

THENCE Southerly along said curve to the left through a central angle of $12^{\circ}21'02''$ an arc distance of 213.40 feet and a chord bearing and distance of South $04^{\circ}06'07''$ West, a distance of 212.99 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set;

THENCE South $2^{\circ}04'24''$ East, a distance of 843.27 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a curve to the left having a radius of 990.00 feet;

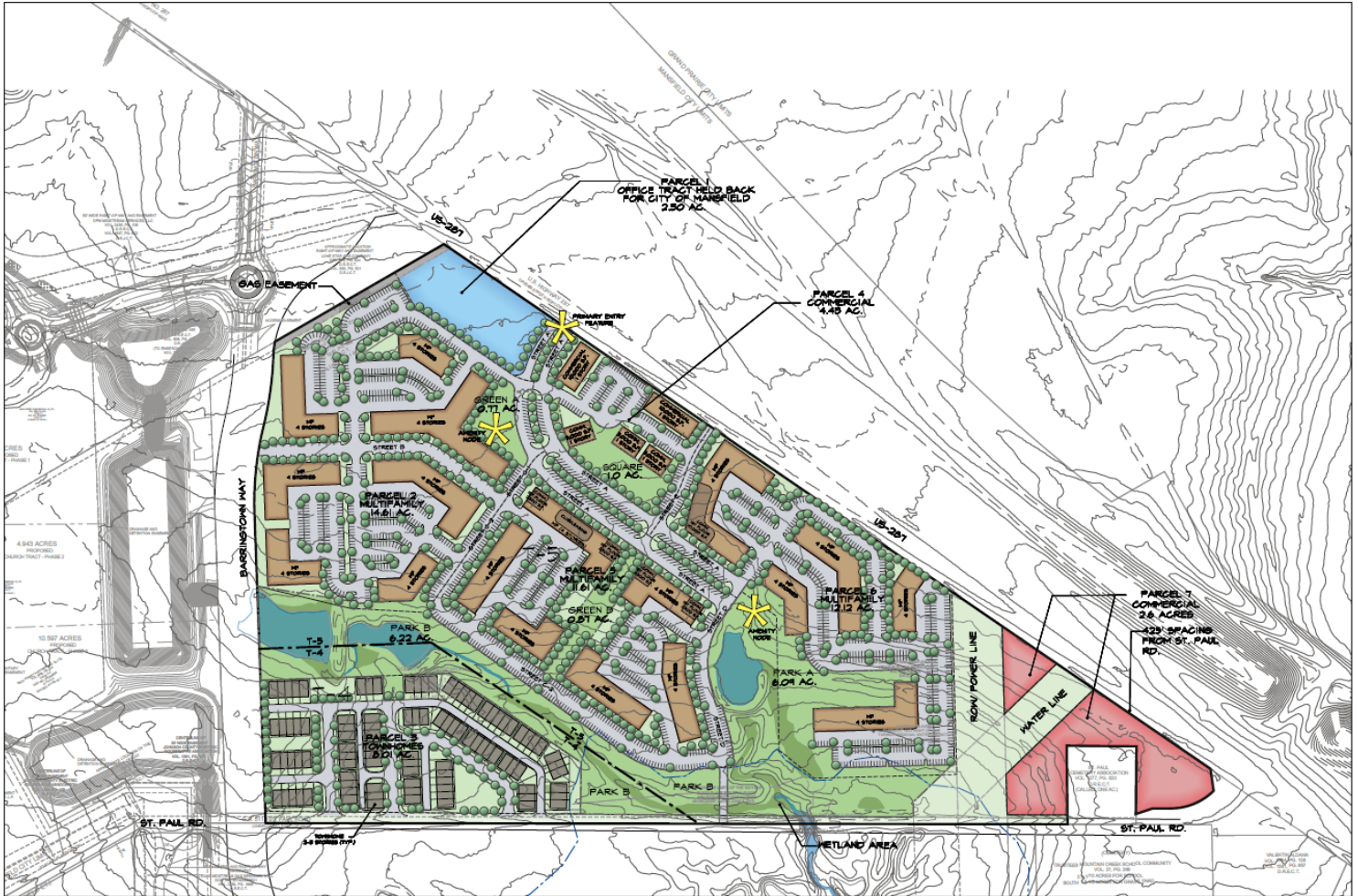
THENCE Southerly along said curve to the left through a central angle of $5^{\circ}12'05''$ an arc distance of 89.87 feet and a chord bearing and distance of South $04^{\circ}40'27''$ East, a distance of 89.84 feet to a pk nail with shiner stamped "ypassociates.com" set in the South line of said 252.657 acre tract and in the approximate centerline of said St. Paul Road;

THENCE North $89^{\circ}51'25''$ West, with said South line and said approximate centerline, a distance of 124.17 feet to a pk nail with shiner stamped "ypassociates.com" set at the Southwest corner of said 252.657 acre tract and at the Southeast corner of Somerset Addition, an Addition to the City of Mansfield, recorded in Volume 11, Page 307 Drawer H of the Map Records of Johnson County, Texas (MRJCT);

THENCE North $02^{\circ}04'24''$ West, passing at a 1/2 inch iron rod found at the Southeast corner of Lot 21X, Block 2 of said Somerset Addition at a distance of 30.02 feet and continuing for a total distance of 1,351.85 feet to a 1/2 inch iron rod with a cap stamped "JBI" found at the Northwest corner of said 252.657 acre tract and at the Northeast corner of said Lot 21X;

THENCE North $59^{\circ}59'58''$ East, with the North line of said 252.657 acre tract, a distance of 227.86 feet to the POINT OF BEGINNING and containing 4.223 acres of land, more or less.

EXHIBIT B CONCEPT PLAN



CONCEPT PLAN

SOMERSET VILLAGE
MANSFIELD, TEXAS

HANOVER
PROPERTY COMPANY

MESA

Site Plan
Scale: 1" = 100'
Date: 09/28/2023
Project: Somerset Village
Sheet: 01 of 01

Scale: 1" = 100'
Date: 09/28/2023
Project: Somerset Village
Sheet: 01 of 01

EXHIBIT C
TIRZ BOUNDARY MAP

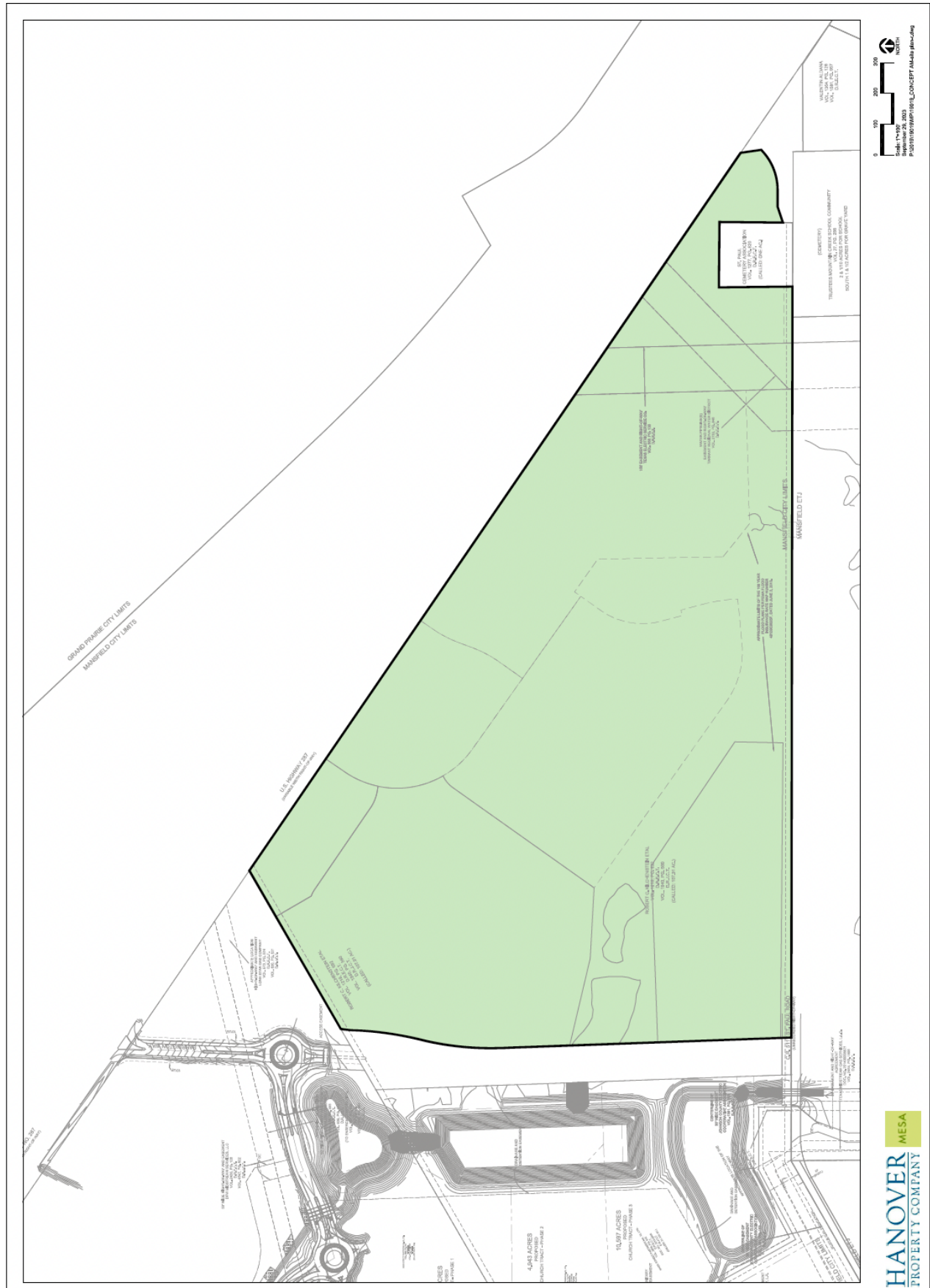


EXHIBIT D

HANOVER PROJECT IMPROVEMENT COSTS

SOMERSET VILLAGE

HANOVER IMPROVEMENT PROJECT COST EXHIBIT

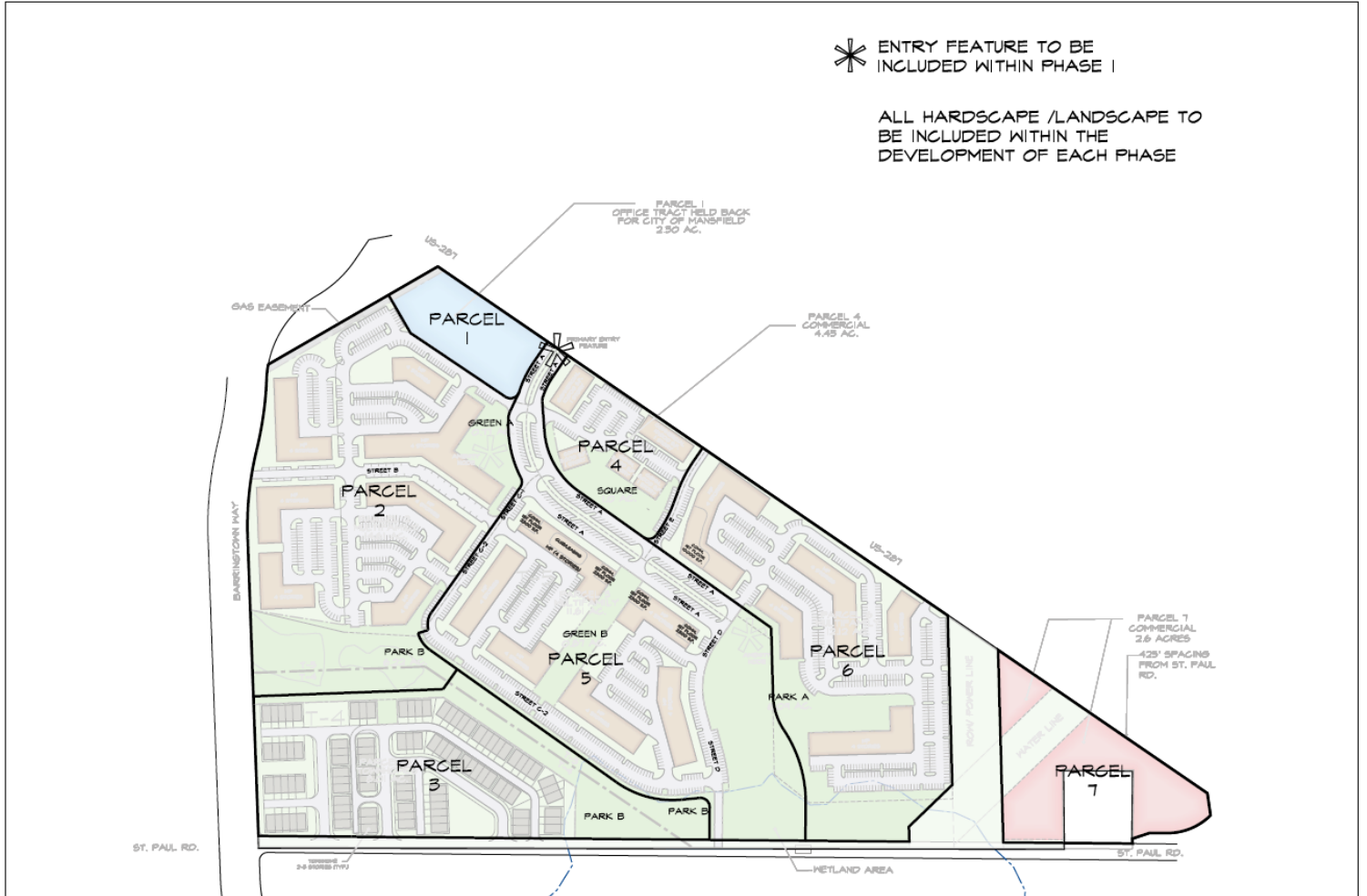
2024.04.01

	TOTAL
Civil Costs	
Excavation	904,200
Sanitary Sewer	1,005,475
Storm Sewer	430,100
Water	1,122,100
Paving	3,478,000
Testing & City Fees	214,500
Engineering	999,050
Contingency (10%)	815,400
Price Inflation (25%)	2,250,000
Total Civil Costs	11,218,825
Hardscape / Landscape / Amenities	
Development Entries	1,900,000
Public Spaces	960,000
Streetscapes	3,900,000
Open Spaces	2,585,000
Design Fee	1,120,000
Contingency (10%)	935,000
Price Inflation (25%)	2,305,000
Total Hardscape / Landscape / Amenities	13,705,000
GRAND TOTAL HANOVER IMPROVEMENT PROJECT COSTS - TIRZ	24,923,825
MMD ONLY COSTS:	
Land Cost (Acquisition Cost - public spaces only)	1,370,000
GRAND TOTAL HANOVER IMPROVEMENT PROJECT COSTS - MMD	26,293,825

Amounts in any line item may be reallocated to another line item so long as the aggregate project costs do not increase.

EXHIBIT E

PHASING PLAN



PARCEL PHASING PLAN

SOMERSET VILLAGE
MANSFIELD, TEXAS

Development of the Property and the construction of the Project shall occur as described below.

1. The following parcels have no phasing restrictions and can be developed at any time:
 - a. Parcel 1 – Office
 - b. Parcel 3 – Townhouse including Park B
 - c. Parcel 4 – Free standing retail
 - d. Parcel 7 – Retail land located at the SEC of project
2. Phase 1 to include:
 - a. Primary Entry Feature at 287 & Street A,
 - b. Street A (from outer curb to outer curb)
 - c. Street C-1 & C-2
 - d. Street D (From Street A to St. Paul Road)
 - e. Mixed Use development including:
 - i. Parcel 5 Multi-Family
 - ii. At least 10,000 s.f. (total area) of Commercial area in the ground floor of the Multi-Family buildings.
 - f. Park A adjacent to Street D
 - g. Amenity Node within Park A
 - h. Square: Must include a grass area with benches and shade trees
3. Phase 2 to include:
 - a. Mixed Use development including:
 - i. Parcel 6 Multi-Family
 - ii. At least 10,000 s.f. (total area) of Commercial area in the ground floor of the Multi-Family buildings.
 - b. Street E
 - c. Park A remaining area
4. Prior to the completion of Parcel 2 Multi-Family:
 - a. A minimum of 30,000 sf of commercial space (of which 5,000 s.f. must be within Parcel 4) must be built within the project. This is cumulative and includes any ground floor retail or stand alone retail built in previous phases. Office space built on Parcel 1 will not count towards the 30,000 s.f. requirement.
5. Phase 3 to include:
 - a. Parcel 2 Multi-Family
 - b. Street B
 - c. Green A
 - d. Park B remaining area

EXHIBIT F

CITY CONSENT

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS,
GRANTING CONSENT TO THE CREATION OF THE _____ MUNICIPAL
MANAGEMENT DISTRICT AND THE INCLUSION OF LAND THEREIN**

WHEREAS, the City of Mansfield, Texas (the "City"), received a Request for Consent to the Creation of a Municipal Management District (the "Request") from Hanover Property Company, LLC, a Texas limited liability company ("Hanover"), and inclusion of approximately _____ acres of land described in the Request attached hereto as Exhibit "A" (the "Land"); and

WHEREAS, the Land is located within the corporate limits of the City; and

WHEREAS, the Hanover is the owner of all of the Land; and

WHEREAS, the municipal management district is to be named " _____
Municipal Management District;" and

WHEREAS, Chapter 375 of the Texas Local Government Code provides that land within a city's corporate limits may not be included within a municipal management district without the city's consent; and

WHEREAS, the City desires to grant consent to the creation of the municipal management district and the inclusion of the Land in the district; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS (THE "CITY COUNCIL"), as follows:

Section 1. The facts and opinions in the preamble of this Resolution are true and correct.

Section 2. The City Council hereby grants its written consent to the creation of a municipal management district (to be known as " _____ Municipal Management District") and the inclusion of the Land in such district.

Section 3. The City Council hereby specifically imposes the conditions set forth in Exhibit "B" attached hereto and made a part hereof for all purposes.

Section 4. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

PASSED AND APPROVED the ____ day of _____, 20__.

Mayor

ATTEST:

City Secretary

Exhibit "A"

BEING a 75.120 acre tract of land situated in the B. Howard Survey, Abstract No. 513, located in Ellis County, Texas and being a portion of a called 252.657 acre tract of land described in Special Warranty Deed to Prairie Ridge Mountain Creek LP recorded in Instrument No. 2136149 of the Official Public Records, Ellis County, Texas (OPRECT), as determined from a survey by Desirée L. Hurst, RPLS 6230 on February 24, 2021 (ground distances are expressed in US survey feet using a project combined scale factor of 1.000072449), being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found having Texas Coordinate System of the North American Datum of 1983 (2011) EPOCH 2010, North Central Zone Grid Coordinates of Northing 6875347.1 and Easting 2405712.1 on the South right-of-way line of U.S. Highway No. 287, a variable width right-of-way, at the North corner of said 252.657 acre tract;

THENCE with said South right-of-way line the following five (5) courses and distances:

1. South 55°36'19" East (Grid Bearings based on said Texas Coordinate System), a distance of 2,828.36 feet to a "TXDOT" Aluminum Disk found for corner;
2. South 08°39'43" East, a distance of 67.84 feet to a "TXDOT" Aluminum Disk found for corner at the beginning of a curve to the right, said curve having a radius of 196.00 feet;
3. Westerly along said curve to the right through a central angle of 42°39'09" an arc distance of 145.91 feet and a chord bearing and distance of South 68°15'07" West, 142.56 feet to a "TXDOT" Aluminum Disk found for corner;
4. South 89°34'42" West, a distance of 51.27 feet to a "TXDOT" Aluminum Disk found for corner;
5. South 71°40'25" West, a distance of 53.18 feet to a "TXDOT" Aluminum Disk found for corner in the East line of a tract of land described in Special Warranty Deed to St. Paul Cemetery Association in Volume 1277, Page 820 of said DRECT;

THENCE with the occupied fence line of said St. Paul Cemetery tract the following three (3) courses and distance:

1. North 00°17'18" West, a distance of 205.96 feet to a 1/2 inch iron rod found with a cap stamped "Dumas Surveying" at the Northeast corner of said St. Paul Cemetery tract;
2. South 89°42'42" West, a distance of 213.90 feet to a calculated point in a multi-trunk Hackberry Tree, with the largest trunk measuring 22 inches in diameter, near a fence post at the Northwest corner of St. Paul Cemetery tract;
3. South 00°17'18" East, passing a rock found near a weathered railroad tie fence post at a distance of 202.76 feet in the occupied North line of St. Paul Road and continuing for a total distance of 238.93 feet to a pk nail with shiner stamped "ypassociates.com" set in the approximate centerline of said St. Paul Road;

THENCE North 89°51'25"West, with said approximate centerline, a distance of 2,559.81 to a pk nail with shiner stamped "ypassociates.com" set at the Southwest corner of said 252.657 acre tract and at the Southeast corner of Somerset Addition, an Addition to the City of Mansfield, recorded in Volume 11, Page 307 Drawer H of the Map Records of Johnson County, Texas (MRJCT);

THENCE North 02°04'24"West, passing at a 1/2 inch iron rod found at the Southeast corner of Lot 21X, Block 2 of said Somerset Addition at a distance of 30.02 feet and continuing for a total distance of 1,351.85 feet to a 1/2 inch iron rod with a cap stamped "JBI" found at the Northwest corner of said 252.657 acre tract and at the Northeast corner of said Lot 21X;

THENCE North 59°59'58" East, a distance of 822.76 feet to the POINT OF BEGINNING and containing 75.120 acres of land, more or less. Save and except a 4.223 acre tract of land for the proposed extension of Barrington Way leaving a net of 70.897 acres, more or less.

SAVE & EXCEPT:

Proposed extension of Barrington Way an approximate 120' right-of-way to be located on the western edge of the above described 75.120 acre tract, described as follows:

BEING a 4.223 acre tract of land situated in the B. Howard Survey, Abstract No. 513, located in Ellis County, Texas and being a portion of a Called 252.657 acre tract of land described in Special Warranty Deed to Prairie Ridge Mountain Creek LP recorded in Instrument No. 2136149 of the Official Public Records, Ellis County, Texas

(OPRECT), as determined from a survey by Desireé L. Hurst, RPLS 6230 on February 24, 2021 (ground distances are expressed in US survey feet using a project combined scale factor of 1.000072449), being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found having Texas Coordinate System of the North American Datum of 1983 (2011) EPOCH 2010, North Central Zone Grid Coordinates of Northing 6875347.1 and Easting 2405712.1 on the South right-of-way line of U.S. Highway No. 287, a variable width right-of-way, at the North corner of said 252.657 acre tract;

THENCE South 59°59'58"West, with the North line of said 252.657 acre tract, a distance of 594.90 feet to the POINT OF BEGINNING of the herein described tract at a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a non-tangent curve to the left, said curve having a radius of 286.50 feet;

THENCE Southerly along said curve to the left through a central angle of 6°04'26" an arc distance of 30.37 feet and a chord bearing and distance of South 06°04'18" West, a distance of 30.36 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a reverse curve to the right having a radius of 1,110.00 feet;

THENCE Southerly along said curve to the right through a central angle of 7°14'33" an arc distance of 140.31 and a chord bearing and distance of South 06°39'22" West, a distance of 140.21 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set;

THENCE South $10^{\circ}16'38''$ West, a distance of 153.51 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a curve to the left having a radius of 990.00 feet;

THENCE Southerly along said curve to the left through a central angle of $12^{\circ}21'02''$ an arc distance of 213.40 feet and a chord bearing and distance of South $04^{\circ}06'07''$ West, a distance of 212.99 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set;

THENCE South $2^{\circ}04'24''$ East, a distance of 843.27 feet to a 1/2 inch iron rod with cap stamped "ypassociates.com" set at the beginning of a curve to the left having a radius of 990.00 feet;

THENCE Southerly along said curve to the left through a central angle of $5^{\circ}12'05''$ an arc distance of 89.87 feet and a chord bearing and distance of South $04^{\circ}40'27''$ East, a distance of 89.84 feet to a pk nail with shiner stamped "ypassociates.com" set in the South line of said 252.657 acre tract and in the approximate centerline of said St. Paul Road;

THENCE North $89^{\circ}51'25''$ West, with said South line and said approximate centerline, a distance of 124.17 feet to a pk nail with shiner stamped "ypassociates.com" set at the Southwest corner of said 252.657 acre tract and at the Southeast corner of Somerset Addition, an Addition to the City of Mansfield, recorded in Volume 11, Page 307 Drawer H of the Map Records of Johnson County, Texas (MRJCT);

THENCE North $02^{\circ}04'24''$ West, passing at a 1/2 inch iron rod found at the Southeast corner of Lot 21X, Block 2 of said Somerset Addition at a distance of 30.02 feet and continuing for a total distance of 1,351.85 feet to a 1/2 inch iron rod with a cap stamped "JBI" found at the Northwest corner of said 252.657 acre tract and at the Northeast corner of said Lot 21X;

THENCE North $59^{\circ}59'58''$ East, with the North line of said 252.657 acre tract, a distance of 227.86 feet to the POINT OF BEGINNING and containing 4.223 acres of land, more or less.

Exhibit "B"

- (a) The District may issue bonds for any purpose authorized by law. Such bonds will expressly provide that the District reserves the right to redeem the bonds on any interest-payment date no later than subsequent to the fifteenth (15th) anniversary of the date of issuance without premium and (with the exception of refunding bonds) will be sold only after the taking of public bids therefor, and none of such bonds, other than refunding bonds, will be sold for less than 95% of par; provided, that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate 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 preceding the date notice of the sale of such bonds is given, and that bids for the bonds will be received not more than forty-five (45) days after notice of sale of the bonds is given.
- (b) The District may not annex land in the City of Mansfield's corporate limits or extraterritorial jurisdiction without the City of Mansfield's consent.
- (c) The construction of the District's water, sewer, drainage, roadway facilities, sidewalks, trails, parks and recreation facilities, structured parking, and other public amenities shall be in accordance with plans and specifications which have been approved by the City.
- (d) The City shall have the right, but not the obligation, to inspect all water, sewer, drainage, roadway facilities, sidewalks, trails, parks and recreation facilities, structured parking, and other public amenities being constructed by the District.