DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into by and between the City of Mansfield, Texas, a home rule (the "City"), and Cipriani Laguna Azure, LLC, a Wyoming limited liability company ("Developer") (each individually, a "Party," and collectively, the "Parties"), to be effective on the Effective Date.

SECTION 1
RECITALS

WHEREAS, certain capitalized terms used in these recitals are defined in Section 2;

WHEREAS, Developer owns the approximately 517.167 acres of real property, described by metes and bounds in **Exhibit A-1** (the "Property");

WHEREAS, the Property is located wholly within the extraterritorial jurisdiction of the City (the "ETJ");

WHEREAS, Developer intends to develop, as its development schedule dictates, the Property as a single-family residential community with approximately 1,272 single family home lots and approximately _____ acres ("Commercial Zone") intended for commercial/multi-family use, including a lagoon (the "Laguna"), and at Developer's option, a resort hotel, which development will be known as "Cipriani" (the "Project");

WHEREAS, the Property lies within an area certificated for retail water service under a CCN granted to Johnson County Special Utility District ("JCSUD");

WHEREAS, the City has filed an application with the Public Utility Commission of Texas ("PUC") in PUC Docket No. 52918 to grant it dual certification for providing retail water service to the Property, but amended its application on November 1, 2023 to only extend its water CCN within its corporate boundaries, but not to the ETJ or to the Property;

WHEREAS, the City has filed with the PUC in PUC Docket No. 52918 an application for a CCN to provide retail wastewater service to the Property, but amended its application on November 1, 2023 to remove its proposed wastewater CCN from the ETJ and to the Property;

WHEREAS, Developer has filed a Petition with the TCEQ to create two (2) Districts encompassing the Property;

WHEREAS, the City and JCSUD have been granted a contested case hearing by TCEQ for one of the Districts, and the City has been granted a contested case hearing regarding the creation of such Districts, and TCEQ has granted the City a contested case hearing regarding the creation of the other such Districts;

WHEREAS, Developer has filed an application for the granting of a STP Permit for a site located within the Property;

WHEREAS, City opposed the granting of the STP Permit and has been granted a contested case hearing by the TCEQ regarding the issuance of such STP Permit;

WHEREAS, City water and wastewater facilities are currently available to the Property in accordance with the City's typical extension policies;

WHEREAS, Developer anticipates commencing development of the Property upon: (i) the execution of this Agreement, (ii) the submission to and approval by the City of a preliminary plat for the Property generally as depicted in **Exhibit B** (the "Concept Plan"), (iii) creation of the PID by the City, (iv) creation of the TIRZ by the City, (v) the City adopting a final TIRZ Project and Finance Plan, (vi) the City and Developer entering into a PID Reimbursement Agreement, (vii) the City and Developer entering into a 380 Economic Development Agreement, and (viii) the City withdrawing its opposition to creation of the Districts;

WHEREAS, the Parties desire and intend that Developer will design, construct, install, and/or make financial contributions toward the Authorized Improvements, and that certain costs incurred therewith will be partially financed or reimbursed through multiple sources, including PID Bond Proceeds, Assessments and the TIRZ Fund;

WHEREAS, the Parties desire and intend for the design, construction, and installation of the Authorized Improvements to occur in a phased manner over the term of this Agreement and that Developer will dedicate to and the City will accept the Authorized Improvements for public use and maintenance, subject to the City's approval of the plans and inspection and acceptance of the Authorized Improvements in accordance with this Agreement and the City Regulations;

WHEREAS, Developer estimates that the overall development costs, including the Private Improvements Cost and Authorized Improvements Cost will be as set forth in **Exhibit C**;

WHEREAS, in consideration of Developer's agreements contained herein and upon the creation of the PID, the City intends to exercise its powers under the PID Act to provide financing arrangements that will enable Developer, in accordance with the procedures and requirements of the PID Act and this Agreement, to: (a) fund all or a portion of the Authorized Improvements using the PID Bond Proceeds; or (b) be reimbursed for all or a portion of the Authorized Improvements, from Assessments on the Property, provided that such reimbursements shall be subordinate to the payment of PID Bonds, and Administrative Expenses;

WHEREAS, the City, subject to the satisfaction of all conditions for PID Bond issuance, Developer's substantial compliance with this Agreement, and in accordance with the terms of this Agreement and all legal requirements, including but not limited to the Indenture, intends to: (i) create the PID; (ii) approve the Concept Plan; (iii) adopt a Service and Assessment Plan; (iv) adopt one or more Assessment Ordinances (to directly fund and/or reimburse Developer for all or a portion of the Authorized Improvements Cost and the costs associated with the administration of the PID and the issuance of the PID Bonds, and for repayment of PID Bonds); (v) issue, in multiple series, up to $_____ in the principal amount of PID Bonds for the purpose of financing the Authorized Improvements in accordance with the Service and Assessment Plan and directly funding or reimbursing Developer for certain associated costs as described herein; (vi)

create the TIRZ; (vii) approve a TIRZ Project and Finance Plan; (viii) enter into the PID Reimbursement Agreement; and (ix) enter into the 380 Economic Development Agreement;

WHEREAS, the Authorized Improvements qualify as projects under the TIRZ Act;

WHEREAS, the City intends to create a TIRZ under the TIRZ Act having a term of 45 years that shall be coterminous with the Property and shall adopt, approve, and execute the TIRZ Documents to dedicate said TIRZ increment for a period not to exceed 30 years, with the base year being established (i) for any residential TIRZ payment area, as of the year the Assessment is levied over the corresponding PID improvement area, and (ii) for a Parcel located in the Commercial Zone, as of the year a Certificate of Occupancy is issued for such Parcel by the City; and;

WHEREAS, to the extent funds must be advanced to pay for any costs associated with the creation of the PID, TIRZ, the issuance of PID Bonds, or the preparation of documentation related thereto, including any costs incurred by the City and its consultants and advisors (excluding the fees associated with closing the PID Bonds), Developer shall be responsible for advancing such funds, shall have a right to reimbursement for certain funds advanced from PID Bond Proceeds, Assessments, and the TIRZ Fund, and the City will not be responsible for such reimbursement or the payment of such costs from any other sources of funds;

WHEREAS, in conjunction with the development of the Property, Developer intends to annex the Property into the corporate limits of the City, in phases, so that the Property will be developed in the corporate limits of the City and the Authorized Improvements will be funded through the PID and TIRZ;

WHEREAS, the City will withdraw its opposition to the creation of the Districts subject to the terms of this Agreement;

WHEREAS, in order to ensure continued development over time in the event of a City failure to issue PID Bonds under this Agreement, it is the Developer's intent that in conjunction with the issuance of PID Bonds over each improvement area within the PID, the Developer will exclude from such District(s) the lands in the improvement area being assessed and petition for annexation of said lands into the corporate limits of the City;

WHEREAS, as each portion of the Property is annexed into the City, the City intends to consider zoning such Property consistent with the Concept Plan, and the Parties acknowledge that the Property may be developed and used in accordance with this Agreement notwithstanding any zoning of the Property in conflict with the Concept Plan and this Agreement;

WHEREAS, unless expressly set forth to the contrary in this Agreement, the Parties intend this Agreement to supersede City Regulations to the extent that City Regulations conflict with the terms of this Agreement; and

WHEREAS, the Parties acknowledge that this Agreement is a development agreement as provided for by state law, including Section 212.171 et seq of the Texas Local Government Code.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereby agree as follows:

SECTION 2
DEFINITIONS

Certain terms used in this Agreement are defined in this Section 2. Other terms used in this Agreement are defined in the recitals or in other sections of this Agreement. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Administrative Expenses means reasonable expenses incurred by the City in the establishment, administration, and operation of the PID and the TIRZ and the collection of any assessments and other amounts associated with same.

Assessment(s) means the special assessments levied within the PID on a phase-by-phase basis, under one or more Assessment Ordinances adopted to fund the Authorized Improvements or reimburse Developer for a portion of the Authorized Improvements benefitting the applicable phase(s) as set forth in the Service and Assessment Plan, as well as payment of Administrative Expenses and repayment of the PID Bonds and the costs associated with the issuance of the PID Bonds.

Assessment Ordinance means an ordinance approved by the City Council under the PID Act establishing one or more Assessment(s).

Authorized Improvements means the Authorized Improvements and all other on- and off-site public water, sewer, drainage, and roadway facilities, along with other public improvements, such as landscaping and screening, that benefit the Property, are to be constructed by Developer, are identified on **Exhibit C**, and for which the Parties intend Developer will be fully or partially reimbursed pursuant to the terms of this Agreement.

Authorized Improvements Cost means the actual costs of design, engineering, construction, acquisition, and inspection of the Authorized Improvements and all costs related in any manner to the Authorized Improvements.

Bond Ordinance means an ordinance adopted by the City Council that authorizes and approves the issuance and sale of the PID Bonds.

Budgeted Cost means, with respect to any given Authorized Improvement, the estimated cost of the improvement as set forth by phase in **Exhibit C**.

Capital Improvement(s) shall have the meaning provided in Chapter 395, Texas Local Government Code.

Capital Improvement Costs means any construction, contributions, or dedications of Capital Improvements, including actual costs of design, engineering, construction, acquisition, and inspection, and all costs related in any manner to the Capital Improvement.

Capital Improvements Plan ("CIP") means all capital improvements plan(s) duly adopted by the City under Chapter 395, Texas Local Government Code, as may be updated or amended from time to time.

Certificate of Convenience and Necessity ("CCN") means a certificate of that name issued by the Texas Public Utility Commission of Texas or its predecessor or successor agency pursuant to Chapter 13, Texas Water Code.

Certificate of Occupancy means a certificate under City Code of Ordinances, as amended, required to use or occupy or permit the use or occupancy of any building or premises.

Chapter 245 means Chapter 245, Texas Local Government Code.

Chapter 395 means Chapter 395, Texas Local Government Code.

City Code means the Code of Ordinances, City of Mansfield, Texas.

City Council means the governing body of the City.

City Manager means the current or acting City Manager of the City, or a person designated to act on behalf of that individual if the designation is in writing and signed by the current or acting City Manager.

City PID Fee means a fee to be paid to the City, which is established now or in the future by the City for the creation of the PID or issuance of PID Bonds, which shall be treated as set forth in Section 3.3 of this Agreement.

City Regulations means the City's applicable development regulations in effect on the Effective Date, being the City Code provisions, ordinances (including, without limitation, park dedication fees), design standards (including, without limitation, pavement thickness), and other policies duly adopted by the City; provided, however, that as it relates to Public Infrastructure for any given phase of the Project, the applicable construction standards (including, without limitation, uniform building codes) shall be those that the City has duly adopted at the time of the filing of an application for a preliminary plat for that phase unless construction has not commenced within two years of approval of such preliminary plat in which case the construction standards shall be those that the City has duly adopted at the time that construction commences. The term does not include Impact Fees, which shall be assessed on the Property in accordance with this Agreement.

Commercial Zone means the approximately _____ acres within the Property which may be developed for multi-family or commercial purpose, including the Laguna, generally as reflected on Exhibits "B" and "C".

Continuing Party means any party that continues to be bound by this Agreement after an authorized assignment of this Agreement as described in Section 11.1 hereof.

County means Johnson County.

Determination of Rough Proportionality means that determination set forth in the attached **Exhibit D**.

Developer means the entity(ies) responsible for developing the Property in accordance with this Agreement and their permitted assigns.

Developer Continuing Disclosure Agreement means any continuing disclosure agreement of Developer executed contemporaneously with the issuance and sale of PID Bonds.

Developer Improvement Account means the construction fund account created under the Indenture, funded by Developer, and used to pay for portions of the acquisition, design, and construction of the Authorized Improvements.

Development Standards means the design specifications and construction standards permitted or imposed by this Agreement, including without limitation the standards set forth in **Exhibit E** as well as applicable City Regulations.

District means Johnson County Municipal Utility District No. 1 or 2, or such other named District as is created encompassing all or any part of the Property. Districts means both Johnson County Municipal Utility District Nos. 1 and 2.

Effective Date means the date upon which all Parties have fully executed this Agreement.

End User means any tenant, user, or owner of a Fully Developed and Improved Lot or Parcel, but excluding the HOA.

Estimated Build Out Value means the fair market value of a developed Lot, including all improvements to be constructed thereon, as estimated at the time the applicable Assessments are levied.

Fully Developed and Improved Lot means any privately-owned lot in the Project, regardless of proposed use, intended to be served by the Authorized Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Johnson County.

HOA means the Cipriani Homeowners Association, which shall privately function as a homeowners association for the Project, or such other name as may be available with Texas Secretary of State, and its successors.

Home Buyer Disclosure Program means the disclosure program, administered by the PID Administrator, as set forth in a document in the form of **Exhibit F** or another form agreed to by the Parties, that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the PID.

Impact Fees means those fees assessed and charged against the Project in accordance with this Agreement and Chapter 395 and as defined therein.

Impact Fee Credits means credits against Impact Fees otherwise due from the Project to offset Capital Improvements Costs.

Improvement Account of the Project Fund ("IAPF") means the construction fund account created under the Indenture, funded by the PID Bond Proceeds, and used to pay or reimburse for certain portions of the construction or acquisition of the Authorized Improvements.

Indenture means a trust indenture by and between the City and a trustee bank under which PID Bonds are issued and funds are held and disbursed.

Indenture Accounts means the IAPF and Developer Improvement Account.

Independent Appraisal means, in establishing the appraised value, (i) the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a specific phase for which Assessments have been levied as established by publicly available data from the Johnson Central Appraisal District, (ii) the Johnson Central Appraisal District Chief Appraiser's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction, (iii) an "as-complete" appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the particular phase for which said Assessments have been levied, or (iv) a certificate delivered to the City by a qualified independent third party (which party may be the PID Administrator or a licensed appraiser) certifying on an individual lot type basis, the value of each lot in the particular phase, as applicable, for which such Assessments have been levied based on either (x) the average gross sales price (which is the gross amount including escalations and reimbursements due to the seller of the lots) for each lot type based on closings of lots in such phase for which the Assessments have been levied or (y) the sales price in the actual lot purchase contracts in the particular phase for which such Assessments have been levied.

Laguna means a lagoon consisting of an approximately 2.5 surface acre body of water. The Laguna shall also include, but is not limited to, several commercial buildings including kitchens, restaurants, yoga studio, fitness center, bowling alley, arcade, and kids play center, with outside areas including lifestyle activities, outdoor activities, event lawn grounds around the lagoon and water attractions, which may include, but are not limited to, wave generating equipment, Florider, water slides, splash pad, and swim up bar, or further described in Exhibits "B" and "C".

Landowner Agreement means an agreement, as set forth in a document approved by the City by and between the City and the owner(s) of the Property consenting to the creation of the PID, and the levy of the Assessments.

Lien Declaration means a certain form of a document titled "Cipriani Phase ___ Declaration of Covenants, Conditions, and Restrictions Accepting and Approving Assessments and Lien" the substance of which is as set forth in **Exhibit G** and described in further detail in Section 3.2.

Lot means a parcel of land in a plat within the Property developed for single family residential use for which the Authorized Improvements have been constructed and a final plat has been recorded.

Non-Benefited Property means Lots that accrue no special benefit from the Authorized Improvements, including but not limited to property encumbered with a public utility easement that restricts the use of such property to such easement.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

Parcel means a tract of land within the Property developed for any purpose other than single-family residential purposes and a final plat has been recorded.

PID means a public improvement district encompassing that portion of the Property described in **Exhibit A-2**, which the City intends to create pursuant to the PID Act and this Agreement.

PID Act means Chapter 372, Texas Local Government Code, as amended.

PID Administrator means an employee, consultant, or designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, an Indenture, or any other agreement or document approved by the City related to the duties and responsibilities for the administration of the PID.

PID Bonds means assessment revenue bonds, but not Refunding Bonds, issued by the City, upon the request of Developer, pursuant to the terms of this Agreement and the PID Act to finance the Authorized Improvements.

PID Bond Proceeds means the funds generated from the sale of the PID Bonds.

PID Documents means, collectively, the PID Resolution, the SAP, the Assessment Ordinance(s), and the PID Reimbursement Agreement.

PID Reimbursement Agreement means an agreement by and between the City and Developer, consistent with the terms of this Agreement, by which the Parties establish the terms by which Developer may obtain reimbursements for Authorized Improvements serving all of the Property through PID Bond Proceeds and/or Assessments or TIRZ Revenue.

PID Resolution means the resolution and improvement order adopted by the City Council creating the PID pursuant to Section 372.010 of the PID Act and approving the advisability of the Authorized Improvements.

Private Improvements means the improvements and amenities Developer shall cause to be constructed, as more particularly discussed in Section 9.2, including the Laguna and its related facilities.

Private Improvements Cost means Developer's actual cost to entitle, design, and construct the Private Improvements.

Public Infrastructure means all water, wastewater/sewer, detention and drainage, roadway, park and trail, and other infrastructure necessary to serve the full development of the Project and/or to be constructed and dedicated to the City under this Agreement. The term includes without limitation the Authorized Improvements.

Real Property Records means the official land recordings of the Johnson County Clerk's Office.

Refunding Bonds means bonds issued pursuant to Section 372.027 of the PID Act.

Service and Assessment Plan ("SAP") means the SAP for the PID, to be updated, adopted and amended annually, if needed, by the City Council pursuant to the PID Act for the purpose of assessing allocated costs against portions of the Property, having terms, provisions, and findings approved by the City, consistent with the terms of this Agreement.

STP Permit means Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0016162001, to authorize the discharge of treated domestic wastewater at an annual average flow not to exceed 1,000,000 gallons per day, an application for which was filed with the TCEQ by Megatel Homes LLC on or about May 4, 2022.

TCEQ means the Texas Commission on Environmental Quality.

TIRZ means each tax increment reinvestment zone created under the TIRZ Act encompassing all of the Property.

TIRZ Act means Chapter 311, Texas Tax Code, as amended.

TIRZ Documents means the (a) the TIRZ Ordinance, (b) the final TIRZ Project and Finance Plan required by the TIRZ Act, and (c) the 380 Economic Development Agreement.

TIRZ Fund(s) means the separate and distinct interest bearing deposit account(s) established by the City in order to receive ad valorem tax increment revenue generated from within each TIRZ in accordance with this Agreement, the TIRZ Documents, and state law.

TIRZ Ordinance means each City Ordinance by the City Council establishing a TIRZ and any subsequent ordinances effectuating amendments thereto.

TIRZ Project and Finance Plan means a project and finance plan for the TIRZ, consistent with the terms of this Agreement.

TIRZ Revenue means the portion of the City's and County's ad valorem tax revenue pledged to be paid into the TIRZ Fund pursuant to the TIRZ Ordinance and the TIRZ Project and Finance Plan.

380 Economic Development Agreement means an agreement entered into between Developer and the City, consistent with the terms of the Agreement, and whereby (i) the TIRZ Revenue generated from the Commercial Zone Increment, and (ii) the proceeds of the sales tax agreement referenced in Section 9.5, is paid to Developer annually as an economic development grant.

SECTION 3
PUBLIC IMPROVEMENT DISTRICT

3.1 Creation of the PID; Levy of Assessments.

(a) The City intends to initiate and approve all necessary documents and ordinances, including without limitation the PID Documents, required to effectuate this Agreement, to create the PID, and to levy the Assessments. The Assessments, if approved by the City Council, shall be

levied: (i) on a phase-by-phase basis against the applicable phase(s) benefitted by the applicable portion of the Authorized Improvements for which the applicable series of the PID Bonds are issued, and (ii) prior to the land being annexed into the corporate limits of the City, however, Developer shall file with the City an Annexation Petition, as defined in Section 8.1, for the applicable land no later than at the time the City executes the bond purchase agreement (BPA) to sell the PID bonds serving such land and agrees that the applicable land must be annexed prior to closing the sale of such PID bonds. The City will select a PID Administrator and the City Council will consider approval of the preliminary SAP, which shall include the Authorized Improvements, and provide for the levy of the Assessments on the applicable Lots. Promptly following preparation and approval of a preliminary SAP acceptable to the Parties and subject to the City Council making findings that the Authorized Improvements confer a special benefit on the applicable Lots, the City Council shall consider an Assessment Ordinance.

(b) In conjunction with the development of the Property, the Developer shall propose to the City the Assessments to be levied on the Lots to be developed consistent with the provisions of Section 3.1(c). Such Assessments shall be used to (i) amortize any PID Bonds to be sold by the City to reimburse the Developer for the Authorized Improvements and/or (ii) reimburse the Developer for the Authorized Improvements.

(c) The Assessment to be levied on a Lot shall be calculated so that (i) the total overlapping ad valorem tax rate for all taxing entities overlapping the Lot, plus (ii) the projected average annual Assessment for a Lot shall be the amount that would be collected by an ad valorem tax rate of $____ per $100 valuation (after application of the TIRZ Funds), including the levy of all overlapping ad valorem taxes, on the Estimated Build Out Value of each Lot being assessed, unless Developer requests a rate lower than $____. Such rate limit, as determined at the time of the levy of the Assessments, applies on an individual assessed Lot basis, as will be set forth in the Service and Assessment Plan.

(d) Assessments shall be levied on a phase of the Property immediately prior to it being annexed into the corporate limits of the City (except assessments levied to fund major infrastructure, which shall be levied even though such portion of the Property will not be annexed into the corporate limits until a later date agreed upon by the Parties). Each Assessment shall have a payment term of thirty (30) years.

3.2 Acceptance of Assessments and Recordation of Covenants Running with the Land. Following the levy of the Assessment applicable to a particular phase of the Property, Developer shall: (a) approve and accept in writing the levy of the Assessment(s) on all land owned by Developer; (b) approve and accept in writing the Lien Declaration and Home Buyer Disclosure Program related to such phase; and (c) cause the Lien Declaration and declarations, covenants and restrictions—in accordance with this Agreement—running with the land to be recorded against the portion of the Property within the applicable phase that will bind any and all current and successor developers and owners of all or any part of such phase of the Property to: (i) pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and cause the purchasers of such land to take their title subject to and expressly assuming the terms and provisions of such assessments and the liens created thereby; and (ii) comply with the Home Buyer Disclosure Program. The covenants required to be recorded under this paragraph shall be recorded substantially contemporaneously with the recordation of the final plat of the applicable phase.

3.3 City PID Fee. The City has not established a PID Fee for public improvement districts created by the City. For the term of this Agreement, the City agrees that no PID Fee shall be assessed against or apply to the Property.

SECTION 4
TIRZ

4.1 Tax Increment Reinvestment Zone.

(a) The City shall exercise its powers under the TIRZ Act and create a TIRZ having a term of forty-five (45) years and encompassing the Property, and intends to dedicate: (i) over the single family residential lands within the TIRZ, fifty percent (50%) of the City's tax increment attributable to the TIRZ based on the City's tax rate each year ("Residential Increment"), and (ii) over the remainder of the Property, being the commercial and multi-family lands within the Property (i.e. the Commercial Zone) fifty percent (50%) of the City's tax increment attributable to the TIRZ based on the City's tax rate each year ("Commercial Increment"). The Residential Increment collected from the Lots and all improvements thereon shall be used to off-set or pay a portion of any Assessments levied on the Lots within the TIRZ and PID for the costs of capital improvements that are Authorized Improvements and qualify as projects under the TIRZ Act. At such time as the Assessment levied on an individual Lot has been paid in full, tax revenues from such Lot shall no longer be used to pay any Assessments. The Commercial Increment collected from the Parcels and all improvements thereon shall be used to fund necessary Public Infrastructure and other eligible TIRZ improvements, including private improvements, for the Commercial Zone within the Property through a grant under Chapter 380, Texas Local Government Code. Tax revenues from each of such Parcels shall be collected and paid into the TIRZ Fund for a term of thirty (30) years beginning in the year a Certificate of Occupancy is issued by the City for improvements constructed on such Parcel. After the expiration of such thirty (30) year period, all tax revenues collected by the City from such Parcel shall be retained by the City.

(b) Any Residential Increment in excess of the amount needed to pay down the Assessments to the extent agreed upon by the City and Developer as provide in Section 3.1(b) and (c), shall be paid to Developer as an economic grant under Chapter 380 of the Texas Local Government Code.

(c) Neither the 380 economic grant nor the TIRZ Project and Finance Plan shall include funding of the Laguna.

4.2 Johnson County Participation.

(a) The Parties shall cooperate in a joint request to Johnson County that the County participate in the TIRZ. The request shall be for at least twenty percent (20%) of the County's ad valorem tax increment attributable to the TIRZ, based on the County's tax rate each year. Monies collected in the TIRZ Fund from the Residential Increment shall be used to offset or pay a portion of any Assessments levied on such benefited land within the Property for the costs of Authorized Improvements and shall qualify as projects under the TIF Act, paid in accordance with the TIRZ Project and Finance Plan and Service and Assessment Plan. At such time as the Assessment levied on an individual single family residential Lot has been paid in full, tax revenues from such Lot

shall no longer be used to pay any Assessments and all of such tax revenues shall be retained by the County. Commercial Increment from each Parcel within the Commercial Zone shall be collected and paid into the TIRZ Fund for a term of thirty (30) years beginning in the year a Certificate of Occupancy is issued by the City for improvements constructed on such Parcel. After the expiration of such thirty (30) year period, all tax revenues collected by the County from such Parcel shall be retained by the County. Monies collected in the TIRZ Fund shall be paid to the Developer pursuant to the 380 Economic Development Agreement.

(b) In the event the County refuses to participate in the TIRZ to the extent of at least twenty percent (20%) of the County's Increment attributable to the TIRZ for the same term as the City's participation, the City's participation in the TIRZ shall be increased to fifty-five percent (55%).

4.3 TIRZ Fund. In accordance with the TIRZ Project and Finance Plan, the TIRZ Revenue in each phase shall be placed into the TIRZ Fund. It is anticipated that the monies in each TIRZ Fund shall be distributed in accordance with the TIRZ Project and Finance Plan to (i) in the case of the Residential Increment, first lower the Assessments of Assessed Property owners, on an annual basis, and (ii) in the case of the Commercial Increment and any surplus Residential Increment fund the 380 Economic Development Agreement. The Residential Increment and the Commercial Increment shall be placed in separate accounts within each TIRZ Fund and shall not be comingled.

4.4 TIRZ Documents. As soon as is practicable and prior to any of the Property being annexed into the City, the Parties shall use best efforts to agree to the final form of the TIRZ Documents, which shall comply with this Agreement.

SECTION 5
PID BONDS

5.1 PID Bond Issuance. Developer may request issuance of PID Bonds by filing with the City a list of the Authorized Improvements to be funded with the PID Bond Proceeds and the estimated costs of such Authorized Improvements. Following such a request, the City may require a professional services agreement that obligates Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from such PID Bond Proceeds. Prior to the City undertaking any preparations for the sale of PID Bonds: (i) the City Council shall have approved and adopted the PID Documents; (ii) the City shall have reviewed and approved the Home Buyer Disclosure Program, the Lien Declaration, and the Landowner Agreement; (iii) owner(s) of the portion of the Property constituting all of the acreage in the portion of the PID relating to the issuance of PID Bonds shall have executed a Lien Declaration and Landowner Agreement; (iv) Developer shall have delivered to the City a fully executed original copy of such Lien Declaration and Landowner Agreement; and (v) Developer shall have filed an Annexation Petition in accordance with Section 8.1(a) for the portion of the Property relating to the issuance of PID Bonds. The subsequent issuance of each series of PID Bonds is further subject to all of the following conditions:

(a) The City has formed and utilized its own financing team including, but not limited to, bond counsel, financial advisor, PID Administrator, and underwriters related to the issuance of PID Bonds and bond financing proceedings.

(b) The City has chosen and utilized its own continuing disclosure consultant and arbitrage rebate consultant. Any and all costs incurred by these activities will be included in City administration costs recouped from special assessments. The continuing disclosure will be divided into City disclosure and Developer disclosure, and the City will not be responsible or liable for Developer disclosure but the City's disclosures professional will be used for both disclosures.

(c) The aggregate principal amount of PID Bonds issued and to be issued shall not exceed $_____.

(d) Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

(e) Developer is current on all taxes, assessments, fees and obligations to the City relative to the Property, including payment of Assessments.

(f) The Authorized Improvements to be financed by the PID Bonds will be constructed according to the approved Development Standards imposed by this Agreement, including any applicable City Regulations.

(g) The maturity for PID Bonds then being issued shall be 30 years from the date of delivery thereof, unless otherwise agreed by Developer and City.

(h) Unless otherwise agreed by the City, the PID Bonds shall be sold and may be transferred or assigned only in compliance with applicable securities laws and in minimum denominations of $100,000 or integral multiples of $1,000 in excess thereof; provided, however, that the limitation on transferability or assignment in this subparagraph shall not apply if the PID Bonds have a rating of not less that BBB- from Fitch Ratings or Standard & Poor's Ratings Services or Baa3 from Moody's Investors Service, Inc.

(i) To the extent PID Bond Proceeds are insufficient to fund construction of such Authorized Improvements Cost, Developer shall, at time of closing the PID Bonds, escrow monies with the City equal to the difference between the Authorized Improvements Costs and the PID Bond Proceeds available to fund such Authorized Improvements Costs.

(j) No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.

(k) Developer agrees to provide periodic information and notices of material events regarding Developer and Developer's development within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any continuing disclosure agreements executed by Developer in connection with the issuance of PID Bonds.

(l) Unless otherwise agreed by the Parties, the value to lien ratio ("VTL") shall be no greater than 1.5:1, when comparing the appraised value of the portion of the Property in the applicable phase to the par amount of PID Bonds proposed to be issued with respect to such phase, which value shall be confirmed by an appraisal from a licensed MAI appraiser based on the assumption that development of the applicable portion of the Property only includes (A) the Public Infrastructure in place and to be constructed with the PID Bond Proceeds, and (B) finished Lots or Parcels (without vertical construction) for a phased improvement area.

(m) The tax equivalent rate for the Property, including (i) the annual assessment payment, (ii) after application of one hundred percent (100%) of the planned Residential Increment offset, and (iii) including all taxing jurisdictions, shall be $____ per $100.00 taxable assessed valuation on the Estimated Build Out Value of the Lot being assessed, unless Developer opts, at its sole discretion, for a lower tax equivalent rate. Notwithstanding the proceeding, the Assessment on a Lot shall not exceed the amount necessary to fund 100% of the Authorized Improvements benefitting such Lot.

(n) The limitations imposed by subsections (l) and (m) above may result in the City issuing either (i) two series of PID Bonds secured by Assessments on the Lots to serve the infrastructure benefiting the Lots, or (ii) a series of PID Bonds to fund the construction of the Authorized Improvements (based upon a 1.5:1 VTL) and the City holding a portion of the PID Bond Proceeds in escrow (to reimburse Developer) until a sufficient number of homes are built within the assessed area to meet a VTL ratio of 3:1.

(o) The PID Bonds shall include both monies to serve the internal utilities serving a phase of development as well as PID Bonds to fund construction of the "master improvements" serving all or a large portion of the land in the PID (including land then located in the ETJ of the City). In all instances the PID Bonds issued to serve the master infrastructure will be issued simultaneously within the first PID Bonds issued to serve the internal infrastructure serving a phase of the Property.

5.2 Disclosure Information. Prior to the issuance of PID Bonds by the City, Developer shall provide all relevant information, including financial information that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. Developer shall, at the time of providing such information, agree, represent, and warrant that the information provided for inclusion in a disclosure document for an issue of PID Bonds does not, to Developer's actual knowledge, contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and Developer further shall provide a certification to such effect as of the date of the closing of any PID Bonds.

5.3 Qualified Tax-Exempt Status.

(a) Generally. In any calendar year in which PID Bonds are issued, Developer agrees to pay the City its actual additional costs ("Additional Costs") the City may incur in the issuance of its own revenue bonds/obligations and public securities or obligations on its own taxing power of municipal revenues (the "City Obligations"), as described in this section, if the

City Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations ("QTEO"), as defined in section 265(b)(3) of the Internal Revenue Code ("IRC") as amended, as a result of the issuance of PID Bonds by the City in any given year. The City agrees to deposit all funds for the payment of such Additional Costs received under this section into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law. On or before January 15th of the following calendar year, the final Additional Costs shall be calculated. By January 31st of such year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the applicable developer (including Developer) and any deficiencies in the estimated Additional Costs paid to the City by any developer (including the Developer, as applicable) shall be remitted to the City by the respective developer or owner (including the Developer, as applicable).

(b) Issuance of PID Bonds prior to City Obligations.

(1) In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its financial advisor ("Financial Advisor"), shall estimate the Additional Costs based on the market conditions as they exist approximately 30 days prior to the date of the pricing of the PID Bonds (the "Estimated Costs"). The Estimated Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to Developer in an amount less than or equal to the Estimated Costs. Developer, in turn, shall remunerate to the City the amount shown on said invoice on or before the later of: (i) 15 business days after the date of said invoice, or (ii) 5 business days prior to pricing the PID Bonds. The City shall not be required to price or sell any series of PID Bonds until Developer has paid the invoice of Estimated Costs related to the PID Bonds then being issued.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the Additional Costs to the City of issuing its City Obligations as non-QTEO. The City will, within 5 business days of the issuance of the City Obligations, provide written Notice to Developer of the amount of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to Developer the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's Notice to Developer required under this paragraph. If the Additional Costs are more than the Estimated Costs, Developer will pay to the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's Notice required under this paragraph. If Developer does not pay the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's Notice required under this paragraph, Developer shall not be paid any reimbursement amounts under any PID Reimbursement Agreement(s) related to the Project until such payment of Additional Costs is made in full.

(c) Issuance of City Obligations prior to PID Bonds.

(1) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City, with assistance from the Financial Advisor, shall calculate the Estimated

Costs based on the market conditions as they exist 20 days prior to the date of the pricing of the City Obligations. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to Developer: (1) in an amount less than or equal to the Estimated Costs and (2) that includes the pricing date for such City Obligations. Developer, in turn, shall remunerate to the City the amount shown on said invoice at least 15 days prior to the pricing date indicated on the invoice. If Developer fails to pay the Estimated Costs as required under this paragraph, the City, at its option, may elect to designate the City Obligations as QTEO, and the City shall not be required to issue any PID Bonds in such calendar year.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the Additional Costs to the City of issuing non-QTEO City Obligations. The City will, within 5 business days of the issuance of the City Obligations, provide written notice to Developer of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to Developer the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's Notice to Developer. If the Additional Costs are more than the Estimated Costs, Developer will pay to the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's Notice. If Developer does not pay to the City the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then Developer shall not be paid any reimbursement amounts under any PID Reimbursement Agreement(s) related to the Project until such payment of Additional Costs is made in full.

(d) To the extent any developer(s) or property owner(s) (including Developer, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or property owner (including Developer, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or property owner(s) (including Developer, as applicable) as necessary so as to put all developers and property owners (including Developer, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(e) The City shall charge Additional Costs attributable to any other developer or property owner on whose behalf the City has issued debt in the same manner as described in this section, and Developer shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of Developer's portion has already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to Developer. The portion owed by Developer shall be determined by dividing the total proceeds from any debt issued on behalf of Developer in such calendar year by the total proceeds from any debt issued by the City for the benefit of all developers (including Developer) in such calendar year.

5.4 Tax Certificate. If, in connection with the issuance of the PID Bonds, the City is required to deliver a certificate as to tax exemption (a "Tax Certificate") to satisfy requirements of the IRC, Developer agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. Developer represents that such facts and estimates will be based on its reasonable expectations on the date of

issuance of the PID Bonds and will be, to the best of the knowledge of the officers of Developer providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond Proceeds, including, but not limited to, the use of the Authorized Improvements, Developer further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

5.5 Alternative Financing Methods. If the City levies Assessments but does not timely sell PID Bonds, or Developer, after first utilizing good faith efforts to utilize the City's plan to issue its PID Bonds with an underwriter chosen by the City and with underwriting, legal and other fees negotiated by the City, desires not to pursue such financing, but instead desires to (i) sell its cash flow, or (ii) negotiate with a different underwriter than was originally selected by the City for an issuance of PID Bonds, or (iii) utilize an out-of-state public facility authority (e.g. ones located in Arizona or Wisconsin) to issue bonds to fund the Authorized Improvements ("PFA"), the Developer will provide written notice of such election to the City and the City will consent to and fully co-operate with the Developer in actualizing such options. Such co-operation specifically shall include executing certifications to the PFA evidencing its consent and any reasonably requested continuing disclosure agreement.

SECTION 6
AUTHORIZED IMPROVEMENTS

6.1 Authorized Improvements. The Authorized Improvements and Authorized Improvements Cost are subject to change as may be agreed upon by Developer and the City and, if changed, shall be updated by Developer and the City consistent with the Service and Assessment Plan and the PID Act. All approved final plats within the Project shall include those Authorized Improvements located therein and the respective Authorized Improvements Cost shall be finalized at the time the applicable final plat is approved by the City Council. Developer shall include any updated Budgeted Cost(s) with each final plat application that shall be submitted to the City Council for consideration and approval concurrently with the submission of each final plat. Upon approval by the City Council of any such updated Budgeted Cost(s), this Agreement shall be deemed amended to include such approved updated Budgeted Cost(s) in **Exhibit C**. The Budgeted Cost, Authorized Improvements Cost, and the timetable for installation of the Authorized Improvements will be reviewed at least annually by the Parties in an annual update of the Service and Assessment Plan adopted and approved by the City.

6.2 Construction, Ownership, and Transfer of Authorized Improvements.

(a) Contract Specifications. Developer's engineers shall prepare, or cause the preparation of, and provide the City with contract specifications and necessary related documents for the Authorized Improvements.

(b) Construction Standards, Inspections and Fees. Except as otherwise expressly set forth in this Agreement, the Authorized Improvements and all other Public Infrastructure required for the development of the Property shall be constructed and inspected, and

all applicable fees, including but not limited to Impact Fees (subject to the terms hereof and any applicable credits), permit fees, and inspection fees, shall be paid by Developer, in accordance with this Agreement, the City Regulations, and any other governing body or entity with jurisdiction over the Authorized Improvements, except that in the event of a conflict, this Agreement shall rule.

(c) Contract Letting. The Parties understand that construction of the Authorized Improvements to be funded through PID Assessments are legally exempt from competitive bidding requirements pursuant to the Texas Local Government Code. As of the Effective Date, the construction contracts for the construction of Authorized Improvements have not been awarded and contract prices have not yet been determined. Before entering into any construction contract for the construction of all or any part of the Authorized Improvements, Developer's engineers shall prepare, or cause the preparation of, all contract specifications and necessary related documents, including the contract proposal showing the negotiated total contract price and scope of work, for the construction of any portion of the Authorized Improvements that have not been awarded.

(d) Ownership. Unless otherwise specifically set forth herein, all of the Authorized Improvements and Public Infrastructure shall be owned by the City upon acceptance of them by the City. Developer agrees to take any action reasonably required by the City to transfer, convey, or otherwise dedicate or ensure the dedication of land, right-of-way, or easements for the Authorized Improvements and Public Infrastructure to the City for public use. PID Bond Proceeds and/or the proceeds from PID Assessments will be used in part to reimburse Developer for Authorized Improvements Cost related to the Authorized Improvements and, in the event PID Bond Proceeds and/or proceeds from PID Assessments are not available at the time that all or a portion of the Authorized Improvements are substantially complete and the City is ready to accept said Authorized Improvements or portion thereof, PID Bond Proceeds and/or proceeds from PID Assessments, once available, will be used to reimburse Developer in accordance with this Agreement and as otherwise agreed to by the Parties for said Authorized Improvements Cost following acceptance by the City.

(e) Public Bidding. This Agreement and construction of the Authorized Improvements are anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code, Sections 252.022(a)(9) and 252.022(a)(11), based upon current cost estimates. In the event that the actual costs for the Authorized Improvements do not meet the parameters for exemption from the competitive bid requirement, then either competitive bidding or alternative delivery methods may be utilized by the City as allowed by law.

(f) Construction Trailer. Until the Property is fully developed, Developer shall be entitled to locate a construction trailer within the Property without being required to plat the location or obtain any other permits from the City.

6.3 Operation and Maintenance.

(a) Unless otherwise specifically provided here in, upon inspection, approval, and acceptance of the Authorized Improvements or any portion thereof and annexation of the portion of the Property where said Authorized Improvements are located, the City shall maintain

and operate the accepted Public Infrastructure and provide retail water and sewer service to the Property.

(b) Upon final inspection, approval, and acceptance of the roadway Authorized Improvements required under this Agreement or any portion thereof and annexation of the portion of the Property where said roadway Authorized Improvements are located, the City shall maintain and operate the public roadways and related drainage improvements.

(c) The HOA shall maintain and operate any open spaces, nature trails, amenity center, common areas, landscaping, detention ponds, screening walls, development signage, and any other common improvements or appurtenances within the Property that are not maintained or operated by the City, including without limitation such facilities financed by the PID.

6.4 Water Facilities.

(a) Water Service. The City will utilize its existing and future water capacity from surface water or groundwater sources to timely provide water supply for the full development of the Property as it becomes annexed into the corporate limits of the City in accordance with 8.1(a). "Timely" shall mean that water is available so that (i) construction of the Authorized Improvements, (ii) construction of improvements on the Lots and Parcels, and (iii) issuance of Certificates of Occupancy, are not delayed because of the unavailability of water.

(b) Developer's General Obligations. Developer is responsible for design, installation, and construction of the water improvements generally described in **Exhibit C** necessary to serve the Property ("Water Improvements"), which may be reasonably modified by Developer as the Property is developed. The design of the Water Improvements, if in compliance with TCEQ standards, shall be approved by the City in advance of the construction of same. Developer shall be responsible for the dedication of any easements lying within the Property necessary for Water Improvements (the size and extent of each such easement or other property interest to be reasonably approved by the City). The costs of dedicating such easements may be included in the applicable Authorized Improvement Costs to be reimbursed to the Developer through the PID.

(c) Timing of Developer's Obligations. Except as otherwise provided herein, Developer shall complete in a good and workmanlike manner all Water Improvements necessary to serve each phase of the Project. The Parties acknowledge that the Property may be developed in phases. If deemed necessary, Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law.

(d) Water CCN. The City intends to work with JCSUD to have all of the Property included in an area where either the City has the CCN for water service or both JCSUD and the City are dually certificated to provide retail water service. The City agrees to provide such service unless Developer refuses to annex its Property into the corporate limits of the City in accordance with the provisions of Section 8.1(a). In the event the City fails to timely provide water service to any portion of the Property, including any portion of the Property annexed into the corporate limits of the City, City will not seek or maintain a CCN over the portion of the Property which is not being served, and Developer may obtain water service from JCSUD and all the

facilities constructed by Developer to receive such service shall be considered Authorized Improvements. Developer may seek to decertify the City's CCN from any portion of the Property for which City refuses to provide water service, is unable to provide water service, or to which the City is providing substandard service, and in such event, City will not oppose such decertification.

(e) Communication. Beginning in the month that the City is providing water service to active customers equal to seventy percent (70%) of its existing water supply capacity ("the Water Trigger Date"), and continuing until the City expands its water supply capacity, the City agrees to meet with Developer as needed and at mutually agreeable intervals to update Developer on (i) the status of its plans to expand its water supply capacity, and (ii) whether it will complete the water supply capacity project ("Water Expansion Project") in time so that the City can continue to timely provide water to customers located within the Property, as required in Section 6.4(a). The City shall begin design of the Water Expansion Project within six (6) months after the Water Trigger Date, and shall begin construction of the Water Expansion Project within eighteen (18) months after the Water Trigger Date.

6.5 Wastewater Facilities.

(a) Wastewater Service. The City will utilize its existing and future wastewater conveyance and treatment facilities to timely provide wastewater treatment service for the full development of the Property as it becomes annexed into the corporate limits of the City in accordance with 8.1(a). "Timely" shall mean that wastewater treatment service is available so that (i) construction of the Authorized Improvements, (ii) construction of improvements on the Lots and Parcels, and (iii) issuance of Certificates of Occupancy, are not delayed because of the unavailability of wastewater treatment service. The City agrees to provide such service unless Developer refuses to annex its property into the corporate limits of the City in accordance with the provisions of Section 8.1(a).

(b) Developer's General Obligations. Developer is responsible for the design, installation, and construction of all wastewater improvements described in **Exhibit C** necessary to serve the Property (the "Wastewater Improvements"), which may be reasonably modified by Developer as the Property is developed. The design of the Water Improvements shall be approved by the City in advance of the construction of same. Developer shall be responsible for the dedication of any easements lying within the Property necessary for Wastewater Improvements (the size and extent of each such easement or other property interest to be that required by the TCEQ, PUC, or other entity having authority) for all phases of development. The costs of obtaining such easements may be included in the applicable Authorized Improvement Costs to be reimbursed to the Developer through the PID.

(c) Timing of Developer's Obligations. Except as otherwise provided herein, Developer or an affiliate of Developer shall complete in a good and workmanlike manner all Wastewater Improvements necessary to serve each phase of the Project. The Parties acknowledge that the Property may be developed in phases. If deemed necessary, Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law.

(d) The City agrees to provide wastewater service to the Property unless Developer refuses to annex its Property into the corporate limits of the City in accordance with the

provisions of Section 8.1(a). In the event the City fails to timely provide wastewater service to any portion of the Property annexed into the corporate limits of the City, City will not seek or maintain a CCN over the portion of the Property which is not being served, and Developer may obtain wastewater service from another entity, including a District, and all the facilities constructed by Developer to receive such service shall be considered Authorized Improvements. Developer may seek to decertify the City's CCN, if in place, from any portion of the Property for which City refuses to provide wastewater service, is unable to provide such service, or to which the City is providing substandard service, and in such event, City will not oppose such decertification.

(e) STP Permit. Contemporaneously with the execution of this Agreement, Developer shall submit the pertinent documentation to terminate its application for the STP Permit.

(f) Communication. Beginning in the month that the City is providing wastewater treatment service to active customers equal to seventy percent (70%) of its existing wastewater treatment capacity ("the Wastewater Trigger Date"), and continuing until the City expands its wastewater treatment facilities, the City agrees to meet with Developer as needed and at mutually agreeable intervals to update Developer on (i) the status of its plans to expand its wastewater treatment facilities, and (ii) whether it will complete the wastewater treatment facilities project ("Wastewater Expansion Project") in time so that the City can continue to timely provide wastewater treatment service to customers located within the Property, as required in Section 6.5 (a). The City shall begin design of the Wastewater Expansion Project within six (6) months after the Wastewater Trigger Date, and shall begin construction of the Wastewater Expansion Project within twelve (12) months after the Wastewater Trigger Date.

6.6 Water and Wastewater Services.

(a) Wastewater. Except as otherwise provided herein, upon completion of each phase of the Wastewater Improvements necessary to serve all or any portion of the Property annexed into the corporate limits of the City, the Property shall be provided with retail wastewater treatment service by the City. The City shall provide adequate and continuous retail wastewater treatment service to the Property on the same terms and provisions as other in-City properties. To the extent that wastewater treatment service is required within the Property prior to the completion of the Wastewater Improvements contemplated herein for the first phase of development of the Property, the City agrees (i) to provide, at Developer's expense, or (ii) to allow Developer to provide, alternative wastewater transportation service within the Property to the system of the City (i.e. "pump and haul"), including, without limitation, to the Laguna and all related improvements and amenities, if and in the manner allowed under applicable law, including applicable regulations of the TCEQ, or to make such other arrangements as are compatible with applicable law and regulations in order to adequately provide and address necessary wastewater treatment services until the completion of the wastewater service improvements. The City shall not withhold plat or plan approvals or refuse to issue building permits or Certificates of Occupancy due to the timing of delivery of final Wastewater Improvements, so long as Developer or the City has made arrangements for alternative wastewater transportation services or arranged for the use of septic systems.

(b) Water. Except as otherwise provided herein, upon completion of all the Water Improvements necessary to serve the Property in phases as the Property is annexed into the

corporate limits of the City and developed, the Property shall be provided with retail water service by the City. The City shall provide adequate and continuous retail water service to the Property on the same terms and provisions as other in-City properties. If, at the time the Water Infrastructure, or any portion thereof, is complete, the City is unable to provide all or any portion of the Property with retail water service, the Developer may take actions to provide or cause to be provided such service as the City is unable or refuses to provide.

(c) Maintenance and Operation. Upon acceptance by the City of all or any the water and wastewater facilities described herein, the City shall, at its sole cost, operate or cause to be operated said water and wastewater facilities serving the Project and use them to provide service to all customers within the Project at the same rates as similar projects located within the City as otherwise required by State law. Upon acceptance by the City, the City shall at all times maintain said water and wastewater facilities, or cause the same to be maintained, in good condition and working order in compliance with all applicable laws and ordinances and all applicable regulations, rules, policies, standards, and orders of any governmental entity with jurisdiction over same.

6.7 Roadway Facilities and Drainage Improvements.

(a) Developer's General Obligations. Developer is responsible for the design, installation, and construction of all roadway facilities required to serve the Property. The design of all roadway improvements shall be approved by the City in advance of the construction of same.

(b) Timing of General Obligations. Prior to the recordation of any final plat for any phase of the Property, Developer shall complete, in a good and workmanlike manner, construction of all roadway facilities and related improvements necessary to serve such phase in accordance with construction plans approved by the City. Thereafter, the roads shall be conveyed to the City for ownership and maintenance. The Parties acknowledge that the Property may be developed in phases, and the preliminary plats to be submitted to the City for approval may likewise be phased. If deemed necessary, Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law.

(c) Drainage/Detention Infrastructure. Developer shall have full responsibility for designing, installing, and constructing the drainage/detention infrastructure that will serve the Property and the cost thereof. Prior to the recordation of the final plat for any phase of development, Developer shall complete in a good and workmanlike manner construction of the drainage/detention improvements necessary to serve such phase. Upon inspection, approval and acceptance, and annexation of the portion of the Property where said drainage and roadway improvements are located, City shall, at its sole cost, maintain and operate the drainage and roadway improvements for the Property.

(d) The Parties acknowledge that TxDot intends to construct, at its sole cost, an extension of Lone Star Road through the Property. Developer's sole obligation relative to the construction of Lone Star Road shall be to dedicate such right-of-way to TxDot.

6.8 Eminent Domain.

(a) The Parties acknowledge that the Developer may be required to acquire certain off-site property rights and interests to allow certain Authorized Improvements to be constructed to serve the Property. Developer shall use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, needed to construct the off-site improvements. If, however, Developer is unable to obtain such third-party rights-of-way, consents, or easements within ninety (90) days of commencing efforts to obtain the needed rights-of-way, consents, or easements, then, as a condition to requiring the Developer to construct off-site improvements, the City, after making necessary findings including, but not limited to, the reasonableness of the efforts made by Developer and the necessity of acquiring the off-site property rights through eminent domain procedures, shall take reasonable steps to secure same for any such portion of the Property then being annexed into the City through the use of the City's power of eminent domain. If the City takes such eminent domain action, the Developer shall fund all reasonable and necessary legal proceeding/litigation costs, compensation awards by courts or negotiated amounts for the condemned property interest, attorneys' fees, appraiser and expert witness fees, interest, court costs, mediation fees, deposition costs, copy charges, courier fees, postage and taxable court costs (collectively, "Eminent Domain Fees") paid or incurred by the City in the exercise of its eminent domain powers that for any reason are not funded by the proceeds of PID Bonds, if PID Bonds are issued, or Assessments and shall escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiations of each eminent domain proceeding and as funds are needed by the City. If the escrow fund remains appropriately funded in accordance with this Agreement and in accordance with the City's discretionary governmental powers, the City will use all reasonable efforts to expedite such condemnation procedures so that the Authorized Improvements can be constructed as soon as reasonably practicable. If the Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, Developer shall deposit additional funds as requested by the City into the escrow account within thirty (30) days after written Notice from the City. Any unused escrow funds will be refunded to Developer within thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this subsection is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

(b) To the extent Eminent Domain Fees are paid by the Developer, the Developer shall be reimbursed all Eminent Domain Fees from PID Bonds, Assessments or pursuant to the 380 Economic Development Agreement.

(c) In the event the City fails for any reason to exercise it power of eminent domain to acquire any off site easements reasonably necessary to serve a portion of the Property being annexed into the City, prompty after being requested by Developer (i.e. initiate the process within sixty (60) days after request by Developer and diligently pursue through acquisition), the City shall be deemed to have consented to either of the two (2) Districts exercising its power of eminent domain to acquire such easements. Either District's use of its power of eminent domain shall not constitute action by Developer to develop the Property outside the corporate limits of the City.

SECTION 7
PAYMENT AND REIMBURSEMENT OF AUTHORIZED IMPROVEMENTS

7.1 Authorized Improvements.

(a) Improvement Account of the Project Fund. The IAPF and Developer Improvement Account shall be administered and controlled by the City, or the trustee bank for the PID Bonds, and funds in the IAPF and Developer Improvement Account shall be deposited and disbursed in accordance with the terms of the Indenture.

(b) Timing of Expenditures and Reimbursements. The Parties agree that where possible, payment for Authorized Improvements shall be made directly from the IAPF rather than to Developer on a reimbursement basis; however, Developer may also be reimbursed for expenditures made on Authorized Improvements subsequent to their construction or acquisition. Although the terms by which Authorized Improvements may be financed through the IAPF or by which Developer will be entitled to reimbursement from the IAPF and release of funds from Developer Improvement Account shall be detailed in one or more PID Reimbursement Agreement(s), Developer will be entitled to the maximum available funds within the Indenture Accounts up to the Authorized Improvements Cost, plus interest (interest can be paid out as long as there are sufficient Authorized Improvements Costs), following the City's acceptance of the Authorized Improvements.

(c) Cost Overrun. Should the total of the Authorized Improvements Cost exceed the maximum PID Bond Proceeds deposited in the IAPF ("Cost Overrun"), Developer shall be solely responsible to fund such part of the Cost Overrun, subject to the cost-underrun in subsection (d) below. An individual line item exceeding its estimated cost shall not be construed as a Cost Overrun; rather, the Authorized Improvements Cost for each phase shall be viewed in its entirety.

(d) Cost Underrun. Upon the final acceptance by City of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, and only if the Authorized Improvement Cost is less than the Budgeted Cost (a "Cost Underrun"), any remaining funds in the Improvement Account of the Project Fund will be available to pay Cost Overruns on any other Authorized Improvement. An individual line item exceeding its estimated cost shall not be construed as a Cost Underrun; rather, the Authorized Improvements Cost for each phase shall be viewed in its entirety. The City shall promptly confirm to the Trustee that such remaining amounts are available to pay such Cost Overruns, and the City, with input from Developer, will decide how to use such moneys to secure the payment and performance of the work for other Authorized Improvements, if available. If a Cost Underrun exists after payment of all costs for all Authorized Improvements contemplated in the applicable Indenture, such unused funds will be used to pay Assessments on the Property.

(e) Infrastructure Oversizing. Developer shall not be required to construct or fund any Public Infrastructure so that it is oversized to provide a benefit to land outside the Property ("Oversized Public Infrastructure") unless, by the commencement of construction, the City has made arrangements to finance the City's pro-rata portion of the costs of construction attributable to the oversizing requested by the City from sources other than PID Bond Proceeds,

Assessments, or the TIRZ Fund. In the event Developer constructs or causes the construction of any Oversized Public Infrastructure on behalf of the City, the City shall be solely responsible for all costs attributable to oversized portions of the Oversized Public Infrastructure and that neither the PID nor the TIRZ shall be utilized for financing the costs of Oversized Public Infrastructure.

(f) Reimbursement of Authorized Improvements Cost. The Parties shall, prior to the annexation of the Property, enter into a PID Reimbursement Agreement to provide for reimbursement to Developer for Authorized Improvements Cost from the PID Bond Proceeds, to the extent that the PID Bond Proceeds will not be used to directly finance the Authorized Improvements Cost.

7.2 City Participation.

(a) Impact Fees. For the duration of this Agreement, impact fees shall be assessed at the rates established and put into place by the City at the time of the Effective Date hereof. The City acknowledges that it cannot assess roadway Impact Fees on properties within its ETJ, including the Property, and that regardless of annexation status of all or any portion of the Property pursuant to this Agreement, the City shall not assess roadway impact fees against the Property.

(b) Impact Fee Credits. The City acknowledges that Developer is providing certain Capital Improvements to the City at the cost of Developer, including water and wastewater facilities necessary to serve the Property. In exchange for the Water Improvements and Wastewater Improvements made or constructed by Developer, or caused to be constructed by Developer, Developer shall receive Impact Fee Credits for the full amount of any Impact Fees that might be assessed against the Property. The Impact Fee Credits shall be credited to the Developer by the City immediately upon Developer's completion and City's acceptance of the Water Improvements and Wastewater Improvements necessary to serve the Property and shall be credited without reduction or setoff of any kind.

(c) Parkland Dedication and Development Fee Credit. In exchange for the dedication of the parkland and open spaces reflected in the Concept Plan, Developer shall be deemed to have satisfied all applicable parkland/open space dedication requirements or fees required in lieu thereof, as well as any park development fees or park impact fees that may now or hereinafter be enacted by the City.

(d) Tree Mitigation. In exchange for the development or dedication of the parks, open spaces, and trails set forth in this Agreement, Developer shall be deemed to have complied with any tree mitigation or restoration requirements the City may adopt, now or in the future.

7.3 Payee Information. With respect to any and every type of payment/remittance due to be paid at any time by the City to Developer after the Effective Date under this Agreement, the name and delivery address of the payee for such payment shall be:

Cipriani Laguna Azure, LLC
2101 Cedar Springs Rd., Suite 700

Dallas, Texas 75201

Developer may change the name of the payee and/or address set forth above by delivering written notice to the City designating a new payee and/or address or through an assignment of Developer's rights hereunder.

SECTION 8
ANNEXATION AND ZONING MATTERS; DISTRICTS

8.1 Annexation of Land into City.

(a) Following the City (a) creating the PID, (b) creating the TIRZ, (c) approving the Concept Plan, (d) entering into the PID Reimbursement Agreement, (e) adopting the TIRZ Project and Finance Plan, (f) entering into the 380 Economic Development Agreement, (g) withdrawing its opposition to the creation of the Districts, and (h) levying the Assessments on the land being annexed into the City (plus any Assessments necessary to fund the major improvements), Developer shall file a petition with the City to annex into the corporate limits of the City that portion of the Property then being fully developed with water, sewer, drainage facilities and roads (i.e. not including land only served by "master infrastructure") ("Annexation Petition"). Developer shall file with the City the Annexation Petition for the applicable land no later than at the time the City executes the BPA to sell the PID bonds serving such land and agrees that the applicable land must be annexed prior to closing the sale of the PID bonds.

(b) The Concept Plan shall remain in effect throughout the term of this Agreement, unless revised upon the mutual agreement of Developer and the City.

(c) In the event the City opts not to annex any portion of the Property within ninety (90) days, or the time frame required by law, whichever is longer, after Developer has filed its Annexation Petition for such Property, the City agrees to provide water supply and wastewater treatment service to such Property under the terms of a separate wholesale water and wastewater agreement even though such Property is located in the City's ETJ. The City agrees that it will utilize its standard formula for determining the rates for services provided under said separate wholesale water and wastewater agreement(s). In addition, thereafter none of the Property then existing in the Districts will be required to be annexed into the City; such Property will be served with water and sewer by the City under a separate wholesale water and wastewater agreement; the Districts will be used to finance or reimburse Developer for the Authorized Improvements serving each Property; and the City and County shall be released from contributing any of its Increment on the portions of the Property remaining in the ETJ.

(d) Provided the City is in compliance with its obligations under this Agreement, if Developer (i) fails to timely petition the City to annex all or any portion of the Property into the City as it is developing such portion of the Property in accordance with Section 8.1(a) or (ii) Developer begins to develop such Property inside the boundaries of either of the Districts and the applicable District issues series of bonds to reimburse Developer for the infrastructure to serve the portion of the Property Developer failed to annex into the City in accordance with the terms hereof, Developer shall pay to the City a penalty of $10,000,000 at such time as said first series of bonds are issued. Notwithstanding the foregoing, preliminary clearing

and grading while the Property is in the ETJ shall be permissible, however, all final grading shall be conducted once the property is annexed into the corporate limits of the City and in accordance with City standards and regulations. The City's obligations under this Agreement specifically shall include timely: (i) creating the PID, (ii) creating the TIRZ, (iii) adopting a Service and Assessment Plan, (iv) making retail sewer service available to customers within the Property as it becomes annexed into the City, subject to Section 8.1(c), (v) making retail water service available to customers within the Property as it becomes annexed into the City, subject to Section 8.1(c), (vi) levying Assessments, (vii) adopting the TIRZ Project and Finance Plan, (viii) entering into the Reimbursement Agreement, (ix) entering into the 380 Economic Development Agreement, (x) withdrawing its opposition to creation of the Districts, (xi) annexing the portion of the Property submitted by Developer, and (xii) issuing the PID Bonds, if requested by Developer, in accordance with the terms of this Agreement.

(e) Within thirty (30) days after the Effective Date, Developer shall escrow $1,000,000 with the City, pursuant to the Escrow Agreement attached hereto as **Exhibit I,** which may be used by the City solely for the purpose of securing legal services to negotiate any claims and/or file any lawsuit by the City to collect the $10,000,000 penalty listed in Section 8.1(d) above. In the event the City is required to pursue such litigation and the City recovers its attorney fees, as provided in Section 10.3, then Developer shall be entitled to a credit of $1,000,000 against such fees. At such time as all of the Property has been annexed into the corporate limits of the City and Developer dissolves the Districts, if then in existence, the $1,000,000 held in escrow, and all interest earned thereon, shall be returned to the Developer.

8.2 Zoning. Prior to Developer initiating development of any portion of the Property (*excluding.*, clearing and grubbing), Developer shall deliver an application for zoning of such portion of the Property consistent with the Concept Plan and City Regulations (the "Zoning Application") within thirty (30) days after items listed in Section 8.1 (a) have been completed. The City shall process the Zoning Application concurrently with the Annexation Petition and shall set votes on approval of the annexation and zoning ordinances at the same City Council meeting. In the event of a conflict between this Agreement and any zoning ordinance adopted by the City Council relating to the Property, this Agreement will prevail.

8.3 Opposition to the Creation of the Districts. Developer has petitioned the TCEQ for the creation of the Districts encompassing the Property and intends to create such Districts. The City has advised the TCEQ that it opposes creation of the Districts and has requested a hearing to contest such creation. Contemporaneously with the execution of this Agreement, City shall submit the pertinent documentation to withdraw its request for a hearing to contest the creation of the Districts and will not refile any such opposition as long as Developer is not in breach of this Agreement.

8.4 Exclusion of Lands from Districts and Annexation into City. Immediately prior to the annexation of a portion of the Property into the corporate limits of the City, Developer shall petition the applicable District for the exclusion of such land from the District and recommend to the board of directors of the District that such lands be excluded from the boundaries of the District. Developer's petition shall (i) be in the form required by Chapter 49, Texas Water Code, (ii) include affirmative statements that the exclusion is practicable, just, and desirable, and (iii) include grounds for exclusion under Section 49.306, Texas Water Code. Prior to the land being annexed

into the corporate limits of the City, the District shall exclude such lands from the District. City shall provide all municipal services contemplated herein (including water capacity and wastewater capacity) in accordance with Section 8.1(c) if the City opts not to annex such portion of the Property into the corporate limits of the City.

SECTION 9
ADDITIONAL OBLIGATIONS AND AGREEMENTS

9.1 Administration of Construction of Public Infrastructure. Subject to the terms of this Agreement, Developer shall be solely responsible for the construction of all Public Infrastructure. The public on-site and off-site infrastructure and all other related improvements will be considered a City project and the City will own all such Public Infrastructure upon completion and acceptance.

9.2 Private Improvements.

(a) Developer, at Developer's cost, will (or will cause) the design, construction, maintenance, and operation of the Private Improvements described herein and identified in **Exhibit C**.

(b) Developer agrees it will complete construction and receive a certificate of occupancy of the Laguna within two (2) years after the City completes the extension of water lines and sewer lines to the periphery of the platted property encompassing the Laguna. At Developer's sole option and upon sixty (60) days written notice to City of Developer's option to exercise, it may have up to a total of two (2) six (6) month extensions of its completion deadline.

(c) In the event Developer fails to compete construction of the Laguna in accordance with (b) above, Developer shall pay to the City a penalty of $2,000,000 immediately upon expiration of the completion deadline, (including extensions) in Section 9 (b).

(d) In addition, payments of any monies to Developer Pursuant to the 380 Economic Development Agreement shall be abated until the Laguna is completed and open to the public.

9.3 Sale of Alcohol Beverages. City does not oppose the sale of alcohol at restaurants, clubhouse, and the Laguna within the Property. Further, City agrees to approve a private club permit application for such restaurant(s), the clubhouse, and the Laguna, if authorized by law and following applicable City procedures, by signing the documents required by the Texas Alcohol Beverage Commission. The clubhouse, restaurant(s), and Laguna may sell alcohol for on-site consumption with extended hours of operation unless otherwise prohibited by law.

9.4 Hours of Operation. City acknowledges and agrees to permit the Laguna to be open and operating between the hours of 9:00 a.m. and 10:00 p.m., the fitness center 24 hours per day; the restaurants from 10:00 a.m. until midnight. Hours of operation for a facility may include outdoor activities originating in such facility (e.g. outdoor yoga classes).

9.5 Situs of Sales Tax.

(a) The 380 Economic Development Agreement will provide that in the event Developer, at its sole option, obtains a direct pay permit from the Texas Comptroller or utilizes a separated contract in the construction of the Public Improvements, and Private Improvements, (including the construction of homes on the Lots and commercial or multi-family improvements on the Parcels) (collectively, "Improvements") and elects to file one or more Sales Tax Certificates defined below, then pursuant to Chapter 380 of the Texas Local Government Code, upon satisfaction of terms and conditions of this Article, the City hereby agrees to provide to Developer an economic development grant equal to sixty percent (60%) of the local sales tax revenue (the "Sales Tax Grant") actually paid by the Texas Comptroller of Public Accounts to the City, resulting from local sales and use taxes paid by the Developer or its construction contractors, for construction materials, other tangible personal property, supplies, and taxable services used or consumed within the Property that are not otherwise exempt from Texas sales and use tax ("Premises Sales and Use Tax") The Sales Tax Grant shall be paid in installments beginning with the year in which the Developer commences construction of the Improvements and continuing for a term of twenty (20) years thereafter ("Grant Period").

(b) On or before June 1 of each year following the beginning of the Grant Period, Developer shall submit a certificate to the City providing documentation and certification of its payment of Premises Sales And Use Tax in the prior calendar year of the Grant Period (the "Sales Tax Certificate"). The certification shall be accompanied by a list including all purchases subject to Premises Sales and Use Tax made by Developer in the preceding year, and Developer shall make available other documentation reasonably requested by City to allow confirmation of payment of Premises Sales and Use Tax and City's actual receipt thereof from the Texas Comptroller of Public Accounts.

(c) Within 90 days of receipt and verification of a Sales Tax Certificate and its receipt of Premises Sales and Use Tax from the Texas Comptroller, the City shall pay the Sales Tax Rebate for the period reported in the Certificate.

(d) In the event Developer's sales tax liability or payment is amended or adjusted pursuant to audit for any year of the Grant Period, Developer shall notify City and, within 90 days of any such determination, (i) refund any overpayment of Sales Tax Rebate Paid by the City to Developer in excess of the Premises Sales and Use Tax ultimately determined to be due and paid for such period; or (ii) provide an amended Sales Tax Certificate reflecting any additional Premises Sales and Use Tax due by the City to Developer.

9.6 Mandatory Homeowners Association. Developer will create the HOA, which shall be mandatory and shall levy and collect from homeowners annual fees in an amount calculated to maintain the Private Improvements described in Section 9.2, right-of-way irrigation systems, detention ponds, raised medians and other right-of-way landscaping, and screening walls within the Project. Common areas, including, but not limited to, all landscaped entrances to the residential portion of the Property and right-of-way landscaping and signage, shall be maintained solely by the HOA. Maintenance of public rights-of-way by the HOA shall comply with City Regulations and shall be subject to oversight by the City.

9.7 Marketing.

(a) Developer shall have the right to place a sales trailer within the Property complete with gravel drive and parking upon the Effective Date of this Agreement and may keep the sales trailer until Developer determines such temporary sales trailer is no longer needed. No site plan or further approval of the City shall be required for the placement of the trailer, routing of utilities, or granting of an E-911 address, and the City agrees that water and sewer shall not be required at the sales trailer.

(b) Upon the Effective Date, Developer shall have the right to install two (2) onsite signs within the Property sized up to 40'x 80', which may include LED lighting and water features. Such signs may remain until full build out of the Property.

(c) Upon the Effective Date, Developer shall have the right, but not the obligation, to install one electronic billboard/monument sign, advertising the residential and Commercial Zone uses.

(d) A flagpole of up to 100' in height with proportionate flag shall also be permitted to be located within the Property for the duration of the development of the Property.

(e) Developer shall have the right to construct signage and a permanent monument at the entryway to the project, as reflected in the Concept Plan, identifying the project, which monument may include LED lighting and may otherwise be as provided in **Exhibits B** and **I**. Examples of the style and size of such signage and monuments are attached hereto or **Exhibit I**. These are provided solely to provide examples of the size and style of signage and monuments Developer shall be entitled to install.

9.8 Conflicts. In the event of any direct conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline, or other City adopted or City enforced requirement, including the City Regulations, whether existing on the Effective Date or thereafter adopted, this Agreement, including its exhibits, as applicable, shall control. In the event of a conflict between the Concept Plan and the Development Standards, the Development Standards shall control to the extent of the conflict.

9.9 Compliance with City Regulations. Development and use of the Property, 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 City Regulations unless expressly stated to the contrary in this Agreement. City Regulations shall apply to the development and use of the Property unless expressly set forth to the contrary in this Agreement. It is expressly understood and the Parties agree that City Regulations applicable to the Property and its use and development include but are not limited to City Code provisions, ordinances, design standards, uniform codes, zoning regulations not affected by this Agreement, and other policies duly adopted by the City. In addition, any City tree mitigation and preservation requirements shall not apply to the Project or the Property.

9.10 Phasing. The Property may be developed in phases and Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law. Any replat or amending plat shall be in conformance with applicable City Regulations and subject to City approval.

9.11 Public Infrastructure, Generally. Except as otherwise expressly provided for in this Agreement, Developer shall provide all Public Infrastructure necessary to serve the Project, including streets, utilities, drainage, sidewalks, trails, street lighting, and street signage, and all other required improvements, at no cost to the City except as expressly provided in this Agreement or the PID Reimbursement Agreement, and as approved by the City's engineer or his or her agent. Developer shall cause the installation of the Public Infrastructure within all applicable time frames in accordance with the City Regulations unless otherwise established in this Agreement. Developer shall provide engineering studies, plan/profile sheets, and other construction documents at the time of platting as required by City Regulations and as required by this Agreement. Such plans shall be approved by the City's engineer or his or her agent prior to approval of a final plat. Construction of any portion of the Public Infrastructure shall not be initiated until a pre-construction conference with a City representative has been held regarding the proposed construction and the City has issued a written notice to proceed. No final plat may be recorded in the Real Property Records until construction of all Public Infrastructure shown thereon shall have been constructed, and thereafter inspected, approved, and accepted by the City.

9.12 Permitting.

(a) Generally. The City agrees that upon substantial completion of the paving, water improvements, and wastewater improvements for a given phase of the development, it shall release twenty percent (20%) of the building permits for such phase. Status of landscaping, screening, and franchise utilities within that phase shall not affect the Developer's ability to receive the building permits for such phase so long as paving, water, and wastewater improvements are substantially complete, as illustrated by completion of all work except "punch-list" items. At such time as grading plans have been approved by the City, the City shall issue grading permits for the corresponding portion of the Property. Likewise, upon completion of each of the buildings being constructed pursuant to such building permits, the City shall issue Certificates of Occupancy therefore, as long as the water and sewer facilities and roads within the Property are substantially complete and a permanent source of water is available.

(b) Floodplain Matters. The approval of Developer's flood study by the floodplain administrator having authority (currently, Johnson County) shall be deemed conclusive evidence of the validity of such study. The City agrees that once the Developer's flood study has been approved by the floodplain administrator, the City will utilize such study and grading work may begin at the Project site.

9.13 Maintenance Bonds. For each construction contract for any part of the Public Infrastructure, Developer, or Developer's contractor, must execute a maintenance bond in accordance with applicable City Regulations that guarantees the costs of any repairs that may become necessary to any part of the construction work performed in connection with the Public Infrastructure, arising from defective workmanship or materials used therein, for a full period of

two (2) years from the date of final acceptance of the Public Infrastructure constructed under such contract.

9.14 Inspections, Acceptance of Public Infrastructure, and Developer's Remedy.

(a) Inspections, Generally. The City shall have the right to inspect, at any time, the construction of all Public Infrastructure necessary to support the Project, including without limitation water, wastewater/sanitary sewer, drainage, roads, streets, alleys, park facilities, electrical, and street lights and signs. The City's inspections and/or approvals shall not release Developer from its responsibility to construct, or cause the construction of, adequate Authorized Improvements and Public Infrastructure in accordance with approved engineering plans, construction plans, and other approved plans related to development of the Property. Notwithstanding any provision of this Agreement, it shall not be a breach or violation of the Agreement if the City withholds building permits, certificates of occupancy or City utility services as to any portion of the Project until Developer has met its obligations to provide for required Public Infrastructure necessary to serve such portion according to the approved engineering plans and City Regulations and until such Public Infrastructure is operational and has been dedicated to and accepted by the City. Acceptance by the City shall not be unreasonably withheld, conditioned, or delayed.

(b) Acceptance; Ownership. From and after the inspection and acceptance by the City of the Public Infrastructure and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City. Acceptance of Public Infrastructure by the City shall be evidenced in a writing issued by the City Manager or his designee.

(c) Approval of Plats/Plans. Approval by the City, the City's engineer, or other City employee or representative, of any plans, designs, or specifications submitted by Developer pursuant to this Agreement or pursuant to applicable City Regulations shall not constitute or be deemed to be a release of the responsibility and liability of Developer, his engineer, employees, officers, or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by Developer or Developer's engineer, or engineer's officers, agents, servants or employees, it being the intent of the parties that approval by the City's engineer signifies the City's approval on only the general design concept of the improvements to be constructed. In accordance with Chapter 245 of the Local Government Code, all development related permits issued for the Project, including the Preliminary Plat, shall remain valid for a period of at least two (2) years and shall not thereafter expire so long as progress has been made toward completion of the Project (as defined in Chapter 245 of the Local Government Code). Upon recordation of the final plat for Phase 1 of the Project, the Preliminary Plat shall remain valid for the duration of this Agreement or as long as progress toward completion of the Project is being made, whichever is longer.

9.15 Insurance. Developer or its contractor(s) shall acquire and maintain, during the period of time when any of the Public Infrastructure is under construction (and until the full and final completion of the Public Infrastructure and acceptance thereof by the City): (a) workers compensation insurance in the amount required by law; and (b) commercial general liability insurance including personal injury liability, premises operations liability, and contractual liability,

covering, but not limited to, the liability assumed under any indemnification provisions of this Agreement, with limits of liability for bodily injury, death and property damage of not less than $1,000,000.00. Such insurance shall also cover any and all claims which might arise out of the Public Infrastructure construction contracts, whether by Developer, a contractor, subcontractor, material man, or otherwise. Coverage must be on a "per occurrence" basis. All such insurance shall: (i) be issued by a carrier which is rated "A-1" or better by A.M. Best's Key Rating Guide and licensed to do business in the State of Texas; and (ii) name the City as an additional insured and contain a waiver of subrogation endorsement in favor of the City. Upon the execution of Public Infrastructure construction contracts, Developer shall provide to the City certificates of insurance evidencing such insurance coverage together with the declaration of such policies, along with the endorsement naming the City as an additional insured. Each such policy shall provide that, at least 30 days prior to the cancellation, non-renewal or modification of the same, the City shall receive written notice of such cancellation, non-renewal or modification.

9.16 INDEMNIFICATION and HOLD HARMLESS. DEVELOPER, INCLUDING ITS RESPECTIVE SUCCESSORS AND ASSIGNS, HEREBY COVENANT AND AGREE TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY THE CITY AND ITS OFFICIALS, OFFICERS, AGENTS, REPRESENTATIVES, SERVANTS AND EMPLOYEES (COLLECTIVELY, THE "RELEASED PARTIES"), FROM AND AGAINST ALL THIRD-PARTY CLAIMS, SUITS, JUDGMENTS, DAMAGES, AND DEMANDS AGAINST THE CITY OR ANY OF THE RELEASED PARTIES, WHETHER REAL OR ASSERTED INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEY'S FEES, RELATED EXPENSES, EXPERT WITNESS FEES, CONSULTANT FEES, AND OTHER COSTS (TOGETHER, "CLAIMS"), ARISING OUT OF THE NEGLIGENCE OR OTHER WRONGFUL CONDUCT OF DEVELOPER, INCLUDING THE NEGLIGENCE OF ITS RESPECTIVE EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, MATERIALMEN, AND/OR AGENTS, IN CONNECTION WITH THE DESIGN OR CONSTRUCTION OF ANY PUBLIC INFRASTRUCTURE, STRUCTURES, OR OTHER FACILITIES OR IMPROVEMENTS THAT ARE REQUIRED OR PERMITTED UNDER THIS AGREEMENT; **AND IT IS EXPRESSLY UNDERSTOOD THAT SUCH CLAIMS SHALL, EXCEPT AS MODIFIED BELOW, INCLUDE CLAIMS EVEN IF CAUSED BY THE CITY'S OWN CONCURRENT NEGLIGENCE SUBJECT TO THE TERMS OF THIS SECTION**. **DEVELOPER SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY THE CITY AGAINST CLAIMS CAUSED BY THE CITY'S SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.** IF THE CITY INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT NEGLIGENCE OF DEVELOPER AND THE CITY, DEVELOPER'S INDEMNITY OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO DEVELOPER'S OWN PERCENTAGE OF RESPONSIBILITY. DEVELOPER, INCLUDING ITS RESPECTIVE SUCCESSORS AND ASSIGNS, FURTHER COVENANTS AND AGREES TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY, THE CITY AGAINST ANY AND ALL CLAIMS BY ANY PERSON CLAIMING AN OWNERSHIP INTEREST IN THE PROPERTY PRIOR TO THE EFFECTIVE DATE WHO HAS NOT SIGNED THIS AGREEMENT IF SUCH CLAIMS RELATE IN ANY MANNER OR ARISE IN CONNECTION WITH: (1) THE CITY'S RELIANCE UPON DEVELOPER'S REPRESENTATIONS IN THIS AGREEMENT; (2) THIS AGREEMENT OR OWNERSHIP OF THE PROPERTY; OR (3) THE CITY'S APPROVAL OF ANY TYPE OF DEVELOPMENT APPLICATION OR SUBMISSION WITH RESPECT TO THE PROPERTY.

DEVELOPER, INCLUDING ITS RESPECTIVE SUCCESSORS AND ASSIGNS, FURTHER COVENANTS AND AGREES TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY, THE RELEASED PARTIES AGAINST ANY AND ALL CLAIMS BY ANY PERSON CLAIMING THAT ANY PROVISION OR STATEMENT IN THIS AGREEMENT CONFERS OR POTENTIALLY CONFERS ANY BENEFIT OR THING OF VALUE TO OWNER THAT IS INVALID, ILLEGAL, UNLAWFUL OR THAT THE CITY IS NOT LEGALLY PERMITTED TO CONFER TO OWNER UNDER THIS AGREEMENT.

9.17 Status of Parties. At no time shall the City have any control over or charge of Developer's design, construction or installation of any of the Public Infrastructure, nor the means, methods, techniques, sequences or procedures utilized for said design, construction or installation. This Agreement does not create a joint enterprise or venture or employment relationship between the City and Developer.

9.18 Vested Rights. This Agreement shall constitute a "permit" (as defined in Chapter 245 of the Local Government Code) that is deemed filed with the City on the Effective Date. Notwithstanding anything in Chapter 245 of the Local Government Code or this Agreement to the contrary, and unless otherwise agreed by Developer, the City's master thoroughfare plan in effect on the Effective Date shall govern for the duration of the Project.

9.19 Determination of Rough Proportionality. Developer understands and acknowledges that the Determination of Rough Proportionality is correct and accurate and does not dispute any of the determinations, statements, or other information contained therein. The Parties stipulate that Developer's portion of cost and responsibilities set forth under this Agreement do not exceed the amount required for infrastructure improvements that are roughly proportionate to the Project and that the Determination of Rough Proportionality was approved by the City's professional engineer who holds a license issued under Chapter 1001, Texas Occupations Code. The Parties further stipulate that said approval by said engineer was based on the engineer's review and analysis of the final version of this Agreement as executed by the Parties, regardless of the date that is shown on **Exhibit D**.

9.20 Legislative Discretion. The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement including, but not limited to, the creation of the PID, the levying of Assessments and the issuance of PID Bonds. Except as otherwise permitted by law, nothing contained in this Agreement shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion.

9.21 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 State or 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.

9.22 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 State or Federal law and excludes the Developer and 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.

9.23 Petroleum. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 of the 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.

9.24 Firearms. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 of the 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.

9.25 Form 1295. Submitted herewith is a completed Form 1295 in connection with the Underwriter's participation in the execution of this Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Underwriter, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Underwriter and the City understand

and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

SECTION 10
EVENTS OF DEFAULT; REMEDIES

10.1 Events of Default. No Party shall be in default under this Agreement until Notice of the alleged failure of such Party to perform has been given in writing (which Notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure [such reasonable time to be determined based on the nature of the alleged failure, but in no event more than thirty (30) days, or any longer time period, to the extent expressly stated in this Agreement as relates to a specific failure to perform] after written notice of the alleged failure has been given. Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured. Notwithstanding the foregoing, however, a Party shall be in default of its obligation to make any payment required under this Agreement if such payment is not made within thirty (30) business days after it is due.

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

(a) Entitle the aggrieved Party to terminate this Agreement;

(b) Entitle the aggrieved Party to suspend performance under this Agreement unless the portion of the Property for which performance is suspended is the subject to the default (for example, the City shall not be entitled to suspend its performance with regard to the development of "Tract X" on the grounds that Developer is in default with respect to "Tract Y").

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

SECTION 11
ASSIGNMENT; ENCUMBRANCE; AMENDMENT

11.1 Assignment.

(a) Developer has the right (from time to time, without the consent of the City, but upon written notice to the City) to assign all or any part, of Developer's right, title, and interest

under this Agreement, to any person or entity that is controlled by or under common control of Megatel Homes, LLC ("Megatel") or it's owners or affiliates. Each assignment shall be in writing executed by Developer and Megatel and shall obligate Megatel to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each assignment shall be provided to all Continuing Parties as set forth in Section 13.4 hereof. City shall not be bound by any assignment of this Agreement unless and until City has received a fully signed copy of the assignment. Developer shall maintain written records of all assignments made by Developer to Megatel, and, upon written request from any Continuing Party or Megatel, shall provide a copy of such records to the requesting person or entity. Notwithstanding anything to the contrary above, City shall be obligated to recognize and be obligated to no more than one entity or person that is the "Developer" as a party to this Agreement.

(b) The obligations, requirements, or covenants to develop the Property subject to this Agreement shall be freely assignable, in whole or in part, to any affiliate or related entity of Developer or any Continuing Party or any lien holder on the Property without the prior written consent of the City. Except as otherwise provided in this paragraph, the obligations, requirements or covenants to the development of the Property shall not be assigned, in whole or in part, by Developer or any Continuing Party to a non-affiliate or non-related entity of Developer or the Continuing Party without the prior written consent of the City Manager, subject to approval by the City Council, which consent shall not be unreasonably withheld or delayed if the assignee demonstrates financial ability to perform. An assignee shall be considered a "Party" for the purposes of this Agreement. Each assignment shall be in writing executed by Developer, or the Continuing Party, 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, or the Continuing Party, shall release Developer, or the Continuing Party, from any liability that resulted from an act or omission by Developer, or the Continuing Party, that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer, or the Continuing Party, shall maintain written records of all assignments made by Developer, or the Continuing Party, to assignees, including a copy of each executed assignment and, upon written request from 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. Notwithstanding the foregoing, no assignment of this Agreement or any rights of or receivables due Developer, or the Continuing Party, under this Agreement or any other agreement relating to the PID may be made by Developer, or the Continuing Party, to any party or entity for the purpose of or relating to the issuance of bonds or other obligations.

11.2 Assignees as Parties. An assignee authorized in accordance with this Agreement and for which notice of assignment has been provided in accordance herewith shall be considered a "Party" for the purposes of this Agreement. With the exception of: (a) the City, (b) an End User, or (c) a purchaser of a Fully Developed and Improved Lot, any person or entity upon becoming an owner of land within the PID or upon obtaining an ownership interest in any part of the Property shall be deemed to be a "Developer" and have all of the rights and obligations of Developer as set forth in this Agreement and all related documents to the extent of said ownership or ownership interest.

11.3 Third Party Beneficiaries. Except as otherwise provided herein and except for an authorized Continuing Party, this Agreement inures to the benefit of, and may only be enforced by, the Parties, including an authorized assignee of Developer. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

11.4 Notice of Assignment. Subject to Section 11.1 and Section 11.2 of this Agreement, the following requirements shall apply in the event that Developer sells, assigns, transfers, or otherwise conveys the Property or any part thereof and/or any of its rights or benefits under this Agreement: (i) Developer must provide written notice to the City to the extent required under Section 11.1 or Section 11.2 at least 15 business days in advance of any such sale, assignment, transfer, or other conveyance; (ii) said notice must describe the extent to which any rights or benefits under this Agreement will be sold, assigned, transferred, or otherwise conveyed; (iii) said notice must state the name, mailing address, telephone contact information, and, if known, email address, of the person(s) that will acquire any rights or benefits as a result of any such sale, assignment, transfer or other conveyance; and (iv) said notice must be signed by a duly authorized person representing Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment, transfer or other conveyance.

11.5 Amendment. This Agreement may be amended only upon written amendment approved by the City Council and executed by the City and the Developer. In the event the Developer sells any portion of the Property, Developer may, but is not required to, assign to such purchaser the right to amend this Agreement as to such purchased Property. In the absence of assignment of such right to a purchaser, such purchaser's signature is not required to amend this Agreement.

SECTION 12
RECORDATION AND ESTOPPEL CERTIFICATES

12.1 Binding Obligations. This Agreement and all amendments thereto and assignments hereof shall be recorded in the Real Property Records. This Agreement binds and constitutes a covenant running with the Property and, upon the Effective Date, is binding upon Developer and the City, and forms a part of any other requirements for development within the Property. This Agreement, when recorded, shall be binding upon the Parties and their successors and assigns as permitted by this Agreement and upon the Property.

12.2 Estoppel Certificates. From time to time, upon written request of Developer or any future owner, and upon the payment to the City of a $100.00 fee plus all reasonable costs incurred by the City in providing the certificate described in this section, the City Manager, or his/her designee will, in his/her official capacity and to his/her reasonable knowledge and belief, execute a written estoppel certificate identifying any obligations of an owner under this Agreement that are in default.

SECTION 13
GENERAL PROVISIONS

13.1 Term.

(a) The term of this Agreement shall be forty-five (45) years after the Effective Date (the "Term"). Upon expiration of the Term, the City shall have no obligations under this Agreement with the exception of maintaining and operating the PID in accordance with the SAP and the Indenture.

(b) Notwithstanding the provisions of (a) above, Developer shall have the right to terminate this Agreement in the event within six (6) months, or the time frame required by law, whichever is longer, following the Effective Date the City fails: (i) to create the PID encompassing all of the land described in **Exhibit A-2**, or (ii) fails to create the TIRZ encompassing all of the Property, or (iii) fails to approve a preliminary plat of the Property consistent with the Concept Plan, or (iv) fails to adopt a TIRZ Project and Finance Plan, or (v) fails to enter into a PID Reimbursement Agreement with Developer, or (vi) fails to enter into a 380 Economic Development Agreement with Developer, or (vii) fails to withdraw its request for a hearing regarding the creation of the Districts. Developer shall evidence such termination by recording in the Real Property Records its notice of termination and provide a recorded copy of such notice to the City.

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

13.3 Acknowledgments. In negotiating and entering into this Agreement, the Parties respectively acknowledge and understand that:

(a) Developer's obligations hereunder are primarily for the benefit of the Property;

(b) the improvements to be constructed and the open space dedications and donations of real property that Developer is obligated to set aside and/or dedicate under this Agreement will benefit the Project by positively contributing to the enhanced nature thereof, increasing property values within the Project, and encouraging investment in and the ultimate development of the Project;

(c) Developer's consent and acceptance of this Agreement is not an exaction or a concession demanded by the City, but is an undertaking of Developer's voluntary design to ensure consistency, quality, and adequate public improvements that will benefit the Property;

(d) the Determination of Rough Proportionality as set forth in **Exhibit D** is correct and accurate, and Developer does not dispute any of the determinations, statements, or other information contained therein;

(e) the Authorized Improvements will benefit the City and promote state and local economic development, stimulate business and commercial activity in the City for the development and diversification of the economy of the state, promote the development and expansion of commerce in the state, and reduce unemployment or underemployment in the state;

(f) nothing contained in this Agreement shall be construed as creating or intended to create a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions with respect to any matters not specifically addressed in this Agreement;

(g) this Agreement is a development agreement under Section 212.172, Texas Local Government Code; and

(h) to the extent permitted under Section 395.023, Texas Local Government Code, Developer shall be entitled to Impact Fee Credits against roadway Impact Fees for Capital Improvement Costs incurred in connection with collector or arterial roadways shown on the City's CIP, master thoroughfare plan, or comparable planning document.

13.4 Notices. Any notice, required or permitted by this Agreement ("Notice") shall be in writing and deemed received three (3) days thereafter sent by United States Mail, certified mail, postage prepaid, addressed to the Parties as follows:

To the City:
City of Mansfield, Texas
Attn: Matt Jones
1200 E. Broad St.
Mansfield, Texas 76063

With a copy to:
Taylor, Olson, Adkins, Sralla & Elam, LLP
Attn: City of Mansfield City Attorney
6000 Western Place, Ste. 200
Fort Worth, Texas 76017

To Developer:
Cipriani Laguna Azure, LLC
Attn: Zach Ipour
2101 Cedar Springs Rd., Suite 700
Dallas, Texas 75201

With a copy to:

Coats | Rose, P.C.
Attn: Timothy G. Green
16000 North Dallas Parkway, Suite 350
Dallas, Texas 75248

Any Party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other Party.

13.5 Interpretation. Each Party has been actively involved in negotiating this Agreement. Accordingly, a rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

13.6 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

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

13.8 Limited Waiver of Immunity. The Parties are entering into this Agreement in reliance upon its enforceability. Consequently, the City unconditionally and irrevocably waives all claims of sovereign and governmental immunity which it may have (including, but not limited to, immunity from suit and immunity to liability) to the extent, but only to the extent, that a waiver is necessary to enforce specific performance of this Agreement (including all of the remedies provided under this Agreement) and to give full effect to the intent of the Parties under this Agreement. Notwithstanding the foregoing, the waiver contained herein shall not waive any immunities that the City may have with respect to claims of injury to persons or property, which claims shall be subject to all of their respective immunities and to the provisions of the Texas Tort Claims Act. Further, the waiver of immunity herein is not enforceable by any party not a Party to this Agreement, or any party that may be construed to be a third-party beneficiary to this Agreement.

13.9 Severability. This Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

13.10 Applicable Law; Venue. This Agreement is entered into pursuant to, and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of

the Parties are performable in Johnson County. Exclusive venue for any action related to, arising out of, or brought in connection with this Agreement shall be in the Johnson County District Court.

13.11 Non Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

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

13.13 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three (3) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care. A Party that has claimed the right to temporarily suspend its performance shall provide written reports to the other Party at least once every week detailing: (i) the extent to which the force majeure event or circumstance continue to prevent the Party's performance; (ii) all of the measures being employed to regain the ability to perform; and (iii) the projected date upon which the Party will be able to resume performance.

13.14 Disclosure of Developer Litigation. City acknowledges that Developer has disclosed to it all of the litigation it currently is engaged in, and that the existence of such litigation in its current form will not prevent the City from proceeding with the development program contemplated hereunder, including the City's levying of assessments and issuing of PID Bonds.

13.15 Complete Agreement. This Agreement embodies the entire Agreement between the Parties and cannot be varied or terminated except as set forth in this Agreement, or by written agreement of the Parties expressly amending the terms of this Agreement. By entering into this Agreement, any previous agreements or understanding between the Parties relating to the same subject matter are null and void.

13.16 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

13.17 Exhibits. The following exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A-1	Metes and Bounds Description of the Property/TIRZ Boundaries
Exhibit A-2	PID Boundaries
Exhibit B	Concept Plan
Exhibit C	Authorized Improvements & Private Improvements
Exhibit D	Rough Proportionality
Exhibit E	Development Standards (including Architectural Standards)
Exhibit F	Home Buyer Disclosure Program
Exhibit G	Lien Declaration
Exhibit H	Examples of Signage and Monument
Exhibit I	Escrow Agreement

[SIGNATURES PAGES AND EXHIBITS FOLLOW;
REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY OF MANSFIELD

By:_____
Name: _____
Title: _____
Date: _____

ATTEST

_____
Name:
Title: City Secretary

APPROVED AS TO FORM

_____
Name:
Title: City Attorney

Date: _____

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on this _____ day of _____, 2024, by _____, _____ of the City of Mansfield, Texas, on behalf of said City.

_____
Notary Public, State of Texas

[SEAL]

DEVELOPER:

CIPRIANI LAGUNA AZURE, LLC
a Wyoming limited liability company

By: _____

Name: Armin Afzalipour

Title: Co-President

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me, on the ___ day of _____, 2024, by Armin Afzalipour, Co-President of Cipriani Laguna Azure, LLC, a Wyoming limited liability company, on behalf of said company.

_____
Notary Public in and for the State of Texas

[SEAL]

Exhibit A-1
Description of Property / TIRZ Boundaries

LEGAL DESCRIPTION

517.167 ACRES

BEING all that certain lot, tract, or parcel of land, situated in the B.B.B. & C. Railroad Survey, Abstract Number 83, City of Mesquite ETJ, Johnson County, Texas, and being part of that certain called 172.165 acre tract of land, described by deed to Sherman T. Pressley and S. K. Pressley, recorded in Volume 1068, Page 176, Deed Records, Johnson County, Texas, and being part of that certain called Second, Third, and Fourth tracts, described by deed to Samuel Sparkman Brinkley Trust, recorded in Document Number 2012-1879, Deed Records, Johnson County, Texas, and being part of that certain tract land described by deed to Dorothy B. Richards Family Limited Partnership, recorded in Volume 2557, Page 540, Deed Records, Johnson County, Texas, and being part of that certain called 10.062 acre tract of land, described by deed as Tract 2 to NWBB Corp., recorded in Document Number 2021-15400, Deed Records, Johnson County, Texas, and being part of that certain tract of land, described by deed to Keith Pressley ETUX, recorded in Volume 1068, Page 176, Deed Records, Johnson County, Texas, and being part of that certain called 6.3793 acre tract of land, described by deed to Kathy Cooley and David W. Cooley, recorded in Volume 4014, Page 106, Deed Records, Johnson County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2" rebar found at the northeast corner of said Pressley tract, same being the northwest corner of a certain called 14.955 acre tract of land, described as Tract 1 to NWBB Corporation, recorded in Document Number 2021-15400, Deed Records, Johnson County, Texas, and being the southeast corner of a certain called 6.802 acre tract of land, described by deed to Brian and Christy Fugitt, recorded in Document Number 2016-14487, Deed Records, Johnson County, Texas, and being the southwest corner of a certain called 13.767 acre tract of land, described by deed to Gary and Wife Linda Bennett, recorded in Volume 817, Page 772, Deed Records, Johnson County, Texas;

THENCE S 30°30'17" E, with the east line of said Sherman Pressley tract, and the west line of said Tract 1, a distance of 600.48 feet, a 1/2" CRF, stamped "1276" at the southwest corner thereof, same being the northwest corner of said Tract 2;

THENCE N 59°55'55" E, with the north line of said Tract 2, and the south line of said Tract 1, a distance of 1,276.31 feet;

THENCE S 30°04'05" E, a distance of 30.00 feet;

THENCE N 59°55'55" E, a distance of 95.00 feet;

THENCE N 30°04'05" W, a distance of 30.00 feet to the north line of said Tract 2, and the south line of said Tract 1;

THENCE N 59°55'55" E, a distance of 55.09 feet to the northeast corner of said Tract 2, same being the southeast corner of said Tract 1, and being in the west line of a certain tract of land, described by deed as Third Tract to Samuel Sparkman Brindley Trust, recorded in Document Number 2012-1879, Deed Records, Johnson County, Texas, from which a 1/2" capped rebar found, (WITNESS) stamped "MILLER 5665" bears S 59°55' W, 25.0 feet, and a 1/2" rebar found bears S 55°52' W, 24.9 feet;

THENCE N 30°06'06" W, with the west line of said Third tract, and the east line of said Tract 1, passing at a distance of 1,106.70 feet, the northeast corner thereof, same being the southeast corner of a certain

tract of land, described by deed to Heath Owens and wife Rebecca Owens, recorded in Volume 2243, Page 857, Deed Records, Johnson County, Texas, from which a 1/2" rebar found, bears S 59°51' W, 25.0 feet, passing the northeast corner thereof, same being the southeast corner of a certain called 13.767 acre tract of land, described by deed to Gary Bennett and wife Linda Bennett, recorded in Volume 817, Page 772, Deed Records, Johnson County, Texas, passing the northeast corner thereof, continuing a total distance of 1438.99 feet to a 1/2" capped rebar set, stamped "MCADAMS" at the northwest corner of said Third tract, same being the southwest corner of a certain called 12.00 acre tract of land, described by deed to Gary Lee Pannell, recorded in Volume 1420, Page 898, Deed Records, Johnson County, Texas, from which a 1/2" capped rebar found, stamped "MILLER 5665", bears N 78°57' W, 12.0 feet;

THENCE N 59°38'52" E, with the north line of said Third tract, and the south line of said Pannell tract, passing at distance of 806.93 feet, a 1/2" rebar found at the southeast corner thereof, same being the southwest corner of a certain called 11.40 acre tract of land, described by deed to David Hammond, recorded in Volume 2762, Page 193, Deed Records, Johnson County, Texas, continuing 1,296.54 feet to a 1/2" rebar found at the southeast corner thereof, same being the southwest corner of a certain called 12.10 acre tract of land, described by deed to Debra Meeks and husband Raymond Meeks, recorded in Document Number 2012-9516, Deed Records, Johnson County, Texas, passing the northeast corner of said Third tract, same being the most westerly northwest corner of said Fourth tract, continuing a total distance of 2,057.45 (called 2,078.61) feet to a 3/8" rebar found, at the southeast corner of said Meeks tract, same being the most westerly inner ell of said Fourth tract;

THENCE N 29°56'36" W, with the most northerly west line of said Fourth tract, same being the east line of said Meeks tract, a distance of 677.55 (called 702.78) feet to a 1/2" capped rebar set, stamped "MCADAMS", at the northwest corner of said Fourth tract, and being in the east line of said Meeks tract, from which a 1/2" capped rebar found, stamped "MILLER 5665", bears N 70°48' E, 17.5 feet;

THENCE N 60°03'37" E, with a north line of said Fourth tract, a distance of 1,958.90 (called 1,941.67) feet to a 1/2" rebar found at the most northerly inner ell of said Fourth tract;

THENCE N 30°02'18" W, with the most northerly west line of said Fourth tract, passing the most westerly south line of a certain tract of land, described by deed to The William Troy Sells and Brenda J. Sells Revocable Living Trust, recorded in Document Number 2014-25753, Deed Records, Johnson County, Texas, continuing a total distance of 85.23 (called 88.89) feet to a 1/2" rebar found, at the most easterly northwest corner of said Fourth tract;

THENCE N 60°32'36" E, with the most easterly north line of said Fourth tract, a distance of 2,683.39 (called 2,697.22) feet to a 100D Nail found at the northeast corner of said Fourth tract;

THENCE with the most northerly east line of said Fourth tract the following three (3) calls:

> S 30°17'25" E, a distance of 200.46 feet to a 1/2" capped rebar set, stamped "MCADAMS", from which a 1/2" capped rebar found, bears S 49°22' E, 9.6 feet;
>
> Southeasterly with the arc of a curve to the left, having a radius of 422.00 feet, a central angle of 23°58'44", and an arc length of 176.61 feet, whose chord bears S 18°21'38" E, 175.32 feet to a 1/2" capped rebar set, stamped "MCADAMS",;

S 30°21'00" E, a distance of 257.80 feet to a 3/8" rebar found, at the most easterly southeast corner of said Fourth tract, same being the northeast corner of a certain tract of land, described by deed to Clarence Phillips and Dorothy Faye Phillips, recorded in Volume 396, Page 325, Deed Records, Johnson County, Texas;

THENCE S 60°12'52" W, with the most easterly south line of said Fourth tract, same being the north line of said Phillips tract, a distance of 1,297.32 (calculated 1,304.44) feet to a 1/2" rebar found (DISTURBED) at the northwest corner of said Phillips tract, and being the most easterly inner ell of said Fourth tract;

THENCE S 30°02'14" E, with west line of said Phillips tract, and the most southerly east line of said Fourth tract, passing the most a southeast corner thereof, same being the northeast corner of said Second tract, continuing a total distance of 1,234.91 (calculated 1,204.44) feet to a 1/2" capped rebar set, stamped "MCADAMS" at the southwest corner of said Phillips tract, same being the most easterly southeast corner of said Second tract, from which a 1/2" capped rebar found, stamped "MILLER 5665", bears S 30°02' E, 9.6 feet, and an Axel found bears S 51°59' W, 5.6 feet;

THENCE with the northerly south line of said Second tract, the following three (3) calls:

S 60°19'34" W, a distance of 947.63 feet to a 1/2" capped rebar set, stamped "MCADAMS";

Southwesterly, with the arc of a curve to the left, having a radius of 422.00 feet, a central angle of 12°29'53", and an arc length of 185.22 feet, whose chord bears S 54°04'37" W, 183.74 feet to a 1/2" capped rebar set, stamped "MCADAMS";

S 60°19'34" W, a distance of 204.79 feet to a 1/2" capped rebar set, stamped "MCADAMS" at the inner ell of said Second tract;

THENCE with the most southerly east line of said Second tract, the following four (4) calls:

S 29°59'31" E, a distance of 204.79 feet to a 1/2" capped rebar set, stamped "MCADAMS";

Southeasterly, with the arc of a curve to the left, having a radius of 422.00 feet, a central angle of 15°00'18", and an arc length of 185.22 feet, whose chord bears S 12°20'47" E, 183.74 feet to a 1/2" capped rebar set, stamped "MCADAMS";

S 29°59'31" E, a distance of 1,164.13 feet to a 1/2" capped rebar set, stamped "MCADAMS";

Southeasterly, with the arc of a curve to the left, having a radius of 1216.00 feet, a central angle of 3°58'16", and an arc length of 84.28 feet, whose chord bears S 31°58'38" E, 84.26 feet to a 1/2" capped rebar set, stamped "MCADAMS" at the most westerly southeast corner of said Second tract;

THENCE S 72°05'50" W, with the most westerly south line of said Second tract, passing the most westerly southwest corner of said Second tract, same being the most southerly southeast corner of said Fourth tract, continuing a total distance of 1,967.32 (calculated 1,977.37) feet to a 1/2" capped rebar set, stamped "MCADAMS";

THENCE S 58°09'35' W, with the most westerly south line of said Fourth tract, passing the southwest corner thereof, same being the southeast corner of said Third tract, continuing a total distance of 648.24 feet to a Mag Nail with shiner set;

THENCE S 65°35'50" W, with the south line of said Third tract, passing the northeast corner of a certain tract of land, described by deed to EOG Resources, Inc., passing the northwest corner thereof, same being in the north line a certain called 547.277 acre tract of land, described by deed to Sunbelt Land, recorded in Volume 3450, Page 120, Deed Records, Johnson County, Texas, continuing a total distance of 1,432.94 feet to a 1/2" capped rebar set, stamped "MCADAMS" at the southwest corner of said Third tract, same being an inner ell corner of said Sunbelt tract, from which a 1/2" capped rebar found, stamped "MILLER 5665" bears S 65°34' W, 3.2 feet;

THENCE N 30°06'06" W, with the west line of said Third tract, and the most northerly east line of said Sunbelt tract, a distance of 503.23 feet to the most northerly northeast corner of said Sunbelt tract, same being the southeast corner of said Tract 2, from which a 1/2" rebar found bears S 59°57' W, 24.8 feet;

THENCE S 59°57'17" W, with the south line of said Tract 2, same being the most northerly north line of said Sunbelt tract, a distance of 1,444.27 feet to a 1/2" rebar found at the southwest corner of said Tract 2, same being the most northerly northwest corner of said Sunbelt tract, and being in the east line of said Pressley tract, from which a 1/2" capped rebar found, stamped "GOSSETT 1811", bears N 55°02' E, 0.4 feet;

THENCE S 30°30'17" E, with the east line of said Sherman Pressley tract, and a west line of said Sunbelt Land tract, a distance of 2,872.70 feet to a 1/2" capped rebar found, stamped "GOSSETT 1811", at the southeast corner of said Sherman Pressley tract, same being the inner ell corner of said Sunbelt tract;

THENCE S 82°25'59" W, with the south line of said Sherman Pressley tract, same being the most westerly northern line of said Sunbelt tract, passing at a distance of 481.61 (called 481.02) feet a 1/2" rebar found at the southeast corner of said Cooley tract, passing the southwest corner of said Cooley tract, same being the southeast corner of Keith Pressley tract, continuing a total distance of 2,098.67 feet to a 5/8" rebar found at the southwest corner of said Keith Pressley tract, same being the most southerly southwest corner of said Sherman Pressley tract, same being the most westerly northwest corner of said Sunbelt tract, and being in the east line of a certain tract of land, described by deed to Dawn L. Drue and Debbie Lynn Lopez, recorded in Volume 2983, Page 958, Deed Records, Johnson County, Texas, from which a 1/2" rebar found bears S 79°15' W, 26.0 feet;

THENCE N 30°33'18" W, with the west line of said Keith Pressley tract, the most southerly west line of said Sherman Pressley tract, the east line of said Lopez tract, passing the northeast corner thereof, same being the southeast corner of a certain called 9.116 acre tract of land, described by deed to Andrea Muccuan, recorded in Volume 3459, Page 557, Deed Records, Johnson County, Texas, passing the easterly northeast corner of thereof, same being the southeast corner of a certain called 3.604 acre tract of land, described by deed to Rudolfo Flores and Maria Flores, recorded in Volume 3674, Page 480, Deed Records, Johnson County, Texas, passing the northwest corner of said Keith Pressley tract, continuing a total distance of 521.64 feet to a 1/2" rebar found, at the inner ell of said Sherman Pressley tract, same being the northeast corner of said Flores tract;

THENCE S 60°17'47" W, with the most westerly south line of said Sherman Pressley tract, and the north line of said Flores tract, passing the northwest corner thereof, same being the most westerly northeast corner of a certain called 9.116 acre tract of land, described by deed to Andrea Muccuan, recorded in Volume 3459, Page 557, Deed Records, Johnson County, Texas, continuing a total distance of 436.76

(called 430.56) feet to a 1/2" rebar found at the most westerly southwest corner of said Sherman Pressley tract, and being the southeast corner of a certain tract of land, described by deed to Shook Tara Prater, recorded in Document Number 2021-20756, Deed Records, Johnson County, Texas;

THENCE N 29°14'00" W, with the most northerly west line of said Sherman Pressley tract, and with said County Road 317, and the east line of said Tara Prater tract, passing at a distance of 300.00 feet a PK Nail found at the northeast corner thereof, same being the most easterly southeast corner of a certain 31.12 acre tract of land, described by deed to Ernest Prater, recorded in Volume 2274, Page 638, Deed Records, Johnson County, Texas, passing the northeast corner thereof, same being the southeast corner of a certain called 20.0 acre tract, described by deed to EOG Resources, recorded in Volume 3704, Page 646, Deed Records, Johnson County, Texas, passing the most easterly northeast corner thereof, same being the southeast corner of a certain called 1.00 acre tract of land, described by deed to James Prater, recorded in Volume 760, Page 684, Deed Records, Johnson County, Texas, passing at a distance of 2,273.55 feet a PK Nail found at the northeast corner thereof, same being the southeast corner of a certain tract of land described by deed to Don L. Hager, recorded in Volume 2656, Page 499, Deed Records, Johnson County, Texas, and from which a PK Nail found at the southwest corner of said Hager tract bears S 59°54'24" W, 364.34 feet, passing at a distance of 2,394.98 feet a PK Nail found at the northeast corner of said Hager tract, same being the southeast corner of a certain called 2.0 acre tract of land, described by deed to Homer Ray Bryan, recorded in Document Number 2021-18698, Deed Records, Johnson County, Texas, from which 1/2" rebar found, bears S 43°15' W, 26.3 feet, passing the northeast corner thereof, same being the southeast corner of a certain called 2.660 acre tract of land, described by deed to Robert Copple III, recorded in Document Number 2011-5863, Deed Records, Johnson County, Texas, continuing a total distance of 2,455.49 (called 2,450.00) feet to a 1/2" capped rebar set, stamped "MCADAMS" at the northwest corner of said Sherman Pressley tract, same being the most easterly northeast corner of said Copple tract, and being in the south line of a certain called 2.28 acre tract of land, described by deed to Ariel Campisi, recorded in Document Number 2013-7921, Deed Records, Johnson County, Texas, from which a 1/2" rebar found, at the southwest corner thereof, bears S 60°05'57" W, 21.91 feet;

THENCE N 60°05'57" E, with the north line of said Sherman Pressley tract, and the south line of said Campisi tract, and generally with said County Road 617, passing the southeast corner thereof, same being the southwest corner of a certain called 2.29 acre tract of land, described by deed to Janice Wayman, recorded in Document Number 2017-8226, Deed Records, Johnson County, Texas, from which a 1/2" rebar found (WITNESS), bears N 28°03' W, 17.6 feet, passing the southeast corner thereof, same being the southwest corner of a certain called 4.353 acre tract of land, described by deed to Luis & Monica Bojorquez, recorded in Document Number 2019-13282, Deed Records, Johnson County, Texas, passing the southeast corner thereof, leaving said County Road 617, passing the southwest corner of a certain called 6.802 acre tract of land, described by deed to Brian and Christy Fugitt, recorded in Document Number 2016-14487, Deed Records, Johnson County, Texas, continuing a total distance of 2,315.54 (called 2,372.22) feet to the POINT OF BEGINNING and containing approximately 517.167 acres of land.

Exhibit A-2
PID Boundaries

Exhibit B
Concept Plan of the Property

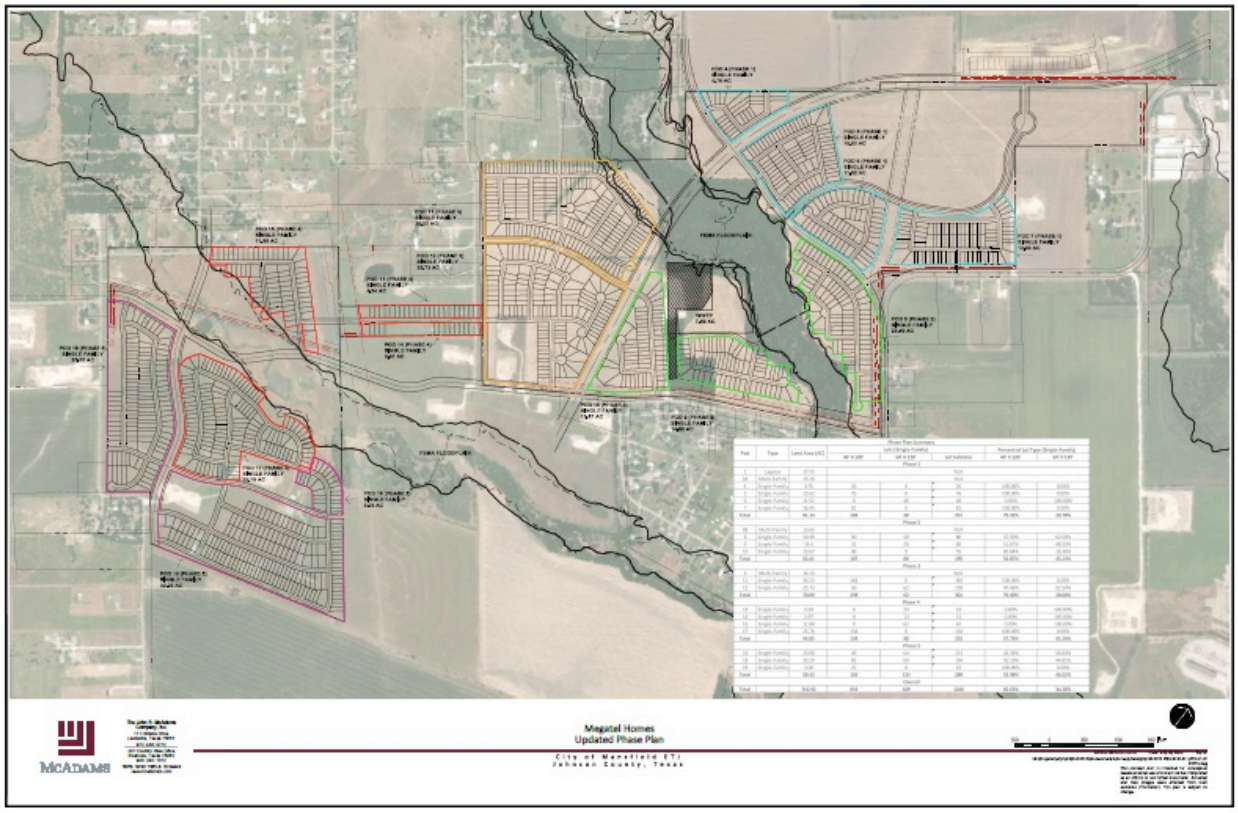


Exhibit C
Authorized Improvements & Private Improvements

(Attached)

Exhibit D
Rough Proportionality

Exhibit E
Development Standards

Development Standards – Cipriani

Regulation Type Standard

Lot Area – Residential lots within the Property shall adhere to the following minimum sizes:

Approximately 40% of the Lots 5,750 Square Feet

Approximately 60% of the Lots 4,600 Square Feet

Lot Width – Residential lots within the property shall adhere to the following minimum widths (width measurement may be at curb or rear of the lot):

Approximately 40 % of the Lots measured at the Front Building Setback 50 Feet

Approximately 60 % of the Lots measured at the Front Building Setback 40 Feet

Minimum at the Right of Way on cul-de-sacs, knuckles, eyebrows & curves 35 Feet

Lot Depth - Minimum 100 Feet

Lot Depth Typical – 120 feet

Dwelling Size – Minimum measured as air-conditioned square footage:

50 – Foot Lots 1,600 Square Feet except that no less than 50% of the 50 Foot Lots must be 1,800 Square Feet

40 – Foot Lots 1,400 Square Feet

Lot coverage for Main House Slab - Maximum 55%

Building Height - Maximum 36 Feet

Building Setback - Minimum

Front Yard - 20 Feet

Side Yard – Street side corner lot with no Garage Access 10 Feet

Side Yard – Street side corner with Garage Access 20 Feet

Side Yard – Interior Lots 5 Feet minimum

Rear Yard 10 Feet

Roof Pitch - Minimum 6:12 and roof accent slopes and porches may be 4:12

Courtyards – All 40' wide lots shall select one of the options in the attached exhibit to serve as a courtyard for the house. The options may be repeated, but the intention is for the community to use all the various options and distribute them in such a way to be complementary to the homes, street view, and community as a whole. On the exhibits, Brick may be substituted for Pavers.

These Development standards are intended to provide for a medium to higher density single-family residential development within the **Cipriani neighborhood.** Except as otherwise provided herein, the rules, regulations and standards applicable within the Planned Development District (PD), as of the effective date of the Development Agreement, shall apply. Where conflicts between city ordinance and this document occur, this document shall rule.

(a) Compliance with zoning regulations required. All land, buildings, structures or appurtenances thereon located within the City of Mansfield which are hereafter occupied, used, erected, altered, removed, placed, demolished or converted shall be occupied, used, erected, altered, removed, placed, demolished or converted in conformance with this Development Agreement.

(b) Building permits prohibited without plat. No permit for the construction of placement of a building or buildings upon any tract or plot shall be issued unless the plot or tract is part of a plat of record, properly approved by the planning and zoning commission and city council and filed in the plat records of county or counties in which the plot or tract is located. Permits for temporary structures such as trailers for use as marketing centers or construction offices may be issued prior to the approval of filing of any plat. Building permits for model homes, sales trailers, and construction trailers may be issued without a plat.

(c) One main building on a lot or tract. Only one main building for one-family or two-family use with permitted accessory buildings may be located upon a lot or tract. Every dwelling shall face or front upon a public street or approved place other than an alley. Where a lot is used for retail and dwelling purposes, more than one main building may be located upon the lot but only when such buildings conform to all the open space, parking and density requirements applicable to the uses and districts. Whenever two or more main buildings or portions thereof are placed upon a single lot or tract and such buildings will not face upon a public street, the same may be permitted when the site plan for such development is approved by the city council. No parking area, storage area or required open space for one building shall be computed as being open space, yard or area requirements for any other dwelling or other use.

(d) Architectural standards—Single Family Residential.

(1) Architectural design. Compliance with architectural design standards shall not be a condition of site plan approval.

(2) Masonry requirements – Single Family Residential. All structures shall be constructed with a minimum of 50 % masonry coverage (excluding the total window area) on the front elevation and 20% minimum on the side elevation, except as noted in this subsection. All permanent structures shall be compatible in architectural style, including the use of brick, Austin stone, cast stone, stucco, textured tilt wall construction, or other textured masonry surfaces. The remaining 25 percent of exterior finishing materials can be comprised of cementitious fiberboard and shall complement the building design and masonry materials used.

(3) Windows. Windows shall be consistent with the design and construction of the building. Total window area shall meet the current International Energy Conservation Code requirements.

(4) Roof design and materials. Sloped, gabled or pitched roofs visible from a public street shall be made of 30-year composite shingles, slate, or pre-finished metal or other quality roofing materials.

(5) Awnings/canopies. The use of decorative awnings/canopies is permitted, provided all awnings are designed to be compatible with the structure on which they are located. Awnings and canopies shall be of a consistent pattern, size, shape, material and shall be consistent with or complementary to construction of the building and approved with site plan approval in nonresidential developments.

(6) Archways. Archways may be used in conjunction with doorways or windows and shall have an architectural style consistent with the basic design.

(7) Exterior lighting. Lighting fixtures shall be of a design complementary to the building illumination shall be compatible with surrounding development.

(8) Utility equipment and gutters. Utility equipment and gutters shall be constructed of quality materials and consistent with the design and color of the primary structure. Utility equipment access will be underground (e.g., telephone, electric cables) in nonresidential and residential developments.

(9) Health standards. All situations involving health regulations (food preparation, related equipment) shall be in accordance to the applicable International Building Code and the Food Establishment Rules set forth by Galveston County Health Authority or the city's appointed official.

(10) Trash receptacles. Guidelines for metal and/or commercial/industrial trash receptacle screening:

a. Refuse enclosures shall be screened from public view on all four sides with an eight-foot solid, opaque screen of either masonry, landscaping treatment or other compatible building or landscape material.

b. Trash receptacle areas should not be placed in an area along a public street. Such areas should be located to allow for convenient access by refuse vehicles.

c. When located in a highly visible area, trash receptacle screening walls should be softened with landscaping.

d. Screening doors on the enclosure should be finished with a high-quality material and durable finish and shall be consistent with or complementary to construction of the building.

(11) Sign/Monument design. The design of a sign or monument shall complement the architectural design of the nonresidential building and shall be similar to the attached exhibits I. The Developer may include a “Gate” similar in design to exhibit I. Permitted materials include concrete, stone, tile, metal, brick, split face cement masonry units, or similar materials.

(a). The design and placement shall follow the City of Mansfield Sign Ordinance, except as set forth in this Agreement and attached exhibits.

(12) Procedure for determining alternative exterior materials and design.

a. Exceptions to the material requirements may be permitted on a case-by-case basis. All requests for alternative exterior building materials and architectural design shall be noted and described on a site plan with elevation drawings to be submitted to the planning and zoning commission for recommendation to the city council for final approval.

b. The planning and zoning commission and city council may approve an alternative exterior material if it is determined it is equivalent or better than masonry according to the criteria listed in section (122.08), masonry requirements.

c. Consideration for exceptions to the above requirements shall be based only on the following:

1. Architectural design and creativity.

2. Compatibility with surrounding developed properties.

(13) Residential repetition of elevation and floor plan. Unless otherwise approved by the zoning administrator, the following residential design standards shall be followed:

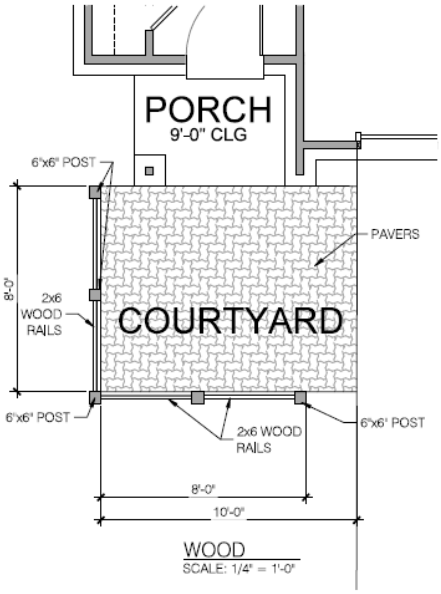
a. A minimum of three platted residential lots must be skipped on the same side and one lot must be skipped on the opposite side of a street before rebuilding the same single family residential unit with an identical (or nearly identical) street elevation design.

b. The identical floor plan shall not be repeated on neighboring, side by side lots or directly across the street.

(14) Subdivision lighting shall be LED.

(e) Architectural Standards – Multifamily and Laguna-Associated Buildings. Laguna associated buildings, such as the restaurant, shall be constructed as depicted in Exhibit F-5. Multifamily structures shall be constructed as depicted in Exhibit F-6. Cementous fiberboard shall be considered as a masonry material for the Lagoon associated buildings and the multifamily buildings. Multifamily buildings may be up to 4 stories (up to 60' in height). Multifamily parking does not require any overed spaces but may be added at Developer's option for market conditions. The number of parking spots shall be computed at 1.2 lots per bedroom.

OPT. "A"



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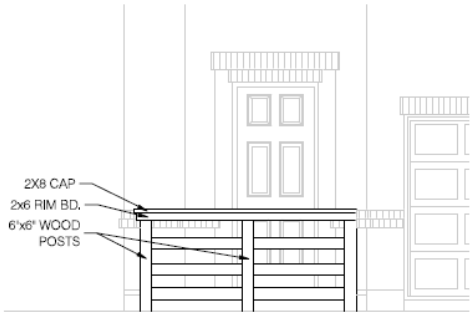
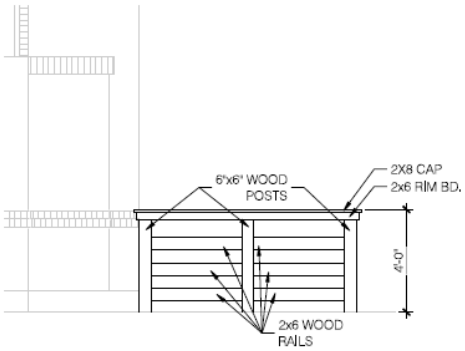
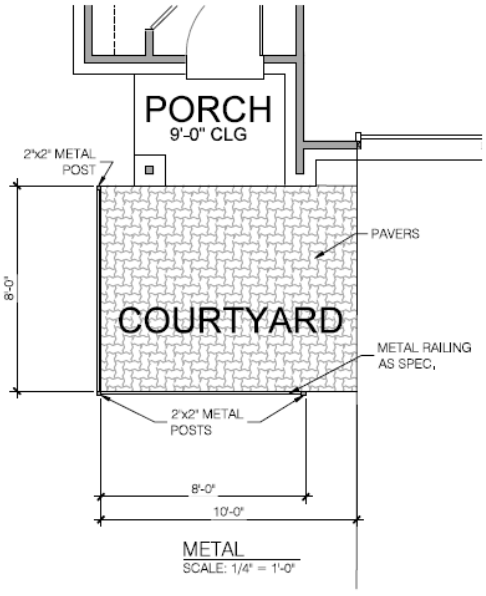


FRONT VIEW



SIDE VIEW



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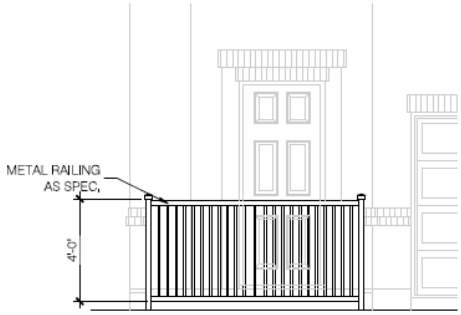

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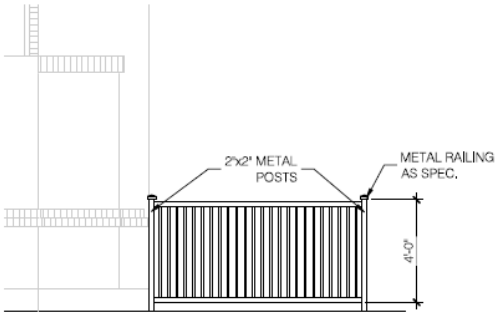
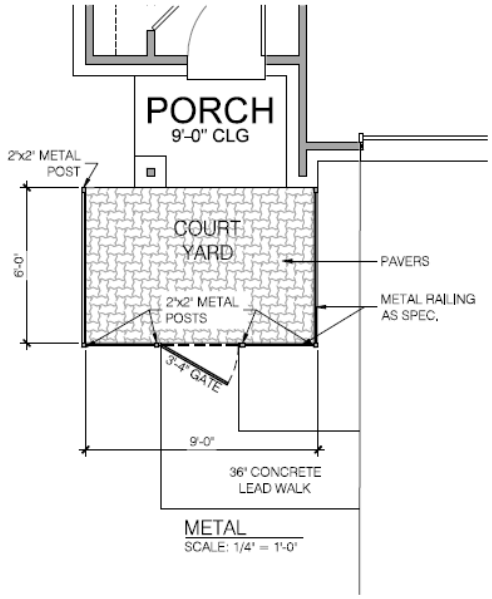


SIDE VIEW

OPT. "B"



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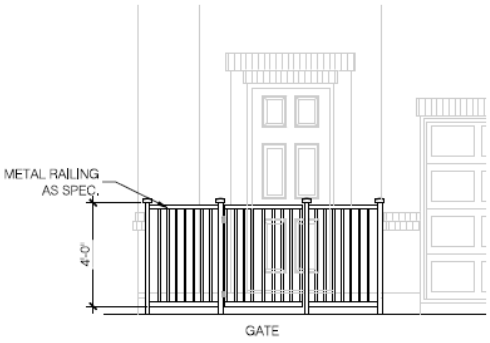

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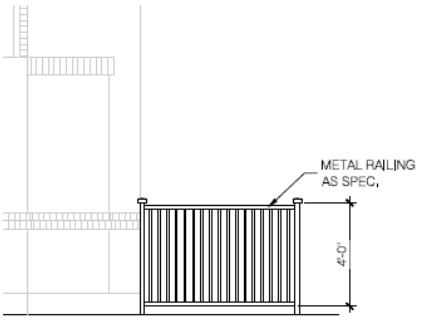

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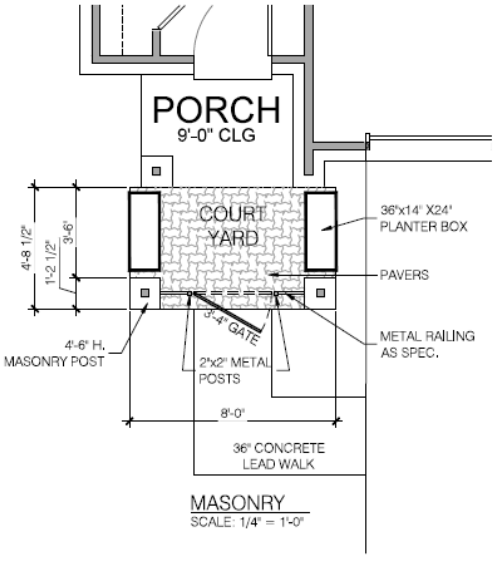

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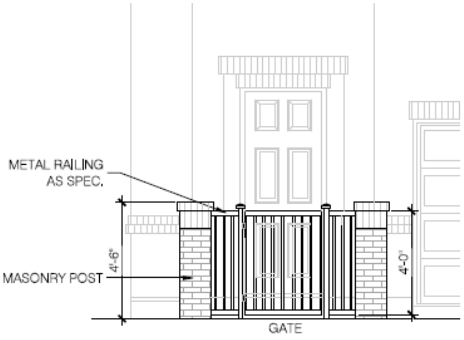

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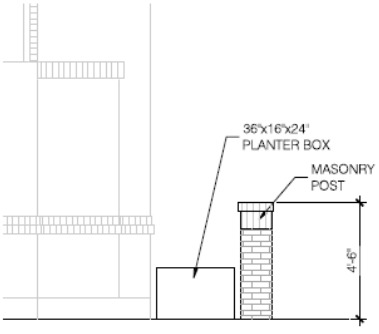

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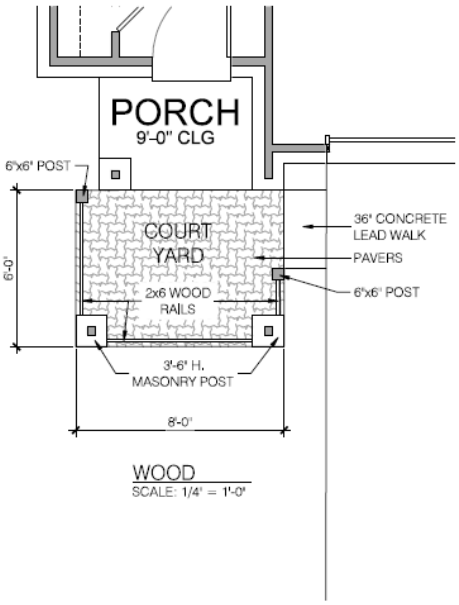

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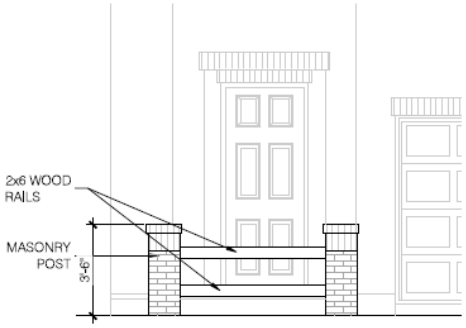

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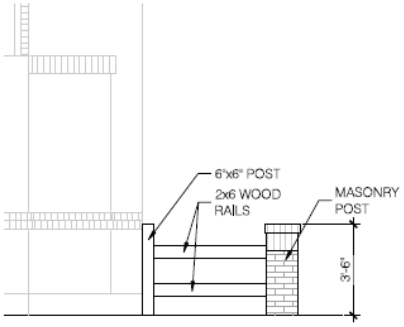

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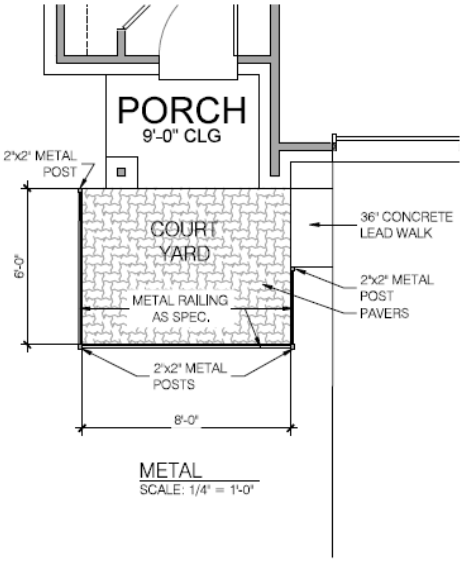

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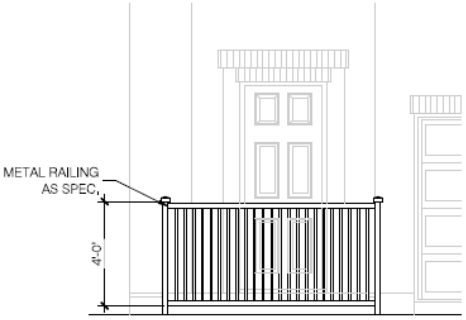

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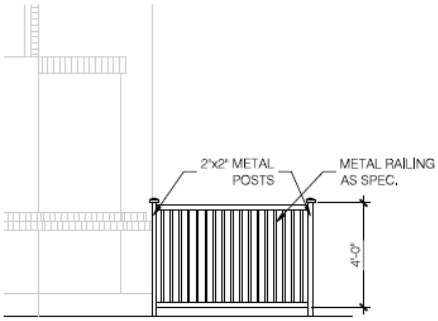


Exhibit F
Home Buyer Disclosure Program

Developer of the Cipriani Public Improvement District (the "PID") shall facilitate notice to prospective homebuyers in accordance with the following notices. The PID Administrator shall monitor the enforcement of the following minimum requirements, with the exception of (9) below:

1. Record notice of the PID in the appropriate real property records for the Property.

2. Require builders to include notice of the PID, as provided by the PID Administrator, in addendum to contract.

3. Require signage indicating that the property for sale is located in a special assessment district and require that such signage be located in conspicuous places at the entrance to the development and in all model homes.

4. Prepare and provide to builders an overview of the PID, with assistance from the PID Administrator, for those builders to include in each sales packet.

5. Notify builders who estimate monthly ownership costs of the requirement that they must disclose Assessments with estimated property taxes.

6. Notify Settlement Companies through the builders that they are required to include Assessments on HUD 1 forms and include with total estimated taxes for the purpose of setting up tax escrows.

7. Include notice of the PID in the homeowner association documents.

8. The City will include announcements of the PID on the City's web site.

9. The disclosure program shall be monitored by Developer and PID Administrator, and shall take appropriate action to require these notices to be provided when one of them discovers that any requirement is not being complied with.

Exhibit G
Lien Declaration

CIPRIANI PHASE ___ DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ACCEPTING AND APPROVING ASSESSMENTS AND LIEN

This **CIPRIANI PHASE ___ DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ACCEPTING AND APPROVING ASSESSMENTS AND LIEN** (as it may be amended from time to time, this "Declaration") is made as of _____ by _____ a Texas _____ (the "Landowner").

RECITALS:

A. The Landowner holds record title to that portion of the real property located in Grayson City, Texas, which is described in the attached Exhibit A (the "Landowner's Parcel").

B. The City Council of the City of Mansfield (the "City Council") upon a petition requesting the establishment of a public improvement district covering the property within the District to be known as the Cipriani Public Improvement District (the "District") by the then current owners of 100% of the appraised value of the taxable real property and 100% of the area of all taxable real property within the area requested to be included in the District created such District, in accordance with the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act").

C. The City Council has adopted an assessment ordinance to levy assessments for certain public improvements (including all exhibits and attachments thereto, the "Assessment Ordinance") and the Service and Assessment Plan included as an exhibit to the Assessment Ordinance (as amended from time to time, the "Service and Assessment Plan"), and has levied the assessments (as amended from time to time, the "Assessments") on property in the District.

D. The statutory notification required by Section 5.014, Texas Property Code, as amended, to be provided by the seller of residential property that is located in a public improvement district established under Chapter 372 of the Texas Local Government Code, as amended, to the purchaser, is incorporated into these Covenants, Conditions and Restrictions.

DECLARATIONS:

NOW, THEREFORE, the Landowner hereby declares that the Landowner's Parcel is and shall be subject to, and hereby imposes on the Landowner's Parcel, the following covenants, conditions and restrictions:

1. Acceptance and Approval of Assessments and Lien on Property:

(a) Landowner accepts each Assessment levied on the Landowner's Parcel owned by such Landowner.

(b) The Assessment (including any reassessment, the expense of collection, and reasonable attorney's fees, if incurred) is (a) a first and prior lien (the "Assessment Lien") against the property assessed, superior to all other liens or claims except for liens or claims for state, county, school district or municipality ad valorem property taxes whether now or hereafter payable, and (b) a personal liability of and charge against the owners of the property to the extent of their ownership regardless of whether the owners are named. The Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid and may be enforced by the City in the same manner as an ad valorem property tax levied against real property that may be enforced by the City. The owner of any assessed property may pay, at any time, all or any portion of the entire Assessment levied against any such property. Foreclosure of an ad valorem property tax lien on property within the District will not extinguish the Assessment or any unpaid but not yet due annual installments of the Assessment, and will not accelerate the due date for any unpaid and not yet due annual installments of the Assessment.

It is the clear intention of all parties to these Declarations of Covenants, Conditions and Restrictions, that the Assessments, including any annual installments of the Assessments (as such annual installments may be adjusted, decreased or extended), are covenants that run with the Landowner's Parcel and specifically binds the Landowner, its successors and assigns.

In the event of delinquency in the payment of any annual installment of the Assessment, the City is empowered to order institution of an action in district court to foreclose the related Assessment Lien, to enforce personal liability against the owner of the real property for the Assessment, or both. In such action the real property subject to the delinquent Assessment may be sold at judicial foreclosure sale for the amount of such delinquent property taxes and Assessment, plus penalties, interest and costs of collection.

2. Landowner or any subsequent owner of the Landowner's Parcel waives:

(a) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District and levying and collecting the Assessments or the annual installments of the Assessments;

(b) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the levy of Assessments by the City Council concerning the Assessments;

(c) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption of, the Assessment Ordinance by the City Council;

(d) any and all actions and defenses against the adoption or amendment of the Service and Assessment Plan, the City's finding of a 'special benefit' pursuant to the PID Act and the Service and Assessment Plan, and the levy of the Assessments; and

(e) any right to object to the legality of any of the Assessments or the Service and Assessment Plan or to any of the previous proceedings connected therewith which occurred prior to, or upon, the City Council's levy of the Assessments.

3. **Amendments:** This Declaration may be terminated or amended only by a document duly executed and acknowledged by the then-current owner(s) of the Landowner's Parcel and the City. No such termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the parties by whom approval is required as set forth above and recorded in the real Property Records of Grayson County, Texas.

4. **Third Party Beneficiary:** The City is a third party beneficiary to this Declaration and may enforce the terms hereof.

5. **Notice to Subsequent Purchasers:** Upon the sale of a dwelling unit within the District, the purchaser of such property shall be provided the Home Buyer Education Program in the attached Exhibit B attached here a written notice that reads substantially similar to the following:

TEXAS PROPERTY CODE SECTION 5.014

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF MANSFIELD, JOHNSON COUNTY, TEXAS CONCERNING THE PROPERTY AT [Street Address]

As the purchaser of this parcel of real property, you are obligated to pay an assessment to the City of Mansfield, Texas, for improvement projects undertaken by a public improvement district under Chapter 372 of the Texas Local Government Code, as amended. The assessment may be due in periodic installments.

The amount of the assessment against your property may be paid in full at any time together with interest to the date of payment. If you do not pay the assessment in full, it will be due and payable in annual installments (including interest and collection costs). More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the City of Mansfield, _____

Your failure to pay the assessment or the annual installments could result in a lien and in the foreclosure of your property.

Signature of Purchaser(s) _____ Date: _____

The seller shall deliver this notice to the purchaser before the effective date of an executory contract binding the purchaser to purchase the property. The notice may be given separately, as part of the contract during negotiations, or as part of any other notice the seller delivers to the purchaser. If the notice is included as part of the executory contract or another notice, the title of the notice prescribed by this section, the references to the street address and date in the notice, and the purchaser's signature on the notice may be omitted.

EXECUTED by the undersigned on the date set forth below to be effective as of the date first above written.

LANDOWNER

_____
a Texas _____,

By: _____
_____,
its manager

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the __ day of _____, 20___, by _____ in his/her capacity as Manager of _____, known to be the person whose name is subscribed to the foregoing instrument, and that he/she executed the same on behalf of and as the act of Manager of _____.

_____
Notary Public, State of Texas

[SEAL]

Exhibit A to Lien Declaration

[TO BE INSERTED]

Exhibit B to Lien Declaration

HOME BUYER EDUCATION PROGRAM

As used in this Home Buyer Education Program, the recorded Notice of the Authorization and Establishment of the Cipriani Public Improvement District and the foregoing Covenants, Conditions and Restrictions are referred to as the "Recorded Notices."

1. Any Landowner who is a Builder shall attach the Recorded Notices and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) as an addendum to any residential homebuyer's contract.

2. Any Landowner who is a Builder shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the City.

3. Any Landowner who is a Builder shall prominently display signage in its model homes, if any, substantially in the form of the Recorded Notices.

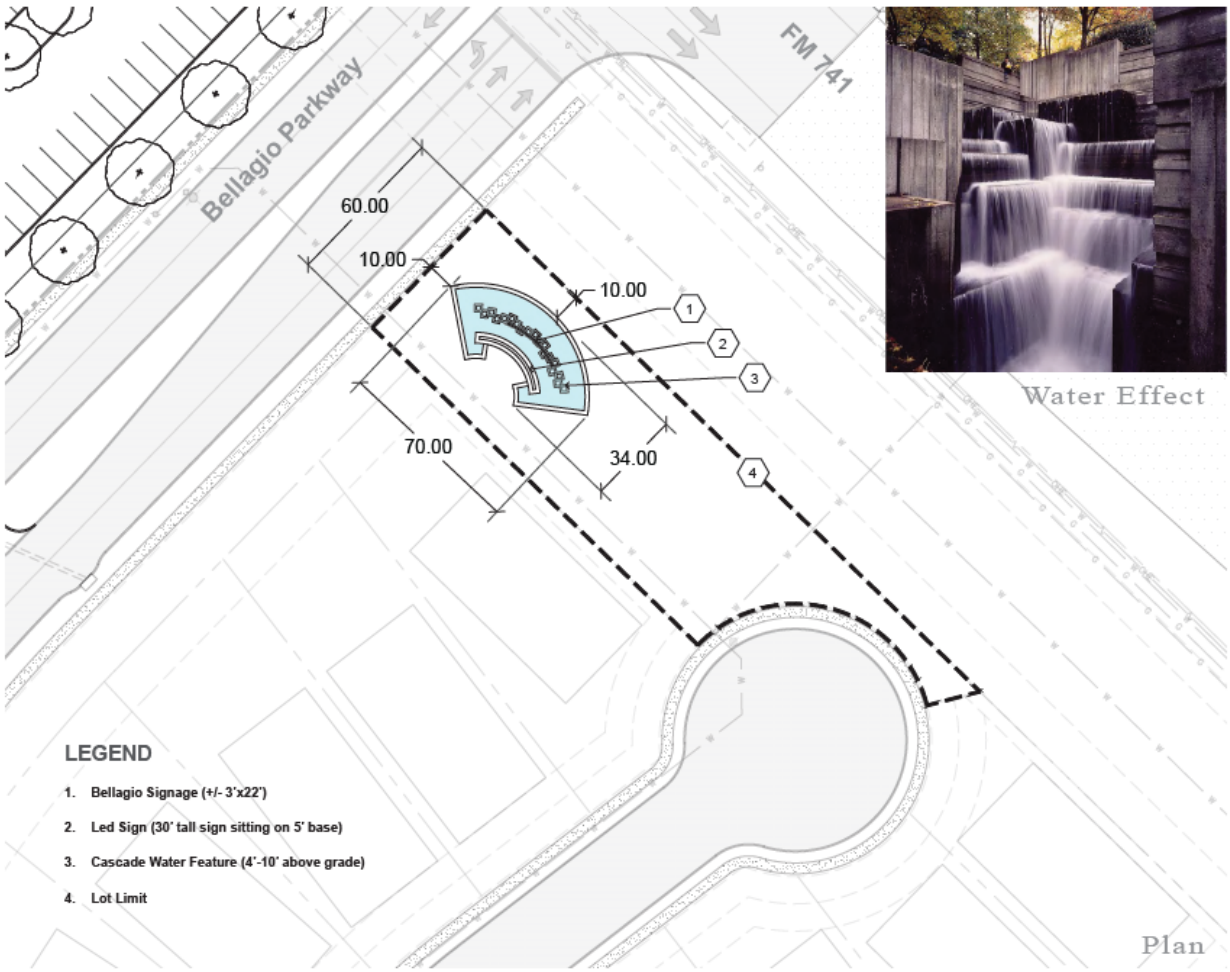
4. If prepared and provided by the City, any Landowner who is a Builder shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.

5. Any Landowner who is a Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers.

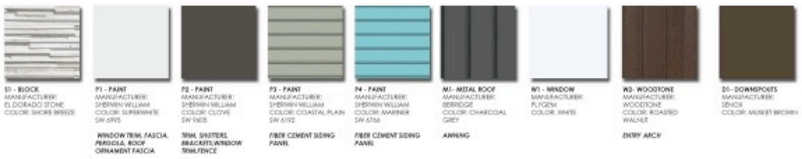
6. Any Landowner who is a Builder shall meet any additional requirement for Builders as set forth in the Home Buyer Disclosure Program attached to the Cipriani Development Agreement as Exhibit G. In the event that the requirement of this Home Buyer Education Program and said Home Buyer Disclosure Program conflict, the City shall have discretion over which provision controls.

Exhibit H

Examples of Signage and Monument



BELLAGIO
ENTRY FEATURE



HEDK ARCHITECTS.

MEGATEL SICILY GATEWAY -MATERIAL BOARD

Princeton, Texas

SCALE 3/16"=1'-0"

23158/11.10.2023

Megatel

HEDK ARCHITECTS.

MEGATEL VENETIAN - MATERIAL BOARD - ENTRY DESIGN

Weston, Texas

SCALE 3/16"=1'-0"

23158/11.09.2023

Megatel

ANACAPRI SIGNAGE | OPTION 1

// SAILING ON THE LAGOON

Full Elevation

Enlarged View

Concept

Plan View

Plan View Enlarged

Signage Reference Imagery

Megatel | Laguna Azure

ANACAPRI SIGNAGE | OPTION 1

Megatel | Laguna Azure

ANACAPRI SIGNAGE | OPTION 1

Hegetal | Laguna Azure

Exhibit I

Escrow Agreement