

DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into by and between the City of Santa Fe, Texas, a home rule city (the "City"), and Tres Rios Laguna Azure, LLC, a Wyoming limited liability company ("Developer") (each individually, a "Party," and collectively, the "Parties"), to be effective on December 14, 2023 (the "Effective Date").

SECTION 1 RECITALS

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

WHEREAS, Developer is purchasing the approximately 1,056.7 acres of real property, described by metes and bounds in Exhibit A-1 (the "Property");

WHEREAS, that portion of the Property described in Exhibit A-2 is located wholly in the corporate limits of the City (the "In-City Property");

WHEREAS, that portion of the Property described in Exhibit A-3 is located wholly within the extraterritorial jurisdiction of the City (the "ETJ Property");

WHEREAS, that portion of the Property described in Exhibit A-4) currently is located wholly within the extra-territorial jurisdiction of the City of League City, Texas (the "Laguna Property");

WHEREAS, Developer intends to develop the Property as a single-family residential community with approximately 2,844 single family home lots, approximately 1,200 multi-family units and the Laguna;

WHEREAS, Developer currently intends to develop the Property under the name "Tres Rios" (the "Project");

WHEREAS, the Property lies in the vicinity of Galveston County Water Control and Improvement District No. 8 (the "WCID");

WHEREAS, the WCID is willing to provide water and wastewater service to the Property if the Property is annexed into its boundaries;

WHEREAS, Developer desires to create a MUD overlapping each of (i) the ETJ Property and Laguna Property, and (ii) the In City Property, and obtain a WWTP Permit in case the City and/or WCID fail to comply with the terms of this Agreement.

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 general plat for the Property generally as depicted in Exhibit C (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; (viii) the City

adopting the two (2) MUD Consent Resolutions, (ix) the City consenting to the WWTP Permit; and (x) the City adopting the WCID Consent Resolution;

WHEREAS, Developer intends to develop the Property, in phases, and request the annexation of the ETJ Property and Laguna Property, in phases, into the corporate limits of the City as such Property is developed;

WHEREAS, Developer intends to request the annexation of the Property, in phases, into the boundaries of the WCID as such Property is developed;

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 financed or reimbursed through multiple sources, including PID Bond Proceeds, Assessments and the TIRZ Fund;

WHEREAS, the Parties 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 certain of the Authorized Improvements for public use and maintenance (except the Water Improvements and Wastewater Improvements), subject to the City's approval of the plans and inspection of such Authorized Improvements in accordance with this Agreement, including the Development Standards, the PID Reimbursement Agreement and the City Regulations;

WHEREAS, the Parties intend for the design, construction, and installation of the Water Improvements and Wastewater Improvements to occur in a phased manner over the Term of this Agreement and that Developer will dedicate to and the WCID will accept the Water Improvements and Wastewater Improvements for public use and maintenance, subject to the WCID's approval of such plans and inspection of such Authorized Improvements;

WHEREAS, Developer currently estimates that the Authorized Improvements Cost will be as set forth in **Exhibit B**;

WHEREAS, Developer intends to purchase up to an additional three hundred (300) acres ("Additional Tracts"), which, at the option of Developer, the City agrees to make subject to the terms of this Agreement and include in a PID and TIRZ if Developer agrees to annex the Additional Tracts into the corporate limits of the City;

WHEREAS, in consideration of Developer's agreements contained herein and upon the creation of the PID, the City intends to use good faith efforts 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, the PID Reimbursement Agreement and this Agreement, to: (a) be reimbursed for 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 compliance with this Agreement, and in accordance with the terms of this Agreement,

the PID Reimbursement Agreement and all legal requirements, including but not limited to the Indenture, shall use good faith efforts 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 \$450,000,000 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; (ix) enter into the 380 Economic Development Agreement, (x) adopt the WCID Consent Resolution; (xi) consent to the WWTP Permit; and (xii) adopt the MUD Consent Resolutions;

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

WHEREAS, the City shall use good faith efforts 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 on a Lot for a period not to exceed 30 years, with the base year being established (i) for any Lot, as of the year the Assessment is levied over a corresponding PID improvement area, and (ii) for a Parcel, as of the year a Certificate of Occupancy is issued for such Parcel by the City;

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 request the annexation of the ETJ Property and Laguna Property into the corporate limits of the City and request the annexation of the Property into the boundaries of the WCID, in phases, so that the Property will be developed in the corporate limits of the City and in the boundaries of the WCID, and a portion of the Authorized Improvements Cost will be funded or reimbursed to the Developer through the PID and TIRZ;

WHEREAS, as each portion of the ETJ 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 ETJ Property and Laguna 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, as each portion of the In-City Property is developed, the City intends to consider zoning such Property consistent with the Concept Plan;

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

WHEREAS, the Parties acknowledge that, as to the ETJ Property, this Agreement is a development agreement as provided for by State law, including Section 212.171 et seq of the Texas Local Government Code; and

WHEREAS, the Parties acknowledge, as to the Laguna Property, when it is located in the extra-territorial jurisdiction of the City, the provisions hereof shall apply and this Agreement shall constitute a development agreement as provided 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:

Additional Tracts means up to 300 acres of land in the corporate limits or extra-territorial jurisdiction of the City (or that Developer is able to annex into the extra-territorial jurisdiction of the City) that have been acquired by Developer (or an affiliate thereof) and may be included into this Agreement, and included within or added to the PID and TIRZ encompassing the Property or a new PID and TIRZ under the same terms and conditions herein.

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, except for the Commercial Property, on a phase-by-phase basis, imposed pursuant to an Assessment Ordinance and the provisions of an applicable Indenture 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 entire Property, are to be constructed by Developer, are identified on Exhibit B, and for which the Parties intend Developer will be fully

or partially reimbursed pursuant to the terms of this Agreement. The Private Improvements do not constitute Authorized Improvements.

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 a series of 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 B.

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 Occupancy (C.O.) means a certificate under City Code Section _____, as amended, and other applicable City Code provisions 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 Santa Fe, 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, including 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 Property means, collectively, the Multi-Family Property and the Laguna Property as depicted on Exhibit A-4.

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 Galveston County, Texas.

Developer is defined in the preamble hereto and includes 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 pursuant to which the Developer agrees to provide certain information regarding the development of the PID and the Authorized Improvements for the benefit of the owners of the 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 D as well as applicable City Regulations.

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 Galveston County.

HOA means the Tres Rios 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 E 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 or 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 Galveston Central Appraisal District, (ii) the Galveston 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 2.3 acre body of water. The Laguna may 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, Florida, water slides, splash pad, and swim up bar.

Laguna Property means the portion of the Property described in Exhibit A-4, provided, however, if any of such Property is developed as Lots and annexed into the PID, the City will levy Assessments on such Lots for purposes of funding or reimbursing the Developer for a portion of the Authorized Improvements Costs.

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 “Tres Rios Phase ___ Declaration of Covenants, Conditions, and Restrictions Accepting and Approving Assessments and Lien” the substance of which is as set forth in Exhibit F 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.

Lot Type means a Lot having a particular dimension, such as front lot width, as reflected in the Concept Plan.

MUD(s) means a municipal utility district created by Developer encompassing either the In City Property or the ETJ Property and, at Developer’s option, the Laguna Property or collectively two (2) MUDs encompassing all of the Property.

Multi-Family Property means the portion of the Property described in Exhibit A-4, provided, however, if any of such Property is developed as Lots and annexed into the PID, the City will levy Assessments on such Lots for purposes of funding Authorized Improvements.

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 all of the Property excepting the Multi-Family Property, which the City agrees to exert good faith efforts 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 pursuant to 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 Fee means a fee charged by the City related to the creation of the PID, the levy of Assessments, the sale of PID Bonds, or the reimbursement to Developer (but excluding the Administrative Expenses).

PID Property means all of the Property excepting the Commercial Property.

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 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 but does not include the Private Improvements.

Real Property Records means the official land recordings of the Galveston 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 PID Property, having terms, provisions, and findings approved by the City, consistent with the terms of this Agreement.

State means the State of Texas.

TCEQ means the Texas Commission on Environmental Quality.

TIRZ means the 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 the TIRZ in accordance with this Agreement, the TIRZ Documents, and State law.

TIRZ Ordinance means the 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.

Wastewater Improvements means the portion of the Authorized Improvements necessary to provide wastewater service to the Property, which will be conveyed to the WCID.

Water Improvements means the portion of the Authorized Improvements necessary to provide water service to the Property, which will be conveyed to the WCID.

WWTP Permit means a waste discharge permit obtained by Developer from the TCEQ for a site within the Property.

380 Economic Development Agreement means an agreement entered into between Developer and the City, consistent with the terms of this Agreement, whereby the TIRZ Revenue generated from the Commercial Increment, is paid to Developer as an economic development grant.

SECTION 3 **PUBLIC IMPROVEMENT DISTRICT**

3.1 Creation of the PID; Levy of Assessments.

(a) The City shall use good faith efforts 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 sale of any Lot to an End User. 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 include an assessment roll for 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 PID Property, 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) secure any PID Bonds to be sold by the City to fund the Authorized Improvements or reimburse the Developer for the a portion of the Authorized Improvements and/or (ii) reimburse the Developer for the Authorized Improvements.

(c) The Assessment to be levied on each Lot Type, as set forth in the Service and Assessment Plan, 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 not exceed the amount that would be collected by an ad valorem tax rate of \$3.45 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 \$3.45. Such rate limit, as determined at the time of the levy of the Assessments, applies on an individual assessed Lot Type basis, as will be set forth in the Service and Assessment Plan.

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. The City shall exercise its powers under the TIRZ Act and create a TIRZ encompassing the Property, and intends to dedicate eighty percent (80%) of the City's tax increment attributable to the real property within the TIRZ based on the City's ad valorem tax rate each year ("Increment"). The Increment collected from the Lots and all improvements thereon ("Residential Increment") 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 and all of such tax revenues shall be retained by the City. The Increment collected from the Commercial Property and all improvements thereon ("Commercial Increment") shall be used to fund necessary Public Infrastructure and other eligible TIRZ improvements, (including economic development incentives), for the Commercial Property through a grant under Chapter 380, Texas Local Government Code. Tax revenues from each Parcel shall be collected and paid into the TIRZ Fund for a term of thirty (30) years beginning in the year the Certificate of Occupancy is issued by the City for improvements constructed on such Parcel within the Property, however no such thirty (30) year period shall exceed the date that is forty (40) years from the date of this Agreement. After the expiration of such thirty (30) year term for each Parcel, all tax revenues collected by the City from such Parcel shall be retained by the City.

4.2 Galveston County Participation.

(a) The Developer shall request that the County participate in the TIRZ. The request shall be for sixty percent (60%) 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 TIRZ 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. The Commercial Increment from each Parcel within the Commercial Property 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) Should the County fail or refuse to participate to the extent of at least sixty percent (60%) of the increment in the TIRZ for any reason, the Developer shall have the right, but not the obligation, to terminate this Agreement upon written Notice to the City.

4.3 WCID Participation.

(a) The Developer shall request that the WCID participate in the TIRZ. The request shall be for ninety percent (90%) of the WCID's ad valorem tax increment attributable to the TIRZ, based on the WCID'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 WCID. The Commercial

Increment from each Parcel within the Commercial Property 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 WCID from such Parcel shall be retained by the WCID. Monies collected in the TIRZ Fund shall be paid to the Developer pursuant to the 380 Economic Development Agreement.

(b) Should the WCID fail or refuse to participate to the extent of ninety percent (90%) of the increment in the TIRZ for any reason, the Developer shall have the right, but not the obligation, to terminate this Agreement upon written Notice to the City.

4.4 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, to lower the Assessments of Assessed Property owners, on an annual basis, and (ii) in the case of the Commercial 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.

4.5 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.

4.6 Certain Dispute Resolution.

(a) The Parties acknowledge and agree that, pursuant to the Concept Plan attached hereto as Exhibit C: (A) Developer may periodically request the City to: (i) levy Assessments on a portion of the Residential Property consistent with Section 3.1(b) and (c) (“Assessment Request”); (ii) issue PID Bonds consistent with Section 5.1 (“Bond Request”); and (iii) zone any portion of the Property in accordance with the Concept Plan (“Zoning Request”); and that (B) the City will use commercially reasonable efforts to comply with such requests so long as such requests are consistent with the terms of this Agreement and the Development Standards attached hereto as Exhibit D.

(b) The Parties acknowledge and agree the City will adopt the Resolution attached hereto as Exhibit H, consenting to the annexation of the Property into the WCID in phases over the term of this Agreement (“Annexation Consent”).

(c) Dispute Resolution.

- i. If there is a dispute about whether the terms of this Section 4.6 have been met, then the Parties will attempt to resolve their issues through this dispute resolution process.
- ii. The disputing Party must notify the other Party in writing. The Notice must state the nature of the dispute and list the party’s specific reasons for the same.

- iii. Within thirty (30) days of receipt of the Notice, both Parties will make a good faith effort, either through email, mail, phone conference, in person meetings, or other reasonable means to resolve the dispute.
 - iv. If the Parties fail to resolve the dispute within sixty (60) calendar days of the date of receipt of the Notice of the dispute, then the Parties may submit the matter to non-binding mediation upon written consent of the authorized representatives of both Parties in accordance with Chapter 154 of the Texas Civil Practice and Remedies Code and Chapter 2009 of the Texas Government Code or such successor laws as are then in effect. Request for mediation must be in writing, and request that the mediation commence not less than fifteen (15) or more than forty-five (45) calendar days following the date of request, except as otherwise agreed to by the Parties. In the event City and Developer are unable to agree to a date for the mediation or to the identity of a mutually agreed mediator within thirty (30) calendar days following the date of the request for mediation, then all the conditions precedent for mediation will be deemed to have occurred.
 - v. The Parties will share equally the costs of the mediator's fee and any filing fees equally. Venue for any mediation will be in Galveston County, Texas. If the Parties cannot resolve the dispute through mediation, then either Party will have the right to exercise any and all remedies available under laws regarding the dispute.
 - vi. The monies to be advanced to the City pursuant to Section 10.4 also may be used by the City to fund its share of any costs of mediation under this Section 4.6(c).
- (d) In the event that this dispute resolution process does not resolve the dispute between the Parties and the aggrieved Party believes a default has occurred, then the aggrieved Party must follow the process set out for events of a default under Section 10 of this Agreement.

SECTION 5 PID BONDS

5.1 PID Bond Issuance. Developer may request issuance of PID Bonds by filing a written request with the City along with a list of the Authorized Improvements to be funded or acquired with the PID Bond Proceeds and the Authorized Improvements (the "Bond Request"). Following such a request, the City will 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; and (iv) Developer shall have delivered to the City a fully executed original copy of such Lien Declaration and Landowner Agreement. 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 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 \$ 450,000,000.

(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, and is not in default under (i) this Agreement, (ii) any other agreement with the City relative to the Property, or (iii) any agreement between Developer and the WCID relative to the Property.

(f) The Authorized Improvements to be financed by the PID Bonds have been or 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.

(i) If the applicable portion of Authorized Improvements has not already been constructed and to the extent PID Bond Proceeds are insufficient to fund such Authorized Improvements Cost, Developer shall, at or prior to the time of closing the PID Bonds, provide evidence to the City of available funds to Developer either in the form of cash on deposit held in escrow by a commercial bank for the purpose of construction of the Authorized Improvements or committed from a lender, equal to or greater than the difference between the Authorized Improvements Costs and the PID Bond Proceeds available to fund such Authorized Improvements Costs related to the applicable Authorized Improvements.

(j) 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.

(k) The value to lien ratio (“VTL”) at the time of an issuance of a series of PID Bonds, 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, shall be 1.3:1 unless Developer can be fully reimbursed for all Authorized Improvements for such phase with a higher VTL., The value of the Lots 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.

(l) The tax equivalent assessment rate for the Property, including assessment levy, after application of planned TIRZ Revenue offset and including all taxing jurisdictions, shall not exceed \$3.45 per \$100.00 taxable assessed valuation on the Estimated Build Out Value of the Lot or Parcel being assessed, unless Developer requests, at its sole discretion, for a lower tax equivalent assessment rate.

(m) Prior to the issuance of the first series of PID Bonds, Developer shall have (i) petitioned the City of League City to remove the Laguna Property from its extra-territorial jurisdiction (“ETJ”) in accordance with Texas Local Governmental Code (“TLGC”) Section 42.104, and (ii) petitioned the City to voluntarily annex the Laguna Property into the ETJ and corporate limits of the City.

(n) Developer and the City shall mutually agree upon the underwriter used to underwrite any of the PID Bonds.

(o) Upon the request of the Developer, the City will issue PID Bonds to fund construction of the “master infrastructure” and levy Assessments on all the land in the PID, even though a portion of the Property is located outside the corporate limits of the City.

The limitations imposed by subsections (k) and (l) above may result in the City issuing a series of PID Bonds to up front fund the construction of the Authorized Improvements at a VTL of 1.3:1 (depending on market conditions) 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 of 2.5:1.

5.2 Development Fee. In exchange for (i) the City’s execution of the Development Agreement, (ii) consent to creation of the Districts, (iii) consent to annexing the Property into the WCID, and (iv) the City’s agreements relative to Developer’s plan for development of the Property inside the corporate limits of the City, on the eight (8) month anniversary of Developer’s acquisition of the Property, Developer shall pay to the City a fee of \$3,000,000 (the “Development Fee”). Notwithstanding anything to the contrary, as areas are developed within the PID or the Parties agree to any modification of Developer’s plan of development, the Parties agree that the Development Fee shall be a one-time fee to the City and shall not be increased or decreased as a result in a change to the number of single-family residential lots as set forth in a final plat or replat of the Property.

5.3 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 or legally required 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. If the Developer fails to provide all relevant information including financial information that is reasonably necessary or legally required in order to provide potential bond investors with a true and accurate offering document for any PID Bonds and, as a result, the respective series of PID Bonds are not marketable, Developer agrees to hold harmless the City and its officials, officers, agents, representatives, and consultants. Failure to close on a series of PID Bonds as a result of the Developer's failure to provide all such relevant information shall not be considered a breach or default by the City under this Agreement, or any other agreement related to the PID.

5.4 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.

5.5 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.

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 filed and recorded in Real Property Records of the County. 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 B. 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, as of the Effective Date, 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 (other than the Water Improvements and Wastewater Improvements) 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 applicable 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 or Developer 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) Upon inspection, approval, and acceptance of the Authorized Improvements or any portion thereof, the City shall maintain and operate the accepted Public Infrastructure (other than the Water Improvements and Wastewater Improvements).

(b) Upon final inspection, approval, and acceptance of the roadway Authorized Improvements required under this Agreement or any portion thereof, 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 Supply. Pursuant to Section 372.023 of the Act, the City agrees that all of the Water Improvements will be constructed by Developer and conveyed to the WCID for ownership and maintenance and the Property will receive water service from the WCID.

(b) Developer's General Obligations. Developer is responsible for design, installation, and construction of the Water Improvements described in **Exhibit B** necessary to serve the Property. The design of the Water Improvements, if in compliance with TCEQ and WCID standards, shall be approved by the City in advance of the construction of same. Developer shall be responsible for the dedication to the WCID of any easements lying within the Property necessary for the Water Improvements. The costs of dedicating such easements shall 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 prior to the recordation of the final plat covering such phase. 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.

6.5 Wastewater Facilities.

(a) Wastewater Service. Pursuant to Section 372.023 of the Act and subject to the provisions of Section 6.6, the City agrees that all of the Wastewater Improvements will be constructed by Developer and conveyed to the WCID for ownership and maintenance and the Project will receive wastewater service from the WCID.

(b) Developer's General Obligations. Developer is responsible for the design, installation, and construction of all Wastewater Improvements described in **Exhibit B** necessary to serve the Property. The design of the Wastewater Improvements, if in compliance with TCEQ and WCID standards, shall be approved by the City in advance of the construction of same. Developer shall be responsible for the dedication to the WCID of any easements lying within the Property necessary for the Wastewater Improvements. The costs of obtaining such easements shall 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 prior to the recordation of the final plat covering such phase. 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.

6.6 Water and Wastewater Services.

(a) Treatment Plant. The Developer intends to construct, in phases, a wastewater treatment plant ("WWTP") within the Property. Developer intends to file an application with TCEQ for a Water Quality Permit ("WWTP Permit") in order to serve the Property. The City agrees to fully support the application for the WWTP Permit. The WWTP Permit will be used by the WCID to serve the Property unless the WCID opts not to annex such Property into its boundaries or the City withdraws the WCID Consent Resolution (in which case Developer, or its assigns, may use the WWTP Permit to serve such Property).

(b) Wastewater. Upon completion of each phase of the Wastewater Improvements necessary to serve all or any portion of the Property, the Property shall be provided with retail wastewater treatment service by the WCID (subject to (a) above). To the extent that wastewater treatment service is required within the Property prior to the completion of the Wastewater Improvements contemplated herein, the City agrees at Developer's expense, Developer may provide, alternative wastewater transportation service within the Property to the system of the WCID (i.e. "pump and haul"), 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 Improvements. The City also agrees to allow the use of septic systems, to the extent such are legally permitted under state regulation or statute. 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 WCID has made arrangements for alternative wastewater transportation services or arranged for the use of septic systems.

(c) Water. Upon completion of all the Water Improvements necessary to serve the Property in phases as the Property is developed, the Property shall be provided with retail water service by the WCID unless the WCID opts not to annex such Property into its boundaries or the City withdraws the WCID Consent Resolution (in which case Developer, or its assigns, shall provide such water service).

(d) If the WCID cannot provide timely water supply capacity from the WCID's existing surface water and groundwater supplies, the City shall not oppose Developer or an affiliate obtaining necessary permits and approvals and designing and constructing a groundwater production and treatment system ("Groundwater System") to serve the Property. Such Groundwater System shall be conveyed to the WCID (unless the WCID refuses to accept such system) and used to serve the Property as the Property is annexed into the WCID.

6.7 Roadway Facilities and Drainage Improvements: General.

(a) 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. Developer shall be permitted to construct roadways of the type set forth in Exhibit G. The City acknowledges that the Developer will be constructing a bridge to serve the Property, which bridge is currently partially located within the extra-territorial jurisdiction of the City of League City ("League City") and will be an Authorized Improvement. The Developer agrees to petition the City of League City to remove all portions of the Property currently in such city's ETJ pursuant to TLGC Section 42.104 and petition the City to include all such land in the ETJ of the City prior to creation of the PID.

(b) As the Property is developed and annexed into the corporate limits of the City, the Developer shall provide the City with a traffic impact analysis ("TIA") applicable to the portion of the Property being developed. The initial TIA shall contemplate the development of the entire Property consistent with the Concept Plan.

(c) 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.

(d) 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, City shall, at its sole

cost, maintain and operate the roadway improvements for the Property and related drainage improvements.

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 within the respective improvement area. 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.

(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 at the City's written request, 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) Road Impact Fees. 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) Water and Wastewater Impact Fees. The City acknowledges that Developer is funding all water and wastewater facilities necessary to serve the Property. Because the Property is being provided water and sewer service by the WCID and Developer is funding all the costs of such facilities, the City agrees it will not charge the Developer or the Property any Impact Fees for the providing of water and sewer facilities or service.

(c) Parkland Dedication and Development Fee Credit. In exchange for the dedication of the parkland and open spaces reflected in the Concept Plan, as well as the construction of the Laguna, 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:

Tres Rios 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/ ZONING MATTERS/ WCID/ADDITIONAL TRACTS

8.1 Annexation of ETJ Property and Laguna Property into City.

(a) Following the City (i) creating the PID, (ii) creating the TIRZ, (iii) adopting the WCID Consent Resolution, (iv) approving the Concept Plan, (v) entering into the PID Reimbursement Agreement, (vi) adopting the TIRZ Project and Finance Plan, (vii) entering into the 380 Economic Development Agreement in form acceptable to Developer, (viii) adopting the MUD Consent Resolutions, (ix) consenting to the WWTP Permit and (x) approving the zoning of the portion of the Property currently within the corporate limits of the City, all in accordance with the provisions of this Agreement, Developer shall be obligated to petition the City to annex into the corporate limits of the City portions of the ETJ Property as it is being developed (“Annexation Petition”).

(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 into its corporate limits any portion of the ETJ Property or Laguna Property after Developer has filed its Annexation Petition for such Property, the City agrees the WCID or either MUD may provide water supply and wastewater treatment service to such Property under the same terms as otherwise provided herein. In addition, thereafter none of the remaining ETJ Property or Laguna Property will be required to be annexed into the City; such ETJ Property or Laguna Property will be served with water and sewer by the WCID; and the City, County, and WCID shall continue to contribute any of the Residential or Commercial Increment on such Property.

(d) As long as the City is in compliance with its obligations under this Agreement and Developer (i) fails to timely petition the City to annex portion of the Property into the City as it is developing such portion of the Property, and (ii) proceeds to develop such Property inside the boundaries of either of the Districts, and outside the corporate limits of the City (provided clearing and grading and constructing master infrastructure while the Property is in the ETJ shall be permissible), Developer shall pay to the City a penalty of \$10,000,000 at such time as the District issues its first 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. The City’s obligations under this Agreement specifically shall include timely: (n) creating the PID, (o) creating the TIRZ, (p) adopting a Service and Assessment Plan, (q) adopting the TIRZ Project and Finance Plan, (r) entering into the Reimbursement Agreement, (s) entering into the 380 Economic Development Agreement, (t) withdrawing its opposition to creation of the Districts (u) issuing the PID Bonds, if requested by Developer, (v) annexing the portion of the Property submitted by Developer, (w) zoning the Property consistent with the Master Plan, and (x) levying Assessments.

8.2 Zoning. Prior to Developer initiating development of any portion of the Property (*i.e.*, 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 (i) – (viii) 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 Land Use. As reflected in the Concept plan, development of the Property shall be limited as follows:

(a) The number of single family home lots developed within the Property shall not exceed 2,750 (including townhomes).

(b) The number of apartment units developed with the Property shall not exceed 1,250. Land zoned for development of apartments shall not be used for development of townhomes.

(c) The Laguna Property shall be developed as the Laguna.

8.4 Consent to Annexation into the WCID.

(a) Developer has petitioned the City for its consent to annexation of the Property into the WCID, in phases, over a period of years. Contemporaneously with the execution of this Agreement, City shall adopt a Resolution substantially in the form attached hereto or Exhibit H, consenting to such annexation (the "WCID Consent Resolution"), with such revisions and modifications as approved by the City Manager and Mayor open to final approval of such Resolution.

8.5 Consent to Creation of the MUDs.

(a) Developer has petitioned the City for its consent to creation of one (1) MUD encompassing the In-City Property and one (1) MUD encompassing the ETJ Property. Contemporaneously with the execution of this Agreement, City shall adopt Resolutions substantially in the form attached hereto as Exhibit I-1 and I-2, consenting to such creation subject to the MUDs being utilized to issue bonds only if the City fails to timely issue PID Bonds in accordance with this Agreement (collectively the "MUD Consent Resolutions"), with such revisions and modifications as approved by the City Manager and Mayor open to final approval of such Resolutions.

8.6 Exclusion of Lands from MUD and Annexation into City and WCID. Prior to the closing of each series of PID Bonds by the City, Developer shall petition the applicable MUD for the exclusion of lands for the applicable improvement area for which PID Bonds are being issued and recommend to the board of directors of such MUD that such lands be excluded from the boundaries of the MUD. 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. At the time of the closing of the PID Bonds for the applicable improvement area of the PID, the MUD shall exclude such lands from the MUD. Developer shall include in the MUD's organizational meeting a joinder to this Agreement, binding it to the terms herein, including specifically the exclusions of lands under this Section 8.6. To the extent the City refuses to issue PID Bonds within

180 days of a request for the same by Developer, the Parties agree and acknowledge that Developer may utilize the MUDs to finance the Authorized Improvements necessary to serve and develop the Property over which no PID Bonds have been issued. In such event, the Developer will pay the City a fee of \$10,000,000 and the City shall continue to provide the municipal services (but excluding police, fire, and emergency medical services) contemplated herein on the same terms and conditions otherwise contemplated herein.

(a) Dissolution. Upon issuance of the final series of PID Bonds covering the Property located in a MUD, such MUD may be dissolved by the City, and any assets of the MUD shall become the property of the City. The MUD shall execute any additional documentation necessary to evidence such ownership by the City prior to the dissolution of the MUD.

8.7 Additional Tracts. Upon closing on the Additional Tracts or portion thereof, Developer may elect, in writing, to have such Additional Tracts included into this Agreement. If feasible, the Additional Tracts shall be included in the existing PID and TIRZ established over the Property; otherwise, the Additional Tracts shall be included within a new PID and TIRZ. Should the City fail or refuse to include the Additional Property into the PID and/or TIRZ, the City shall grant its consent by ordinance or resolution to the addition of the Additional Tracts to either of the Districts or the formation of a new conservation and reclamation district encompassing the Additional Tracts.

(a) If any of the Additional Tracts is made subject to the terms of this Agreement, any land used for the development of single family home Lots may be of any of the dimensions allowed hereunder. Any land used for commercial/multi-family use may be used for any purpose allowed in Galveston County.

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, unless otherwise provided herein, the City will own all such Public Infrastructure upon completion and acceptance.

9.2 Fire Station Site. At such time as the City closes the sale of the first series of PID Bonds in accordance with the terms of this Agreement, Developer shall convey to the City, or applicable emergency services provider, a site for a fire station ("Fire Station Site"). The Fire Station Site shall not exceed 3.5 acres in size and shall be located at a mutually agreeable location generally as reflected in the attached Exhibit J.

9.3 School Site. Developer agrees to set aside for acquisition by the Santa Fe Independent School District ("SFISD") one (1) site totaling between 12-15 acres ("School Site") for construction of a public school. Nothing herein shall require Developer to convey the School Site to SFISD for less than its fair market value, however such sale shall be fair and reasonable based on an independent third party appraisal. Such School Site shall be if a size and in a location mutually agreeable to Developer and SFISD.

9.4 Laguna Construction.

(a) Developer, at Developer's cost, will (or will cause) the design, construction, maintenance, and operation of the Laguna substantially as described herein in Exhibit B, no later than twenty-four (24) months after water and sanitary sewer lines are constructed adjacent to the first phase of Lots being developed within the Property ("Laguna Completion Date"); provided, however, if construction of the Laguna has begun and is on-going, Developer, at its sole option, shall have two (2) six (6) month extensions of the Laguna Completion Date.

(b) In the event the Laguna is not open to the public by the Laguna Completion Date, the TIRZ Increment to be contributed by the City, pursuant to Section 4.1, shall (i) reduce from eighty percent (80%) to seventy percent (70%) on the Lots and to fifty percent (50%) on the Parcels from the Laguna Completion Date until Developer has completed the Laguna and it is open to the public (at which time the original TIRZ participation shall resume), and (ii) Developer shall pay to the City a fee of \$2,000,000 (the "Laguna Penalty Fee"), which monies the City can use for any purpose. This reduction in contribution of the City's TIRZ Increment, however, shall not apply to those Lots upon which Assessments already have been levied.

9.5 Additional Fees to City.

(a) The Laguna Property currently is located within the extraterritorial jurisdiction ("ETJ") of the City of League City ("League City"). Developer agrees it will use its rights under TLGC Section 42.104 to petition League City to release the Laguna Property from League City's extra-territorial jurisdiction and have the Laguna Property annexed into the City's ETJ prior to the creation of the PID. Failure to execute such petitions within thirty-six (36) months after the Effective Date shall result in the termination of this Agreement on such date. Upon the Laguna Property being released from the ETJ of League City, Developer shall submit to the City a petition to voluntarily annex the Laguna Property into the ETJ of the City.

(b) Upon the Laguna Property being released from League City's ETJ, then Developer and the City will work together to have the Laguna Property annexed into the TIRZ. Thereafter, as the Laguna is developed, Developer shall petition the City to annex the Laguna Property into the corporate limits of the City and into the WCID.

(c) After the Laguna is completed and until such time as the Laguna Property is annexed into the corporate limits of the City, Developer shall cause the owner of the Laguna to pay to the City an amount equal to two percent (2%) of the sales price of the retail goods sold within the Laguna Property which would have been subject to the City's sale tax, if the Laguna Property were located in the corporate limits of the City. Such amounts shall be paid to the City quarterly. Such payments shall be accompanied by a back-up report from the owner of the Laguna, reflecting all sales within the Laguna Property during such quarter and the calculation of the payment to the City. Such requirement shall not apply to the sharing of sales tax provided by Section 9.8.

9.6 Entry Free To Laguna.

(a) Developer shall cause a \$2.00 per ticket surcharge to be charged to the general public (i.e. excluding members of the HOA and their guests) on entry fees to the Laguna,

which fee shall be paid to the City. Such surcharge shall apply only to entry into the Laguna water feature and shall not include any fees charged for entry into other portions of the project such as the entertainment district or clubhouse. In the event Developer waives such \$2.00 fee, then it shall pay the City \$1.00 instead of the entire \$2.00 fee.

(b) Such surcharge shall not interfere with the owners' of the Laguna ability to increase, decrease or waive entry fees. If entry fees are waived, such waiver shall operate to waive the surcharge. Such surcharge is not waived if the entry fee is increased or decreased.

(c) HOA members and guests will not be subject to the \$2.00 surcharge.

9.7 Sale of Alcoholic Beverages. If the Laguna Property is ever located inside the corporate limits of the City, City agrees that it will not oppose the sale of alcoholic beverages at restaurants, clubhouse, and the Lagoon within the Laguna Property. Further, City agrees to approve a permit application for such restaurant(s), the clubhouse, and the Lagoon, if authorized by law, by signing the documents required by the Texas Alcohol Beverage Commission. The clubhouse, restaurant(s), and Lagoon may sell alcoholic beverages for on-premises consumption with extended hours of operation unless otherwise prohibited by law.

9.8 Hours of Operation. City acknowledges and agrees to permit the Lagoon to be open and operating between the hours of 7:00 a.m. and midnight., 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).

9.9 Situs of Sales Tax.

(a) The 380 Economic Development Agreement will provide that Developer will obtain a direct pay permit from the Texas Comptroller or utilize a separated contract in the construction of the Public Improvements and/or Private Improvements, (including the construction of homes on the Lots and commercial or multi-family improvements on the Parcels) (collectively, "Improvements") and 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 forty percent (40%) of the City 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 through the completion of development of the Property ("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.

9.10 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.

9.11 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 within the Property two (2) onsite signs sized up to 40' x 80', which may include LED lighting and water features.

(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 multi-family uses.

(d) A flagpole of up to 150' in height with proportionate flag shall also be permitted to be located within the Property.

9.12 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, 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 Master Plan and the Development Standards, the Development Standards shall control to the extent of the conflict.

9.13 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.

9.14 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.

9.15 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.

9.16 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 twenty percent (20%) of 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.

(b) Floodplain Matters. The approval of Developer's flood study by the floodplain administrator having authority (currently, Galveston 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, grading work may begin at the Project site. City agrees Developer's flood study may be done in phases as the Property develops.

9.17 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 one (1) year from the date of final acceptance of the Public Infrastructure constructed under such contract.

9.18 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, 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. 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.

9.19 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.

9.20 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.

9.21 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.

9.22 Vested Rights. This Agreement shall constitute a "permit" (as defined in Chapter 245) that is deemed filed with the City on the Effective Date. Notwithstanding anything in Chapter 245 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.

9.23 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.

9.24 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.

9.25 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>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

or

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.

9.26 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.

9.27 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.

9.28 Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer’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 Developer, 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 Developer 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 Developer; 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 twenty (20) 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, except that in no instance shall the City recover from Developer any of the monies advanced by Developer to the City pursuant to Section 10.4 hereof.

10.4 Advance of Legal Fees. In the event Developer or the City requests mediation or files a lawsuit against the other for any reason, except that the City fails to timely levy the

Assessments or timely issue the PID Bonds in accordance with the terms hereof, Developer shall, upon a request for mediation or filing of such lawsuit, advance up to \$500,000, to pay the City's mediation fees, legal fees and outside consultant fees in responding/defending itself from such claim. Developer's advances shall be in increments of \$50,000 with the first advance occurring simultaneously with Developer requesting mediation or filing its lawsuit. Thereafter, Developer shall make advances to the City in \$50,000 increments upon the City providing Developer with certification that the City has paid out all of the prior advances to the mediator, its outside attorneys and consultants for fees or costs incurred in defending the claim or lawsuit. In the event Developer is victorious in its lawsuit, such advances shall be repaid to Developer in accordance with Section 10.3 hereof.

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 in its entirety, all 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"). 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 Council, subject to the advice and written consent of the City Manager, 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, (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 the earlier of (i) forty-five (45) years after the Effective Date, or (ii) the date that the Authorized Improvements have been completed and accepted by the City, and the Developer has received full payment of the reimbursement obligation under a PID Reimbursement Agreement (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 twelve (12) months following the Effective Date the City fails: (i) to create the PID encompassing all of the Property, 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 adopt the resolution provided in Exhibit I, consenting to the annexation of the Property into the WCID, or (viii) fails to adopt the Resolutions attached hereto as Exhibits "I-1" and "I-2" consenting to creation of the MUDs. 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.

(c) Notwithstanding any of the provisions of this Agreement, in the event Developer does not close on the purchase of the Property by December 31, 2024, Developer may terminate this Agreement upon written 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 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;

(e) 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;

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

(g) 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") to be given by certified mail, postage prepaid, addressed as follows:

To the City: City of Santa Fe, Texas
P.O. Box 950,
Santa Fe, Texas 77510-0950

Cc: Charles E. Zech, Denton Navarro Rocha Bernal
& Zech, P.C.,
2500 W. William Cannon Drive; Suite 609,
Austin, Texas 78745

With a copy to:

To Developer: Tres Rios Laguna Azure, LLC
2101 Cedar Springs Rd., Suite 700
Dallas, Texas 75201

With a copy to: Coats | Rose, P.C.
Attn: Timothy G. Green
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

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, to the extent permitted by law, 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 Galveston County. Exclusive venue for any action related to, arising out of, or brought in connection with this Agreement shall be in the Galveston 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 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.

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

13.16 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
- Exhibit A-2 In-City Property
- Exhibit A-3 ETJ Property
- Exhibit A-4 Laguna Property / Commercial Property
- Exhibit B Authorized Improvements / Budgeted Costs
- Exhibit C Concept Plan
- Exhibit D Development Standards (including Architectural Standards)
- Exhibit E Home Buyer Disclosure Program
- Exhibit F Lien Declaration
- Exhibit G Roadway Cross Sections
- Exhibit H WCID Consent Resolution
- Exhibit I-1 MUD Consent Resolution relative to In City Property
- Exhibit I-2 MUD Consent Resolution relative to ETJ Property
- Exhibit J Fire Station Site

[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 SANTA FE

By: [Signature]
Name: Bill Pittman
Title: Mayor
Date: 12-14-23

ATTEST

[Signature]
Name: Natalie Arnett
Title: City Secretary

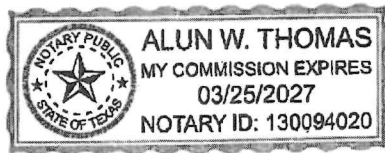
APPROVED AS TO FORM

[Signature]
Name: Charles Zech
Title: City Attorney

Date: 12/19/2023

STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on this 14th day of December, 2023,
by Bill Pittman, Mayor of the City of Santa Fe, Texas, on behalf of said City.



[Signature]
Notary Public, State of Texas

[SEAL]

DEVELOPER:

TRES RIOS LAGUNA AZURE, LLC
a Wyoming limited liability company

By: _____

Name: Armin Afzalipour

Title: Co-President

STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me, on the 20 day of December, 2023, by Armin Afzalipour, Co-President of Tres Rios Laguna Azure, LLC, a Wyoming limited liability company, on behalf of said company.

Tisha Tribble
Notary Public in and for the State of Texas

[SEAL]



Exhibit A-1
Description of Property



TBPE No. F-726
TBPLS No. 10092300

TRACT 1 499.9 ACRES

FIELD NOTES of a 499.9 acre tract of land situated in the Ira R. Lewis Survey Abstract No. 15, Galveston County, Texas; said 499.9 acre tract of land being all of a called 499.83 acre tract of land as conveyed to TRES RIOS PROPERTIES, LLC and recorded at County Clerk's File No. (C.C.F. No.) 2017068904 of the Official Public Records of Real Property of Galveston County, Texas (O.P.R.R.P.G.C.T.); said 499.9 acre tract of land being more particularly described by metes and bounds as follows:

NOTE: All bearings are Lambert grid bearings and all coordinates refer to the Texas State Plane Coordinate System, South Central Zone (#4204), as defined by article 21.071 of the Natural Resources Code of the State of Texas, 1983 Datum (2001 adjustment). All distance are actual distances. Scale factor = 0.99986791116.

BEGINNING at a 3/4" iron pipe found for the West Northwest corner of this tract of land and being the Southwest corner of a called 35.405 acre tract as conveyed to George Newmann and recorded at Volume 2755, Page 527 of the Galveston County Deed Records (G.C.D.R.).

THENCE N 88°06'20" E with the Northwesterly line of this tract of land and the South line of said 35.405 acre tract, a distance of 1,780.00 feet to a 1/2" capped iron rod stamped "Adams" found for an interior corner of this tract of land.

THENCE N 01°53'40" W with a Northwesterly line of this tract of land, at a distance of 1,129.04 feet pass a found 1/2" capped iron rod stamped "Adams", continuing a total distance of 1,282.67 feet to the Northwest corner of this tract of land and being the centerline of Dickinson Bayou.

THENCE with the centerline of Dickinson Bayou the following courses and distances:

N 85°50'00" E, a distance of 1.92 feet to an angle point.

S 68°53'36" E, a distance of 24.34 feet to an angle point.

N 78°21'31" E, a distance of 20.91 feet to an angle point.

N 54°57'58" E, a distance of 53.88 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

- N 46°30'40" E, a distance of 35.21 feet to an angle point.
- N 35°23'43" E, a distance of 31.78 feet to an angle point.
- N 36°11'33" E, a distance of 54.61 feet to an angle point.
- N 25°56'42" E, a distance of 41.40 feet to an angle point.
- N 47°55'05" E, a distance of 18.08 feet to an angle point.
- N 86°46'43" E, a distance of 18.35 feet to an angle point.
- S 62°48'21" E, a distance of 30.46 feet to an angle point.
- S 77°26'59" E, a distance of 48.63 feet to an angle point.
- S 71°58'21" E, a distance of 35.81 feet to an angle point.
- S 84°53'41" E, a distance of 34.82 feet to an angle point.
- N 79°47'14" E, a distance of 15.99 feet to an angle point.
- N 37°56'11" E, a distance of 36.93 feet to an angle point.
- N 23°00'08" E, a distance of 40.45 feet to an angle point.
- N 25°47'26" E, a distance of 24.91 feet to an angle point.
- N 65°23'49" E, a distance of 27.24 feet to an angle point.
- N 64°46'30" E, a distance of 35.08 feet to an angle point.
- N 54°31'06" E, a distance of 25.16 feet to an angle point.
- N 13°00'24" E, a distance of 24.07 feet to an angle point.
- N 09°43'20" W, a distance of 29.03 feet to an angle point.
- N 51°05'56" E, a distance of 17.24 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

- N 65°44'07" E, a distance of 58.64 feet to an angle point.
- N 71°03'30" E, a distance of 35.73 feet to an angle point.
- N 57°11'46" E, a distance of 9.52 feet to an angle point.
- N 17°38'52" E, a distance of 35.02 feet to an angle point.
- N 08°04'15" E, a distance of 31.24 feet to an angle point.
- N 17°27'46" W, a distance of 37.83 feet to an angle point.
- N 44°46'01" W, a distance of 22.74 feet to an angle point.
- N 71°13'00" W, a distance of 25.62 feet to an angle point.
- N 30°37'49" W, a distance of 21.27 feet to an angle point.
- N 14°22'40" E, a distance of 21.82 feet to an angle point.
- N 48°13'35" E, a distance of 29.41 feet to an angle point.
- N 70°57'48" E, a distance of 50.81 feet to an angle point.
- N 80°50'46" E, a distance of 24.30 feet to an angle point.
- N 66°29'15" E, a distance of 34.89 feet to an angle point.
- N 63°02'30" E, a distance of 31.84 feet to an angle point.
- N 47°21'08" E, a distance of 30.64 feet to an angle point.
- N 44°01'19" E, a distance of 20.79 feet to an angle point.
- N 02°09'18" E, a distance of 34.31 feet to an angle point.
- N 37°51'48" E, a distance of 16.44 feet to an angle point.
- N 57°57'45" E, a distance of 27.70 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

- S 85°40'18" E, a distance of 17.08 feet to an angle point.
- S 79°25'30" E, a distance of 51.97 feet to an angle point.
- S 72°31'59" E, a distance of 34.35 feet to an angle point.
- S 26°16'48" E, a distance of 26.49 feet to an angle point.
- S 64°57'12" E, a distance of 17.66 feet to an angle point.
- N 84°36'57" E, a distance of 27.47 feet to an angle point.
- N 75°09'17" E, a distance of 26.16 feet to an angle point.
- S 87°44'03" E, a distance of 26.08 feet to an angle point.
- S 76°34'36" E, a distance of 47.74 feet to an angle point.
- S 69°42'48" E, a distance of 29.09 feet to an angle point.
- N 86°57'29" E, a distance of 24.29 feet to an angle point.
- N 68°21'27" E, a distance of 39.14 feet to an angle point.
- N 83°56'38" E, a distance of 29.32 feet to an angle point.
- N 90°00'00" E, a distance of 21.41 feet to an angle point.
- S 59°24'18" E, a distance of 29.37 feet to an angle point.
- S 45°33'27" E, a distance of 39.39 feet to an angle point.
- S 62°31'04" E, a distance of 35.19 feet to an angle point.
- S 40°49'14" E, a distance of 42.03 feet to an angle point.
- S 51°37'52" E, a distance of 17.44 feet to an angle point.
- S 88°51'19" E, a distance of 25.81 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

N 69°52'22" E, a distance of 54.68 feet to an angle point.

N 60°34'41" E, a distance of 41.07 feet to an angle point.

N 60°31'05" E, a distance of 38.23 feet to an angle point.

N 32°57'48" E, a distance of 21.81 feet to an angle point.

N 14°33'17" E, a distance of 36.07 feet to an angle point.

N 29°40'23" E, a distance of 38.57 feet to an angle point.

N 86°38'12" E, a distance of 21.97 feet to an angle point.

S 83°19'21" E, a distance of 33.25 feet to an angle point.

S 56°10'16" E, a distance of 49.49 feet to the Northeast corner of this tract of land and being the Northwest corner of a called 9.5867 acre tract as conveyed to Armond S. and Barbara Goldman and recorded in C.C.F. No. 2003034011 O.P.R.R.P.G.C.T.

THENCE S 01°46'47" E, with the East line of this tract of land, at a distance of 1,196.06 feet pass a 1/2" iron rod found at the Southwest corner of said 9.587 acre tract and the Northwest end of Crews Road (60 feet wide) recorded in Volume 226, Page 613 G.C.D.R., at a distance of 1,256.01 feet pass a 3/4" iron pipe found at the Southwest corner of said Crews Road and the Northwest corner of a called 6.38 acre tract as conveyed to Joseph s. Henderson and recorded in C.C.F. No. 2010009213 O.P.R.R.P.G.C.T., continuing a total distance of 4,051.57 feet an angle point of this tract of land, the Northwest corner of Lot 16, Amending Plat Three Oaks Subdivision as recorded in Plat Record 2005A, Number 156 of the Galveston County Map Records (G.C.M.R.) and the Southwest corner of a called 4.88 acre tract as conveyed to Timothy K. Plew and recorded in C.C.F. No. 9907508 O.P.R.R.P.G.C.T.

THENCE S 01°48'07" E, continuing with the East line of this tract of lane, at a distance of 1,854.43 feet pass a 3/8" capped iron rod stamped "RPLS 5247" found for the Southwest corner of a called 5.968 acre tract recorded in C.C.F. No. 2017018193 and the Northwest corner of a called 7.32 acre tract recorded in C.C.F. No. 2007062883, continuing a total distance of 2,119.44 feet to a 1/2" capped iron rod stamped "Adams" found for an internal corner of this tract of land and Southwest corner of said 7.32 acre tract.



TBPE No. F-726
TBPLS No. 10092300

THENCE N 88°13'00" E, with the Southerly line of said 7.32 acre tract, at a distance of 1,203.65 feet pass a 1/2" iron rod in PVC found for the Southeast corner of said 7.32 acre tract and in the West right-of-way line of Jack Beaver Road (60' R.O.W. as occupied), continuing a total distance of 1,233.44 feet to the most Easterly Northeast corner of this tract of land and the Northwest corner of a called 19.676 acre tract as conveyed to Chad P. Gaston recorded in C.C.F. No. 2011061421 O.P.R.R.P.G.C.T.; said point being in the centerline of said Jack Beaver Road.

THENCE S 01°47'38" E, with an Easterly line of this tract of land and the centerline of said Jack Beaver Road, a distance of 1,069.04 feet to the Southeast corner of this tract of land and being in the Westerly line of a called 27.7 acre tract conveyed to Travis W. Harding and recorded in C.C.F. No. 9703596 O.P.R.R.P.G.C.T.

THENCE S 88°12'45" W, at a distance of 29.89 feet pass a 1" iron pipe found on the West right-of-way line of said Jack Beaver Road and for the Northeast corner of a called 5.01 acre tract conveyed to Robert and Chelsea Huggman recorded in C.C.F. No. 2014040721, at a distance of 629.34 feet pass a 1" iron pipe found for the Northwest corner of a called 2.53 acre tract conveyed to Jacob Buffaloe recorded in C.C.F. No. 2014052615 O.P.R.R.P.G.C.T. and the Northeast corner of a called 7.56 acre tract conveyed to Thomas and Julia Buffaloe recorded in C.C.F. No. 2007013603 O.P.R.R.P.G.C.T., at a distance of 1,232.86 feet pass a 1" iron pipe found for the Northwest corner of said 7.56 acre tract, the Northeast corner of a called 3.89 acre tract as conveyed to Jack M. Caffall, Jr. and recorded in C.C.F. No. 20130452479 O.P.R.R.P.G.C.T., continuing a total distance of 2,875.98 feet to a 1" iron pipe found for an angle point in the Southerly line of this tract of land and the Northwest corner of a called 3.9 acre tract conveyed to Mark A. and Wendi R. Wetzel recorded in C.C.F. No. 2013049579 O.P.R.R.P.G.C.T. and the Northeast corner of a called 3.49 acre tract conveyed to Michael E. and Melissa K. Ray recorded in C.C.F. No. 2004039099 O.P.R.R.P.G.C.T.

THENCE S 88°11'49" W, continuing with the Southerly line of this tract of land, a distance of 1,739.40 feet to the Southwest corner of this tract of land, being the Northwest corner of a tract of land conveyed to P.F. Stepchinski recorded in C.C.F. No. 8410847 O.P.R.R.P.G.C.T. and being in the Easterly right-of-way line of Caliche Road (40 feet wide) recorded in Volume 254A, Page 17 G.C.D.R., from which a found 1" iron pipe bears S86°12'15" W, a distance of 2.70 feet.

THENCE N 01°53'40" W, with the West line of this tract of land and the Easterly right-of-way line of said Caliche Road, a distance of 2,783.59 feet to a 1/2" capped iron rod stamped "Adams" found for the Southwest corner of a called 9.04 acre tract conveyed to



TBPE No. F-726
TBPLS No. 10092300

Galveston County Water Company and recorded in Volume 955, Page 499 G.C.D.R. and an external corner of this tract of land.

THENCE N 88°32'20" E, with the Southerly line of said 9.04 acre tract, a distance of 807.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE S 01°27'40" E, continuing with the Southerly line of said 9.04 acre tract; a distance of 25.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE N 88°32'20" E, continuing with the Southerly line of said 9.04 acre tract, a distance of 200.00 feet to a 1/2" iron rod with cap stamped "Adams" found for an angle point.

THENCE N 01°27'40" W, continuing with the Southerly line of said 9.04 acre tract, a distance of 25.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE N 88°32'20" E, continuing with the Southerly line of said 9.04 acre tract, a distance of 1,551.79 feet to a 1/2" capped iron rod stamped "Adams" found for the Southeast corner of said 9.04 acre tract.

THENCE N 01°27'40" W, with the Easterly line of said 9.04 acre tract a distance of 150.00 feet to a 1/2" capped iron rod stamped "Adams" found for the Northeast corner of said 9.04 acre tract.

THENCE S 88°32'20" W, with the Northerly line of said 9.04 acre tract, a distance of 1,551.79 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE N 01°27'40" W, continuing with the Northerly line of said 9.04 acre tract, a distance of 25.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE S 88°32'20" W, continuing with the Northerly line of said 9.04 acre tract, a distance of 200.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.

THENCE S 01°27'40" E, continuing with the Northerly line of said 9.04 acre tract, a distance of 25.00 feet to a 1/2" capped iron rod stamped "Adams" found for an angle point.



TBPE No. F-726
TBPLS No. 10092300

THENCE S 88°32'20" W, continuing with the Northerly line of said 9.04 acre tract, a distance of 808.13 feet to a 1/2" capped iron rod stamped "Adams" found for the Northwest corner of said 9.04 acre tract and being in the Easterly right-of-way line of said Caliche Road.

THENCE N 01°53'40" W, with the Westerly line of this tract of land and the Easterly right-of-way line of said Caliche Road, a distance of 2,406.13 feet to the **PLACE OF BEGINNING**; containing within said boundaries a calculated area of 499.9 acres (21,775,380 sq. ft.) of land.

EDMINSTER, HINSHAW, RUSS & ASSOCIATES, INC. d/b/a/ EHRA

A handwritten signature in black ink, appearing to read "A. Munroe Kelsay", written over a horizontal line.

A. Munroe Kelsay
Texas Registration No. 5580
10011 Meadowglen Lane
Houston, Texas 77042
713-784-4500



Date: 08/10/22
Job No: 191-064-01
File No: R:\2019\191-064-01\Docs\Description\Boundary\19106401-Bndy-West 499 acres.docx



TBPE No. F-726
TBPLS No. 10092300

TRACT 2 ***474.3 ACRES***

FIELD NOTES of a 474.3 acre tract of land situated in the Ira R. Lewis Survey Abstract No. 15, Galveston County, Texas; said 474.3 acre tract of land being out of a called 553.25 acre tract of land as conveyed to TRES RIOS PROPERTIES, LLC and recorded at County Clerk's File No. (C.C.F. No.) 2017068904 of the Official Public Records of Real Property of Galveston County, Texas (O.P.R.R.P.G.C.T.) and all of a called 10 acre tract of land as conveyed to TRES RIOS PROPERTIES, LLC and recorded at C.C.F. No. 2018028258 O.P.R.R.P.G.C.T.; said 474.3 acre tract of land being more particularly described by metes and bounds as follows:

* NOTE: All bearings are Lambert grid bearings and all coordinates refer to the Texas State Plane Coordinate System, South Central Zone (#4204), as defined by article 21.071 of the Natural Resources Code of the State of Texas, 1983 Datum (2001 adjustment). All distance are actual distances. Scale factor = 0.99986791116.

BEGINNING at a 5/8" capped iron rod found for the Southwest corner of this tract of land and being the Southeast corner of a called 27.7 acre tract as conveyed to Travis W. Harding and recorded at C.C.F. No. 9703596 O.P.R.R.P.G.C.T., the Northeast corner of a called 15.02 acre tract as conveyed to John Skaanderup-Larsen and recorded in C.C.F. No. 2008058417 O.P.R.R.P.G.C.T. and the Northwest corner of a called 67.775 acre tract as conveyed to Tower Road Estates, LLC and recorded in C.C.F. No. 2018037233 O.P.R.R.P.G.C.T..

THENCE North 01°48'16" West, with a Westerly line of this tract of land, a distance of 1,694.32 feet to a 1/2" capped iron rod stamped "Adams 3666-5611" found for an internal corner of this tract of land and the Northeast corner of a called 19.676 acre tract as conveyed to Chad P. Gaston and recorded in C.C.F. No. 2011061421.

THENCE South 88°13'00" West, continuing with a Westerly line of this tract of land, at a distance of 1,202.73 feet pass a found 1/2" capped iron rod stamped "Adams 3666-5611" on the East right of way line of Jack Beaver Road (60' R.O.W. as occupied) and , continuing a total distance of 1,232.88 feet to an external corner in a Westerly line of this tract of land and the Northwest corner of said 19.676 acre tract; said point being in the centerline of said Jack Beaver Road.



TBPE No. F-726
TBPLS No. 10092300

THENCE North 01°47'38" West, continuing with a Westerly line of this tract of land and the centerline of said Jack Beaver Road, a distance of 1,411.89 feet to an external corner of this tract of land.

THENCE North 88°13'00" East, continuing with a Westerly line of this tract of land, at a distance of 30.19 feet pass a 1/2" capped iron rod stamped "Adams 3666-5611" found in the Southerly line of a called 7.5 acre tract as conveyed to Steven McCarty and recorded in C.C.F. No. 2004048225 O.P.R.R.P.G.C.T. and being in the East right-of-way line of said Jack Beaver Road, and continuing a total distance of 1,232.62 feet to a 1/2" capped iron rod stamped "Adams 3666-5611" found for an internal corner of this tract of land and the Southeast corner of said called 7.5 acre tract.

THENCE North 01°47'32" West, continuing with a Westerly line of this tract of land, a distance of 2,119.87 feet to a 1/2" iron rod found for an internal corner of this tract of land and the Northeast corner of a called 5.326 acre tract as conveyed to Karl D. Steel and Diep Duong and recorded in C.C.F. No. 2014073635 O.P.R.R.P.G.C.T.

THENCE South 88°13'00" West, continuing with a Westerly line of this tract of land, at a distance of 1,212.38 feet pass a found 5/8" iron rod (disturbed) in the East right-of-way line of said Jack Beaver Road, and continuing a total distance of 1,232.68 feet to an external corner in the Westerly line of this tract of land; said point being in the centerline of said Jack Beaver Road.

THENCE North 01°47'38" West, continuing with a Westerly line of this tract of land and the centerline of said Jack Beaver Road, a distance of 353.20 feet to an external corner in the Westerly line of this tract of land.

THENCE North 88°13'00" East, continuing with a Westerly line of this tract of land, at a distance of 21.88 feet pass a found 1/2" iron pipe at the East right-of-way line of said Jack Beaver Road, and continuing a total distance of 1,232.69 feet to a 1/2" iron rod found for the Southeast corner of a called 28.4 acre tract as conveyed to Robert B. and Leslie L. Hendrix and recorded in C.C.F. No. 9506183 O.P.R.R.P.G.C.T.

THENCE North 01°47'32" West, continuing with a Westerly line of this tract of land, at a distance of 1,819.99 feet pass a found 5/8" iron rod, continuing a total distance of 1,840.75 feet to the Northwest corner of this tract of land and being in the centerline of Dickinson Bayou.



TBPE No. F-726
TBPLS No. 10092300

THENCE with the centerline of Dickinson Bayou the following courses and distances:

- North 83°24'42" East, a distance of 47.80 feet to an angle point.
- North 68°16'23" East, a distance of 30.71 feet to an angle point.
- North 81°58'49" East, a distance of 23.01 feet to an angle point.
- South 84°22'29" East, a distance of 20.84 feet to an angle point.
- South 62°02'35" East, a distance of 31.74 feet to an angle point.
- South 69°09'49" East, a distance of 32.81 feet to an angle point.
- North 88°25'56" East, a distance of 21.33 feet to an angle point.
- North 72°50'50" East, a distance of 37.60 feet to an angle point.
- North 52°22'27" East, a distance of 39.26 feet to an angle point.
- North 59°33'29" East, a distance of 28.80 feet to an angle point.
- North 56°28'28" East, a distance of 33.28 feet to an angle point.
- North 56°43'31" East, a distance of 35.63 feet to an angle point.
- North 71°38'09" East, a distance of 27.18 feet to an angle point.
- South 87°36'59" East, a distance of 21.05 feet to an angle point.
- South 37°27'53" East, a distance of 23.53 feet to an angle point.
- South 31°05'44" East, a distance of 26.58 feet to an angle point.
- South 50°41'59" East, a distance of 31.33 feet to an angle point.
- South 65°34'35" East, a distance of 24.70 feet to an angle point.



South 87°05'31" East, a distance of 30.85 feet to an angle point.
North 75°06'53" East, a distance of 32.94 feet to an angle point.
North 60°08'13" East, a distance of 29.30 feet to an angle point.
North 81°36'16" East, a distance of 25.98 feet to an angle point.
South 72°16'16" East, a distance of 23.00 feet to an angle point.
South 70°47'10" East, a distance of 26.60 feet to an angle point.
South 34°34'25" East, a distance of 43.24 feet to an angle point.
South 24°52'01" East, a distance of 32.27 feet to an angle point.
South 50°50'00" East, a distance of 24.49 feet to an angle point.
South 71°24'41" East, a distance of 31.12 feet to an angle point.
North 71°51'00" East, a distance of 19.67 feet to an angle point.
North 46°56'43" East, a distance of 43.17 feet to an angle point.
North 38°46'03" East, a distance of 32.19 feet to an angle point.
North 71°06'28" East, a distance of 22.72 feet to an angle point.
North 68°44'48" East, a distance of 41.05 feet to an angle point.
North 78°04'39" East, a distance of 57.91 feet to an angle point.
North 88°37'35" East, a distance of 36.52 feet to an angle point.
North 71°55'07" East, a distance of 45.31 feet to an angle point.
North 73°21'25" East, a distance of 38.72 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

North 86°22'37" East, a distance of 41.56 feet to an angle point.
South 86°49'23" East, a distance of 26.33 feet to an angle point.
North 87°55'55" East, a distance of 48.52 feet to an angle point.
North 88°19'37" East, a distance of 49.53 feet to an angle point.
South 78°59'12" East, a distance of 22.91 feet to an angle point.
South 52°07'39" East, a distance of 61.79 feet to an angle point.
South 76°30'54" East, a distance of 26.26 feet to an angle point.
North 64°26'22" East, a distance of 30.43 feet to an angle point.
North 29°17'39" East, a distance of 52.53 feet to an angle point.
North 53°35'38" East, a distance of 38.57 feet to an angle point.
North 66°20'58" East, a distance of 46.55 feet to an angle point.
North 77°01'02" East, a distance of 81.83 feet to an angle point.
North 77°51'31" East, a distance of 66.77 feet to an angle point.
North 90°00'00" East, a distance of 44.40 feet to an angle point.
South 76°57'43" East, a distance of 45.27 feet to an angle point.
South 54°25'57" East, a distance of 77.35 feet to an angle point.
South 80°28'07" East, a distance of 35.24 feet to an angle point.
North 85°02'06" East, a distance of 47.20 feet to an angle point.
North 55°38'42" East, a distance of 33.61 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

North 33°41'38" East, a distance of 45.00 feet to an angle point.

North 47°36'36" East, a distance of 54.97 feet to an angle point.

North 63°36'46" East, a distance of 70.30 feet to an angle point.

North 46°17'20" East, a distance of 47.28 feet to an angle point.

North 47°45'51" East, a distance of 64.97 feet to an angle point.

North 71°43'37" East, a distance of 36.61 feet to an angle point.

South 81°41'24" East, a distance of 50.91 feet to an angle point.

South 75°37'02" East, a distance of 70.13 feet to an angle point.

North 81°34'51" East, a distance of 40.55 feet to an angle point.

North 71°01'45" East, a distance of 29.22 feet to an angle point.

North 59°52'50" East, a distance of 38.64 feet to an angle point.

North 64°41'28" East, a distance of 49.30 feet to an angle point.

North 58°46'23" East, a distance of 40.65 feet to an angle point.

North 40°46'31" East, a distance of 26.08 feet to an angle point.

North 31°03'33" East, a distance of 40.89 feet to an angle point.

North 33°59'50" East, a distance of 41.37 feet to an angle point.

North 22°38'51" East, a distance of 88.25 feet to the Northeast corner of this tract of land and a point in the West line of a 20 foot wide platted roadway as recorded in Volume 91, Page 209-211 G.C.D.R..



TBPE No. F-726
TBPLS No. 10092300

THENCE South 01°51'55" East, with the East line of this tract of land and the West line of said platted roadway a distance of 8,184.21 feet to the Southeast corner of this tract of land, being the Northeast corner of a called 14.185 acre tract as conveyed to Joseph and Kristin Hartley and recorded in C.C.F. No. 2018045783 O.P.R.R.P.G.C.T.

THENCE North 58°20'52" West, with a Southerly line of this tract of land and the Northerly line of said 14.185 acre tract, a distance of 1,376.62 feet to an angle point.

THENCE South 71°27'26" West, continuing with a Southerly line of this tract of land and the Northerly line of said 14.185 acre tract, a distance of 201.34 feet to a Nail found in a wood bridge for the Northwest corner of said 14.185 acre tract.

THENCE South 01°50'46" East, with a Southerly line of this tract of land and the Westerly line of said 14.185 acre tract, a distance of 664.42 feet to a Nail found for an angle point of this tract of land and the Southwest corner of said 14.185 acre tract and being in the Northerly line of the aforementioned 67.775 acre tract.

THENCE North 68°26'10" West, with a Southerly line of this tract of land and the Northerly line of said 67.775 acre tract, a distance of 871.46 feet to a 5/8" capped iron rod found for an angle point.

THENCE South 77°37'07" West, continuing with a Southerly line of this tract of land and the Northerly line of said 67.775 acre tract, a distance of 346.32 feet to the **PLACE OF BEGINNING**; containing within said boundaries a calculated area of 474.3 acres of land (20,660,285 square feet).

EDMINSTER, HINSHAW, RUSS & ASSOCIATES, INC. d/b/a/ EHRA

A. Munroe Kelsay
Texas Registration No. 5580
10011 Meadowglen Lane
Houston, Texas 77042
713-784-4500



Date: 08/10/22
Job No: 191-064-01
File No: R:\2019\191-064-01\Docs\Description\Boundary\19106401-Bndy-East 474 acres.docx



TBPE No. F-726
TBPLS No. 10092300

TRACT 3 ***82.50 ACRES***

FIELD NOTES of a 82.50 acre tract of land situated in the Ira R. Lewis Survey Abstract No. 15, Galveston County, Texas; said 82.50 acre tract of land being all of a called 82.439 acre tract of land as conveyed to TRES RIOS PROPERTIES, LLC and recorded at County Clerk's File No. (C.C.F. No.) 2018040015 of the Official Public Records of Real Property of Galveston County, Texas (O.P.R.R.P.G.C.T.); said 82.50 acre tract of land being more particularly described by metes and bounds as follows:

NOTE: All bearings are Lambert grid bearings and all coordinates refer to the Texas State Plane Coordinate System, South Central Zone (#4204), as defined by article 21.071 of the Natural Resources Code of the State of Texas, 1983 Datum (2001 adjustment). All distance are actual distances. Scale factor = 0.99986791116.

BEGINNING at a 2" iron pipe found for the Northwest corner of this tract of land and being the Northeast corner of a called 1.893 acre tract as conveyed to Linda S. Singer and recorded at C.C.F. No. 2005030598 O.P.R.R.P.G.C.T. and in the Southerly right-of-way line of F.M. 517 (100 feet wide).

THENCE N 82°18'15" E with the Northerly line of this tract of land and the Southerly right-of-way line of said F.M. 517, a distance of 1,233.30 feet to a 2" iron pipe found for the Northeast corner of this tract of land, being the Northwest corner of Reserve "10" of Lakes Of Bay Area Sec 3, a subdivision recorded in Record 2005A, Map No. 138-141 of the Galveston County Map Records (G.C.M.R.).

THENCE S 01°54'56" E with a Easterly line of this tract of land and the Westerly line of said Reserve "10", a distance of 3,578.10 feet to the Southeast corner of this tract of land and being in the centerline of Dickinson Bayou.

THENCE with the centerline of Dickinson Bayou the following courses and distances:

S 54°57'58" W, a distance of 15.86 feet to an angle point.

S 78°21'31" W, a distance of 20.91 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

N 68°53'36" W, a distance of 24.34 feet to an angle point.
S 85°50'00" W, a distance of 24.83 feet to an angle point.
S 39°03'43" W, a distance of 24.57 feet to an angle point.
S 27°13'34" W, a distance of 31.02 feet to an angle point.
S 06°44'47" E, a distance of 32.31 feet to an angle point.
S 31°57'46" W, a distance of 23.39 feet to an angle point.
S 59°40'15" W, a distance of 33.18 feet to an angle point.
S 69°34'33" W, a distance of 30.28 feet to an angle point.
S 86°05'32" W, a distance of 30.26 feet to an angle point.
N 74°01'59" W, a distance of 27.50 feet to an angle point.
N 45°11'53" W, a distance of 61.09 feet to an angle point.
N 52°11'36" W, a distance of 30.70 feet to an angle point.
N 80°51'41" W, a distance of 30.84 feet to an angle point.
N 77°37'24" W, a distance of 19.89 feet to an angle point.
N 34°33'12" W, a distance of 39.12 feet to an angle point.
N 57°27'51" W, a distance of 50.80 feet to an angle point.
N 53°12'46" W, a distance of 54.50 feet to an angle point.
N 15°11'58" W, a distance of 18.70 feet to an angle point.
N 01°26'44" E, a distance of 30.68 feet to an angle point.



TBPE No. F-726
TBPLS No. 10092300

N 06°23'31" E, a distance of 50.75 feet to an angle point.
N 14°56'42" W, a distance of 56.02 feet to an angle point.
N 09°15'39" W, a distance of 22.65 feet to an angle point.
N 16°45'55" W, a distance of 27.73 feet to an angle point.
N 06°02'36" W, a distance of 26.96 feet to an angle point.
N 28°13'48" W, a distance of 32.18 feet to an angle point.
N 55°17'47" W, a distance of 27.62 feet to an angle point.
N 79°35'48" W, a distance of 36.71 feet to an angle point.
S 84°40'22" W, a distance of 24.21 feet to an angle point.
S 63°05'59" W, a distance of 70.54 feet to an angle point.
S 49°03'00" W, a distance of 60.81 feet to an angle point.
S 48°28'57" W, a distance of 29.18 feet to an angle point.
S 30°05'31" W, a distance of 20.97 feet to an angle point.
S 30°54'43" W, a distance of 49.98 feet to an angle point.
S 37°26'41" W, a distance of 30.97 feet to an angle point.
S 06°20'46" W, a distance of 14.42 feet to an angle point.
S 32°22'19" W, a distance of 11.31 feet to an angle point.
S 51°32'43" W, a distance of 31.78 feet to the Southwest corner of this tract of land.



TBPE No. F-726
TBPLS No. 10092300

THENCE N 01°52'51" W, with a Westerly line of this tract of land, a distance of 1,416.09 feet to 2" iron pipe found for an internal corner of this tract of land.

THENCE S 85°04'41" W, with a Westerly line of this tract of land, a distance of 430.40 feet to a 1/2" iron rod found for an external corner of this tract of land and the Southeast corner of a called 1.72 acre tract conveyed to Tony D. Fiala and recorded in C.C.F. No. 2000009959 O.P.R.R.P.G.C.T.

THENCE N 01°53'00" W, with a Westerly line of this tract of land, at a distance of 271.56 feet pass a 1/2" iron rod found for the Northeast corner of said 1.72 acre tract and the Southeast corner of a called 1.73 acre tract conveyed to Michael and Diana Boyd recorded in C.C.F. No. 9537620 O.P.R.R.P.G.C.T., at a distance of 814.17 feet pass a 3/4" iron pipe found for the Northeast corner of a called 1.73 acre tract conveyed to Andres L. Lopez and recorded in C.C.F. No. 9957529 O.P.R.R.P.G.C.T. and the Southeast corner of a called 1.73 acre tract conveyed to Rodney and Christy Hughes recorded in C.C.F. No. 2018016578 O.P.R.R.P.G.C.T., at a distance of 1,628.18 feet pass a 5/8" capped iron rod stamped "Geoserv" found for the Northeast corner of a called 1.73 acre tract conveyed to Robert D. Lawson, etux and recorded in C.C.F. No. 2005050943 O.P.R.R.P.G.C.T. and the Southeast corner of the aforementioned 1.893 acre tract, continuing a total distance of 1,940.10 feet to the **PLACE OF BEGINNING**; containing within said boundaries a calculated area of 82.50 acres (3,593,869 square feet) of land.

EDMINSTER, HINSHAW, RUSS & ASSOCIATES, INC. d/b/a/ EHRA

A. Munroe Kelsay
Texas Registration No. 5580
10011 Meadowglen Lane
Houston, Texas 77042
713-784-4500



Date: 08/10/22
Job No: 191-064-01
File No: R:\2019\191-064-01\Docs\Description\Boundary\19106401-Bndy-North 82.50acres.docx

Exhibit A-2 In-City Property

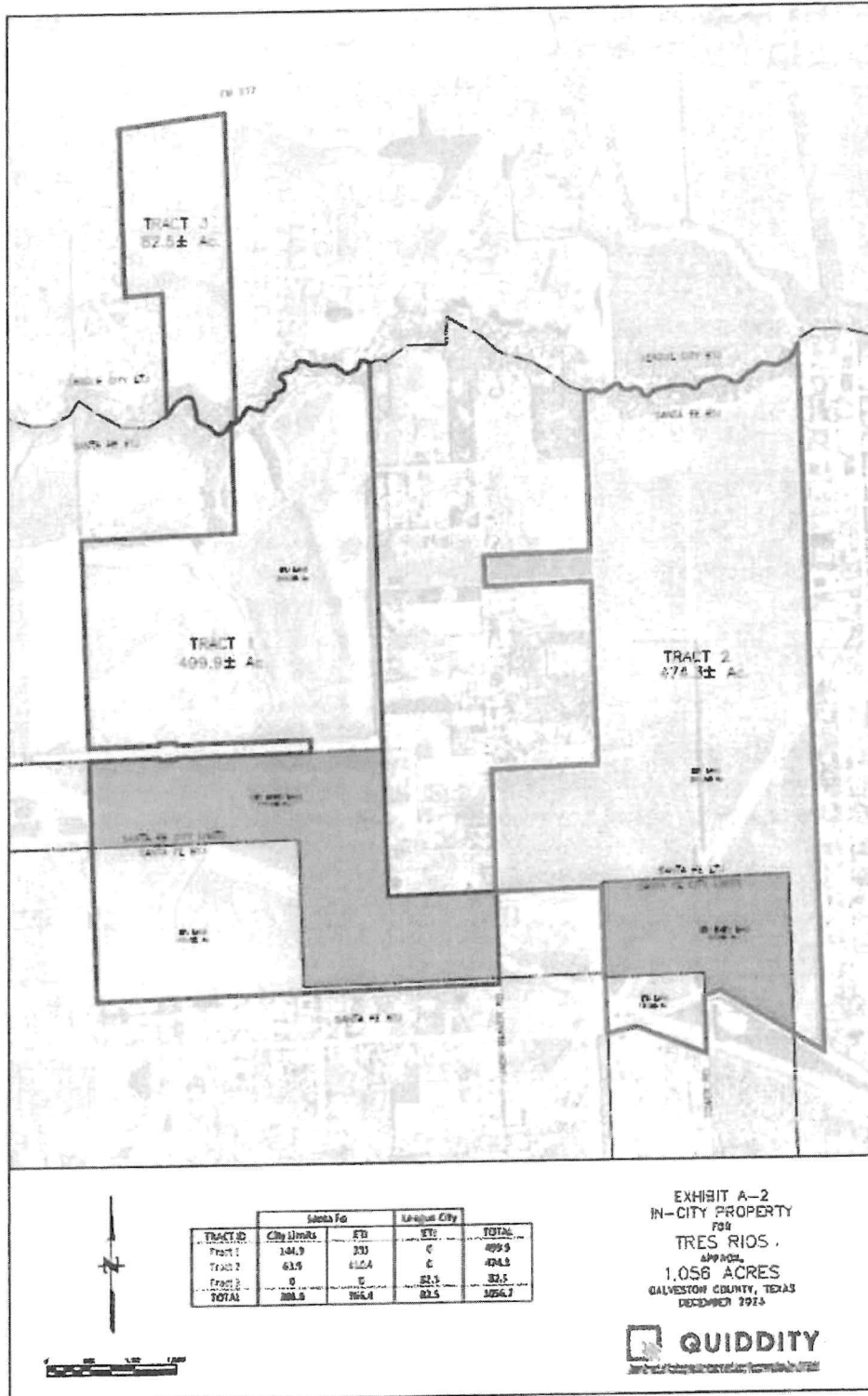
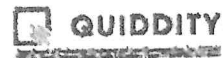


EXHIBIT A-2
IN-CITY PROPERTY
FOR
TRES RIOS
APPROX.
1,056 ACRES
GALVESTON COUNTY, TEXAS
DECEMBER 2023



**Exhibit A-3
ETJ Property**

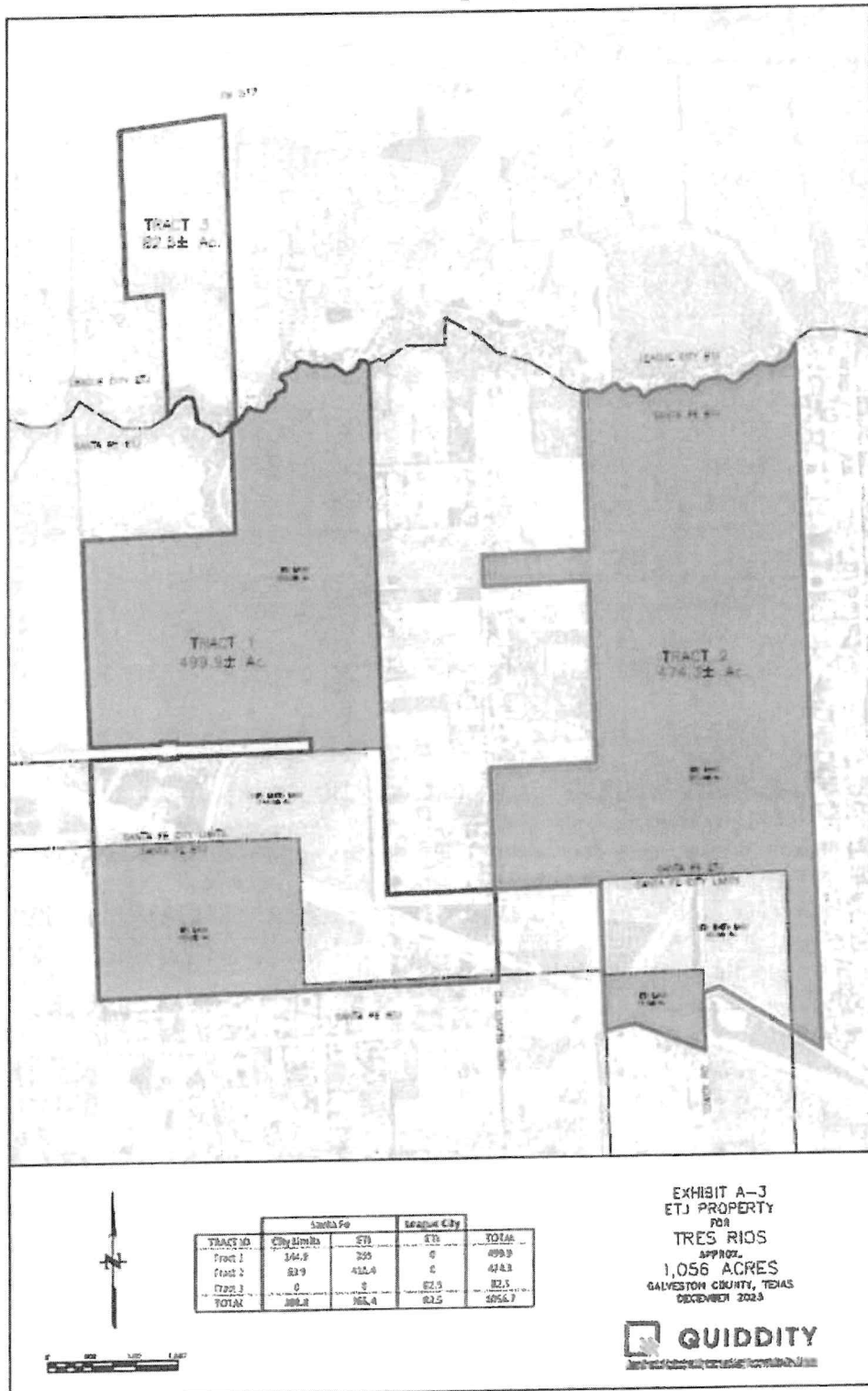


EXHIBIT A-3
ETJ PROPERTY
FOR
TRES RIOS
APPROX.
1,056 ACRES
GALVESTON COUNTY, TEXAS
DECEMBER 2023



Exhibit A-4 Laguna Property and Commercial Property

TRES RIOS
A Conceptual Land Use Plan
of
1,058.7 Acres
in Galveston County, Texas

LAND USE TABLE		
40' x 120' Typ.	413 Total Lots	261.1 Acres
50' x 120' Typ.	451 Total Lots	281.8 Acres
Laguna		11.7 Acres
Multi-Family 150' Units		32.5 Acres
Detached/Conditional		226.0 Acres
Land-Use: Open Space		58.0 Acres
WWT/Pool		26.0 Acres
OTIF / Other		154.5 Acres
TOTAL	2,844 Lots	1,058.7 Acres



SCALE: 1" = 500'
DATE: 12.01.2023

Exhibit B

Budgeted Costs

PRELIMINARY COST SUMMARY
TRES RIOS (1,056 Acres)
CITY OF SANTA FE, TEXAS
GALVESTON COUNTY
December 6, 2023

Development Costs	Per Unit		Per SF Lot		TOTAL
	No. Units	Per Unit	No. Lots	Per Lot	
Clearing & Grubbing	3,814	\$ 1,573	2,844	\$ 2,110	\$ 6,000,000
Internal WS&D	3,814	\$ 9,188	2,844	\$ 12,322	\$ 35,044,000
Internal Paving	3,814	\$ 9,112	2,844	\$ 12,219	\$ 34,752,000
Major Roadways	3,814	\$ 5,546	2,844	\$ 7,438	\$ 21,154,000
Bridge Crossings	3,814	\$ 3,558	2,844	\$ 4,771	\$ 13,570,000
Trunk Water & Sanitary Sewer	3,814	\$ 1,584	2,844	\$ 2,125	\$ 6,043,000
Lift Stations & FM	3,814	\$ 1,071	2,844	\$ 1,436	\$ 4,084,000
Detention / Drainage	3,814	\$ 4,508	2,844	\$ 6,046	\$ 17,194,000
Water Plant Facilities	3,814	\$ 4,719	2,844	\$ 6,329	\$ 18,000,000
Wastewater Treatment Plant Facilities	3,814	\$ 3,592	2,844	\$ 4,817	\$ 13,700,000
Subtotal	3,814	\$ 44,452	2,844	\$ 59,614	\$ 169,541,000
Inflation/Escalation ⁽¹⁾	3,814	\$ 31,117	2,844	\$ 41,730	\$ 118,678,700
Subtotal (inc. Inflation/Escalation)	3,814	\$ 75,569	2,844	\$ 101,343	\$ 288,219,700
Engineering/Surveying (15%)	3,814	\$ 11,335	2,844	\$ 15,201	\$ 43,232,955
Materials Testing (2.5%)	3,814	\$ 1,889	2,844	\$ 2,534	\$ 7,205,493
SWPPP (2%)	3,814	\$ 1,511	2,844	\$ 2,027	\$ 5,764,394
Amenities, Landscape & Sidewalks	3,814	\$ 7,500	2,844	\$ 10,058	\$ 28,605,000
Franchise Utilities, Inc. Streetlights	3,814	\$ 3,000	2,844	\$ 4,023	\$ 11,442,000
GCWA Surface Water Purchase	3,814	\$ 787	2,844	\$ 1,055	\$ 3,000,000
Major Thoroughfares/Collectors ROW	3,814	\$ 393	2,844	\$ 527	\$ 1,500,000
SUBTOTAL	3,814	\$ 101,985	2,844	\$ 136,768	\$ 388,969,542
Development Management Fee (4%)	3,814	\$ 4,079	2,844	\$ 5,471	\$ 15,558,782
PID Legal (1%)	3,814	\$ 1,020	2,844	\$ 1,368	\$ 3,889,695
PID Financial Advisor (1.25%)	3,814	\$ 1,275	2,844	\$ 1,710	\$ 4,862,119
Contingencies (10%)	3,814	\$ 10,198	2,844	\$ 13,677	\$ 38,896,954
TOTAL	3,814	\$ 112,183	2,844	\$ 150,445	\$ 427,866,496

Notes:

1. Inflation/Escalation Estimated at 7% per year for ten (10) years.

Land Use Assumptions

Land Use	Size (Acres)	Units	Unit Equiv.	ESFCs
Single Family	546.3	2,844	1.0	2,844
Multi-Family	32.6	950	0.6	570
Laguana	18.7	20	4.0	80
TOTAL		3,814		3,494

This Document is Released for the Purpose of:
GENERAL PLANNING PURPOSES
 Under the Authority of:
 Engineer, Terry R. Reeves, P.E.
 License No. 106131
 It is Preliminary in Nature and not to be Used for
 Feasibility of Land Purchases, Bond Applications,
 Loans or Grants.



Exhibit C Concept Plan of the Property



**Exhibit D
Development Standards**

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

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

These Development standards are intended to provide for a medium to higher density single-family residential development within the **Tres Rios neighborhood**. Except as otherwise provided herein, the rules, regulations and standards applicable within the Single-Family Residential District 2 (R-2), 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 Princeton 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 or 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 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) Construction materials. The use of unfinished concrete blocks or unfinished tilt wall panels to meet the masonry requirement is prohibited from use unless they are textured. All exterior finishes must meet the Santa Fe's masonry requirements, in section (12.08).

(3) 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 shall complement the building design and masonry materials used.

(4) 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.

(5) 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.

(6) 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.

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

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

(9) 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.

(10) 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.

(11) 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.

(12) Sign design. The design of a sign shall complement the architectural design of the nonresidential building, and shall be included in the color rendering required in subsection

(e). The design and placement shall follow the City of Princeton Sign Ordinance, except as set forth in this Agreement.

(13) 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.

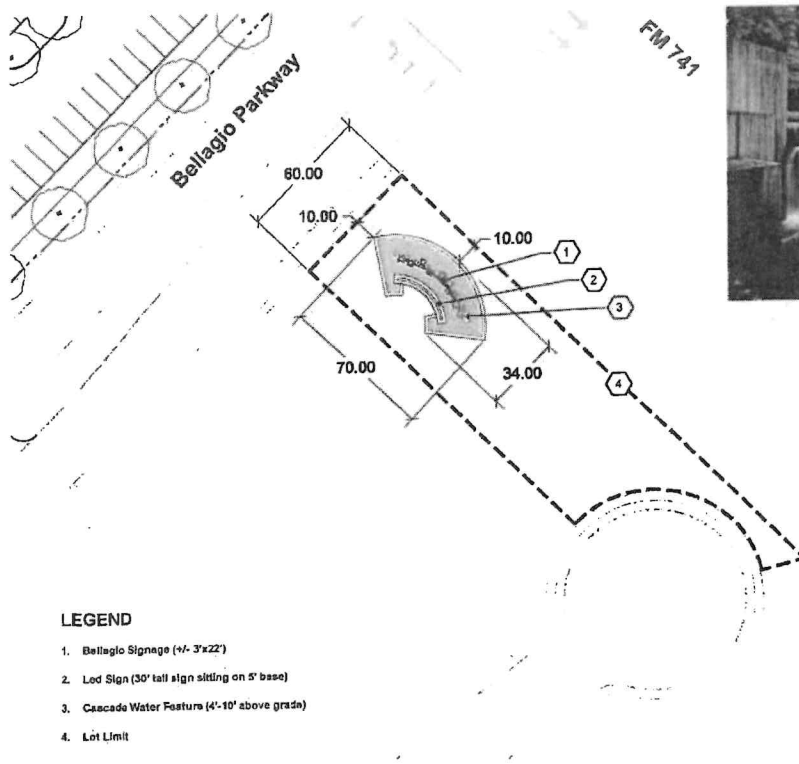
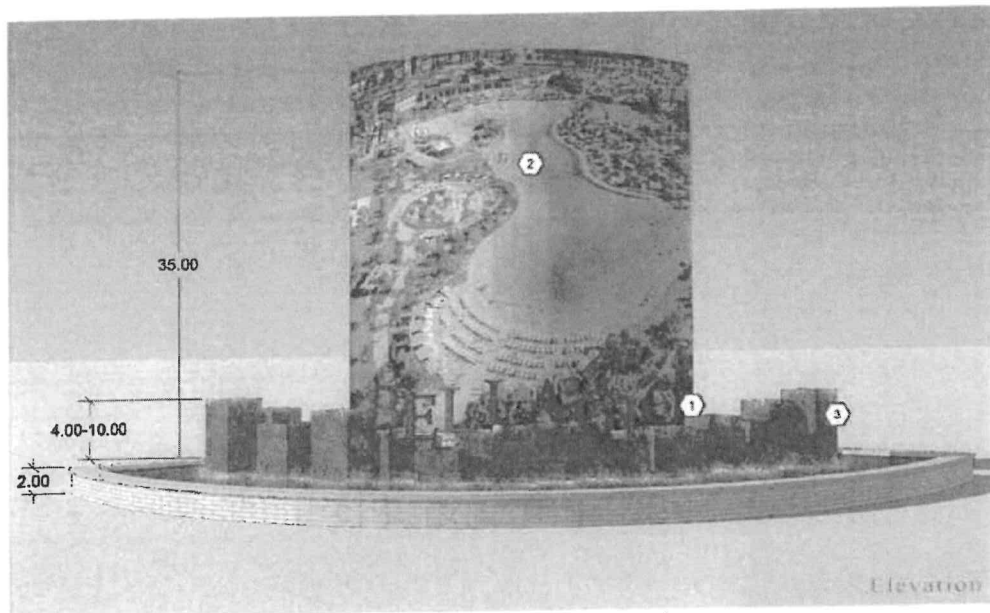
(14) Residential repetition of elevation and floor plan. Unless otherwise approved by the zoning administrator, the following residential design standards shall be followed:

a. A minimum of three platted residential lots must be skipped on the same side and two lots 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 (or nearly identical) floor plan shall not be repeated on neighboring, side by side lots.

(15) 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 counted as a masonry material for the Lagoon associated buildings and the multifamily buildings.



Water Effect

LEGEND

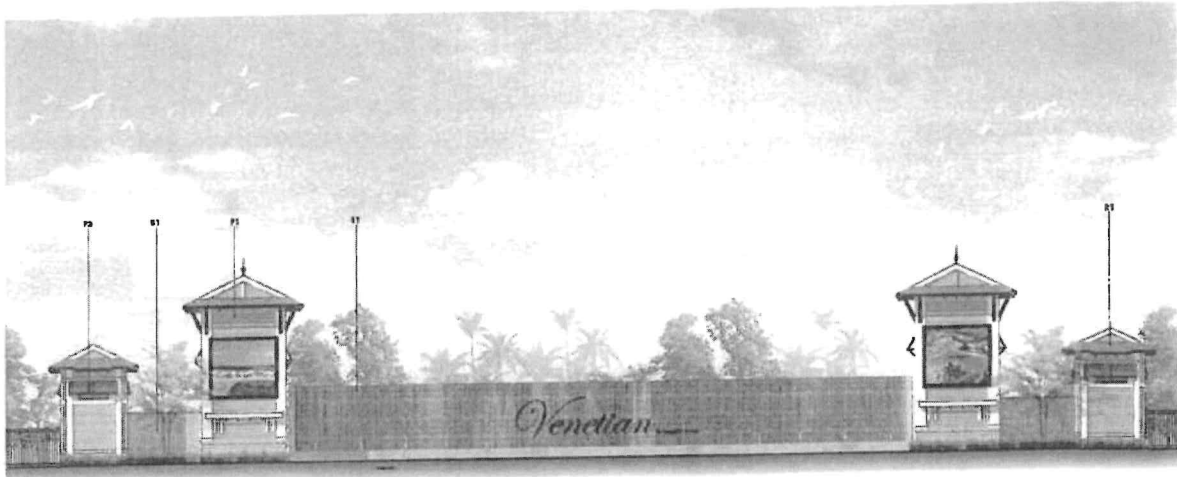
- 1. Bellagio Signage (4'-3"x22')
- 2. Led Sign (30' tall sign sitting on 5' base)
- 3. Cascade Water Feature (4'-10' above grade)
- 4. Lot Limit

Plan



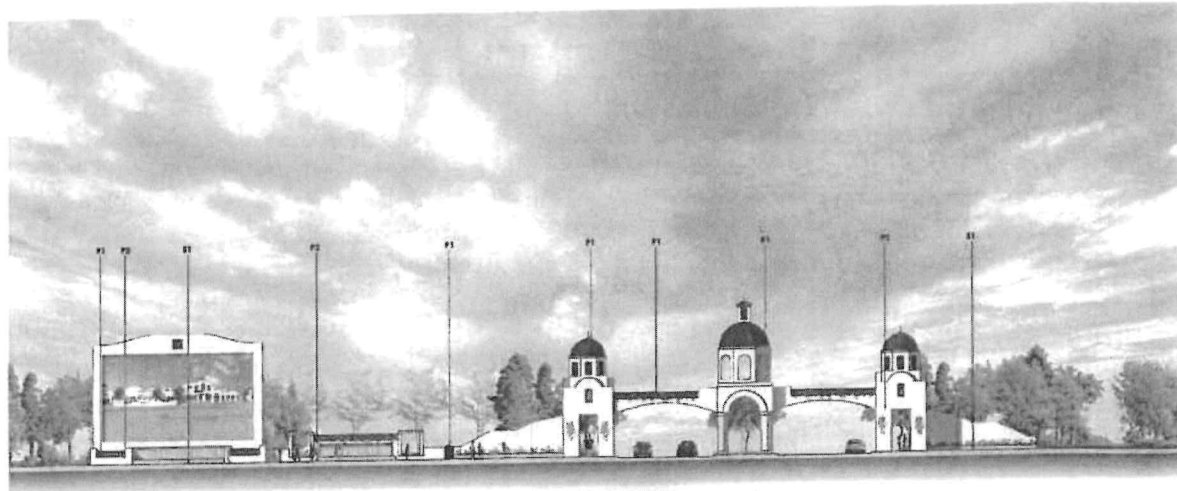
BELLAGIO

ENTRY FEATURE



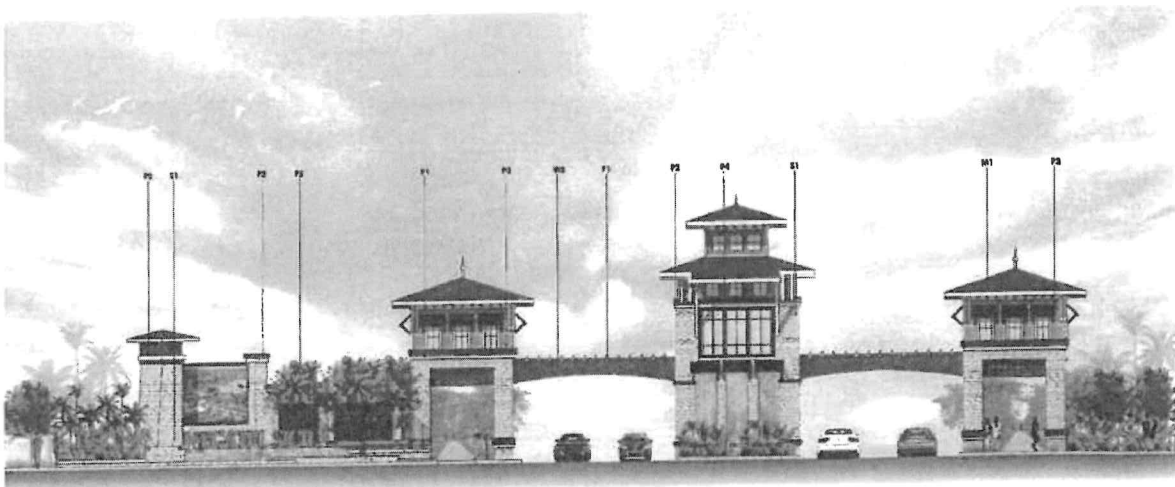
S1- STONE NATURAL CLR STONE COLOR: DARK GRAY STONE	S1- BRICK MANUFACTURER: RED RIVER BRICK COLOR: WHITE BRICK ACCESS: ARDOS WHITE	F1- FABR MANUFACTURER: SHERWIN WILLIAMS COLOR: POLYURETHANE BY 647B TYPE: CEMENT BOARD PANEL	F2- FABR MANUFACTURER: SHERWIN WILLIAMS COLOR: EXTRA WHITE BY 704A TRIAL BRACKET, COLUMN	F3- FABR MANUFACTURER: SHERWIN WILLIAMS COLOR: UTHANE WHITE BY 704B METAL ROOF TRIAL BRACKET, SUPPORT, FINCH, ROOF ORNAMENT, WINDOW TRIM	D1- METAL ROOF MANUFACTURER: BERBICE COLOR: CITYSCAPE	D1- DOWNSPOUT MANUFACTURER: SAGE COLOR: WHITE

HECK ARCHITECTS. MEGATEL VENETIAN - MATERIAL BOARD - ENTRY DESIGN
Weston, Texas



S1- STONE MANUFACTURER: EL DORADO STONE COLOR: PEARL WHITE PLANTER	F1- FABR MANUFACTURER: SHERWIN WILLIAMS COLOR: BLUE BLOOD BY 666A DOME, BANDING FORCE GATE, TRUSS	F2- FABR MANUFACTURER: SHERWIN WILLIAMS COLOR: EXTRA WHITE BY 704A TRUSS, COLUMN, TRUSS

HECK ARCHITECTS. MEGATEL SANTORINI GATEWAY - MATERIAL BOARD
Springdale, Texas



<p>S1 - BRICK MANUFACTURER: C. CORADO LTD OF COLORADO BRICK</p>	<p>F1 - PAINT MANUFACTURER: PETERSON TRILAM COLOR SYSTEMS BY APT 3</p>	<p>F2 - PAINT MANUFACTURER: BEHRM PULMAN COLOR SYSTEMS BY FINE</p>	<p>F3 - PAINT MANUFACTURER: BEHRM PULMAN COLOR SYSTEMS BY APT 3</p>	<p>F4 - PAINT MANUFACTURER: BEHRM PULMAN COLOR SYSTEMS BY APT 3</p>	<p>S1 - METAL ROOF MANUFACTURER: ENRICO COLOR-CORRUGAL DIT</p>	<p>S1 - TRIM MANUFACTURER: FISH COLOR-WHITE</p>	<p>R1 - WOODWORK MANUFACTURER: HICKS COLOR-ASHLEY PANEL</p>	<p>S1 - DOWNSPOUTS MANUFACTURER: ENCO COLOR-ASHLEY PANEL</p>
<p>SHOWER TRAY PENGOLA SHIP ORIMARLY PANEL</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>	<p>TRIM SHOWER TRAY SHOWER TRAY SHOWER TRAY</p>

HEK ARCHITECTS MEGATEL SICILY GATEWAY MATERIAL BOARD Princeton, Texas

Exhibit E
Home Buyer Disclosure Program

Developer of the Tres Rios Public Improvement District (the "PID") shall facilitate notice to prospective homebuyers in accordance with the following notices. The Developer 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, and included in the Service and Assessment Plan approved by the City, 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 shall take appropriate action to require these notices to be provided if it is discovered that any requirement is not being complied with.

**Exhibit F
Lien Declaration**

**TRES RIOS PHASE ___ DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS ACCEPTING AND APPROVING ASSESSMENTS AND LIEN**

This TRES RIOS 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 Santa Fe (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 Tres Rios 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 SANTA FE, GALVESTON 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 Santa Fe, 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 Santa Fe, _____

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 Tres Rios 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 Tres Rios 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 G Roadway Cross Sections

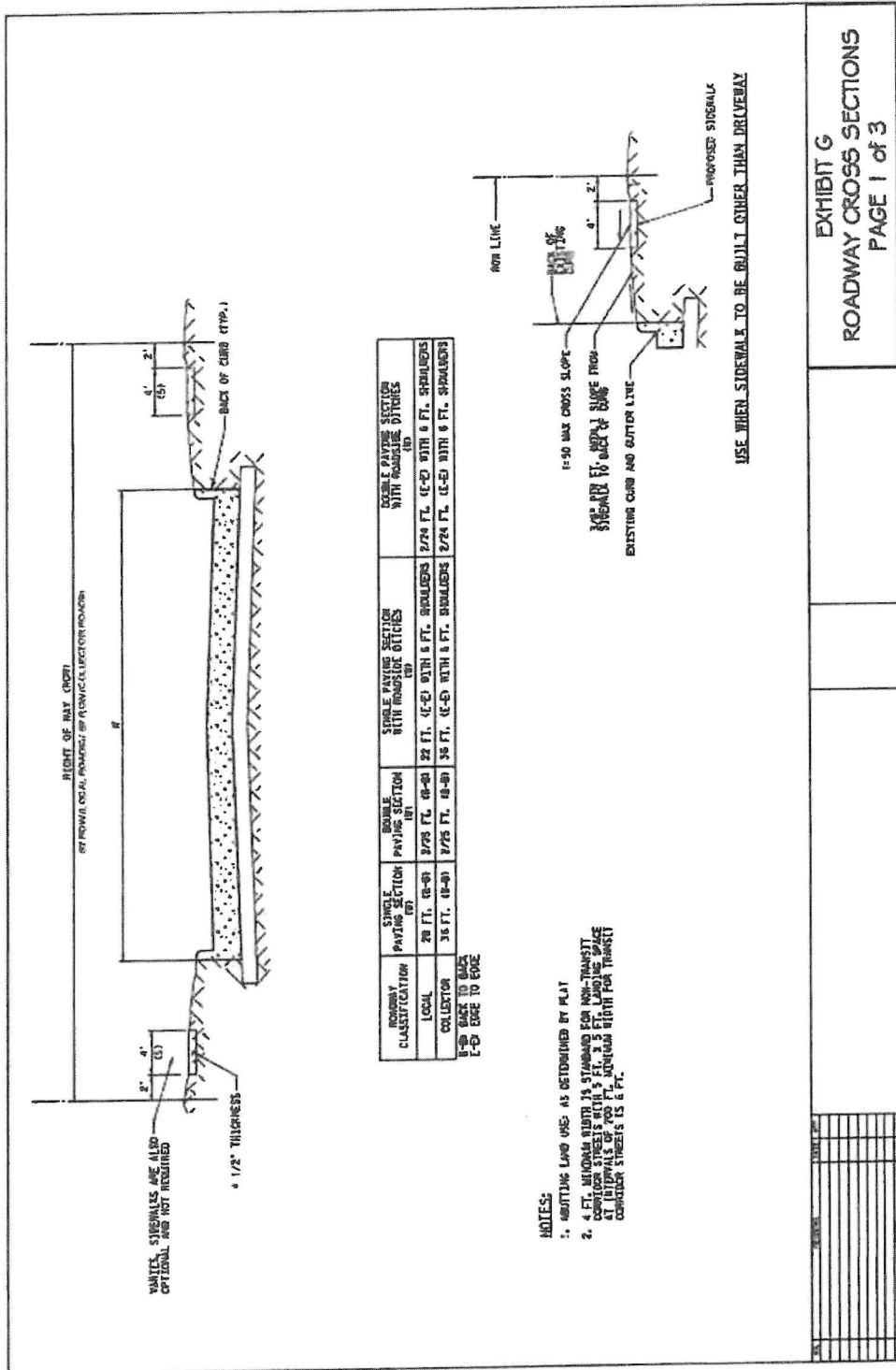


Exhibit H
WCID Consent Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS CONSENTING TO THE ANNEXATION OF CERTAIN LAND INTO GALVESTON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 8 AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on _____, 20___, the City of Santa Fe, Texas (the "City") received a Petition for Consent to Annexation of Land into Galveston County Water Control and Improvement District No. 8 (the "Petition") executed by _____, a _____ (the "Petitioner"), attached hereto as Exhibit "A"; and

WHEREAS, the Petition seeks to add that certain ___-acre tract of land described therein (the "Property") to Galveston County Water Control and Improvement District No. 8 (the "District"); and

WHEREAS, the Property is partially located within the extra-territorial jurisdiction of the City, and partially located within the corporate limits of the City. The District is not within the corporate limits or extra-territorial jurisdiction of any other city, town, or village; and

WHEREAS, the City Council of the City desires to adopt this Resolution for the purpose of consenting to the inclusion of the Property in the District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS:

Section 1. That the facts set out in the preamble are true and correct and are incorporated herein for all purposes.

Section 2. That the City Council hereby gives written consent to the addition of all or part of the Property in phases, as described and depicted in exhibits to the Petition (Exhibit "A") by metes and bounds and located wholly within the corporate limits of the City of Santa Fe.

Section 3. The City Council of the City officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall and on the official website of the City in the manner and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting was open to the public as required by law at all times during which this Resolution and the subject matter thereof was discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 4. This Resolution shall take effect immediately from and after its passage, and it

is, accordingly, so resolved.

PASSED AND APPROVED by the City Council of the City of Santa Fe, Texas on the
____ day of _____, 20__.

_____, Mayor

ATTEST:

_____, City Secretary

(CITY SEAL)

Approved as to Form:

_____, City Attorney

Exhibit A to Consent Resolution
Petition for Consent to Annexation of Land into
Galveston County Water Control and Improvement District No. 8

Exhibit I-1
MUD Consent Resolution Relative to In City Property

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS CONSENTING TO THE CREATION OF TRES RIOS MUNICIPAL UTILITY DISTRICT NO. 2; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on _____, 20____, the City of Santa Fe, Texas (the "City") received a Petition for Consent to Creation of Tres Rios Municipal Utility District No. 2 (the "Petition") executed by _____, a _____ (the "Petitioner"), attached hereto as Exhibit "A"; and

WHEREAS, the Petition seeks to create Tres Rios Municipal Utility District No. 2 (the "District"), encompassing __ acres (the "Property") situated wholly within the corporate limits of the City; and

WHEREAS, the City Council of the City desires to adopt this Resolution for the purpose of consenting to the creation of the District and the inclusion of the Property in the District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS:

Section 1. That the facts set out in the preamble are true and correct and are incorporated herein for all purposes.

Section 2. That the City Council hereby gives written consent to the creation of the District and the inclusion of the Property in the District as described and depicted in exhibits to the Petition (Exhibit "A") by metes and bounds and located wholly within the corporate limits of the City of Santa Fe.

Section 3. The City Council of the City officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall and on the official website of the City in the manner and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting was open to the public as required by law at all times during which this Resolution and the subject matter thereof was discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 4. This Resolution shall take effect immediately from and after its passage, and it is, accordingly, so resolved.

PASSED AND APPROVED by the City Council of the City of Santa Fe, Texas on the
____ day of _____, 20__.

_____, Mayor

ATTEST:

_____, City Secretary

(CITY SEAL)

Approved as to Form:

_____, City Attorney

Exhibit A to Consent Resolution
Petition for Consent to Creation of Tres Rios Municipal Utility District No. 2

Exhibit I-2
MUD Consent Resolution Relative to ETJ Property

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS CONSENTING TO THE CREATION OF TRES RIOS MUNICIPAL UTILITY DISTRICT NO. 1; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on _____, 20____, the City of Santa Fe, Texas (the "City") received a Petition for Consent to Creation of Tres Rios Municipal Utility District No. 1 (the "Petition") executed by _____, a _____ (the "Petitioner"), attached hereto as Exhibit "A"; and

WHEREAS, the Petition seeks to create Tres Rios Municipal Utility District No. 1 (the "District"), encompassing __ acres (the "Property") situated wholly within the extra-territorial jurisdiction of the City; and

WHEREAS, the City Council of the City desires to adopt this Resolution for the purpose of consenting to the creation of the District and the inclusion of the Property in the District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA FE, TEXAS:

Section 1. That the facts set out in the preamble are true and correct and are incorporated herein for all purposes.

Section 2. That the City Council hereby gives written consent to the creation of the District and the inclusion of the Property in the District as described and depicted in exhibits to the Petition (Exhibit "A") by metes and bounds and located wholly within the exterritorial jurisdiction of the City of Santa Fe.

Section 3. The City Council of the City officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall and on the official website of the City in the manner and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting was open to the public as required by law at all times during which this Resolution and the subject matter thereof was discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 4. This Resolution shall take effect immediately from and after its passage, and it is, accordingly, so resolved.

PASSED AND APPROVED by the City Council of the City of Santa Fe, Texas on the
____ day of _____, 20__.

_____, Mayor

ATTEST:

_____, City Secretary

(CITY SEAL)

Approved as to Form:

_____, City Attorney

Exhibit A to Consent Resolution
Petition for Consent to Creation of Tres Rios Municipal Utility District No. 1

Exhibit J Fire Station Site

TRES RIOS A Conceptual Land Use Plan

1,056.7 Acres
in Galveston County, Texas

LAND USE TABLE	
257,120 Total	141.1 Acres
324,320 Total	285.8 Acres
1,056.7 Total	1,056.7 Acres
Multi Family (95%)	425.0 Acres
Detention (Training)	288.8 Acres
Landscape/Open Space	200.0 Acres
WATERWAYS	20.0 Acres
MP/Other	155.5 Acres
TOTAL	2,644 Lots 1,056.7 Acres



SCALE: 1"=500'
DATE: 12.01.2023

