EXHIBIT B

AMENDMENT NO. 1 TO THE POST OAK DEVELOPMENT AGREEMENT

BY AND AMONG

CITY OF FAIR OAKS RANCH, TEXAS

AND

BITTERBLUE, INC.

This Development Agreement (this "Agreement") is entered by and between the **City of Fair Oaks Ranch**, a Texas home-rule municipal corporation located within Bexar, Kendall and Comal County, Texas (hereinafter, referred to as "City"); and **Bitterblue, Inc.** (hereinafter referred to as "Owner"). City and Owner shall hereafter collectively be referred to as "Parties" or in the singular as "Party".

RECITALS

WHEREAS, as of the Effective Date of this Agreement or within ninety (90) days of the Effective Date of this Agreement, the Owner will have fee title to the 344.6 acres of land, more particularly described in **Exhibit "A"** and **Exhibit "B"**, which are attached hereto and fully incorporated herein (the "Property"); and

WHEREAS, concurrently with the City's creation of the hereinafter defined District, the Owners will agree certain restrictions on the development of the Property, subject however to (i) the Parties acknowledging that the preliminary concept plan attached to this Agreement as **Exhibit "C"** (the "Preliminary Concept Plan") is preliminary in nature and subject to change as planning for the hereinafter defined Project develops and (ii) Owner closing on the Property; and

WHEREAS, the Property is located in Kendall and Comal Counties, Texas, wholly outside the City's corporate limits but wholly within the City's extraterritorial jurisdiction (the "ETJ"); and

WHEREAS, the Property is not located in any other municipality's corporate limits or extraterritorial jurisdiction; and

WHEREAS, this Agreement is a development agreement of the type described by Subchapter G of Chapter 212; and

WHEREAS, the City Council has found that development of the Property in compliance with this Agreement will serve a public purpose and is in the best interests of the residents of the City; and

WHEREAS, the City had previously entered into a development agreement with a prior owner of the Property on November 20, 2013 ("2013 Development Agreement"), which was subsequently amended on November 20, 2014 ("2014 Development Agreement"); and

WHEREAS, upon the approval of this Agreement, the establishment of the required Public Improvement District ("PID"), annexation, and associated zoning of the Property, so long as zoning begins within ninety (90) days after the City annexes the Property, the Parties agree that the 2013 Development Agreement and 2014 Development Agreement, is wholly amended and replaced by this Agreement, the Parties agree that Owner will have waived all associated

development and contractual claims and rights under the 2013 Development Agreement and 2014 Development Agreement; and

WHEREAS, Owner intends to develop the Property as a ~~278~~ 227 single-family lot residential development, to include associated public infrastructure and other public and private improvements (as further described herein), and comprised of the hereinafter-defined residential project (the "Project"); and

WHEREAS, Owner has agreed to voluntary, full purpose annexation of the Property, thereafter to be included within the City's corporate limits and to comply with certain terms and conditions regarding the Project's development, including with respect to subdivision and platting of the Property, construction standards, and the design, construction, installation, and inspection of water, sewer, natural gas, electric power, broadband internet service, drainage, roadway, streets, sidewalks, and other public infrastructure and public improvement projects to serve the Property, all as further described herein; and

WHEREAS, upon full purpose annexation, necessary police, public safety, and other municipal utility services will be provided to the Property as herein described; and

WHEREAS, the Parties intend that the Property be developed (i) as a high-quality residential development and (ii) pursuant to binding, contractual development regulations herein memorialized, that are recorded in the Kendall and Comal County's Official Public Land Records (so as to bind the Owner and all future owners of the Property or any portion thereof), and that will provide regulatory certainty, among other matters, during the Term of this Agreement; and

WHEREAS, the Owner has communicated to the City that its development of the Project in the manner herein described requires the City's creation of a PID under Chapter 372 of the Texas Local Government Code over the entirety of the Property; and

WHEREAS, Owner has submitted a petition to the City, which was filed on December 12, 2024, for the full purpose annexation of the Property; and

WHEREAS, Owner has submitted a petition to the City which was filed May 1, 2025, to create the Post Oak Public Improvement District (the "District"); and

WHEREAS, the City has determined that the Property's annexation and development in accordance with the terms herein provided will benefit the City by, among other things, expanding the City's corporate limits, property tax base, and utility system customer base, and by creating additional residential opportunities for City residents; and

WHEREAS, on July 3, 2025, the City annexed the Property.

NOW, THEREFORE, for and in consideration of the above stated recitals, which are made a part of this Agreement for all purposes, the benefits described below, and the mutual promises expressed herein, the sufficiency of which is hereby acknowledged by the Parties, the Parties hereby contract, covenant, and agree as follows:

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ARTICLE 1
DEFINED TERMS

1.01 Construction of Terms. All terms and phrases defined herein shall have the meanings and definitions ascribed thereto. Terms that have well known technical, municipal, or construction or development industry meanings are used in accordance with such recognized meanings, unless otherwise defined herein or unless the context clearly indicates a different meaning. If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

1.02 Definition of Certain Terms. In addition to capitalized terms defined throughout this Agreement, the following terms used in this Agreement have the meaning ascribed thereto:

"Acquisition and Reimbursement Agreement" means that certain "Acquisition and Reimbursement Agreement", in the form attached hereto as **Exhibit "D"**, to be entered into prior or in conjunction with the City's approval of the initial series of PID Bonds by and among the City and the Owner, as the same may be amended, modified or extended, or supplemented from time to time.

"Administrative Expenses" means the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the PID and the Authorized Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the PID Bonds, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing of monies, (vii) complying with Chapter 372 and other laws applicable to the PID Bonds, (viii) the PID Bond trustee's reasonable fees and expenses relating to the PID Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the PID Bonds or any costs of issuance associated with the PID Bonds.

"Annual Installment" means, with respect to the Assessed Property, the annual installment payments of an Assessment calculated by the Administrator and approved by the City Council.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by Chapter 372 and the Service and Assessment Plan (defined herein).

"Approved Plat" means a final plat for portions of the Property that are approved, from time to time, by the City Council or City staff, as applicable, in accordance with the Governing Regulations.

"Assessable Property" means all Property other than Non-Benefited Property.

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"Assessed Property" means for any year, any Parcel within an Improvement Area, other than Non-Benefited Property, against which an Assessment is levied.

"Assessment Revenues" means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof (including any interest on such Assessment or Annual Installment thereof during any period of delinquency), (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

"Assessment Roll(s)" means the Assessment Roll for the Assessed Property included in the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update showing the total amount of the Assessments, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in Chapter 372 (including updates prepared in connection with any Annual Service Plan Update).

"Assessment Ordinance" means each ordinance approved by the City Council that levies Assessments, on a Phase-by-Phase basis, on certain Assessed Property in accordance with Chapter 372 to pay for Authorized Improvements Costs, as well as the costs associated with the issuance of the PID Bonds and the Administrative Expenses.

"Assessments" means (i) singularly, the assessment levied against an Assessed Property (as shown on the Assessment Roll), subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and Chapter 372 and (ii) plurally, the aggregate assessments shown on the Assessment Roll.

"Authorized Improvements" means all onsite and offsite (1) landscaping; (2) erection of fountains, distinctive lighting, and signs; (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way; (4) construction of improvement of pedestrian malls; (5) acquisition and installation of pieces of art; (6) acquisition, construction, or improvement of libraries; (7) acquisition, construction, or improvement of off-street parking facilities; (8) acquisition, construction, improvement, or rerouting of mass transportation facilities; (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements; (10) the establishment or improvement of parks; (11) projects similar to those listed in (1)-(10); (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement; (13) special supplemental services for improvement and promotion of the District, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; (14) payment of expenses incurred in establishment, administration, and operation of the District, including the costs of financing the public improvements listed above; (15) the development, rehabilitation, or expansion of affordable housing; and (16) payment of expenses associated with operating and maintaining the improvements listed above and any other hard or soft costs associated with the development of the Property as allowed by the Act.

"Authorized Improvements Costs" means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement. Authorized Improvement Costs may include, but is not limited to, (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including the acquisition of

necessary easements and other right-of-way, general contractor and construction management fees, if any, (b) the costs of preparing the construction plans, specifications (including bid packages, contracts, and as-built drawings) for such Authorized Improvement, (c) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscaping, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and taxes (property and franchise), (e) the costs of all labor, bonds and materials, payment and performance bonds and other construction security, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing costs and charges, taxes, governmental fees and charges (including inspection fees, permit fees, development fees), insurance premiums and miscellaneous expenses. Authorized Improvements Costs may include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent [in an agreed upon percentage and to be paid in amount equivalent to the percentage of work completed and accepted by the City]of the eligible Authorized Improvements Costs described in a certification for payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

"Authorizing Resolution" means *Resolution No. 2025-26* adopted by the City Council on *May 20, 2025*, which ordinance authorizes the City's entering into this Agreement and other matters necessary or incidental to the foregoing, all in accordance with Subchapter G of Chapter 212.

"Bankruptcy Event" means (a) commencement of an involuntary proceeding or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of either Owner or of a substantial part of the assets of either Owner under any insolvency or debtor relief law or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for either Owner or a substantial part of either Owner's assets and, in any case referred to in the foregoing clauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) either Owner shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for either Owner or for a substantial part of either Owner's assets, or (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or (iii) make a general assignment for the benefit of creditors, or (iv) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (b)(i) of this definition, or (v) commence a voluntary proceeding under any insolvency or debtor relief law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any insolvency debtor relief law, or (vi) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing clauses (i) through (v), inclusive, of this part (b), and, in any case referred to in the foregoing clauses (i) through (v), such action has not been cured within twenty (20) days thereafter.

"Chapter 42" means Chapter 42, as amended, Texas Local Government Code.

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"Chapter 212" means Chapter 212, as amended, Texas Local Government Code.

"Chapter 245" means Chapter 245, as amended, Texas Local Government Code.

"Chapter 372" means Chapter 372, as amended, Texas Local Government Code.

"Chapter 395" means Chapter 395, as amended, Texas Local Government Code.

"Chapter 2258" means Chapter 2258, as amended, Texas Government Code.

"City" means the City of Fair Oaks Ranch, Texas, a Texas Home Rule Municipality, located in Bexar, Kendall, and Comal Counties.

"City Council" means the City Council of the City, as its governing body.

"City ETJ" means the City's Extraterritorial Jurisdiction, as determined under Chapter 42, the unincorporated area that is contiguous to the corporate boundaries of the City and that is located within one-half mile of those boundaries (plus those contiguous areas that are included in the City ETJ by request of the owners thereof), all as further evidenced in the map attached hereto as **Exhibit "E"**.

"City Representative" means the City Manager of the City or another official or representative of the City, as the City representative designated by the City Council to undertake certain duties and obligations hereunder on the City's behalf.

"Code" means the City Code of Ordinances, as from time to time amended by the City Council.

"Completion Agreement" means that certain "Completion Agreement" to be entered into prior to or in conjunction with the City's approval of the initial series of PID Bonds by and among the City, the trustee for such series of PID Bonds, and the Owner, as the same may be amended, modified or extended, or supplemented from time to time.

"Concept Plan" means the general rendering of the Project (including its critical elements), a copy of which is attached hereto as Exhibit C.

"Continuing Disclosure Agreement" means any continuing disclosure agreement of the Owner executed contemporaneously with the issuance and sale of PID Bonds for purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission.

"County" means Kendall County, Texas and/or Comal County, Texas.

"Dedicated Parcel" means the parcel shown on Exhibit C as the potential future water tank site.

"Delinquent Collection Costs" means interest, penalties, and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with Chapter 372 and the costs related to pursuing collection of an Assessment and foreclosing the lien against the Assessed Property, including attorney's fees.

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"Development Documents" means this Agreement, the CFA, the Landowner Consent Certificate, the Completion Agreement, and the Acquisition and Reimbursement Agreement.

"Developer" means Bitterblue, Inc.

"District" means the Post Oaks Public Improvement District created by the City of Fair Oaks Ranch on *July 3, 2025*.

"End Buyer" means any developer, homebuilder, builder, tenant, user, or occupant/owner of a Fully Developed and Improved Lot, including without limitation a builder who acquires a Fully Developed and Improved Lot with the intent to construct a single-family residence on the lot.

"Effective Date" means the date of the last signature on this Agreement.

"Fee Ordinance" means the City's ordinance establishing the comprehensive fee schedule for City services, adopted annually and being uniformly applicable to all residents and development within the corporate limits of the City.

"Force Majeure" means the occurrence of war, act of terrorism, acts of God, civil commotion, fire, severe flood, hurricane, tornado, explosion, court order, pandemic, epidemic, or change in legal requirements applicable to the Project other than those in existence as of the Effective Date, but only to the extent that such events or circumstances delay development of the Project by the Owner (as and if applicable) or otherwise make the Owner's development of the Project (as and if applicable) impracticable or impossible, in such responsible Party's commercially reasonable judgement, after taking reasonable steps to mitigate the effects thereof.

"Foreclosure Proceeds" means the proceeds, including interest and penalty interest (but excluding and net of all Delinquent Collection Costs), received by the City from the enforcement of the Assessments against any Assessed Property or Assessed Properties, whether by foreclosure of lien or otherwise.

"Fully Developed and Improved Lot" means any lot, regardless of proposed use, which is served by the Authorized Improvements and for which an Approved Plat has been recorded in the real property records of the County and vertical construction is complete.

"Impact Fee(s)" is an Assessment imposed by the City of Fair Oaks Ranch against new development in order to fund some of the costs of capital improvements or facility expansions necessitated by and attributable to the new development." Impact Fees shall be assessed on development at the time the final plat of the property is recorded and collected when a building permit is issued.

"Improvement Area" means a defined area within the Property that is subject to an Assessment Ordinance.

"Landowner Consent Certificate" means a certificate of the owners of the Property from time to time, in the form attached hereto as **Exhibit "F"** attached hereto, agreeing to various provisions relative to establishment of the PID, the Property's development, and the financing Authorized Improvements Costs and consenting to the levy of Assessments on the owner's Assessable Property.

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"Maintenance Agreement" means a "Maintenance Agreement", in the form attached hereto as **Exhibit "G"**, to be entered into between the City and each Homeowner's Association ("HOA") pursuant to which the HOA agrees to undertake the applicable HOA Maintenance Obligations (as defined in the Maintenance Agreement).

"Non-Benefited Property" means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements.

"Owner" means Bitterblue, Inc.

"Owner Disclosure Program" means the disclosure program, administered by the PID Administrator, as set forth in a document in the form of **Exhibit "H"** attached hereto, that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

"Parcel" means a property identified by either a tax map identification number assigned by the Kendall County Appraisal District or Comal County Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded with the clerk in Kendall County's and Comal County's official public records, or by any other means determined by the City.

"Party" or "Parties" means the City and Owner, collectively or (as applicable and in context) singularly.

"Phase" means a segment of Project development relating to a portion of the Project.

"PID" means Public Improvement District as that term is defined in Chapter 372 of the Texas Local Government Code.

"PID Administrator" means the individual or entity selected by the City to oversee the administration of the District.

"PID Bonds" means the assessment revenue or construction bonds issued by the City secured solely by certain of the Assessments levied on specific Assessed Property within the PID to finance the Authorized Improvements that are constructed for the benefit of such Assessed Property within the Project.

"Prepayment" means, before the due date thereof, payment of all or a portion of an Assessment, plus accrued but unpaid interest to the date of prepayment, less any amounts (received at the time of such prepayment) that represent a payment of principal, interest or penalties on a delinquent installment of an Assessment (which other amounts are to be treated as the payment of the regularly scheduled Assessment).

"Project" means the ~~278~~ 227 single-family lot residential development and associated private and public improvements to be constructed on the Property, as generally evidenced in the Concept Plan.

"Public Improvement" *see Authorized Improvement.*

"Retail Municipal Utility Service" means potable water services provided by the City to the Property.

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"Retail Municipal Utility Service Rate Ordinance" means any City ordinance from time to time adopted that establishes the then-current rate schedule for the retail provision of any Retail Municipal Utility Service.

"Service and Assessment Plan" means the PID service and assessment plan to be adopted by City Council prior to or in conjunction with the approval of the initial series of PID Bonds, as may be amended or updated annually pursuant to an Annual Service Plan Update, to assess allocated costs of the Authorized Improvements against Assessed Property located within the boundaries of the PID, and which has terms, provisions and findings approved and agreed to by the Owner and the City in accordance with Chapter 372.

"State" shall mean the State of Texas.

"Term" means the period of time beginning on the Effective Date and ending on the Termination Date.

"Termination Date" means the date that is the thirtieth (30^{th}) anniversary of the Effective Date.

"USA" means a Utility Services Agreement to be negotiated and entered into between the City and the Owner pursuant to which water service will be provided by the City to the Property, in substantially the form attached hereto as **Exhibit "I"**.

ARTICLE 2
AUTHORITY, TERM, AND LIABILITY

2.01 Authority.

(a) The City enters into this Agreement pursuant to the authority granted thereto under the Constitution and general laws of the State of Texas, including (particularly) Article III, Section 52-a of the Texas Constitution, Subchapter G of Chapter 212, and the Authorizing Ordinance. The Owner enters into this Agreement pursuant to its general corporate powers exercised by duly adopted resolution.

(b) Regarding prescribed uses of portions of the Property herein described, this Agreement is determined to be a plan under which general uses and development of the Property are authorized pursuant to and in accordance with Section 212.172(b)(2), as amended, Texas Local Government Code.

(c) The Owner acknowledges and agrees that the City may zone the Property in a manner consistent with the uses hereunder contemplated, but this Agreement does not constitute a contract for specific zoning.

2.02 Term. This Agreement shall become effective and enforceable on the Effective Date and shall continue through the Termination Date.

2.03 Owner as a Party.

The Parties hereby represent and acknowledge that the Parties duties under this Agreement shall at all times be subject to and contingent upon Owner's acquisition of fee title to the Property as of the Effective Date. In the event Owner does not acquire fee title to the Property on or before

~~on or before _____, 2025~~ ninety (90) days after annexation by the City, this Agreement shall be deemed null and void ab initio.

2.04 Public Improvement District.

Additionally, the Parties hereby recognize and agree that the creation of the District is essential to this Agreement and that absent such creation within 120 days of the Execution Date the Parties this Agreement shall be of no force and effect.

ARTICLE 3
PROJECT DEVELOPMENT, TIMING AND STANDARDS

3.01 Project Development.

(a) Generally; Jurisdiction. Development of the Project shall include the subdivision of the Property, the construction of Authorized Improvements adequate for the development of the Project, and the construction of necessary or required Authorized Improvements. As a result of full-purpose annexation of the Property in accordance with Article 6, the Parties intend that the City shall have and exercise exclusive jurisdiction over the review and approval of preliminary and final plats relative to the Property, the inspection of Public Infrastructure and Authorized Improvements (designed, constructed and installed pursuant to the Governing Regulations, and in some cases, conveyed to the City pursuant to the terms hereof and thereof), and the issuance of a Certificate of Occupancy (defined herein) for each Structure (defined herein). As such, prior to full and final annexation of the Property into the City's corporate limits, the Owner may choose to proceed with development of the Project, including submittal of applications for plat(s), building permit(s) and other permits/approvals required for development as if the Property were in the City's corporate limits (including payment of requisite fees, except as provided otherwise herein or in the USA) and the City agrees to process – including review and approval of – the same as if the Property were in the City's corporate limits (but subject to any modifications included in this Agreement).

(b) Governing Regulations. Except as specifically provided in this Agreement, all Property development shall be governed solely by the City's Subdivision Ordinance in effect November 20, 2014 (the "Governing Regulations"):

The Governing Regulations, subject to the provisions contained in the 3.01, are exclusive, and no other ordinances, rules, regulations, standards, policies, orders, guidelines, or other City-adopted or City-enforced requirements of any kind (including but not limited to any development moratorium adopted by the City after the Effective Date) apply to the development of the Property.

The City Council may, upon Owner request, authorize exceptions to strict compliance with the Governing Regulations, within the limitations described therein and pursuant to applicable State law, when the Owner demonstrates, to the reasonable satisfaction of the City Council, that the requested exception: (1) is not contrary to the public interest; (2) does not cause injury to adjacent property; and (3) does not materially adversely affect the quality of the Project's development. The City has the right to amend the Code, from time to time, to include changes, including local amendments that have been adopted by the City Council (for uniform application throughout the corporate limits of the City, including (upon annexation) the Property). Development of the Property shall also be subject to ordinances that the City is required to adopt, from time to time, by State or federal law.

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Notwithstanding the foregoing, and to the extent not inconsistent with the provisions of this Agreement, the Owner may exercise rights under Chapter 245. The Parties hereby agree that November 20, 2014, shall be the date for establishment of the Owner's rights under Chapter 245, pursuant to Section 245.002(a-1) of such Chapter. The Owner may not take advantage of any changes to laws, rules, regulations, or ordinances of the City or other regulatory agency occurring after November 20, 2014 that are inconsistent with the terms of this Agreement without prior receipt of the City's consent (such consent not to be unreasonably withheld), which shall be reflected in the form of an amendment to this Agreement made in accordance with Section 12.05 hereof. For the avoidance of doubt, the foregoing restriction shall not prohibit the Owner from taking advantage of prospective changes in laws, rules, regulations, or City ordinances that do not otherwise conflict with the provisions of this Agreement. Notwithstanding the aforementioned provision, Owner shall 1) follow the Fire Code as it relates to maximum block length and 2) shall be bound by a submitted and approved tree plan reflecting a) mitigation of one (1) 2.5" tree for every 18"-24" tree removed, and b) addressing tree islands within designated right-of-way. Removal of trees 24" and larger will require the mitigation of three (3) 2.5" inch trees for each tree removed (this is in accordance with the Subdivision Ordinance in effect November 20, 2014) Any minor amendments to the tree plan shall be approved administratively.

Except as otherwise provided by the foregoing, if there is a conflict between this Agreement and the application of any other ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, whether existing on November 20, 2014 or hereafter adopted (including the Code), then this Agreement shall control. If there is a conflict between any Approved Plat and any of the other Governing Regulations, the Approved Plat shall control. The Governing Regulations shall be read in concert, with all reasonable effort made by the Parties to reconcile their respective terms and provisions. In the event of direct conflict, the provisions of this Agreement shall supersede and control over competing or contradictory provisions of the Code.

(c) Project Commencement; Phasing. Subject to its representations, warranties, and covenants made in this Agreement hereof, the timing and sequencing of Project development will be based on market demand and conditions and will be completed as and when the Owner determines it to be economically feasible, subject to and in accordance with the following provisions and conditions. Project development shall be undertaken in Phases, but not necessarily in any sequential order. Once development of a particular Phase has commenced (as evidenced by recordation of an Approved Plat), the Owner and its assigns shall be required to complete Public Infrastructure and Authorized Improvements identified on such Approved Plat.

(d) Plat Application. Subdivision of the Property shall require the City's approval. No plat shall be approved within a Phase except in substantial conformity with the approved Phase Infrastructure Plan (see Exhibit "C"). Easements for the location, installation, construction, operation, and maintenance of major infrastructure shown on approved Phase Infrastructure Plans will be dedicated to the City by separate instrument or plat at the discretion of the Owner. As described above, plat application(s) may be submitted to, and shall be processed by, the City prior to full and final annexation of the Property into the City's corporate limits.

(e) Project Development Reporting. Upon commencement of Project development (and with respect to each Project Phase thereafter), the Owner shall submit to the City a written report for the applicable Phase pursuant to the Preliminary Concept Plan, with the first such report to be delivered not later than the one hundred eightieth (180^{th}) day after the City's issuance of the applicable building permit and continuing each one hundred eightieth (180^{th}) day thereafter until

completion of the applicable Phase of the Project. Such report shall include information on all construction activities, permits, and number of homes constructed.

3.02 Development Standards.

(a) Specific Standards. The Owner agrees that:

(i) Owner shall dedicate approximately 4.37 acres as public right of way for the planned Widening and Improvement of Ammann Road, specifically the turn going North abutting the Project with improvements spanning from the southern entrance to the western entrance of the Project as reflected on the Concept Plan;

(ii) Development of the Property shall be limited to no more than ~~278~~ 227 Lots with one lot reserved for a future water tank site for the City. Such lot shall be utilized within five (5) years of the effective date of this Agreement or shall be utilized by the Owner for residential purposes;

(iii) Owner shall provide a fee when the City constructs the turn on Ammann Road, such fee shall be reviewed and approved by Owner and used by the City (for this turn on Ammann Road only) within three (3) years of contribution. Such amount shall be determined within thirty (30) days of the City accepting a bid for such work;

(iv) The Project shall have single-family lots with minimum lot frontages of 120 feet; cul-de-sacs and knuckle-sacs with minimum lot frontages of 100 feet; and

(v) Owner shall comply with the City of Fair Oaks Ranch Unified Development Code, Section 9.7 Drainage and Erosion Control Standards with the exception of 9.7 (1)(d) which shall apply as follows:

Downstream impacts of increased impervious area resulting from development will be mitigated through detention and/or green infrastructure. Peak runoff control will be provided for the 100-yr, 10-yr, and 2-yr storms such that post-development flows from the subject project meet or are less than pre-development flows as determined with a drainage study. ~~and volumetric and/or extended detention control of the annual mean storm event will be provided. The maximum release rate from any development or redevelopment will be as follows:~~

~~i. 2-yr storm peak rate less than or equal to 0.5 cfs per site acre~~
~~ii. 10-yr storm peak rate less than or equal to 2.0 cfs per site acre~~
~~iii. 100-yr storm peak rate less than or equal to 3.0 cfs per site acre~~
~~iv. Annual storm. 40-hour extended detention or other City approved green infrastructure.~~

3.03 Authorized Improvement and Public Infrastructure.

(a) Design Standards; Inspection. Public Infrastructure and Authorized Improvements shall be designed to comply with the Governing Regulations, and no construction or installation of Public Infrastructure or Authorized Improvements shall begin until plans and specifications

therefore have been approved by the City. All Public Infrastructure and Authorized Improvements shall be constructed and installed in compliance with the Governing Regulations and shall be inspected by City inspectors (certified and State-licensed, to the extent required by law). The cost for such inspections shall be paid by the Owner. All Public Infrastructure and Authorized Improvements constructed by the Owner or by any person or entity on behalf of or in the name of the Owner shall have a maintenance bond with an expiration period of two years after completion and City acceptance of such Public Infrastructure or Authorized Improvement. Maintenance bonds shall name the City as a co-beneficiary and shall be assignable to the City in accordance with the Code.

(b) Dedication of Authorized Improvements to City. Upon completion, Public Infrastructure and Authorized Improvements shall be dedicated and conveyed to, and accepted by, the City. As a condition to the City's final acceptance of any Authorized Improvement, the following shall be delivered to the City:

(i) a report of a City inspector concerning the subject Public Infrastructure or Authorized Improvement, in form satisfactory to the City in its reasonable judgment;

(ii) executed Affidavit of Payment, bills of sale, assignments, or other instruments of transfer (and evidence of recordation thereof in the deed records of the County) reasonably requested by the City;

(iii) utility, drainage, and other easements or rights-of-way (and evidence of recordation thereof in the deed records of the County) that are related to or necessary for use of the subject Public Infrastructure or Authorized Improvement;

(iv) all bonds, warranties, guarantees, and other assurances of performance, "record" drawings in both hard copy and digital (PDF and CAD) and sealed by the Owner's Engineer pursuant to Chapter 1001, as amended, Texas Occupations Code, easements, project manuals and all other documentation related to subject Public Infrastructure or Authorized Improvement; and

(v) an executed Maintenance Agreement between the City and the applicable HOA evidencing the HOA's acceptance of the HOA Maintenance Obligations relative to any of the then-dedicated Public Infrastructure and Authorized Improvements, as and if applicable.

After delivery of the foregoing, and upon the City issuing to the Owner a letter indicating satisfaction of the conditions precedent to such acceptance pursuant to and in accordance with this Agreement, the Owner shall, by proper instrument (as agreed to by the City and the Owner), dedicate the subject Public Infrastructure or Authorized Improvement to the City and cause such dedication to be recorded in the deed records of the County. The City shall then accept each such completed Public Infrastructure or Authorized Improvement for ownership, operation, and maintenance.

(c) City to Own, Operate and Maintain Dedicated Authorized Improvements and Public Infrastructure; Exception. From and after the time of the City's final acceptance of Public Infrastructure or an Authorized Improvement, the City will own, operate, and maintain each such

Public Infrastructure or Authorized Improvement and shall be responsible for all costs associated therewith; provided, however, that notwithstanding the foregoing, operations and maintenance responsibilities of Public Infrastructure and Authorized Improvements that constitute HOA Maintenance Obligations shall be responsibility of the appropriate HOA pursuant to the terms of this Agreement and a Maintenance Agreement.

(d) City to have Easement on all Parks, Trails, and HOA Maintenance Areas. The HOA will maintain all parks, trails, and community areas (as identified in Exhibit C), however, the City will have an easement on all such areas.

(e) Owner Access to Dedicated Public Infrastructure and Authorized Improvements. Upon the City's acceptance of Public Infrastructure or an Authorized Improvement identified within a particular Approved Plat, the Owner shall be allowed to connect, access or otherwise utilize the dedicated Public Infrastructure or Authorized Improvement in such a manner to serve lots within the particular Phase, subject to (i) payment to the City of applicable Impact Fees (defined herein), ~~(unless waived pursuant to the terms of the USA),~~rates, charges and other connection fees, as and to the extent applicable, and (ii) satisfaction of any such connection, access, or use requirements of any Governing Regulation.

3.04 Water Service.

(a) To provide for delivery of retail water to the Property, the City and the Owner shall enter into a USA (see Exhibit "I").

(b) Water service capacity shall be allocated in the form of living unit equivalents ("LUEs") to the Property to enable provision of service to the Project. The terms by which the Owner may access this capacity, ~~which includes the Owner's payment (or its causing to be paid) the water system capacity allocation charge~~, shall be specified in the USA.

(c) The Owner shall, at its expense, design, construct, acquire and install all offsite (relative to the Property) improvements necessary to connect to the City's water utility system to permit retail water service to the Property. The design of these offsite improvements shall be coordinated with and approved by the City engineer. Any oversizing required by the City shall result in an impact fee credit to the Owner.

3.05 Building Permits; Certificates of Occupancy. No permanent structure designed or intended for human occupancy (a "Structure") shall be constructed unless a building permit has been issued by the City and a final plat has been recorded for the lot on which the Structure is being built (which shall be included in an Approved Plat). No Structure shall be occupied until a certificate of occupancy has been issued by the City (a "Certificate of Occupancy") in accordance with the current City regulations. As stated herein, the City agrees to diligently process any building permits and related items submitted by the Owner prior to full and final annexation of the Property into the City's corporate limits.

3.06 Fees and Charges.

(a) General Applicability of City Fee Ordinance; Other Fees. Activities within the Property, including development activities, shall be subject to payment to the City the fees and charges from time to time specified in the Fee Ordinance, as well as other fees described in this Section 3.06. In the event a requested service is not covered by the provisions of this Agreement

or another Governing Regulation, the Parties shall negotiate a reasonable fee for such service, on a cost basis and not with an intention of profit generation.

(b) Inspection Fees. In addition to any plan review fees identified in the Fee Ordinance, any inspections of Public Infrastructure or Authorized Improvements pursuant to the City's inspection rights under Section 3.03(a) hereof (if the City determines that any Public Infrastructure or Authorized Improvement is not being constructed in accordance with the Governing Regulations or if the City terminates any Certified Inspector), shall be subject to the payment to the City of all reasonable costs and expenses paid or incurred by the City in performing such inspections.

(c) Impact Fees. Development of the Property will be subject to the payment to the City of the capital recovery fees and charges set forth in this Section 3.06 for Public Infrastructure and Authorized Improvements necessitated by and attributable to the development of the Property, but only to the extent such fees and charges are adopted and applied to the Property in compliance with Chapter 395 and otherwise subject to the provisions set forth in this Agreement (the "Impact Fees"). All Impact Fees shall be payable upon, and as a condition to, the issuance of building permits. Impact Fees include, and are limited to, the following:

(i) Impact Fees for any requirements for compliance with applicable State or federal law; and

~~(ii)~~ Fees applicable to development within the City, as identified in the Fee Ordinance and as the same are in effect on the date of plat recordation ~~submittal of a plat application~~.

~~Notwithstanding the foregoing or any other provision in this Agreement or the USA to the contrary, the USA may provide for the waiver of Impact Fees in lieu of payment of a substitute capital recovery charge and, if so, the provisions of the USA shall control.~~ The parties agree that the USA will provide for retail water capacity ~~and associated impact fees~~.

3.07 Mandatory Homeowners Association; Agreement to Maintain Certain Improvements. Prior to the sale of the first platted lot within the Property, the Owner will create one or more HOAs that, in total, provide owners association services to the entirety of the Property (excluding the Dedicated Parcel). Upon creation, each HOA shall enter into a Maintenance Agreement with the City, pursuant to which the HOA shall agree to the HOA Maintenance Obligations (whose responsibility shall solely be the HOA's, notwithstanding any ownership by the City of the improvements or real property upon which such maintenance is required to be performed). The Owner shall provide in each HOA's organization documents that the HOA shall annually levy and collect fees from owner members that are, at a minimum and based on annual budget adopted by the HOA prior to the beginning of its fiscal year, sufficient to satisfy the annual HOA Maintenance Obligations. Each Maintenance Agreement shall provide that the HOA shall perform the HOA Maintenance Obligations in accordance with the applicable provisions of the Governing Regulations, subject to oversight and inspection by the City, and provide to the HOA permission to perform the HOA Maintenance Obligations, as and to the extent necessary, on City-owned property. Upon reasonable request, the City shall have the right to inspect the financial reports, audits, and budget of each HOA.

3.08 Buyer Disclosures. All End Buyers shall be required to sign an acknowledgement that the property that is the subject of such sale is located within a PID, as required by and in

accordance with applicable Texas law and herein referred to as the Owner Disclosure Program (see Exhibit "H").

3.09 Competitive Bidding. Development of Authorized Improvements within the PID will be exempt from any public bidding or other purchasing and procurement policies in accordance with, and subject to the limitation of, Section 252.022(a)(9), as amended, Texas Local Government Code.

ARTICLE 4
MUNICIPAL SERVICES

4.01 Retail Municipal Utility Services. The City shall provide Retail Municipal Utility Services to lots within the Property and will connect each Structure to the City's water system upon payment of applicable fees described in Article 3 hereof and issuance of a Certificate of Occupancy for the Structure. Retail Municipal Utility Services will be delivered pursuant to and in accordance with State law and the Governing Regulations, and rates and charges for such services imposed pursuant to and in accordance with the Retail Municipal Utility Services Rate Ordinance.

ARTICLE 5
SOURCES OF PROJECT FINANCING

5.01 Public Improvement District.

(a) PID Creation. To provide for payment of the Authorized Improvements Costs and Administrative Expenses, the Parties contemplate creation of the PID. In furtherance of such expectation, the Owner has submitted to the City, and the City has accepted and found administratively complete, an application to create the PID in accordance with Chapter 372.

(b) Service and Assessment Plan. The Owner and the City agree that the City, the Owner, and the PID Administrator shall prepare an initial Service and Assessment Plan providing for the levy of the Assessments on all or portions of the Assessable Property within the PID. Promptly following preparation and approval of the initial Service and Assessment Plan acceptable to the Owner and the City and subject to the City Council making findings that the Authorized Improvements specified in the Service and Assessment Plan confer a special benefit on the Assessable Property, the City Council shall consider an Assessment Ordinance.

(c) Assessment Ordinance. Adoption of an Assessment Ordinance is conditioned on the successful negotiation, inclusive of terms mutually acceptable to the City and the Owner, of all Development Documents other than this Agreement (which shall at such time already be in effect). Accordingly, consideration of an Assessment Ordinance shall be conditioned on presentation to the City Council (i) for approval of the City's entering into and executing the Development Documents concurrently with or prior to the City Council's consideration of the initial Assessment Ordinance or (ii) in the event any of such Development Documents for whatever reason may not be entered into at such time, final forms thereof.

(d) Acceptance of Assessments. Prior to or concurrently with the City's adoption of the initial Assessment Ordinance, the Owner shall (i) approve and accept in writing the levy of the Assessment(s) on all Assessable Property owned or controlled by the Owner; (ii) approve and accept in writing the Owner Disclosure Program; and (iii) cause to be recorded against the Assessed Property covenants running with the land that will bind any and all current and successor

developers and owners of any of the Assessed Property to pay the then-subject Assessment and any subsequent Assessments, with applicable interest and penalties thereon, as and when due and payable and to take their title to their interest in the Assessed Property subject to and expressly accepting and assuming the terms and provisions of such Assessments and the liens created thereby.

(e) Administrative Expenses. The Parties hereby agree that all of the Administrative Expenses associated with the PID will be funded by Assessment Revenues and the City shall not be responsible for payment of such costs from any other City funds.

(f) Issuance of PID Bonds. Subject to satisfaction of the conditions set forth in this Section 5.01(f) and the Service and Assessment Plan, the City may issue PID Bonds for the purposes of acquiring or constructing or reimbursing Authorized Improvement Costs or any other purposes authorized by Chapter 372. The Owner may request the City's issuance of a series PID Bonds by filing with the City a list of the Authorized Improvements to be funded with the PID Bonds and the estimated budgeted costs therefor, as described by the Service and Assessment Plan. The Owner acknowledges that the City may at the time of its request to issue PID Bonds require the Parties enter into a professional services agreement that obligates the Owner to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, (which amount is considered Administrative Expenses payable from the proceeds of such series of PID Bonds).

The issuance of any series of PID Bonds shall be authorized by the City and to the following conditions:

(i) the aggregate principal amount of all PID Bonds shall not exceed $60,000,000;

(ii) no series of PID Bonds shall pay from the proceeds therefrom capitalized interest beyond the second anniversary of its initial issuance;

(iii) the Owner shall have submitted to the City all requested and required information reasonably necessary to evaluate a PID Bond issuance for each Phase and to accomplish the levy of Assessments and the issuance of PID Bonds, which information shall include:

(1) Total acreage of residential property, open space, and non-developable property for which Assessments are to be levied;

(2) Engineers' opinion of probable costs (dated within the last 3 months prior to submission) and preliminary engineering plans for all PID Improvements benefiting the Phase for which Assessments are to be levied;

(3) Any required Traffic Impact Analysis for the Phase for which Assessments are to be levied;

(4) Break out of total PID Improvements Cost of offsite costs to serve the Phase for which Assessments are to be levied;

(5) Break out of total PID Improvements Cost of oversizing costs to serve the Phase for which Assessments are to be levied;

(6) Breakout of phased PID Improvements Cost for all Phases versus Major Improvements Cost;

(7) Assumptions for number of Lots;

(A) Total number of Lots by type;

(B) Total estimated value per Lot;

(C) Total estimated value of home to be constructed on the Lots;

(D) The values provided in (i) – (iii) above based on phasing plan/absorption schedule.

(8) Map of Property

(9) Proposed Concept Plan

(A) With construction phasing identified by map and cost

(B) Location of any open space maintained by HOA

(C) Total acreage of open space maintained by HOA

(D) Map/locations of PID Improvements to be financed by the PID from such proposed PID Bond issuance.

(E) Onsite improvements by Phase

(F) Offsite improvements by Phase

(10) Final private costs (not including the public improvement costs) to reach completed Lots (i.e., final lot benching, stabilization, etc.)

(iv) In the event Owner has requested the issuance of PID Bonds to up-front fund construction of PID Improvements, the Owner shall provide the City with evidence of a sufficient funding commitment to ensure the completion of the PID Improvements for which the PID Bonds are being issued.

(v) prior to the City's authorization of the initial series of PID Bonds:

(1) the Owner will create the Owner Disclosure Program and provide a copy of the program to the PID Administrator;

(2) the Owner shall have delivered to the PID Administrator a fully executed Landowner Agreements from each owner of the Property; and

(3) the City shall have received fully-executed or final versions of each of the Development Documents, in form satisfactory thereto;

(vi) issuance of any series of PID Bonds shall be preceded by the City's adoption or amendment of a Service and Assessment Plan, Assessment Roll, and an Assessment Ordinance levying Assessments on all or any portion of the Property benefited by the Authorized Improvements to be funded by such Assessments;

(vii) each series of PID Bonds shall be in an amount estimated to be sufficient to fund all or a portion of the Authorized Improvements Costs for which such PID Bonds are being issued, plus required reserves and capitalized interest (in accordance with the limitations described above), and issuance costs;

(viii) The Service and Assessment Plan will confirm the special benefits conferred on the parcels of the Property subject to Assessments for payment of Authorized Improvements Costs increase the value of such parcels of Property by an amount at least equal to the amount assessed against such parcels;

(ix) the Owner shall have delivered to the City (i) a certificate or report from an independent certified appraiser, appraisal firm or financial consultant, assuming completion of the Authorized Improvements, demonstrating that the ratio of the aggregate appraised value of all assessed parcels of Property within such improvement area to the aggregate principal amount of all PID Bonds then secured or proposed to be secured by the resultant Assessment Revenues within such improvement area (the "Value to Lien Ratio") is at least 2.5:1 (which in determining, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the PID Administrator identifying lots on which vertical construction has commenced or the Kendall or Comal County Tax Assessor/Collector's estimated assessed valuation for completed Structures (Structure and lot assessed valuation) and estimated lot valuation for lots on which Structures are under construction), provided further that such value to lien ratio for PID Bonds may be lower than 2.5:1 (but in no case less than 2.0:1) if the City, in its sole discretion, undertakes certain alternative financing structures including, but not limited to, directing the trustee for the applicable series of PID Bonds to hold a portion of the applicable PID Bond proceeds in escrow until the Value to Lien Ratio reaches 2.5:1, issuing the PID Bonds on a senior and subordinate lien basis, or other alternative financing means as provided in the applicable Indenture;

(x) 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;

(xi) evidence delivered to the City (the sufficiency of which the City has determined, its sole discretion), that:

(1) the Owner or another entity that has purchased a portion of the Property for development, shall own all property within each Phase of the PID prior to the levy of Assessments for such PID Phase.

(2) the Owner is current on all the payment of all taxes, Assessments, fees and obligations owed to each taxing district whose jurisdiction the Property is subject;

(3) the Owner is not in default under any Development Document; and

(4) no outstanding PID Bonds for the Project are then-in default and no reserve funds established therefor have been drawn upon that have not been replenished;

(xii) the PID Administrator has certified that the costs of the Authorized Improvements to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds;

(xiii) the City has determined that the amount of proposed Assessments and the structure, terms, conditions and timing of the issuance of the series of PID Bonds are reasonable for payment of the Authorized Improvements Costs for such improvement area to be financed and scope and state of Project development within the PID, and provided that there is evidence of financial security sufficient to fund the Authorized Improvements that will not be paid for or reimbursed by the PID Bonds, which fiscal security shall be in the form of (i) evidence of available funds to the Landowners in cash, (ii) a letter of credit, or (iii) a reasonably acceptable lending facility, only to the extent that the Authorized Improvements have not already been completed and paid for by Landowners or otherwise to the extent that the PID Bonds are insufficient to fund such Authorized Improvements. Delivery of fiscal security is required no later than the closing date of the bonds; and

(xiv) , only to the extent that the Authorized Improvements have not already been completed and paid for by Landowners or otherwise to the extent that the PID Bonds are insufficient to fund such Authorized Improvements for the PID Bonds to be creditworthy;

(xv) the City has confirmed that no information regarding the City, including (without limitation) financial information, has been included in any offering document relating to PID Bonds without receipt of the City's prior consent;

(xvi) the City has confirmed that the maximum maturity for a series of PID Bonds does not exceed 30 years from its date of initial delivery; and

(xvii) the Owner has agreed to provide periodic information and notices of material events regarding the Owner as it relates to the development of the Property within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any Continuing Disclosure Agreements executed by the Owner in connection with the issuance of such series of PID Bonds.

(g) Agreement to Establish Project Fund.

(i) On the date of issuance of any PID Bonds, to accept PID Bond proceeds to fund Authorized Improvements Costs, the City shall establish in the applicable provisions of the associated indenture pursuant to which the applicable series of PID Bonds is issued a "Project Fund" and provide for the creation therein of any necessary accounts. Any such Project Fund shall be maintained as provided in such indenture, separate and apart from all other City funds. Any such Project Fund shall be administered and controlled (including signatory authority) by the City and deposits thereto and disbursements therefrom shall be made in accordance with the terms of the applicable indenture. In the event of any conflict between the terms of this Agreement and the terms of the indenture relative to Project Fund deposits and/or disbursement of Project Fund money, the terms of the indenture shall control.

(ii) The Parties intend that the Owner will complete the phases of construction of an Authorized Improvement per the Concept Plan (see previously mentioned Exhibit C) (other than the City water system improvements that are the subject of the Multi-Party Agreement) in accordance with this Agreement, the other Development Documents, and the Service and Assessment Plan in conjunction with the construction of the applicable phases of the Development, prior to seeking direct payment therefor from funds on a deposit in a Project Fund or reimbursement for such expenditures made pursuant to a Completion Agreement under the terms of the Acquisition and Reimbursement Agreement.

(iii) If funds remain in a Project Fund after the completion of all Authorized Improvements and the payment of all Authorized Improvement Costs, then such funds shall be used to first, pay for additional Authorized Improvement Costs as may thereafter be included in an updated Service and Assessment Plan and then used to redeem the Bonds, as further provided for in the applicable indenture.

(h) Selection of Professionals. The Administrator, the appraiser, the underwriter of any PID Bonds, the bond trustee, and any other professional deemed necessary or desirable in connection with the issuance of a series of PID Bonds shall be selected by the City, at its sole discretion.

5.02 Maximum All-In Tax Equivalent Rate. For each lot classification identified in the Service and Assessment Plan, an overlapping tax rate equivalent, including all taxing entities and the PID Special Assessment rate, of $3.00 per $100 of estimated buildout value (the "Project ETR"), shall be established (subject to the following adjustment) for the Project, and such the Project ETR shall not be reduced if any of the tax rates of any existing taxing entities is subsequently reduced such that the PID Special Assessment rate may be increased up to the Project ETR in that event. Notwithstanding the foregoing, the Project ETR shall be increased to an amount necessary to ensure that in no case will there be less than a PID Special Assessment tax rate equivalent of $1.34 per $100 of estimated buildout value. The estimated buildout value for a lot classification shall be determined by the PID Administrator using information provided by the Landowners and confirmed by the City Council by considering such factors as density, lot size,

proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, information provided by the Landowners, or any other information that may help determine buildout value.

5.03 Completion Agreement. Prior to the City's authorization of the initial series of PID Bonds, the Owner, the City, and the trustee for such series of PID Bonds shall have entered into a Completion Agreement obligating the Owner to satisfy the Authorized Improvement Costs not anticipated to be directly funded with proceeds of PID Bonds or paid for separately by the City.

5.04 Reimbursement of Authorized Improvement Costs. The City and Owner shall, prior to or substantially contemporaneous with the initial levy of Assessments on a Phase(s) of the Property, enter into a Reimbursement Agreement to provide for the Owner's reimbursement from available Assessment Revenues all or a portion of Authorized Improvement Costs paid for by Owner. Notwithstanding its execution of the Reimbursement Agreement, the Owner hereby acknowledges that the City makes no representations or guarantees regarding the sufficiency of available Assessment Revenues to fully reimburse the Owner for amounts to which it is entitled under the Reimbursement Agreement.

5.05 Cost Overrun. If the total cost of a PID Improvement (or segment or section thereof) exceeds the total amount of the Budgeted Cost for that PID Improvement (or segment or section thereof) (a **"Cost Overrun"**), the Owner shall be solely responsible for payment of the remainder of the costs of that PID Improvement (or segment or section thereof), except as provided in Subsection 5.3 below.

5.06 Cost Underrun. If, upon the completion of construction of a PID Improvement (or segment or section thereof) and payment or reimbursement for such PID Improvement, there are Cost Underruns, any remaining Budgeted Cost(s) may be available to pay Cost Overruns on any other PID Improvement funded with the same PID Bonds upon provision by the Owner of proof of the applicable Cost Overrun to the City Manager or PID Administrator and provided that all PID Improvements are set forth in the Service and Assessment Plan. The elimination of a category of PID Improvements in the Service and Assessment Plan will require an amendment to the SAP and corresponding reduction in Assessments. If, upon completion of the PID Improvements in any improvement category, any funds remain in such category, those funds may be used to reimburse the Owner for any qualifying costs of the PID Improvements that have not been paid.

5.07 Qualified Tax-Exempt Status. If in any calendar year the City issues debt that would constitute a bank-qualified debt issuance but for the issuance of the PID Bonds or other bonds supporting public improvements for non-City owned development projects, including either bonds authorized by the PID Act, then the Owner shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been bank-qualified, provided that all other developers or owners directly benefitting from the City issuing debt are similarly burdened with an obligation to compensate the City. The City shall calculate the PID Bond Fee for all series of PID Bonds and notify the Owner of the total amount due at least ten (10) business days prior to pricing the first series of PID Bonds. The Owner agrees to pay the estimate of the PID Bond Fee to the City on the later of (a) five (5) business days prior to pricing of any series of PID Bonds or other City debt, or (b) five (5) business days after receiving Notice from the City of the estimated amount of the PID Bond Fee due to the City. The City shall not be required to price or sell any series of PID Bonds until the Owner has paid the PID Bond Fee. Upon the City's approval of the PID Bonds, the City's financial advisor shall calculate the actual costs of the PID Bond Fee (the "Actual PID Bond Fee"). The City will, within five (5)

business days, notify the Owner Developer of the Actual PID Bond Fee. In the event the Actual PID Bond Fee is less than the estimated PID Bond Fee, the City will refund to the Owner the difference between the Actual PID Bond Fee and the estimated PID Bond Fee within ten (10) business days of the date of the City's notice to the Owner of the Actual PID Bond Fee. If the Actual PID Bond Fee is more than the estimated PID Bond Fee, the Owner will pay to the City the difference between the Actual PID Bond Fee and the estimated PID Bond Fee within ten (10) business days of the date of the City's notice to the Owner of the Actual PID Bond Fee.

If a developer or owner has paid all or part of a PID Bond Fee estimate for any particular calendar year to the City, and a subsequent developer or owner pays a PID Bond Fee to the City applicable to the same calendar year, each such later developer or owner shall be reimbursed by the City as necessary so as to place all developers and owners who have paid the fee for the same calendar year in the required payment proportion. Said reimbursement(s) shall be made by the City within ten (10) business days after the City's receipt of the estimated PID Bond Fee payment(s) unless otherwise agreed to by the Parties, including, as applicable, other developers or owners. The City will deposit all payments of a PID Bond Fee estimate received from a developer or owner (including the Owner, as applicable) into a segregated account until such time as (1) the City transfers the funds to a capital improvement project fund in conjunction with issuing City debt; and/or (2) the City refunds a portion of the PID Bond Fee estimate consistent with the pro rata formula above within ten (10) business days of issuing Bonds or agreement is made as to a different payment date. On or before January 15th of the following calendar year, the final PID Bond Fee shall be calculated. By January 31st of such year, any funds in excess of the final PID Bond Fee that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the Owner) and any deficiencies in the estimated PID Bond Fee paid to the City by any developer or owner (including Owner) shall be remitted to the City by the respective developer or owner (including Owner). Said payments shall be made within ten (10) business days after January 31st of that year unless otherwise agreed to by the Parties, including, as applicable, other developers or owners.

ARTICLE 6
ANNEXATION & ZONING

6.01 **Annexation into City**. The Owner hereby agrees to the voluntary, full-purpose annexation of those portions of the Property outside the corporate limits of the City into the City and has submitted, as shown in **Exhibit "J"** hereto, a petition requesting the annexation of the Property (the "Annexation Petition"). The Parties acknowledge that the foregoing annexation provisions have been agreed upon pursuant to the authority set forth in Section 212.172 and Chapter 43; Subchapter C-3 of the Texas Local Government Code, which authorizes the governing body of a municipality to make a written contract with an owner of land that is located in the extraterritorial jurisdiction of the municipality to provide for the annexation of the land as a whole or in parts and to provide for the terms of annexation, if annexation is agreed to by the parties, and further provides for the parties to such agreement to specify the uses and development of the land before and after annexation, if annexation is agreed to by the parties.

6.02 **Permanent Zoning**. City agrees that the Property shall be permanently zoned within one hundred and eighty (180) days after annexation of the Property. The City cannot contractually agree to the zoning designation the Property shall receive; however, the City recognizes the Owner's rights under Chapter 245 and Section 43.002 of the Texas Local Government Code. Owner has submitted an application for an amendment to the Future Land Use Map and Zoning for the subject property.

EXHIBIT B

ARTICLE 7
ASSIGNMENT OF COMMITMENTS AND OBLIGATIONS; SUCCESSORS

7.01 Assignment of Owner's Rights. Subject to this Section 7.01, the Owner may assign in whole or part its rights and obligations under this Agreement to persons purchasing all of the Property or a part of the Property. In the event the Owner assigns all of its respective rights under this Agreement in conjunction with the conveyance of any unplatted portion of the Property, a written assignment of said rights must be filed of record in the Official Public Records of Kendall and Comal Counties, Texas in order to be effective.

Because the City's entering into this Agreement with the Owner is conditioned, in part, on the Owner's demonstrated skill, expertise, and financial resources with respect to the development of projects similar to the Project, demonstrating its ability to satisfy its obligations arising under this Agreement, any assignment by the Owner of its rights hereunder shall be subject to the City's approval, not to be unreasonably withheld and shall be provided within fifteen (15) business days from receipt of Owner's written assignment request; provided, however, an assignment by the Owner to any Owner-affiliated entity does not require approval by the City. In connection with any request for approval of assignment, the Owner shall provide to the City evidence of the assignee's similar experience, resources, and financial resources that are demonstrative of such assignee's ability to complete Project development in a manner at least equal to those of the Owner shall not be required to supply this information when Property is sold to Owner.

7.02 Lot Conveyance Not an Assignment. The mere conveyance of a lot or any portion of the Property without a written assignment of the rights of the Owner under this Agreement shall not be sufficient to constitute an assignment of the rights or obligations of the Owner hereunder, unless specifically provided herein.

7.03 Agreement Binding on Assigns. In the event of an assignment of this Agreement, the Owner shall be released from any obligations of this Agreement, provided the successors or assigns agree in writing to all terms and conditions of this Agreement. Any reference to the Owner, the City, or the Parties shall be deemed to and will include the successors or assigns thereof, and all the covenants and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

ARTICLE 8
DEFAULT AND NOTICE

8.01 Notice and Opportunity to Cure. If either Party defaults in its obligations under this Agreement, the other Party must, prior to exercising a remedy available to that Party due to the default, give written notice to the defaulting Party, specifying the nature of the alleged default and the manner in which it can be satisfactorily cured, and extend to the defaulting Party at least thirty (30) calendar days from receipt of the notice to cure the default. If the nature of the default is such that it cannot reasonably be cured within the thirty (30) calendar day period, the commencement of the cure within the thirty (30) calendar day period and the diligent prosecution of the cure to completion will be deemed a cure within the cure period. Notwithstanding the foregoing, the occurrence of a Bankruptcy Event shall result in immediate default hereunder without opportunity to cure.

8.02 Enforcement. The Parties may enforce this Agreement by any proceeding at law or equity. Failure of either Party to enforce this Agreement shall not be deemed a waiver to enforce the provisions of this Agreement thereafter. The Parties agree that monetary damages are not a

sufficient remedy for a default of this Agreement. As a remedy for default, the non-defaulting party shall be entitled to equitable relief, including specific performance of this Agreement, but not monetary damages. In addition to the foregoing, a remedy to each Party for the other's default hereunder, after compliance with Section 8.01 hereof, shall be termination of this Agreement.

8.03 Litigation. In the event of any third-party lawsuit or other claim relating to the validity of this Agreement or any actions taken by the Parties hereunder, the Owner and the City intend to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution of their respective rights and obligations under this Agreement. The City's participation in the defense of such a lawsuit is expressly conditioned on budgetary appropriations for such action by the City Council and shall be covered by Article 11 hereof, as applicable. The filing of any third-party lawsuit relating to this Agreement or the development of the Project will not delay, stop or otherwise affect the development of the Project or the City's processing or issuance of any approvals for the Project or Project development, unless otherwise required by a court of competent jurisdiction.

8.04 Cessation of Compliance. As a matter of law, a city by contract cannot bind its current or future city councils in the exercise of the council's legislative discretion or the performance of its legislative functions, which include the zoning of property, the establishment of public improvement districts, and the levying of assessments, issuance of bonds or approval of contracts. Nonetheless, the Owner has spent a substantial sum to negotiate, implement, and comply with this Agreement and the Owner expects and relies on the City to take appropriate actions to zone the Property, create the PID, and levy the Assessments that are described in this Agreement. If the current or a future City Council does not zone the Property as described in the Land Plan, does not establish or operate the PID as described in this Agreement, or does not levy the Assessments, then Owner shall have no further obligation to comply with any of the terms of this Agreement until such time as the City Council takes appropriate actions to have the City resume compliance with its obligations under this Agreement. If the City cannot resume its obligations under this Agreement within one year, the Owner shall have no duty to complete its obligations. If the City resumes its compliance with its obligations under this Agreement, the Owner shall have up to ninety (90) days to resume its compliance with this Agreement.

8.05 Notices. Any notice required or permitted to be delivered hereunder shall be in writing and shall be deemed received on the earlier of (i) actual receipt by mail, Federal Express or other delivery service, fax, email or hand delivery; or (ii) three (3) business days after being sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to City or the Owner, as the case may be, at the address stated below.

Any notice mailed to the City shall be addressed:

City of Fair Oaks Ranch
Attn.: City Manager
7286 Dietz Elkhorn Rd.
Fair Oaks Ranch, Texas 78009
shuizenga@fairoaksranchtx.org

With a copy to:

Daniel Santee
Denton, Navarro, Rodriguez, Bernal Santee & Zech, P.C.
2517 North Main Avenue

EXHIBIT B

San Antonio, Texas 78212
tdsantee@rampagelaw.com

Any notice mailed to the Owner shall be addressed:

Bitterblue Inc.
Attn: Scott Teeter
11 Lynn Batts Lane, Suite 100
San Antonio, Texas, 78218

With a copy to:

Brown & McDonald, PLLC
Attention: Caroline McDonald
100 NE Loop 410 STE 1385
San Antonio, Texas 78216

Any Party may change the address for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

ARTICLE 9
CERTIFICATE OF COMPLIANCE

Within thirty (30) calendar days of written request by either Party given to the other Party requesting a statement of compliance with this Agreement, the other Party will execute and deliver to the requesting Party a statement certifying that:

(a) this Agreement is unmodified and in full force and effect, or if there have been modifications, that this Agreement is in full force and effect as modified and stating the date and nature of each modification; and

(b) there are no current uncured defaults under this Agreement or specifying the date and nature of each default.

ARTICLE 10
REPRESENTATIONS, WARRANTIES, AND COVENANTS

10.01 Mutual Representations, Warranties and Covenants of the Parties. The Parties acknowledge that each Party is acting in reliance upon the other Party's performance of its obligations under this Agreement in making the decision to commit substantial resources and money to the Project's development. In recognition of such mutual reliance, each Party represents and warrants to the other that it shall employ commercially reasonable efforts to perform its duties and obligations hereunder and shall adhere to the requirements of this Agreement.

10.02 City Representations, Warranties and Covenants.

(a) The City covenants, represents and warrants to the Owner that the City has and shall exercise sole and exclusive jurisdiction over the review and approval of preliminary and final plats, the inspection of Public Infrastructure and Authorized Improvements (except to the extent

that such inspection responsibilities are undertaken by a Certified Inspector pursuant to Section 3.03(a) hereof) and the issuance of Certificates of Occupancy for Structures.

(b) The City recognizes this Agreement as a development agreement under Subchapter G of Chapter 212.

(c) To the extent required to implement Project development in accordance with the Governing Regulations, the City shall provide necessary waivers and variances to the Code as herein provided.

(d) The City has taken all requisite and necessary actions to enter into this Agreement, and this Agreement represents a valid and binding agreement of the City, subject to governmental immunity and principles of bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity.

(e) To the extent (but only to the extent) its obligations are not uncertain or in dispute, the City is not entitled to claim immunity on the grounds of sovereignty from relief by writ of mandamus to perform its obligations hereunder.

10.04 Owner Representations, Warranties and Covenants.

(a) The Owner hereby represents to the City that it shall own the Property no later than ninety (90) days after the date the City annexes the Property ~~as of _____~~, free and clear of any and all liens or mortgages.

(b) The Owner hereby warrants and covenants to the City that any prospective lien, mortgage, or encumbrance on any portion of the Property shall be made subject to the dedication of Public Infrastructure and Authorized Improvements, as indicated on the Approved Plat that is applicable to the portion of the Property to be subject to any such lien, mortgage, or encumbrance.

(c) The Owner agrees to dutifully, diligently, and continually work to develop the Property in accordance with the Governing Regulations and shall complete, or cause to be completed, the Public Infrastructure and Authorized Improvements that are included in the Governing Regulations and pay their costs.

(d) The Owner shall provide, or cause to be provided, all materials, labor, and services for completing the Public Infrastructure and Authorized Improvements, which materials, labor, and services shall be of adequate quality when graded against industry standards.

(e) The Owner agrees to obtain or cause to be obtained all necessary permits and approvals required by any Governing Regulation from the City and/or all other governmental entities having jurisdiction or regulatory authority over the construction, installation, operation, or maintenance of improvements within the Property and, with respect thereto, pay or cause to be paid all applicable permit or similar license fees.

(f) The Owner acknowledges and agrees that, pursuant to State law, the Owner is required to make information regarding its contractual relationships regarding construction or acquisition of Public Infrastructure and Authorized Improvements generally available as public records and, with respect thereto, the Owner acknowledges and agrees that any information provided by the Owner to the City with respect to the Public Infrastructure and Authorized Improvements, this Agreement, and any work performed by the Owner, a contractor, or a

subcontractor for any Public Infrastructure and Authorized Improvements (including pricing and payment information) may be subject to public disclosure by the City pursuant to applicable law.

(g) The Owner shall prepare, or cause to be prepared, for each Phase of the Project, plats that are compliant with applicable provisions of the Code and shall submit such plats to, and have such plats approved by, the City prior to starting any construction in said Phase.

(h) The Owner shall supervise the construction of the Project and cause the construction to be performed in accordance with the Governing Regulations.

(i) Owner services that are performed by the Owner hereunder shall be enforced in compliance with the Governing Regulations.

(j) Except with respect to a Certified Inspector then employed by the City pursuant to Section 3.03(a), all personnel supplied or used by the Owner in the performance of its obligations arising under this Agreement shall be deemed employees, contractors or subcontractors of the Owner and shall not be considered employees, agents or subcontractors of the City for any purpose whatsoever. The Owner shall be solely responsible for the compensation of all such personnel.

(k) The Owner acknowledges and agrees that it is subject as an employer to all applicable unemployment compensation statutes and agrees to indemnify and hold harmless the City from any and all responsibilities thereunder toward employees of the Owner.

(l) As and to the extent applicable, the Owner shall comply with all regulations concerning employment of labor required by law (including, but not limited to, Chapter 2258 requiring the Owner to pay prevailing wages to workers, which shall be determined using the wage scales from time to time published online by Wage Determinations online at www.wdol.gov/wdol/scafiles/davisbacon/tx.html). The reference to this source of prevailing wages is not a warranty, guaranty or other representation by the City that adequate numbers of skilled or unskilled workers are actually available in the local market to perform the required services or that workers may be hired for the wages identified in such prevailing wage schedule.

(m) The Owner hereby represents, warrants, and covenants for the benefit of the City:

(i) the Owner is a corporation, duly organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated;

(ii) the Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Owner;

(iii) this Agreement is a valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity;

(iv) the Owner understands the duties, limitations, and responsibilities imposed upon the City under the applicable State law having application to matters that are the subject of this Agreement, including Project development; and

(v) the Owner has sufficient knowledge, experience, and financial resources to perform its obligations under this Agreement in accordance with all duties, obligations, regulations, Governing Regulation requirements, and other applicable law affecting or required to perform the development work with respect to the Project and, in this regard, the Owner shall bid, procure, supervise, manage, perform, and from time to time provide information relating to such development work regarding Project development in compliance with all duties, obligations, regulations, code and legal requirements arising under any Governing Regulation with jurisdiction over the subject development work and the Project.

(n) The Owner has delivered, unless exempted under State law, the Certificate of Interested Parties Form 1295 ("Form 1295") and certification of filing generated by the Texas Ethics Commission's electronic portal, signed by an authorized agent, prior to the execution of this Agreement by the City and the Owner. The Owner and the City understand that none of the City or any City representative, consultant, or advisor have the ability to verify the information included in Form 1295, and none of the City or any City employee, official consultant, or advisor have an obligation, nor have undertaken any responsibility, for advising the owner with respect to the proper completion of Form 1295 other than providing the identification numbers required for the completion of Form 1295.

(o) The Owner 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 2270.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable Texas 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 Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(p) The Owner 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, as amended, and posted on any of the following pages of such officer's Internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf,
https://comptroller.texas.gov/purchasing/docs/iran-list.pdf, or
https://comptroller.texas.gov/purchasing/docs/fto-list.pdf.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable

Texas or federal law and excludes the Owner and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(q) To the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Owner 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 the applicable agreement. The foregoing verification is made solely to enable the City to comply with such Section, to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

(r) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Owner 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 against a firearm entity or firearm trade association during the term of the applicable agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions:

(i) 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods

or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

ARTICLE 11
INDEMNIFICATION

THE OWNER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS THE CITY, THE CITY COUNCIL, AND ANY OTHER OFFICIAL, EMPLOYEE, AGENT, ATTORNEY, OR REPRESENTATIVE OF ANY OF THE FOREGOING (TOGETHER, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY A THIRD PARTY, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGE, MADE UPON ANY INDEMNIFIED PARTY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO THE OWNER'S ACTIVITIES UNDER THIS

AGREEMENT, INCLUDING ANY ACTS OR OMISSIONS OF THE OWNER, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONTRACTOR OF THE OWNER, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES, WHILE IN THE EXERCISE OF PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. IN THE EVENT THE OWNER AND AN INDEMNIFIED PARTY ARE FOUND JOINTLY LIABLE, BECAUSE OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY, BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO ANY SUCH INDEMNIFIED PARTY UNDER APPLICABLE TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES HERETO UNDER TEXAS LAW AS TO SAID CLAIMANTS. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THE OWNER SHALL IMMEDIATELY ADVISE THE CITY, IN WRITING, OF ANY CLAIM OR DEMAND AGAINST THE OWNER OR AN INDEMNIFIED PARTY, TO THE EXTENT AND WHEN KNOWN TO THE OWNER, RELATED TO OR ARISING OUT OF THE OWNER ACTIVITIES UNDER THIS AGREEMENT.

In addition to the indemnification provided above, the Owner shall also require each of its general contractors working on the Project to indemnify each Indemnified Party from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of their actions related to the performance of this Agreement, utilizing (in its entirety) the same indemnification language contained herein.

ARTICLE 12
MISCELLANEOUS

12.01 Multiple Originals. The Parties may execute this Agreement in one or more duplicate originals, each of equal dignity.

12.02 Entire Agreement; Parties in Interest. This Agreement, together with any exhibits attached hereto, constitutes the entire agreement between Parties with respect to its subject matter, and may not be amended except by a writing signed by all Parties with authority to sign and dated subsequent to the date hereof. There are no other agreements, oral or written, except as expressly set forth herein. No person, other than a Party, shall acquire or have any right hereunder or by virtue hereof.

12.03 Recordation. A copy of this Agreement will be recorded in the Official Public Records of Kendall County and Comal County by the City.

12.04 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. This Agreement is performable in Kendall and Comal County. Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in a court of competent jurisdiction located in Kendall County. Notwithstanding the foregoing, the parties hereto agree that any dispute that may

arise under this Agreement shall first be submitted to non-binding mediation, or to alternative dispute resolution proceedings, before litigation is filed in court.

12.05 Termination or Amendment by Agreement. This Agreement may only be terminated prior to the Termination Date, or its terms amended by (i) mutual written consent of the Parties, (ii) at the sole discretion of any Party in the event Owner does not purchase fee ownership of the Property no later than ninety (90) days after the date the City annexes the Property or before December 31, 2025 whichever event occurs first, or (iii) at the sole discretion of any Party in the event the PID as contemplated herein is not formed on or before August 1, 2025.

12.06 No Oral or Implied Waiver. The Parties may waive any of their respective rights or conditions contained herein or any of the obligations of the other Party hereunder, but unless this Agreement expressly provides that a condition, right, or obligation is deemed waived, any such waiver will be effective only if in writing and signed by the party waiving such condition, right, or obligation. The failure of either party to insist at any time upon the strict performance of any covenant or agreement in this Agreement or to exercise any right, power, or remedy contained in this Agreement will not be construed as a waiver or a relinquishment thereof for the future.

12.07 No Third-Party Beneficiary. This Agreement is not intended, nor will it be construed, to create any third-party beneficiary rights in any person or entity who is not a Party, unless expressly otherwise provided herein.

12.08 No Personal Liability. None of the members of the City Council, nor any officer, agent, or employee of the City, shall be charged personally by the Owner with any liability, or be held liable to the Owner under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

12.09 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

12.10 Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

THE OWNER:

Bitterblue, Inc.

By: _____
Name: Scott Teeter
Title: President
Date: _____

EXHIBIT B

THE STATE OF TEXAS §
§
COUNTY OF §

This instrument was acknowledged before me on _____, 2025, by _____, _____ of _____.

_____
Notary Public in and for the State of Texas

CITY OF FAIR OAKS RANCH, TEXAS

By: _____
Scott Huizenga, City Manager

Date: _____

THE STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2025, by _____, _____ of City of Fair Oaks Ranch, a Texas Home Rule Municipality.

_____
Notary Public in and for the State of Texas

INDEX TO EXHIBITS

EXHIBIT B

Exhibit A

PROPERTY DESCRIPTION
[METES AND BOUNDS]

EXHIBIT B

FIELD NOTES
FOR 344.65 ACRES

BEING A 344.65 acre tract of land, all of a 344.979 acre tract of land as recorded and conveyed to Russell W. Pfeiffer in Volume 289, Pages 398-400 of the Official Records of Comal County, Texas, and in Volume 137, Page 679 of the Official Records of Kendall County, Texas, out of the David Bradbury Survey No. 214, Abstract No. 989 of Comal County, Texas and the David Bradbury Survey No. 214, Abstract No. 33 of Kendall County, Texas, said 344.65 acre tract
being more particularly described by metes and bounds as follows:

BEGINNING at a found ½' iron rod in the east right of way of Ammann Road for the northwest corner of this tract and the southwest corner of a 131.013 acre tract as recorded in Volume 113, Page 834 of the Deed Records of Kendall County, Texas;

THENCE South 88° 15' 14 East for a distance of 3926.52 feet with a fence the north line of this tract, and the south line os said 131.013 acre tract to a set ½" iron rod with "ACES" cap at a corner for the northeast corner of this tract, the southeast corner of said 131.013 acre tract and in the west lines of a 140.452 acre tract as recorded in Volume 113, Page 836 of the Deed Records of Kendall County, Texas;

THENCE South 02° 11' 11" East for a distance of 3822.63 feet with a fence and the west line of said 140.452 acre tract to a set ½" iron rod with "ACES" cap in the north right of way of Ammann Road for the southeast corner of this tract;

THENCE with the north right of way of Ammann Road and fence the following:
North 88° 35' 14" West for a distance of 7.43 feet for an angle point;
North 88° 26' 14" West for a distance of 522.50 feet for an angle point;
North 88° 06' 14" West for a distance of 318.70 feet for an angle point;
North 87° 19' 14" West for a distance of 923.90 feet for an angle point;
North 89° 33' 14" West for a distance of 727.10 feet for an angle point;
North 89° 45' 46" West for a distance of 830.80 feet for an angle point;
North 89° 42' 46" East for a distance of 587.60 feet for southwest corner of this tract;

THENCE with the east right of way of Ammann Road and a fence the following:
North 44° 35' 14" West for a distance of 20.60 feet to an angle point;
North 01° 59' 14" West for a distance of 1933.70 feet for an angle point;
North 02° 09' 14" West for a distance of 1926.20 feet to **the POINT OF BEGINNING**
and containing 344.65 acres of land, more or less, in Comal County, and Kendall Counties, Texas.

Plat of survey provided.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.

Kevin Conroy, R.P.L.S. 4198
August 28, 2013
Job # 115800
DC:F/PROJECT/1100/115800/FIELD NOTES FOR 344.65 AC.

EXHIBIT B

Exhibit B

PROPERTY LOCATION MAP

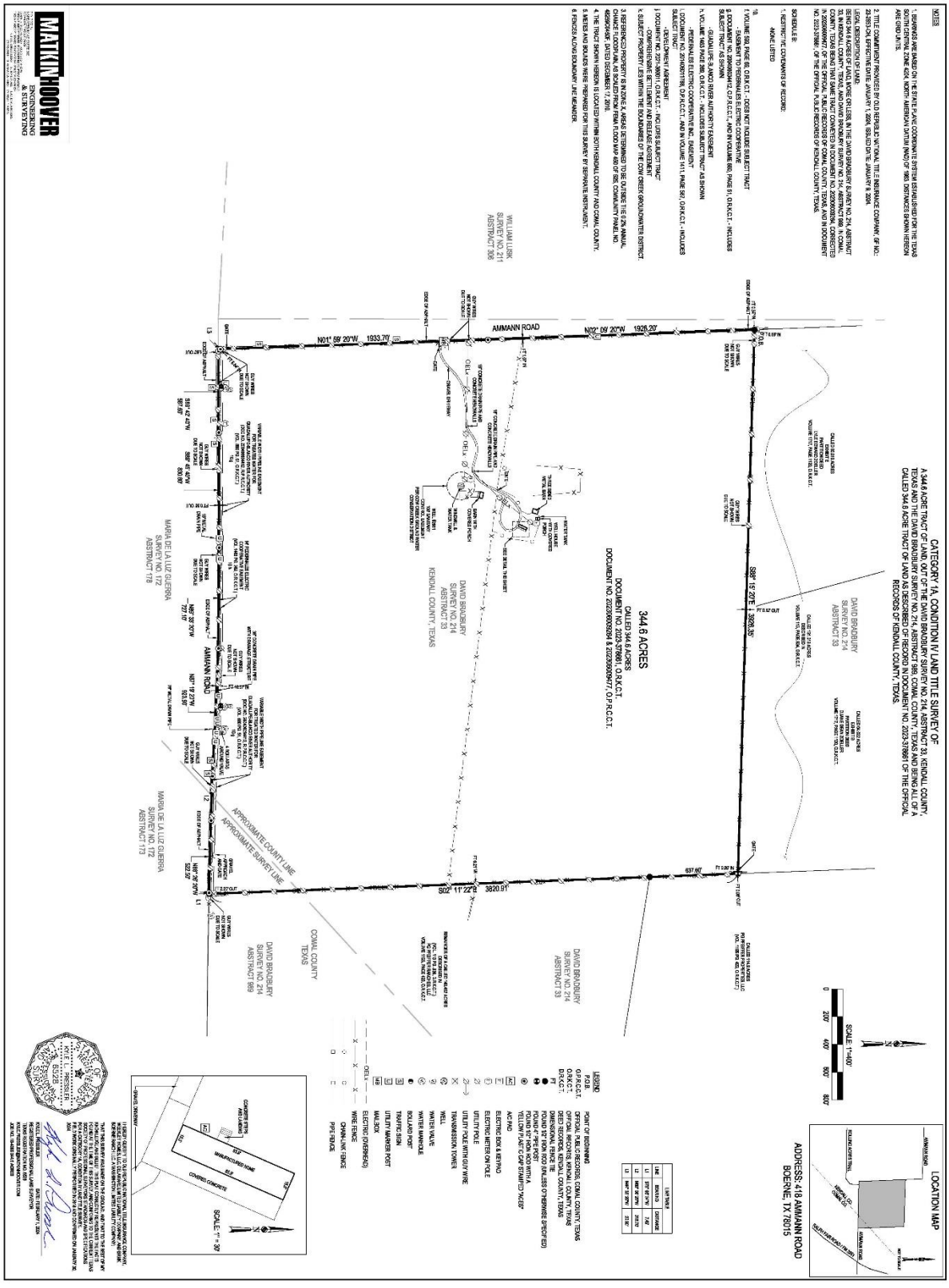


EXHIBIT B

Exhibit C

CONCEPT PLAN

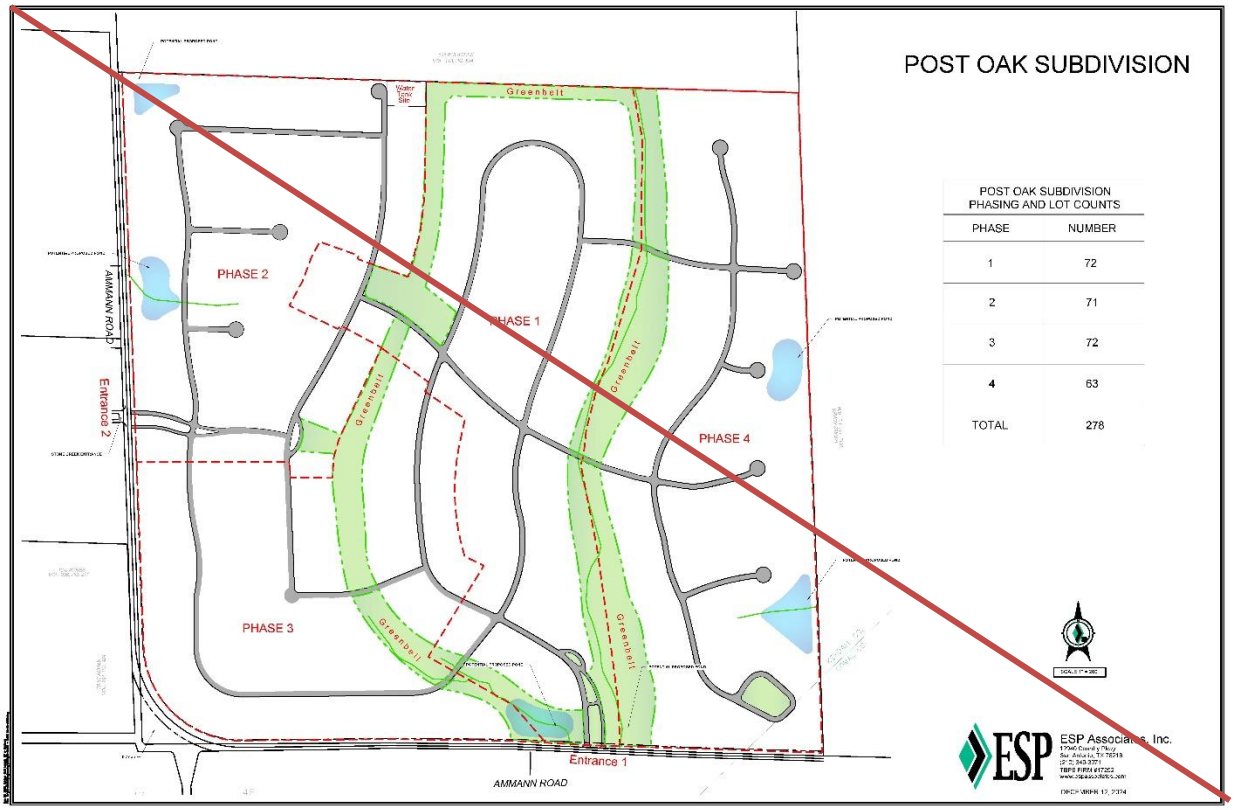
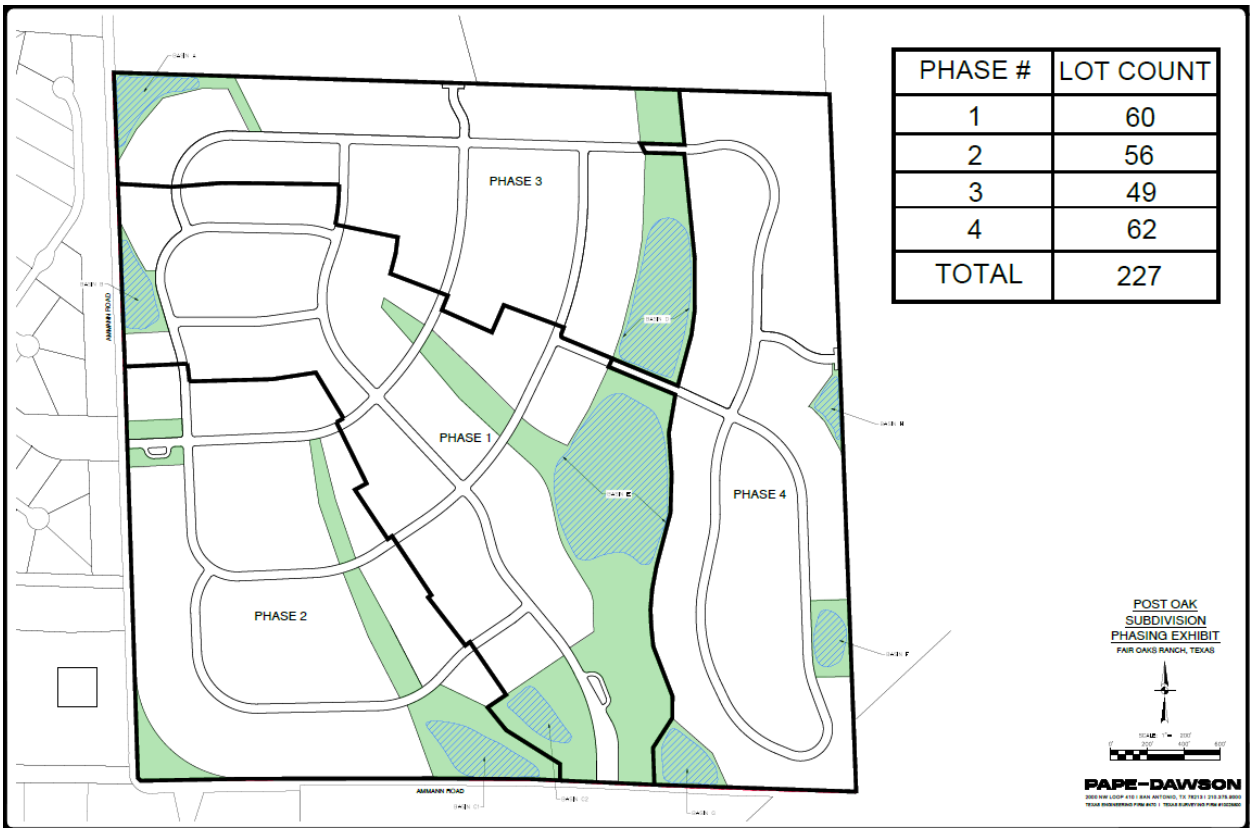


EXHIBIT B



PHASE #	LOT COUNT
1	60
2	56
3	49
4	62
TOTAL	227

Exhibit D

FORM OF REIMBURSEMENT AGREEMENT

PID Reimbursement Agreement

Post Oak Development Public Improvement District No. _

This PID Reimbursement Agreement (this "Agreement") is entered into by Bitterblue, Inc, (the "Developer") and the City of Fair Oaks Ranch, Texas (the "City"), to be effective July 3, 2025, (the "Effective Date"). The Developer and the City are individually referred to as a "Party" and collectively as the "Parties."

SECTION 1. RECITALS

1.1 WHEREAS**,** capitalized terms used in this Agreement shall have the meanings given to them in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to "sections" shall mean sections of this Agreement; (2) all references to "exhibits" shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to "ordinances" or "resolutions" shall mean ordinances or resolutions adopted by the City Council;

1.3 WHEREAS, the Developer is a Texas corporation;

1.4 WHEREAS, the City is a Texas home-rule municipality;

1.5 WHEREAS, on July 3, 2025, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the Act, covering approximately 344.6 contiguous acres within the City's corporate limits, which land is described in the PID Creation Resolution;

1.6 WHEREAS, on_____, 2025, the City Council passed and approved an Assessment Ordinance related to Improvement Area # of the PID;

1.7 WHEREAS, the City Council expects to pass and approve additional Assessment Ordinances related to other phases of development in the PID in the future as such phases are developed;

1.8 WHEREAS, each Assessment Ordinance approves the SAP, including each Assessment Roll attached thereto;

1.9 WHEREAS, the SAP identifies Authorized Improvements to be designed, constructed, and installed by or at the direction of the Parties that confer a special benefit on the Assessed Property;

1.10 WHEREAS, the SAP sets forth the Actual Costs of the Authorized Improvements;

1.11 WHEREAS, the Assessed Property is being developed in phases or "Improvement Areas;"

1.12 WHEREAS, this Agreement shall apply to all Improvement Areas and no additional reimbursement agreement shall be required for Improvement Areas to be developed in the future following the initial phase of development constituting "Improvement Area # ";

1.13 WHEREAS, the SAP determines and apportions the Actual Costs of the Authorized Improvements to the Assessed Property, which Actual Costs represent the special benefit that the Authorized Improvements confer upon the Assessed Property as required by the Act;

1.14 WHEREAS, in each Assessment Ordinance the City levied or expects to levy a portion of the Actual Costs of the Authorized Improvements as Assessments against the Assessed Property in the amounts set forth on the Assessment Roll(s);

1.15 WHEREAS, Assessments, including the Annual Installments thereof, are or will be due and payable once levied as described in the SAP;

1.16 WHEREAS, Assessments, including the Annual Installments thereof, shall be billed and collected by the City or its designee;

1.17 WHEREAS, the Parties agree the City's obligations to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area are: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments;

1.18 WHEREAS, Assessment Revenue from the collection of Assessments, including the Annual Installments thereof, shall be deposited (1) as provided in the applicable Indenture if PID Bonds secured by such Assessments are issued, or (2) into the PID Reimbursement Fund if no such PID Bonds are issued or none of such PID Bonds remain outstanding;

1.19 WHEREAS, Bond Proceeds shall be deposited as provided in the applicable Indenture;

1.20 WHEREAS, a PID Project Fund related to each series of PID Bonds shall only be used in the manner set forth in the applicable Indenture;

1.21 WHEREAS, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the Act;

1.22 WHEREAS, the foregoing RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; (3) create obligations of the Parties (unless otherwise stated therein or in the body of this Agreement), and (4) each Party has relied upon such Recitals, each of which are incorporated as part of this Agreement for all purposes, in entering into this Agreement; and

1.23 WHEREAS, all resolutions and ordinances referenced in this Agreement (e.g., the PID Creation Resolution, Development Agreement, and each Assessment Ordinance), together with all other documents referenced in this Agreement (e.g., the SAP and each Indenture), are incorporated as part of this Agreement for all purposes as if such resolutions, ordinances, and other documents were set forth in their entirety in or as exhibits to this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

SECTION 2. DEFINITIONS

2.1 "Act" is defined as Chapter 372, Texas Local Government Code, as amended.

2.2 "Actual Costs" are defined in the SAP.

2.3 "Administrator" is defined in the SAP.

2.4 "Agreement" is defined in the introductory paragraph.

2.5 "Annual Collection Costs" are defined in the SAP.

2.6 "Annual Installment" is defined in the SAP.

2.7 "Applicable Laws" means the Act and all other laws or statutes, rules, or regulations of the State of Texas or the United States, as the same may be amended, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

2.8 "Assessed Property" is defined in the SAP.

2.9 "Assessment" is defined in the SAP.

2.10 "Assessment Ordinance" is defined in the SAP.

2.11 "Assessment Revenue" means the revenues actually received by or on behalf of the City from any one or more of the following: (1) an Assessment levied against Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment during any period of delinquency, (2) a Prepayment, and (3) foreclosure proceeds.

2.12 "Assessment Roll" is defined in the SAP.

2.13 "Authorized Improvements" are defined in the SAP.

2.14 "Bond Proceeds" mean the proceeds derived from the issuance and sale of [a series of] PID Bonds that are deposited and made available to pay Actual Costs in accordance with the applicable Indenture.

2.15 "Certificate for Payment" means a certificate (substantially in the form of Exhibit A or as otherwise approved by the Developer and the City Representative) executed by a representative of the Developer and approved by a City Representative, delivered to a City Representative (and/or, if applicable, to the trustee named in any applicable Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Actual Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that each Authorized Improvement (or its completed segment) covered by the certificate has been inspected by the City.

2.16 "Change Order" is defined in Section 3.12.

2.17 "City" is defined in the introductory paragraph.

2.18 "City Council" means the governing body of the City.

2.19 "City Representative" means any person authorized by the City Council to undertake the actions referenced herein.

2.20 "Closing Disbursement Request" means a request in the form of Exhibit B or as otherwise approved by the Parties.

2.21 "Commitment" is defined in Section 3.10.

2.22 "Cost Underrun" is defined in Section 3.11.

2.23 "County" is defined in the SAP.

2.24 "Default" is defined in Section 4.8.1.

2.25 "Delinquent Collection Costs" are defined in the SAP.

2.26 "Developer" is defined in the introductory paragraph.

2.27 "Developer Advances" mean advances made by the Developer to pay Actual Costs.

2.28 "Developer Improvement Account" means an account of the PID Project Fund which may be created and established under the applicable Indenture (and segregated from all other funds contained in the PID Project Fund) into which the City deposits, or directs the applicable trustee to deposit, any funds received from the Developer as required under such Indenture.

2.29 "Development Agreement" is defined in the SAP.

2.30 "Effective Date" is defined in the introductory paragraph.

2.31 "Failure" is defined in Section 4.8.1.

2.32 "Improvement Area" is a phase of development defined and described by metes and bounds in the SAP..

2.33 "Improvement Area #__" is defined in the SAP.

2.34 "Indenture" means the applicable trust indenture pursuant to which PID Bonds are issued.

2.35 "Maturity Date" is the date one year after the last Annual Installment is collected.

2.36 "Party" and "Parties" are defined in the introductory paragraph.

2.37 "PID" is defined as the Post Oak Public Improvement District No. _, created by the PID Creation Resolution.

2.38 "PID Bonds" are defined in the SAP.

2.39 "PID Creation Resolution" is defined as Resolution No. 2025-44 passed and approved by the City Council on July 3, 2025, and recorded in the official public records of Kendall County, Texas, as Instrument No.40069 on July 11, 2025 and, Comal County, Texas as Instrument No. 202506021449 on July 11, 2025.

2.40 "PID Pledged Revenue Fund" means, collectively, the fund established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing PID Bonds issued and still outstanding.

2.41 "PID Project Fund" means, collectively, the fund, including all accounts created within such fund, established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the applicable Indenture.

2.42 "PID Reimbursement Fund" means the fund, including all accounts created within such fund to designate Assessment Revenues collected from each Improvement Area, to be established by the City under this Agreement (and segregated from all other funds of the City) held by the City or the City's designee into which the City deposits Assessment Revenue if not deposited into the PID Pledged Revenue Fund.

2.43 "Prepayment" is defined in the SAP.

2.44 "Reimbursement Agreement Balance" is defined in Section 3.3.

2.45 "SAP" is defined as the_____*Public Improvement District Service and Assessment Plan* approved_____, 202_, as part of the Assessment Ordinance adopted by the City Council on____, 202_ and recorded in the official public records of_____County, Texas as Instrument No._____on_____, 202_, as the same may be updated or amended by City Council action in accordance with the Act.

2.46 "Transfer" and "Transferee" are defined in Section 4.11.

SECTION 3. FUNDING AUTHORIZED IMPROVEMENTS

3.1 Fund Deposits. Until PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit into the PID Reimbursement Fund all Assessment Revenue consisting of: (1) revenue collected from the payment of Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (2) revenue collected from the payment of Annual Installments (excluding Annual Collection Costs and Delinquent Collection Costs). Unless and until PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, funds in the PID Reimbursement Fund shall be

deposited into a segregated account relating to the Improvement Area from which such Assessment Revenue was collected and such funds shall only be used to pay Actual Costs of the Authorized Improvements benefitting that Improvement Area or all or any portion of the Reimbursement Agreement Balance related to that Improvement Area in accordance with this Agreement.

Once PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue collected from that Improvement Area that secure such series of PID Bonds in the manner set forth in the applicable Indenture. The City shall also deposit Bond Proceeds and any other funds authorized or required by the applicable Indenture in the manner set forth in the applicable Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with the applicable Indenture; provided that funds disbursed from the applicable PID Project Fund pursuant to Section 3.5 below shall be made first from Bond Proceeds held in the applicable accounts within such PID Project Fund until such accounts are fully depleted and then from the Developer Improvement Account of the applicable PID Project Fund, if applicable. Subject to Section 3.6 below, the Actual Costs of Authorized Improvements within each Improvement Area shall be paid from: (1) the Assessment Revenue collected solely from Assessments levied on the property within such Improvement Area benefitting from such Authorized Improvements and on deposit in the PID Reimbursement Fund; or

(2) net Bond Proceeds or other amounts deposited in an account of the PID Project Fund created under an Indenture related to PID Bonds secured by Assessment Revenue collected solely from Assessments levied on benefitted property within such Improvement Area. The City will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens related to such Assessments to be enforced continuously, in the manner and to the maximum extent permitted by the Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments for so long as any PID Bonds are outstanding or a Reimbursement Agreement Balance remains outstanding. The City shall determine or cause to be determined, no later than [February 15] of each year whether any Annual Installment is delinquent. If such delinquencies exist, then the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action to foreclose the

currently delinquent Annual Installment; provided, however, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property or to use any City funds, revenues, taxes, income, or property other than moneys collected from the Assessments for the payment of Actual Costs of Authorized Improvements under this Agreement. Once PID Bonds are issued, the applicable Indenture shall control in the event of any conflict with this Agreement.

3.2 Payment of Actual Costs. Subject to Section 3.6 below, if PID Bonds are not issued (or prior to such issuance) to pay Actual Costs of Authorized Improvements, the Developer may elect to make Developer Advances to pay Actual Costs. If PID Bonds are issued, the Bond Proceeds shall be used in the manner provided in the applicable Indenture; and, except as may be required under the Development Agreement and/or an applicable Indenture, the Developer shall have no obligation to make Developer Advances for the related Authorized Improvements, unless the Bond Proceeds, together with any other funds in the PID Project Fund or PID Reimbursement Fund, are insufficient to pay the Actual Costs of such Authorized Improvements, in which case the Developer shall make Developer Advances to pay the deficit. If Developer Advances are required in connection with the issuance of a series of PID Bonds, then such Developer Advances may be reduced by the amount of payments of Actual Costs of the Authorized Improvements (or portions thereof) to be financed by such PID Bonds that the Developer has previously paid if (1) the Developer submits to the City all information related to such costs that would be required by a Closing Disbursement Request at least five (5) days prior to the pricing date of such PID Bonds, and (2) the City approves such Actual Costs in writing. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of the Developer to pay Actual Costs of the Authorized Improvements.

3.3 Payment of Reimbursement Agreement Balance. Subject to the terms, conditions, and requirements of this Agreement, including Section 3.6 hereof, The City agrees to pay to the Developer, and the Developer shall be entitled to receive payments from the City, until the Maturity Date, for the lesser of: (a) amounts shown on each approved Certificate for Payment for Actual Costs of Authorized Improvements paid by or at the direction of the Developer, and (b) the reimbursement amount shown in Schedule I of the SAP plus: (1) simple interest on the unpaid principal balance at a rate equal to or less than five percent (5%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index shown on Schedule I of the SAP that was approved by the City Council

of the City and reported in the month before the date the obligation is incurred (which date is the date of approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years one through five beginning on the date each Certificate for Payment is delivered to the City Representative; and (2) simple interest on the unpaid principal balance at a rate equal to or less than two percent (2%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred (which date is the same as the approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years six and later (the unpaid principal balance, together with accrued but unpaid interest, owed the Developer for all Certificates for Payment is referred to as the "Reimbursement Agreement Balance"); provided, however, upon the issuance of PID Bonds, the interest rate due and unpaid on amounts shown on each Certificate for Payment to be paid to the Developer shall be the lower of: (1) the interest rate on such series of PID Bonds issued to finance the costs of the Authorized Improvements for which the Certificate for Payment was filed, or

(2) the interest rate approved by the City Council of the City in the Assessment Ordinance levying the Assessments from which the Bonds shall be paid. The interest rates set forth in Schedule I of the SAP shall be approved by the City Council in each Assessment Ordinance as authorized by the Act. The principal amount of each portion of the Reimbursement Agreement Balance to be paid under each Assessment Ordinance, and the interest rate for such portion of the Reimbursement Agreement Balance, shall be shown on Schedule I attached to the SAP and Schedule I is incorporated as a part of this Agreement for all purposes. Interest shall accrue on each Reimbursement Agreement Balance from the later of: (1) final plat approval as evidenced by recording the final plat in the real property records of the County, and (2) the levy of Assessments securing such Reimbursement Agreement Balance. As the City passes and approves additional Assessment Ordinances and/or issues PID Bonds, the City shall approve an updated Schedule I as part of the updated or amended SAP for the sole purpose of showing the principal amount of the portion of the Reimbursement Agreement to be paid under such newly-adopted Assessment Ordinance and any adjustments to the interest rate for such portion of the Reimbursement Agreement Balance if applicable. Such updated Schedule I attached to the SAP shall automatically be incorporated as part of this Agreement for all purposes as if attached hereto without any further action from the Parties.

The Reimbursement Agreement Balance is payable solely from: (1) the PID Reimbursement Fund if no PID Bonds are issued for the purposes of paying the Authorized Improvements related to such Reimbursement Agreement Balance, or (2) from PID Bond Proceeds. No other City funds, revenues, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. All payments made from Bond Proceeds shall be made in the manner set forth in the applicable Indenture. So long as no PID Bonds are issued and the City has received and approved a Certificate for Payment, the City shall make payments to the Developer toward the Reimbursement Agreement Balance related to each Improvement Area from Assessment Revenue collected from such Improvement Area (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) and deposited in the PID Reimbursement Fund. Such payments shall be in an amount not to exceed the Assessment Revenue (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) related to such Improvement Area on deposit in the PID Reimbursement Fund; and, such payments shall be made at least annually and no later than 60 days after the date payment of the Annual Installments are due and payable to the City. In the event that a Prepayment of an Assessment is made prior to the issuance of PID Bonds, the City shall remit payment to the Developer of an amount of the Reimbursement Agreement Balance then due and payable not to exceed the Assessment Revenue related to such Prepayment from the Assessment Revenue deposited into the PID Reimbursement Fund within 60 days after the Prepayment is made. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment.

Approval of a Certificate for Payment and all payments under this Agreement are predicated on: (1) the Developer constructing and installing, or the City acquiring (if applicable), the Authorized Improvements (or portion thereof) shown on each Certificate for Payment as required under the Development Agreement; (2) the Developer providing the necessary supporting documentation in the standard form for City construction projects; and (3) the City's inspection of each Authorized Improvement (or portion thereof) covered by each Certificate for Payment; provided, however, in no event shall the City Representative be authorized to approve a Certificate for Payment if the City has not previously levied an Assessment against Assessed Property within an Improvement Area related to and benefitting from the Authorized Improvements for which such Certificate for Payment has been

submitted. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the Parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as approved by the City Council) shall control. Notwithstanding anything to the contrary in this Agreement, the City shall be under no obligation to reimburse the Developer for Actual Costs of any Authorized Improvement that is not accepted by the City.

The City's obligation to reimburse the Reimbursement Agreement Balance related to the Authorized Improvements for a particular Improvement Area constructed for the benefit of the Assessed Property within such Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments.

3.4 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (1) paying all or a portion of the Reimbursement Agreement Balance; or (2) paying directly Actual Costs of Authorized Improvements. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the applicable Indenture. Upon the issuance of PID Bonds for such purpose and for so long as PID Bonds remain outstanding, the Developer's right to receive payments each year in accordance with Section 3.3 shall be subordinate to the deposits required under the applicable Indenture related to any outstanding PID Bonds and the Developer shall be entitled to receive funds pursuant to the flow of funds provisions of such Indenture. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, the Developer has a duty to construct those Authorized Improvements as described in the SAP and the Development Agreement. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Actual Costs. This Agreement shall apply to all PID Bonds issued by the City whether in one or more series, and no additional reimbursement agreement shall be required for future series of PID Bonds.

3.5 Disbursements and Transfers at and after Bond Closing. The City and the Developer agree that from the proceeds of the PID Bonds, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the trustee under the applicable Indenture to pay at closing of the PID Bonds approved amounts from the appropriate account to the persons entitled to payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other costs incurred by the Developer and the City as of the time of the delivery of the PID Bonds as described in the SAP. In order to receive disbursement, the Developer shall execute a Closing Disbursement Request to be delivered to the City no less than five (5) days prior to the pricing date for the applicable series of PID Bonds for payment in accordance with the provisions of the Indenture. In order to receive additional disbursements from any applicable fund under an Indenture, the Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the applicable Indenture and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the City) from the Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all Applicable Laws and applicable plans therefore and with the terms of this Agreement and any other agreement between the parties related to property in the PID, and to verify and approve the Actual Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. The Developer further agrees that if the City provides to the Developer a sales tax exemption certificate then sales tax will not be approved for payment under a Certification for Payment. Within fifteen (15) business days following receipt of any Certificate for Payment, the City shall either: (1) approve the Certificate for Payment and forward it to the trustee for payment, or (2) provide the Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3 herein. The City shall deliver the approved or partially approved Certificate for Payment to the trustee for payment, and the trustee shall make the disbursements as quickly as practicable thereafter.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund or the PID Project Fund. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements within any Improvement Area shall only be paid from: (1) net proceeds of PID Bonds, if issued, on deposit in the PID Project Fund related to such PID Bonds, and/or (2) Assessments, including Annual Installments of such Assessments, collected from such Improvement Area. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments. Concurrent with the levy of Assessments against any Improvement Area, the City will: (1) establish a separate account within the PID Reimbursement Fund relating solely to such Improvement Area, if no PID Bonds are issued, or (2) establish a separate PID Project Fund under an Indenture if PID Bonds are issued, out of which the City will pay its obligations related to such Improvement Area; and, until such time, this Agreement does not create any obligations of the City with respect to any Improvement Area for which Assessments have not been levied. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind shall be used to pay: (1) the Actual Costs of the Authorized Improvements; (2) the Reimbursement Agreement Balance even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) debt service on any PID Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants or representatives shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. Subject to the provisions of Section 3.3 and 3.6, if the Developer is in substantial compliance with its obligations under the Development Agreement, then following the inspection and approval of any portion of Authorized Improvements for which Developer seeks reimbursement of the Actual Costs by submission of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay from

Assessment Revenue or the net proceeds of PID Bonds, as applicable, disbursements (whether to the Developer or to any person designated by the Developer) identified in any Closing Disbursement Request or in any Certificate for Payment and to pay debt service on PID Bonds are unconditional AND NOT subject to any defenses or rights of offset except as may be provided in any Indenture.

4 City Delegation of Authority. All Authorized Improvements shall be constructed by or at the direction of the Developer in accordance with the plans, the Development Agreement, applicable City ordinances and regulations, and with this Agreement and any other agreement between the parties related to property in the PID. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer has sole responsibility of ensuring that all Authorized Improvements are constructed in accordance with the Development Agreement and in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the City from the Developer. If any Authorized Improvements are or will be on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvements. Inspection and acceptance of Authorized Improvements will be in accordance with applicable City ordinances and regulations.

4.1 Security for Authorized Improvements. Prior to completion and conveyance to the City of any Authorized Improvements, the Developer shall cause to be provided to the City a maintenance bond in the amount required by the City's subdivision regulations for applicable Authorized Improvements, which maintenance bond shall be for a term of two years from the date of final acceptance of the applicable Authorized Improvements. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that legal counsel for

the City has the right to reject any surety company regardless of such company's authorization to do business in Texas. Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto so long as such delay in performance shall not subject the Authorized Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Authorized Improvements is contested, the Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed 120 percent of the disputed amount.

4.2 Ownership and Transfer of Authorized Improvements. If requested in writing by the City, Developer shall furnish to the City a commitment for title insurance (a "Commitment") for land related to the Authorized Improvements to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City. The Commitment shall be made available for City review and must be approved at least fifteen (15) business days prior to the scheduled transfer of title. The City agrees to approve the Commitment unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the City's use and enjoyment of the Authorized Improvements. If the City objects to any Commitment, the City shall not be obligated to accept title to the applicable Authorized Improvements until the Developer has cured the objections to the reasonable satisfaction of the City.

4.3 Remaining Funds After Completion of an Authorized Improvement. Within any applicable Improvement Area, upon the final completion of an Authorized Improvement within such Improvement Area and payment of all outstanding invoices for such Authorized Improvement, if the Actual Cost of such Authorized Improvement is less than the budgeted cost as shown in Exhibit B to the SAP (a "Cost Underrun"), any remaining budgeted cost will be available to pay Cost Overruns on any other Authorized Improvement within such Improvement Area. A City Representative shall promptly confirm to the Administrator (as defined in the SAP) that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements. Any Cost Underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement and may be added to the amount approved for

payment in any Certificate for Payment, as agreed to by the Developer, the Administrator and the City Representative.

4.4 Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "Change Orders") required for the construction of an Authorized Improvement. The Developer or its contractors may approve and implement any Change Orders even if such Change Order would increase the Actual Cost of an Authorized Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such Change Orders except to the extent amounts are available pursuant to Section 3.12 hereof. If any Change Order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under the Development Agreement, then such revisions made by an engineer must be submitted to the City for approval by the City's engineer prior to execution of the Change Order.

SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

4.2 No Competitive Bidding. Construction of the Authorized Improvements shall not require competitive bidding pursuant to Section 252.022(a) (9) of the Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor. The City, at its election made prior to the Developer entering into a construction contract, shall have the right to examine and approve the contractor selected by the Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

4.3 Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon five (5) business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements. For a period of two years after completion of the Authorized Improvements, the Developer shall maintain proper books of record and account for the

construction of the Authorized Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles. The Developer shall have the right, during normal business hours, to review all records and accounts pertaining to the Assessments upon written request to the City. The City shall provide the Developer an opportunity to inspect such books and records relating to the Assessments during the City's regular business hours and on a mutually agreeable date no later than ten (10) business days after the City receives such written request. The City shall keep and maintain a proper and complete system of records and accounts pertaining to the Assessments for so long as PID Bonds remain outstanding or Reimbursement Agreement Balance remains unpaid.

4.5 Developer's Right to Protest Ad Valorem Taxes. Nothing in this Agreement shall be construed to limit or restrict Developer's right to protest ad valorem taxes. The Developer's decision to protest ad valorem taxes on Assessed Property does not constitute a Default under this Agreement.

4.6 PID Administration and Collection of Assessments. The Administrator shall have the responsibilities provided in the SAP related to the duties and responsibilities of the administration of the PID, and the City shall provide the Developer with a copy of the agreement between the City and the Administrator. If the City contracts with a third-party for the collection of Annual Installments of the Assessments, the City shall provide the Developer with a copy of such agreement. For so long as PID Bonds remain outstanding or the Reimbursement Agreement Balance remains unpaid, the City shall notify the Developer of any change of administrator or third-party collection of the Assessments.

4.7 Representations and Warranties.

4.7.1 The Developer represents and warrants to the City that: (1) the Developer has the authority to enter into and perform its obligations under this Agreement; (2) the Developer has the financial resources, or the ability to collect sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (4) this Agreement is binding upon the Developer in accordance with its terms; and (5) the execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

4.7.2 The City represents and warrants to the Developer that: (1) the City has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the City has been duly authorized to do so; (3) this Agreement is binding upon the City in accordance with its terms; and (4) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

4.8 Default/Remedies.

4.8.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." If a Failure is monetary, the non-performing Party shall have ten (10) days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure.

4.8.2 If the Developer is in Default, the City shall have available all remedies at law or in equity; provided no default by the Developer shall entitle the City to terminate this Agreement or to withhold payments to the Developer from the PID Reimbursement Fund or the PID Project Fund in accordance with this Agreement and the Indenture.

4.8.3 If the City is in Default, the Developer shall have available all remedies at law or in equity; provided, however, no Default by the City shall entitle the Developer to terminate this Agreement.

4.8.4 The City shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

4.9 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against the Developer, any Transferee, or

any other person or entity involved in the design, construction, or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.10 Estoppel Certificate. From time to time upon written request of the Developer, the City Manager will execute a written estoppel certificate, in form and substance satisfactory to both Parties that: (1) identifies any obligations of the Developer under this Agreement that are in default or, with the giving of notice or passage of time, would be in default; or (2) states, to the extent true, that to the best knowledge and belief of the City, the Developer is in compliance with its duties and obligations under this Agreement.

4.11 Transfers. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, the Developer's right, title, or interest to payments under this Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payments of the Reimbursement Agreement Balance, whether such payments are from the PID Reimbursement Fund in accordance with Section 3.3 or from Bond Proceeds (any of the foregoing, a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without prior written consent of the City if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in: (1) the issuance of municipal securities, and/or (2) the City being viewed as an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission, and/or (3) the City being subject to additional reporting or recordkeeping duties. Notwithstanding the foregoing, no Transfer shall be effective until notice of the Transfer is given to the City. The City may rely on notice of a Transfer received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the City for any funds paid to a third party as a result of a Transfer for which the City received notice.

4.12 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the

substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Bexar County, Texas.

4.13 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (1) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (2) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City:
City Manager
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas
Attn: Scott Huizenga
shuizenga@fairoaksranchtx.org

With a copy to:
Norton Rose Fulbright US LLP
Bond Counsel
98 San Jacinto Boulevard, Suite 1100
Austin, TX 78701
Attn : Stephanie Leibe
stephanie.leibe@nortonrosefulbright.com

Daniel Santee
Denton, Navarro, Rodriguez, Bernal, Santee & Zech, P.C.
2517 North Main Avenue
San Antonio, Texas 78212
tdsantee@rampagelaw.com

To the Developer:
Bitterblue, Inc
11 Lynn Batts Lane, Ste. 100
San Antonio, TX 78218
Attn: Lloyd Denton
laddiedenton@bitterblue.com

With a copy to:
Brown & McDonald, PLLC
100 NE Loop 410, Ste 1385
San Antonio, TX 78216
Attn: Caroline McDonald
caroline@brownmcdonaldlaw.com

Any Party may change its address by delivering notice of the change in accordance with this section.

4.14 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the applicable Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.15 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.16 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.17 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City, the Developer, and Transferees any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City, the Developer, and Transferees.

4.18 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.19 Employment of Undocumented Workers. During the term of this Agreement, the Developer agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a(f), the Developer shall repay the incentives granted herein within 120 days after the date the Developer is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded annually from the date of violation until paid. Pursuant to Section 2264.101(c), Texas Government Code, a business is not liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee of the business, or by a person with whom the business contracts.

4.20 No Boycott of Israel. 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 will not boycott Israel during the term of this Agreement. As used in the foregoing verification, 'boycott Israel,' has the meaning in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, and 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.

4.21 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, as amended. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

4.22 No Discrimination Against Fossil Fuel Companies. 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. As used in the foregoing verification, "boycott energy companies" has the meaning in Section 2276.001(1), Texas Government Code, by reference to Section 809.001, Texas Government Code, and means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

4.23 No Discrimination Against Firearm Entities and Firearm Trade Associations. 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 against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification and the following definitions:

(a) 'discriminate against a firearm entity or firearm trade association,' has the meaning in Section 2274.001(3), Texas Government Code, and means: (A) with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or

services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(b) 'firearm entity,' has the meaning in Section 2274.001(6), Texas Government Code, and means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(c) 'firearm trade association,' has the meaning in Section 2274.001(7), Texas Government Code, and means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income

taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code."

4.24 Affiliate. As used in Sections 4.19 through 4.24, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

4.25 Texas Attorney General Standing Letter. The Developer represents that it has, as of the Effective Date, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (_____, 202_) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if the Developer or the parent company, a wholly- or majority-owned subsidiary or another affiliate of the Developer receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking written verification that the Developer is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the Developer's Standing Letter (a "Request Letter"), the Developer shall promptly notify the City (if it has not already done so) and provide to the City, two business days prior to the Effective Date and additionally upon request by the City, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the Developer (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Developer that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail.

4.26 Form 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). 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 system not later than the 30th day after the receipt of such form. The Parties 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.

4.27 Changes in Law. The Parties acknowledge and expressly agree that, during the Term, either Party may take advantage of changes in the law notwithstanding anything to the contrary in this Agreement.

4.28 Public Information. Notwithstanding any other provision to the contrary in this Agreement, all information, documents, and communications relating to this Agreement may be subject to the Texas Public Information Act and any opinion of the Texas Attorney General or a court of competent jurisdiction relating to the Texas Public Information Act. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the Developer agrees that this Agreement may be terminated if the Developer knowingly or intentionally fails to comply with a requirement of that subchapter, if applicable, and the Developer fails to cure the violation on or before the tenth business day after the date the City provides notice to Developer of noncompliance with Subchapter J, Chapter 552. Pursuant to Section 552.372, Texas Government Code, Developer is required to preserve all contracting information related to this Agreement as provided by the records retention requirements applicable to the City for the duration of this Agreement; promptly provide to the City any contracting information related to this Agreement that is in the custody or possession of the Developer on request of the City; and on completion of the Agreement, either provide at no cost to the City all contracting information related to the contract that is in the custody or possession of the entity or preserve the contracting information related to the contract as provided by the records retention requirements applicable to the City.

[*Execution pages follow.*]

CITY:

CITY OF FAIR OAKS RANCH, TEXAS

By:_____

Greg C. Maxton, Mayor

ATTEST:

By:_____

Christina Picioccio, City Secretary

APPROVED AS TO FORM AND LEGALITY:

By:_____

Daniel Santee, City Attorney

DENTON NAVARRO RODRIGUEZ BERNAL SANTEE & ZECH

DEVELOPER:

BITTERBLUE, INC., A TEXAS CORPORATION

By: _____

Lloyd Denton, Manager

EXHIBIT A

CERTIFICATE FOR PAYMENT FORM

The undersigned is an agent for Bitterblue, Inc (the "Developer") and requests payment from the applicable account of the [PID Reimbursement Fund] [PID Project Fund] from the City of Fair Oaks Ranch, Texas (the "City") in the amount of_____for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Post Oak Public Improvement District No. _. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement between the City and the Developer, effective as of_____, 20 (the "Reimbursement Agreement").

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.

3. The amount listed for the Authorized Improvements below is a true and accurate representation of the Actual Costs associated with the creation, acquisition, or construction of said Authorized Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan and the Development Agreement.

5. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in the Post Oak Public Improvement District and has no outstanding delinquencies for such assessments.

6. All conditions set forth in the Indenture (as defined in the Reimbursement Agreement) for the payment hereby requested have been satisfied.

7. The work with respect to the Authorized Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Authorized Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for major improvements or any phase of Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or segment) has been completed and the City has accepted such Authorized Improvements (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Authorized Improvements (or segment).

Payments requested are as follows:

a. X amount to Person or Account Y for Z goods or services.

b. Etc.

[If the Authorized Improvements are to be paid in part from one series of PID Bonds and in part from another, insert the following:

As required by Section of the Indenture, the costs for the Authorized Improvements that constitutes the pro-rata share of such Authorized Improvements allocable to the designated Bonds shall be paid as follows:

Authorized Improvements:	Amount to be paid from _____ Fund	Amount to be paid from _____ Fund	Total Cost of Authorized Improvements

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

Bitterblue, Inc

By:_____

Title:_____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and shall [include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate account of the PID Project Fund] [direct payment from the PID Reimbursement Fund] to the Developer or to any person designated by the Developer.

CITY OF FAIR OAKS RANCH, TEXAS

By: _____

Name: _____

Title:_____

Date:_____

Exhibit B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for_____(the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from the Cost of Issuance Account of the Project Fund from_____(the "Trustee") in the amount of_____($_____) to be transferred from the Cost of Issuance Account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of the _____ Public Improvement District No. (the "District"), as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of_____, 20 (the "Indenture") relating to the [INSERT NAME OF BONDS] (the "PID Bonds").

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below costs is a true and accurate representation of the Actual Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, and the Development Agreement.

5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

BITTERBLUE, INC., A TEXAS CORPORATION

By:_____

Title:_____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from Costs of Issuance Account upon delivery of the PID Bonds.

CITY OF FAIR OAKS RANCH, TEXAS

By:_____

Name: _____

Title:_____

Date:_____

Exhibit E

ETJ MAP

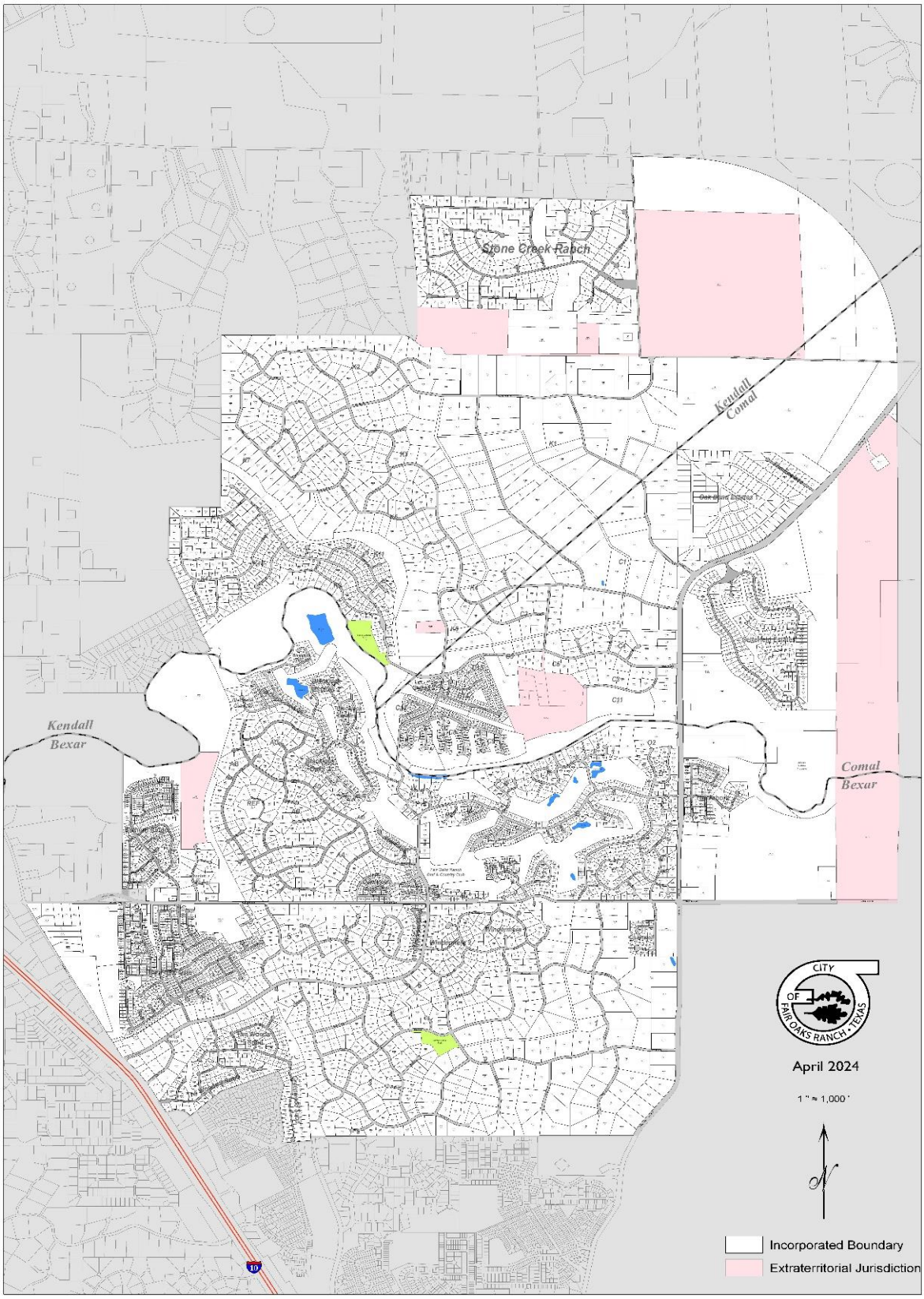

Stone Creek Ranch
Kendall
Comal
Kendall
Bexar
Comal
Bexar
CITY OF FAIR OAKS RANCH • TEXAS
April 2024
1 " ≈ 1,000 '
N
Incorporated Boundary
Extraterritorial Jurisdiction

Exhibit F

LANDOWNER CONSENT CERTIFICATE

This Landowner Consent Certificate is issued by _____, _____, ("Landowner"), as the landowner that holds record title to approximately _____ acres (the "Property"), as more particularly described by metes and bounds in Exhibit "A" attached to this Landowner Consent Certificate and incorporated herein for all purposes, within the _____ Public Improvement District (the "PID") created by the City of Fair Oaks Ranch, Texas (the "City"). Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, anticipated to be adopted on _____, 202_, including the Service and Assessment Plan and Assessment Roll attached thereto (the ordinance and Service and Assessment Plan, including the Improvement Area #_ Assessment Roll, as of the date actually adopted by the City Council is referred to collectively as the "Assessment Ordinance").

Landowner hereby declares and confirms that it holds record title to the Property located within the PID which is subject to the special assessments (the "Assessments") levied by the City under the Assessment Ordinance. Further, Landowner hereby ratifies, declares, consents to, affirms, agrees to and confirms each of the following:

- The Landowner is the sole owner of the Property as of the date of this Landowner Consent Certificate and will be the sole owner of the Property on the date of the Assessment Ordinance.
- The right, power and authority of the City Council of the City to adopt the Assessment Ordinance, including the attachments thereto, and to levy the Assessments against the Property, including the apportionment thereof.
- The Improvement Area #_ Improvements specially benefit the Property in an amount in excess of the Assessments levied on the Property as shown on the Improvement Area #_ Assessment Roll.
- The Assessment against the Property is final, conclusive and binding upon the Landowner and its successors and assigns, including applicable interest thereon, as when due and payable thereunder, and subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessment.
- The Assessment against the Property is a first a prior lien against the Property, superior to all other liens and claims except liens or claims for state, county, school district, or municipal ad valorem taxes.
- Landowner shall pay the Assessment levied on the Improvement Area #_ Assessed Property owned by such Landowner when due and in the amount required by and stated in the Assessment Ordinance and the attachments thereto.
- Delinquent installments of the Assessments shall incur and accrue interest, penalties, and attorney's fees as provided in Service and Assessment Plan and in accordance with Chapter 372 of the Texas Local Government Code, as amended (the "PID Act").

- The "Annual Installments" (as defined in the Service and Assessment Plan) of the Assessment levied against the Property may be adjusted, decreased and extended in accordance with the Service and Assessment Plan and the PID Act.
- All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowner hereby waives any notice requirements.
- Landowner consents to all actions taken by the City with respect to the creation of the PID and the levy of Assessments against the Property.
- The Landowner approves and accepts the terms of the Buyer Disclosure Program.

Landowner hereby waives any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the PID, defining the Improvement Area #_ Assessed Property, adopting the Assessment Ordinance, Service and Assessment Plan and each Assessment Roll, levying of the Assessments, and determining the amount of the Annual Installments of the Assessments.

IN WITNESS WHEREOF, the undersigned has caused this Landowner Consent Certificate to be executed as of _____, 202_.

By: _____

Name: _____

Title: _____

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____, known to me to be the person and the officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she is the _____ of _____, and that he or she is authorized to execute the foregoing instrument as the act of such [limited partnership] for the purposes therein expressed, in the capacity stated and as the act and deed of such entity.

Given under my hand and seal of office on this _____, 2025.

_____
Notary Public, State of Texas

[NOTARY SEAL]

Exhibit G

MAINTENANCE AGREEMENT

PROPERTY OWNERS' ASSOCIATION, INC.

PUBLIC IMPROVEMENT FORM MAINTENANCE AGREEMENT

This Public Improvement Maintenance Agreement (*this Agreement*) is made and entered into on this _____day of _____ by and between **City of Fair Oaks Ranch, Texas** (the *City*), a Type A municipality, and **Property Owners' Association** (the *Association*), a Texas property owners association organized and existing under laws of the State of Texas and having the powers and limitations provided under Title 11 of the Texas Property Code, for the purpose for providing the terms for the Association's maintenance of public parkland and storm drainage improvements within the hereinafter-defined District. The City and the Association are herein referred to individually as a *Party* and, together, as the *Parties*.

W I T N E S S E T H

WHEREAS, the City has, pursuant to applicable law, created the (the *District*) on approximately 344.6 acres of land located within the City (such land, as more particularly described on Exhibit "A" attached hereto and made a part hereof, the *Land*) to facilitate its development for use as mixed use residential and commercial master planned community (the such development, the *Project*); and

WHEREAS, through the District, the City will provide, by revenues resultant from assessments levied and imposed on certain property within the District, a mechanism for payment of a portion of the costs of certain public improvements within the District that are necessary and incidental to Project development; and

WHEREAS, as a condition to its creation of the District and provision of the aforementioned mechanism to finance a portion of the costs of public improvements within the District, the City requires that the ongoing maintenance obligations of the hereinafter-defined Public Improvements be assumed by a non-City entity associated with the Project or the related costs be paid by or from District-associated resources to prevent these costs resultant from Project development, which the City has facilitated, from becoming a burden on the general revenues of the City and its residents and property owners that do not reside within or directly enjoy the benefits resultant from the District; and

WHEREAS, the Developer has created the Association to provide services related to the developed Project as specified in its bylaws, including the ongoing maintenance of the Public Improvements in accordance with the provisions of this Agreement and payment of the associated costs from its fees collected from property owners within the District and subject to the Association's jurisdiction; and

WHEREAS, entry into this Agreement satisfies the City's condition to the District creation and utilization of its available powers to provide a mechanism for financing a portion of the costs of certain public improvements within the District, as described above; and

WHEREAS, the Parties, for the mutual consideration hereinafter stated, desire to enter into this Agreement, pursuant to which the Association assumes responsibility for maintaining the Public Improvements (which includes payment of the associated costs of such maintenance); and

NOW, THEREFORE, THE PARTIES AGREE TO THE FOLLOWING:

SECTION 1. Definition of Certain Terms. For purposes of this Agreement, the following terms shall have the ascribed meanings:

a. *Consultant's Plan* has the meaning ascribed thereto in the Development Agreement, dated as _____, between the City and the Developer pertaining to the Project.

b. *Developer* shall mean Bitterblue, Inc, a Texas.

c. *Engineer* shall mean _____.

d. *Parkland* shall mean common areas and other land within the District dedicated to the City by the Developer and established as property available to the general public for recreational use (to specifically include promenades, plazas, and bridges over permanent water features).

e. *Public Improvements* shall mean, collectively, the Parkland and the Storm Drainage Improvements.

f. *Storm Drainage Improvements* shall mean trench excavation and embedment, trench safety, concrete box culverts, reinforced concrete pipe, manholes, junction boxes, drainage inlets, headwall and wingwall structures, related earthwork, excavation, erosion control, detention ponds, and all other necessary appurtenances required to capture storm water runoff generated within the District.

SECTION 2. Association Agreement to Maintain Public Improvements.

a. *General*. The Association hereby exclusively agrees, at its sole cost and expense, to maintain the Public Improvements.

b. *Storm Drainage Improvements*. Maintaining Storm Drainage Improvements shall mean keeping in good structural condition all Storm Drainage Improvements and repairing and addressing any defects in or to the Storm Drainage Improvements that, if left unrepaired or unaddressed, might impair their hydraulic capacity or structural soundness, to include:

i. Maintaining access to the Storm Drainage Improvements for maintenance and inspection;

ii. Repairing defects in the storm drainage piping system, including leaking pipe joints, deflection of flexible pipe diameter in excess of 5%, pipe structural failure, or other defects;

iii. Removing obstructions from any inlet and outlet structures;

iv. Repairing concrete channel lining, pilot channels, rock rip-rap (including replacement, as needed, to maintain rock layer thickness, as designed), gabions or any other channel lining material and to repair any defects in the channel lining material including undermining, excessive cracking and settlement, structural failure, or other defects;

v. Repairing channels, ditches and detention or retention ponds and to repair erosion in same by backfilling the eroded area and re-establishing protective vegetation or by armoring the eroded area with gabions, rock rip-rap, concrete or other material approved by the Engineer;

vi. At least annually, removing willows, cottonwoods or other "woody" vegetation from channels, ditches, detention ponds and retention ponds;

vii. As frequently as required to prevent grassy vegetation from exceeding a height of more than one foot, mowing ditches, earthen channels and detention or retention ponds;

viii. Removing, as needed, accumulated debris, trash or sediment (with sediment accumulations in detention ponds not to exceed 18-inches before removal is required); and

ix. Maintaining minimum water levels in Storm Drainage Improvements intended upon construction to permanently hold water (as indicated in the Consultant's Plan).

The Association shall periodically (as needed based on weather conditions, but no less frequently than every 90 days) inspect or cause the inspection of all Storm Drainage Improvements to determine the necessity of action to address needed maintenance or repair. Remedial action shall be taken within 30 days of the Association's awareness of an issue (meaning that the Association shall commence necessary maintenance or repairs within 30 days of such awareness and diligently work toward their completion). At least annually, the Association shall commission the Engineer to complete a written inspection report concerning the condition and functionality of the Storm Drainage Improvements, deliver a copy of such report to the City, and take action, as described above, within 30 days of delivery of such report to address any identified deficiencies in, or recommendations concerning functionality or performance of, the Storm Drainage Improvements.

c. Parkland. Maintaining the Parkland shall mean at all times keeping and maintaining, or causing to be kept and maintained, the Parkland (including any improvements thereon and all other buildings and improvements erected therein) in a good state of appearance and repair (except for reasonable wear and tear), to include:

i. Maintening grass height according to species and variety of grass;

ii. Regularly mowing, aerating, fertilizing, seeding or reseeding, resodding and controlling weeds in areas that are seeded or sodded;

iii. Pruning all trees and shrubs, as needed;

iv. Maintaining an adequate number of trash cans (based on frequency of use and in plentiful quantity to hold all trash usually generated between servicing without overflowing) and emptying the same on at least a daily basis;

v. Sweeping the area on daily basis to remove and keep the area free of trash;

vi. Removing graffiti on any surface withing 24 hours of the incident;

vii. Remediating, upon discovery, insect, rodent, and invasive species infestations;

viii. Cleaning sidewalks and pavilions so that at no time is there an accumulation of sand, dirt, or leaves;

ix. Maintaining playground equipment, play areas, fields, sports courts, lighting systems, and flagpoles to ensure the equipment and spaces are in safe, clean, operating condition and free and clear of hazards and hazardous conditions;

x. Cleaning and sanitizing all restrooms and drinking fountains on a daily basis or more frequently, as and when required;

xi. Stocking all restrooms at a minimum of once per day or more frequently as needs arise;

xii. Providing and maintaining adequate security lighting and signage (to include wayfinding and mile markers on trail systems) free of loose rivets, missing text, graffiti, and other conditions that makes interpretation difficult or impossible;

xiii. Maintaining in good repair any trail system, to include elimination of all trip hazards, remediating impacts of erosion, periodic resurfacing, elimination of buildup of soil or debris that prevents water flow, and maintenance of an 8' vertical clearance; and

xiv. Upon discovery, eliminating user created "trails".

The Association shall, as frequently as necessary to maintain a safe and sanitary environment, inspect or cause the inspection of all Parkland to determine the necessity of action to address needed maintenance or repair. Remedial action shall be taken as and when needed and shall be diligently continued through satisfactory conclusion to address matters requiring attention with respect to Parkland maintenance.

SECTION 3. Annual Budget. The Association shall annually budget for the anticipated costs of maintaining the Public Improvements, which shall include (i) the costs of any necessary repair plan herein described coming due in the reporting period covered by such annual budget and (ii) adequate annual reserves to provide sufficient available sources of periodic major maintenance and capital repair and replacement of Public Improvements. Until such time as the Association has obtained sufficient experience to formulate the anticipated Public Improvements maintenance costs unassisted (herein determined to mean preparation of at least three annual budgets after the warranties for dedicated Public Improvements have expired), the Association shall enlist the Engineer's assistance in preparing the Public Improvements maintenance cost component of its annual budget.

SECTION 4. Payment of Public Improvements Maintenance Costs. To pay the costs of maintaining the Public Improvements, the Association shall either (i) charge an annual fee to its property owners or (ii) collect funds from the Developer in an amount at least equal to such budgeted annual maintenance costs. In determining the annual fee, the Association may take into account other funds then-available to the Association to pay such annual Public Improvements maintenance costs including funds collected from the Developer. In the event that unforeseen circumstances shall arise during the course of a financial reporting that necessitate additional funding to pay the costs of maintaining Public Improvements (including reimbursement of the City for costs of emergency repairs made pursuant to Section 5 below), the Association shall either (i) impose upon its property owners a special assessment (which is a charge on such property owners separate and distinct from any assessment thereon levied by the City pursuant to Chapter 372, as amended, Texas Local Government Code) or (ii) collect funds from the Developer in an aggregate amount sufficient to pay such unanticipated and unbudgeted Public Improvements maintenance costs.

SECTION 5. City Inspection of Public Improvements; Emergency Repairs. The City may, from time to time, but not more frequently than every 12 months, review the state of repair, condition, and cleanliness of the Public Improvements and provide a written report of its findings to the Association. If the City, in its review, finds the condition of the Public Improvements to not meet its standards for other similar public improvements owned and maintained by the City or in accordance with their original specifications applicable at the time of their respective construction , then the City shall detail and deliver in writing to the Association the specific instances of failure. The Association shall have 30 days from

receipt of this written notice to address or object to the specific failures in Public Improvements maintenance identified by the City.

If the City is made aware of emergency safety conditions relative to a Public Improvement, the City will notify the Association and request that the necessary repairs to mitigate the identified safety condition(s) be completed. Upon notification, the Association shall have 3 days to mitigate the identified safety condition(s). If, however the Association is unable to or fails to begin addressing the identified safety condition(s) within a reasonable time after notification, then the City may make repairs to Public Improvements as needed and without further notification to the Association or the owners of property within the District to address the conditions of emergency or safety. Within 30 days of completion of emergency repairs to Public Improvements, the City shall notify the Association of the reasons for its making the repairs and the costs thereof.

SECTION 6. City Funding of Maintenance Costs. The Parties intend that Association revenues realized in accordance with Section 4 hereof shall be sufficient to cover the costs of the Public Improvements. The Parties acknowledge, however, that the City may include as a component of its "maintenance assessment" levied and imposed on assessable property within the District pursuant to the District's Service and Assessment Plan, prepared and updated from time to time by the City Council of the City in accordance with applicable Texas law, the costs of maintaining the Public Improvements in the event the Association is unable or unwilling to fulfill its duties and obligations pursuant to the terms of this Agreement.

SECTION 7. Power and Authority. Each Party represents to the other that it has full power and authority to execute, deliver and perform its obligations hereunder and that the respective governing body of each Party has taken all necessary action on its part required to authorize the execution and delivery hereof and its performance hereunder.

SECTION 8. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Agreement to be made, given or furnished to or filed with the following persons, if the same shall be delivered in person or duly mailed by first-class mail, postage prepaid or duly transmitted by electronic mail, at the following physical or email addresses:

(a) **To Association at:**

with a copy to:
Caroline McDonald
Brown & McDonald, PLLC
100 NE Loop 410 Ste 1385
San Antonio, TX 78216
Caroline@brownmcdonaldlaw.com

To City at:
City of Fair Oaks Ranch, Texas
Attn: City Manager
7286 Dietz Elkhorn
Fair Oaks Ranch, Texas 78015
shuizenga@fairoakstx.org

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the City shall constitute a sufficient notice.

SECTION 9. Severability. If any terms or provisions of this Agreement or the application of any terms or provisions of this Agreement to a particular situation, are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Agreement or the application of such terms or provisions of this Agreement to other situations, will remain in full force and effect unless amended or modified by mutual consent of the Parties; provided that, if the invalidation, voiding or unenforceability would deprive either Party of material benefits derived from this Agreement, or make performance under this Agreement unreasonably difficult, then the Parties will meet and confer and will make good faith efforts to amend or modify this Agreement in a manner that is mutually acceptable to the Parties.

SECTION 10. Amendment. No amendment, modification, or alteration of the terms of this Agreement will be binding unless it is in writing, dated subsequent to the date of this Agreement, and duly executed by the Parties.

SECTION 11. Binding Agreement; Successors and Assigns. This Agreement will be binding upon and inure to the benefit of each of the Parties and their respective successors and permitted assigns.

SECTION 12. Correction of Technical Errors. If, by reason of inadvertence, and contrary to the intention of the Parties, errors are herein made in the legal descriptions or the references thereto or within any exhibit with respect to the legal descriptions, in the boundaries of any parcel in any map or drawing which is an exhibit, or in the typing of this Agreement or any of its exhibits or any other similar matters, the Parties by mutual agreement may correct such error by memorandum executed by them without the necessity of amendment of this Agreement.

SECTION 13. Governing Law and Venue. The laws of the State and the rules and regulations issued pursuant thereto shall govern the validity, construction, enforcement, and interpretation of this Agreement, without regard to conflict of law provisions. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in a State court of competent jurisdiction sitting in , Texas, and the Parties hereto expressly consent to the venue and jurisdiction of such court. Any provision included or incorporated herein by reference that conflicts with said laws, rules and regulations shall be null and void and shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise.

SECTION 14. No Waiver of Sovereign Immunity. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO WAIVE THE SOVEREIGN IMMUNITY OF THE CITY. THE CITY IS ENTERING INTO THIS AGREEMENT IN ITS GOVERNMENTAL FUNCTION AND CAPACITY AND THIS AGREEMENT DOES NOT CONSTITUTE AN EXERCISE OF THE CITY'S REGULATORY POWERS (E.G., REGULATORY APPROVALS OR IN ANY OTHER REGULATORY CAPACITY). THE ASSOCIATION ACKNOWLEDGES THAT THE CITY CANNOT CONTRACT IN ANY MANNER REGARDING THE EXERCISE, AND NOTHING CONTAINED HEREIN CONSTITUTES THE CITY'S EXERCISE, OF ITS REGULATORY POWERS OR A WAIVER OF ITS SOVEREIGN IMMUNITY PROTECTIONS.

SECTION 15. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed original and all of which, when taken together, shall

constitute one and the same document.

SECTION 16. No Personal Liability. None of the members of the City Council, the Association's governing body, or any officer, agent, or employee of either Party shall be charged personally by the other Party with any liability, or be held liable to the other Party under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

SECTION 17. Recordation. This Agreement, upon execution by both Parties, shall be recorded in the real property records maintained by the City Clerk of County.

SECTION 18. Effective Term. This Agreement shall be effective as of its date, shall be perpetual and shall encumber and run with the Land.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Public Improvement Maintenance Agreement has been duly executed as of the date of the acknowledgement below, to be effective on the date first above written.

BY:

CITY OF FAIR OAKS RANCH, TEXAS

By:
Name:
Title:

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____day of _____, 202__, by _____, _____of Fair Oaks Ranch, Texas, a home rule municipality and a political subdivision of the State of Texas, on behalf of Fair Oaks Ranch , Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____day of _____, 20___

[SEAL]

_____
Notary Public, State of Texas
Printed Name: _____
My Commission Expires: _____

IN WITNESS WHEREOF, this Public Improvement Maintenance Agreement has been duly executed as of the date of the acknowledgement below, to be effective on the date first above written.

BY:

a Texas

By: Approval of Initial Directors:

By: _____

Name: _____
Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS **§**
§
COUNTY OF _____ **§**

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of the a Texas , on behalf of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____day of _____, 20___

[SEAL]

_____
Notary Public, State of Texas
Printed Name: _____
My Commission Expires: _____

CERTIFICATION

I hereby certify that I am the duly elected and acting President of the Association and that this Policy was approved by not less than a majority vote of the Board of Directors and now appears in the books and records of the Association, which is to be recorded in the Official Public Records of Real Property of Medina County, Texas.

TO CERTIFY which witness my hand this _____day of _____ 20 ___.

BY:

a Texas

By: _____

Name: _____
Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS **§**
§
COUNTY OF _____ **§**

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of the ., a Texas nonprofit corporation, on behalf of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____day of _____, 20___

[SEAL]

_____
Notary Public, State of Texas
Printed Name: _____
My Commission Expires: _____

DECLARANT CONSENT

(in accordance with the Declaration and Bylaws for the)

If the Declarant Control Period or Development Period are in effect, the Declarant expressly consents to the adoption of this document, as evidenced by its signature below.

IN WITNESS WHEREOF, the undersigned hereunto expressly consents to this **Public Improvement Maintenance Agreement**, effective as of this _____day of _____20 ____.

BY:

a Texas

BY:

a Texas ,

By: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the ___ _____of a Texas on behalf of said limited liability company and limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this __day of_____202_.

[SEAL]

_____
Notary Public, State of Texas

Printed Name: _____

My Commission Expires:_____

EXHIBIT A

FIELD NOTES
FOR 344.65 ACRES

BEING A 344.65 acre tract of land, all of a 344.979 acre tract of land as recorded and conveyed to Russell W. Pfeiffer in Volume 289, Pages 398-400 of the Official Records of Comal County, Texas, and in Volume 137, Page 679 of the Official Records of Kendall County, Texas, out of the David Bradbury Survey No. 214, Abstract No. 989 of Comal County, Texas and the David Bradbury Survey No. 214, Abstract No. 33 of Kendall County, Texas, said 344.65 acre tract
being more particularly described by metes and bounds as follows:

BEGINNING at a found ½' iron rod in the east right of way of Ammann Road for the northwest corner of this tract and the southwest corner of a 131.013 acre tract as recorded in Volume 113, Page 834 of the Deed Records of Kendall County, Texas;

THENCE South 88° 15' 14 East for a distance of 3926.52 feet with a fence the north line of this tract, and the south line os said 131.013 acre tract to a set ½" iron rod with "ACES" cap at a corner for the northeast corner of this tract, the southeast corner of said 131.013 acre tract and in the west lines of a 140.452 acre tract as recorded in Volume 113, Page 836 of the Deed Records of Kendall County, Texas;

THENCE South 02° 11' 11" East for a distance of 3822.63 feet with a fence and the west line of said 140.452 acre tract to a set ½" iron rod with "ACES" cap in the north right of way of Ammann Road for the southeast corner of this tract;

THENCE with the north right of way of Ammann Road and fence the following:
North 88° 35' 14" West for a distance of 7.43 feet for an angle point;
North 88° 26' 14" West for a distance of 522.50 feet for an angle point;
North 88° 06' 14" West for a distance of 318.70 feet for an angle point;
North 87° 19' 14" West for a distance of 923.90 feet for an angle point;
North 89° 33' 14" West for a distance of 727.10 feet for an angle point;
North 89° 45' 46" West for a distance of 830.80 feet for an angle point;
North 89° 42' 46" East for a distance of 587.60 feet for southwest corner of this tract;

THENCE with the east right of way of Ammann Road and a fence the following:
North 44° 35' 14" West for a distance of 20.60 feet to an angle point;
North 01° 59' 14" West for a distance of 1933.70 feet for an angle point;
North 02° 09' 14" West for a distance of 1926.20 feet to **the POINT OF BEGINNING**
and containing 344.65 acres of land, more or less, in Comal County, and Kendall Counties, Texas.

Plat of survey provided.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.

Kevin Conroy, R.P.L.S. 4198
August 28, 2013
Job # 115800
DC:F/PROJECT/1100/115800/FIELD NOTES FOR 344.65 AC.

AFTER RECORDING, RETURN TO:

Declarant:

Association:

with a copy to:

Caroline McDonald

Brown & McDonald PLLC
100 NE Loop 410 Ste 1385
San Antonio, Texas 78216

Exhibit H

OWNER DISCLOSURE PROGRAM

The Administrator (as defined in the Service and Assessment Plan) for the [NAME] Public Improvement District (the PID) shall facilitate Notice to prospective property buyers in accordance with the following minimum requirements:

(a) Record notice of the PID in the appropriate land records for the Property.

(b) Require builders to attach the Recorded Notice of the Authorization and Establishment of the PID 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) in an addendum to each residential homebuyer's contract on brightly colored paper.

(c) Collect a copy of the addendum signed by each buyer from builders and provide to the City.

(d) 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 in all model homes.

(e) Prepare and provide to builders an overview of the existence and effect of the PID for those builders to include in each sales packet of information that it provides to prospective homebuyers.

(f) Notify builders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.

(g) Notify Settlement Companies through the builders that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.

(h) Include notice of the PID in the homeowner association documents in conspicuous bold font.

(i) The City will include announcements of the PID on the City's web site.

The Owner and the Administrator shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these Notices be provided when one of them discovers that any requirement is not being complied with.

EXHIBIT I

FORM OF USA

UTILITY SERVICE AGREEMENT

STATE OF TEXAS	§
	§
COUNTY OF COMAL	§
COUNTY OF KENDALL	§
	§
CITY OF FAIR OAKS RANCH	§

This Utility Service Agreement (including the General Conditions, the Special Conditions, and the Attachments hereto, this Agreement) is entered into by and between the CITY OF FAIR OAKS RANCH, TEXAS (the "City"), and Bitterblue, Inc. (the "Developer"). The City and the Developer are herein referred to generally as a Party and, together, the Parties. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the hereinafter-defined Development Agreement, a copy of which is attached hereto as Attachment IV.

W I T N E S S E T H

WHEREAS, the City and the Developer have entered into that certain Development Agreement (as the same is amended from time to time, the Development Agreement), pursuant to which the City and the Developer are obligated to undertake specified actions relative to the development that is the subject of the Development Agreement (such development, the Development; the property that is the subject of the Development Agreement and the location of the Development, the Property); and

WHEREAS, the Development Agreement contemplates the need for improvements to the City's water utility systems (the Water System) that are outside the boundaries of the Property to extend Systems infrastructure to the Property's border for connection to necessary water infrastructure improvements within the Property (such offsite improvements, as further defined and described herein, the Offsite Improvements; such onsite improvements, as further defined and described herein, the Onsite Improvements; the Offsite Improvements and the Onsite Improvements, together, the Improvements); and

WHEREAS, the Development Agreement requires the Developer to design, construct, and finance all requisite Improvements, which includes all Improvements within and beyond the boundaries of the Property that are necessary for connection to the Systems to provide retail water service (Service) to the Development, and upon completion thereof, dedicate the same to the City; and

WHEREAS, the completion of the Offsite Improvements will allow for the Developer's connection of the Onsite Improvements to the Systems; and

WHEREAS, the Parties now desire to enter into this Agreement to memorialize the terms and conditions by which (i) the Improvements will be designed, constructed, financed and dedicated to the City and made a part of the Systems and (ii) Systems capacity is reserved for the purpose of providing Service to the Development; and

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants contained herein, and for other good and valuable considerations (the receipt and sufficiency of which are hereby acknowledged), the Developer and the City hereby agree as follows.

1. Interpretation of Agreement.

   a. The Parties acknowledge that the Service contemplated by this Agreement shall be provided in accordance with the applicable Governing Regulations identified in Section 3.01(b) of the Development Agreement. In the event the specific terms of this Agreement conflict with the Governing Regulations, the specific terms of this Agreement shall apply. The above notwithstanding, for the specific conflicting terms to prevail, the conflict must be expressly noted in this Agreement. The Parties further acknowledge that this Agreement is subject to future acts of the City Council with respect to the adoption or amendment of Impact Fees and City ordinances or resolutions specifying rates for Service.

   b. The Parties agree that a purpose of this Agreement is the City's reservation and dedication of 284 Water Service living unit equivalents (LUEs) (such dedicated capacity, Water Capacity, and Guaranteed Capacity, collectively) from available System capacity (whether currently existing or to result from ongoing System expansion) for provision of Service to the Development.

   c. Any rights that the Developer claims arise under Chapter 245, as amended, Texas Local Government (Chapter 245) or Chapter 43, as amended, Texas Local Government Code, that are related to this Agreement shall be governed by the applicable provisions of the Development Agreement, particularly being [Section 3.01(b)] thereof.

2. Obligation Conditioned. The City's obligation to provide Service to the Property is conditioned upon present rules, regulations and statutes of the United States of America and the State of Texas and any court order that directly affects the City or its ownership and operation of the System. The Developer acknowledges that if the rules, regulations and statutes of the United States of America and/or the State of Texas that are in effect upon the Effective Date are repealed, revised or amended to such an extent that the City becomes incapable of, or is prevented from, providing the Service, then no liability of any nature is to be imposed upon the City as a result of the City's compliance with such legal or regulatory mandates. The City agrees that it will use its best efforts to prevent the enactment or to mitigate the impact of such legal or regulatory mandates.

3. Term.

   a. The term of this Agreement shall be thirty (30) years from the Effective Date, subject to extension in the same manner as extension of the Developer's obligations under the Development Agreement (which provisions are incorporated by reference as though herein reproduced), unless extended by mutual agreement, evidenced in writing, by the City and the Developer. Certain City obligations (described in Section 3.c below) may survive the expiration of the term of this Agreement if (i) all Impact Fees applicable to the Development have been paid and (ii) the Developer has complied with all requirements concerning the Improvements as are

described, as applicable, in this Agreement and the Development Agreement.

b. To the extent that the City's obligations do not survive the expiration of this Agreement, the Developer understands and agrees that a new utility service agreement must be entered into with the City to receive Service to the Development.

c. Provided compliance with clauses (i) and (ii) of Section 3.a above has occurred, the following obligations shall survive expiration of this Agreement:

i. The City's recognition of the Guaranteed Capacity to be provided by the System to the Development in the form of Service, as specified in S.C. 1.00 hereof.

ii. The City's continued provision of Service to retail customers located in the Property, so long as such customers pay for the Service and comply with the regulations applicable to individual customers (including payment of rates for Service, as from time to time specified by City ordinance or resolution).

4. Entire Agreement. The following documents attached hereto and incorporated herein are as fully a part of this Agreement as if herein repeated in full and, together, comprise this Agreement in its entirety:

Attachment I:	General Conditions
Attachment II:	Special Conditions
Attachment III:	Engineering Report Regarding Improvements
Attachment IV:	For Development Agreement see Kendall County Record No. _____ or Comal County Record No _____

Any of the above attachments that are created and submitted by the Developer as an attachment to this Agreement shall be limited to providing relevant engineering, planning, or managing information for the purposes of setting aside or reserving the Guaranteed Capacity as specified in the body of this Agreement, the General Conditions, and the Special Conditions. The Developer agrees that it will not attempt to rely, and the City does not authorize reliance, on any of the contents of any attachments created and submitted by the Developer as a basis for claiming rights under Chapter 245, except as specifically provided by Section 1.c hereof.

The Developer understands that this Agreement, including the Attachments, is subject to the Texas Public Information Act. The Developer, therefore, agrees that it will not claim that any of the information contained herein is subject to any third-party exception under that Act.

5. The Developer's Obligations. The Developer acknowledges and agrees that the Guaranteed Capacity runs with the land and shall be an appurtenance to the Property. The Developer agrees to record this Agreement in the Real Property Records of Comal and Kendall Counties, Texas as quickly as practicable (but not more than fifteen (15) days from the Effective Date); otherwise, this Agreement will automatically terminate. Delivery to the City of a recorded copy of this Agreement shall serve as a condition precedent to any transfer of any portion of the

Property or any portion of the Guaranteed Capacity in accordance with G.C.14.00. To the extent not reflected in the Plats from time to time submitted by the Developer to and accepted by the City pursuant to the terms of the Development Agreement, the Developer shall maintain records of allocated and unallocated Water Capacity (by LUE) for use by the Development by developers thereof and therein and provide the City with copies of such records upon receipt of the City's written request for the same.

6. **INDEMNITY. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE DEVELOPER FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS SUCCESSOR AND ASSIGNS FROM THE CLAIMS OF THIRD PARTIES ARISING OUT OF THE CITY'S RECOGNITION RESERVATION AND TRANSFER OF THE GUARANTEED CAPACITY UNDER THIS AGREEMENT TO THE DEVELOPER'S SUBSEQUENT PURCHASERS, SUCCESSORS AND ASSIGNS.**

7. Notices. Any notice, request, demand, report, certificate, or other instrument which may be required or permitted to be furnished to or served upon the parties shall be delivered in accordance with the provisions for notice specified in Section 8.05 of the Development Agreement.

8. Severability. If for any reason any one or more paragraphs of this Agreement are held legally invalid, such judgment shall not prejudice, affect impair or invalidate the remaining paragraphs of the Agreement as a whole, but shall be confined to the specific sections, clauses, or paragraphs of this Agreement held legally invalid.

9. Effective Date. The Effective Date of this Agreement shall be the date signed by the later of an authorized City representative and an authorized Developer representative.

10. Ownership. By signing this Agreement, the Developer represents and warrants that it is the owner of the Property or has the authority of the Property owner to develop the Property. Any misrepresentation of authority or ownership by the Developer shall make this Agreement voidable by the City. If the Developer does not own the Property, then the Developer must provide documentation from the owner of the Property to show that the Developer has the proper authority to develop the Property.

ACCEPTED AND AGREED TO IN ALL THINGS:

City of Fair Oaks Ranch, Texas	Bitterblue, Inc.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Address: _____	Address: _____
_____	_____
Date: _____	Date: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ _____known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and, in the capacity, therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2025.

(seal)

_____
Notary Public

STATE OF TEXAS §

COUNTY OF KENDALL §

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ _____known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and, in the capacity, therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2025.

(seal)

_____
Notary Public

ATTACHMENT I

GENERAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

G.C.1.00 Definition of Terms.

Unless defined in the Agreement, the terms used in this General Conditions of the Utility Service Agreement (the *General Conditions*) shall have the same definitions and meaning as those set out in the Development Agreement. In the event a term is specifically defined in the General Conditions, and the definition is in conflict with that found in the Development Agreement or the Code, and such conflict is acknowledged in the General Conditions, the definition set out in the General Conditions shall apply.

G.C.2.00 Required Submittals.

Plans and specifications for Improvements.

G.C.3.00 Developer Development and Dedication of Improvements.

Subject to the provisions of Section G.C.4.00 and G.C.5.00 below, the Improvements shall be designed and constructed by the Developer and, upon completion, dedicated to the City, who shall thereafter own, operate, and maintain the same as a part of the Systems. Offsite Improvements shall be constructed within easements and rights-of-way provided or identified by the City (who shall, to the extent necessary and legally able, assist the Developer in obtaining, at the Developer's cost and expense, such necessary easements or rights-of-way). With respect to Onsite Improvements, the Developer shall acquire all necessary easements and rights-of-way to accommodate the development of Onsite Improvements. The Developer recognizes that the approval of easement or right-of-way adequacy, location, size, grade, and invert elevation for construction of Improvements is reserved to the City.

Upon respective completion of the Offsite Improvements and Onsite Improvements, the Developer shall dedicate, grant, and convey to the City, and the City (subject to Section G.C.6.00) shall accept the dedication, grant, and conveyance of, such Improvements, accompanied by all construction warranties and associated easements and rights-of-way, without lien or other encumbrance. As and after the City's acceptance of the same, the Improvements shall be made a part of the Systems and be owned, operated, and maintained by the City.

The responsibility for payment of the costs of the development and dedication of the Improvements as herein specified, unless specifically otherwise herein provided, shall be the sole and absolute responsibility of the Developer. Except as may otherwise be specified herein, the City shall have no payment obligation for the Improvements and the Developer shall have no right or claim for City financial contribution to the costs of the Improvements. The foregoing limitation does not impact the anticipated use of assessments levied on the property pursuant to Chapter 372, as amended, Texas Local Government Code to pay for certain public improvements (including Improvements), as contemplated under the Development Agreement.

G.C.4.00 Design and Construction Requirements.

The design and construction of all Improvements shall comply with all applicable Governing Regulations, applicable rules and regulations of Comal and Kendall Counties, Texas, the State of Texas, and any agency thereof with jurisdiction thereon (including, but not limited to, the Texas

Commission on Environmental Quality, the Public Utility Commission of Texas, and the Texas Department of Health). In addition, and except as specifically provided otherwise herein, design and construction of the Improvements shall comply with the following provisions:

1) City of Fair Oaks Ranch Construction Standard Specification for Water and Sanitary Sewer Construction (https://www.fairoaksranchtx.org/DocumentCenter/View/5511/Construction-Standard-Specifications-for-Water-and-Sanitary-Sewer-Construction?bidId=)
2) City of Fair Oaks Ranch Material Standard Specifications for Water and Sanitary Sewer Construction (https://www.fairoaksranchtx.org/DocumentCenter/View/5512/Material-Standard-Specifications-for-Water-and-Sanitary-Sewer-Construction?bidId=)

The Developer shall involve the City, as and to the extent requested or required by the City, with the Improvements' design. Prior to solicitating any bid or letting any contract for construction of any of the Improvements, the City shall have approved the final plans and specifications for such Improvements. Modifications to plans and specifications to accommodate change orders shall also be subject to City approval.

Notwithstanding any provision herein to the contrary, and unless during the design process the City approves a variance to the foregoing requirement, Improvements shall be designed to provide for the same diameter, pressure, and volume capacity as the component of the Systems to which the Improvements connect. In addition, Onsite Improvements shall be extended to one or more boundaries of the Property, as determined by the City during the design process, to allow for connection to the Systems by adjoining property owners.

G.C. 5.00 Oversizing.

The City, during the design process, may require the installation of oversized Improvements or components thereof. If such oversizing requirement results in incremental cost increases attributable to the oversized Improvements component when compared to the cost of the size or capacity of such Improvements component that is required to only provide Service to the Property (such increased cost, the *Incremental Cost*), then such City oversizing requirement shall be conditioned on the City's providing to the Developer (i) compensation equal to the Increased Cost or (ii) a method of Increased Cost recovery acceptable to the Developer. Any requisite oversizing component of Improvements shall be considered Improvements, with no distinction from any other component of the Improvements, for all other purposes of this Agreement.

G.C.6.00 City Inspection; Acceptance.

The City, or any consultant acting on its behalf, shall have the right to inspect Improvements during their construction for any reasonable and legitimate City purpose, including assurance of conformity to approved designs, the terms of the construction contracts, this Agreement, and any Governing Regulations and satisfaction of warranty requirements associated with such construction. The Developer shall be solely responsible for any necessary corrections or remedial actions required by the City that result from its findings during such inspections.

The City's acceptance of the Developer's dedication of completed Improvements shall be subject to the City's prior determination that the Improvements were constructed in accordance with approved plans and specifications, that associated construction warranties remain valid and in effect (and that the Developer has taken no action that would or could compromise such validity

and effectiveness) without reduction in duration or scope, and that no liens or encumbrances associated with such Improvements shall transfer to the City as a result of the subject dedication.

G.C.7.00 Joint Venture Agreements.

In the event the Developer enters into a Joint Venture Agreement covering the costs of the Improvements, the Developer shall send a copy of such agreement to the City.

G.C.8.00 Assignment.

This Agreement may be assigned only in conjunction with an assignment of the Development Agreement; provided, however, the Developer may assign, convey, or transfer some or all of the Guaranteed Capacity to buyers of portions of the Property in accordance with the terms specified in G.C.14.00.

G.C.9.00 Event of Foreclosure.

In the event the Developer's interest in the Property is extinguished by an act of foreclosure, and the foreclosing party has supplied sufficient evidence to the City that it is the successor in interest to the Property as a result of such foreclosure, and that there are no lawsuits pending concerning the Property, the City shall consider the foreclosing party a Developer successor in interest if the foreclosing party executes a utility service agreement with the City (after the City Council determines that the execution of such an agreement will not be adverse to the City's interest).

G.C.10.00 Payment for Provision of Utility Service.

Customers within the Development receiving Service shall be charged the applicable rates for Service from time to time specified by ordinance or resolution adopted by the City Council. Billing and collection for charges for Service shall be the responsibility of the City.

~~**G.C.11.00 Impact Fee Payment.**~~

~~For the Water Capacity, the Developer shall pay to the City the Impact Fees in the amounts from time to time and at the times specified in the Governing Regulations. In addition, and to the extent the Developer's development of the Property results in the City's providing to the Developer Systems capacity, in the form of Water Service LUEs, in excess of the Water Capacity, the Developer agrees to pay all applicable Impact Fees as provided and in accordance with the applicable provisions of the Code and implementing City ordinances or resolutions relating to such Systems capacity in excess of the Water Capacity. Any conveyance of any portion of the Property shall include a written statement to the transferee of such portion of the Property concerning the requirement to pay Impact Fees as previously described as a result of the development of such Property pursuant to and in accordance with the applicable provisions of the Code. Notwithstanding the foregoing, the City makes no representations or guarantees concerning the availability of Systems capacity in excess of the Guaranteed Capacity.~~

~~The Developer agrees that this Agreement does not constitute an Assessment of Impact Fees on the Property or the Development regarding Water Capacity; however, because fees owed to the City hereunder by the Developer for Water Capacity are used by the City to pay costs of System expansion to make available the Water Capacity, such payment shall supersede and replace any Impact Fees that would otherwise be due and owing to the City for the Developer's accessing the~~

~~Water Capacity. This provision shall control in case of any conflict with any other provision of this Agreement or any other provision of the Development Agreement.~~

G.C.~~12.00~~ 11.00 City's Obligation to Provide Service.

Provision of Service to the Property shall not commence until (i) completion of (a) the Offsite Improvements, (b) the Onsite Improvements necessary to provide Service to the portion of the Property for which Service is requested, and (c) the System improvements being undertaken by the City to expand System capacity in order to enable its provision of the Guaranteed Capacity, and (ii) the City has approved and accepted the Offsite Improvements and Onsite Improvements identified in Clause (i)(b) of this Section G.C.12.00.

To the extent that all applicable Impact Fees and/or applicable capacity charges (including, specifically, the capacity charges relating to the Water Capacity) have been paid and all Offsite Improvements and the Onsite Improvements necessary to provide Service to the Property pursuant to an approved Plat have been completed and made a part of the Systems in accordance with the terms of this Agreement and the Development Agreement, such portion of the Property that is the subject of such approved Plat shall be entitled to Service by permanent use and benefit of Water Capacity from and up to the Guaranteed Capacity.

G.C.~~13.00~~ 12.00 Conformance of Plans.

All water facilities serving the Property other than and in addition to the Improvements shall be designed and constructed in conformance with this Agreement, the Development Agreement, and the Governing Regulations. Once initially approved by the City, changes in the water system design shall be resubmitted to the City for written approval.

G.C.~~14.00~~ ~~13.00~~ LUE Transfers.

The transfer of Guaranteed Capacity for use outside the boundaries of the Property shall not be allowed.

The City considers this Agreement to run with the Property; however, LUE transfers from Water Capacity to subdivided tracts within the Property are the responsibility of the Developer and approval of such transfers is not required by the City. The Developer shall maintain a separate accounting of the Water Service LUEs derived from the Guaranteed Capacity that are used by the Developer and/or transferred after the Effective Date to portions of the Property. If the Developer sells a portion of the Property and transfers part of the Guaranteed Capacity that is provided under this Agreement, then that Guaranteed Capacity transfer must be included in the deed, bill of sale or instrument conveying the land and the Developer must require the buyer of the land who receives the allocated Water Service LUEs from Guaranteed Capacity to record the instrument effectuating the transfer.

If and as applicable, the City will recognize the LUE allocations within the Property site plan delivered to the City so long as those allocations are compliant and consistent with the provisions of this Agreement and do not, in the aggregate, exceed the Guaranteed Capacity. For portions of the Property that have areas of unplanned use, the demand will be calculated at four (4) Water Service LUEs per acre unless the engineering report specifies otherwise or there is not enough Guaranteed Capacity remaining for the Property to allocate four (4) LUEs per acre.

In no event will the City be responsible to third parties for providing Service beyond the total Guaranteed Capacity identified in this Agreement for the Property. The Developer expressly disclaims, releases, and holds harmless the City from any liability, damages, costs, or fees, and agrees to indemnify the City for any liability, including, costs and attorney's fees, associated with any dispute related to the transfer of all or a portion of Guaranteed Capacity approved for the Property in this Agreement.

ATTACHMENT II

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

S.C.1.00 Tract Location; Ultimate Demand; and Cost.

The Property is described in the Development Agreement. The Property is not located over the Edwards Aquifer Recharge or Contributing Zone. The Property is located inside the City's water certificate for convenience and necessity (*CCN*), and does not require the City's financial participation in the development of infrastructure.

Water Capacity. The Water Capacity shall not exceed two hundred thirty-three (233) ~~two hundred eighty-four (284)~~ Water Service LUEs~~. The Parties agree that the Developer shall pay the City an amount equal to $[8,670.33] per Water Service LUE, for a total of $[2,445,033.06], for the Water Capacity, which amount shall be payable to the City the time of service request in accordance with the Service and Assessment Plan (each of such terms as defined in the Development Agreement).~~

Water Rights. The Developer shall convey the underlying water rights associated with the subject property to the City at no charge to the City.

S.C.2.00 Requirement for Utilization of Guaranteed Capacity.

The City's dedication of the Guaranteed Capacity to the Developer represents an allocation by the City of a scarce City resource. By entering into this Agreement, the Developer represents to the City that the Developer has a present intent to utilize the Guaranteed Capacity for the purpose of making Service available to the Property. If all of the Guaranteed Capacity has not been utilized by the thirtieth (30th) anniversary of the Effective Date, the City shall have the ability, exercisable at its discretion upon prior delivery of written notice to the Developer, to reallocate to another user such unutilized portion the Guaranteed Capacity. Any such reallocation shall be conditioned on the City's reimbursement to the Developer of any amounts paid by the Developer to the City for such reallocated portion of the Guaranteed Capacity pursuant to this S.C.2.00.

S.C.3.00 Time for ~~Impact~~ Fee Assessment and Payment.

~~Impact~~ Applicable Fees owed pursuant to G.C.11.00, S.C.1.00, the Code, and applicable City ordinance or resolution, if any, will be assessed at the rates, and be payable at the times, as specified in the Code and ordinances or resolutions from time to time adopted by the City implementing or modifying the same.

ATTACHMENT III

ENGINEERING REPORT REGARDING IMPROVEMENTS

To be delivered to the City by the Developer with adequate time for the City's review, comment, and approval, pursuant to the terms of this Agreement. The Parties hereby agree that adequate time means sixty (60) days from the initial date of submission. Upon the City's approval, the Engineering Report (which includes Improvements plans and specifications) shall be appended to and become a part of this Agreement as Attachment III.

ATTACHMENT IV

See Kendall County Record No. _____ or Comal County Record No. _____

EXHIBIT J

~~PETITION FOR~~ ANNEXATION ORDINANCE

AN ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS PROVIDING FOR THE EXTENSION OF FAIR OAKS RANCH CITY LIMITS BY THE ANNEXATION OF A +/- 344.6 ACRE TRACT OF LAND WITHIN COMAL AND KENDALL COUNTY, TEXAS GENERALLY LOCATED SOUTH AND WEST OF AMMANN ROAD AND EAST OF THE STONE CREEK RANCH SUBDIVISION; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, Chapter 43; Subchapter C-3 of the Texas Local Government Code ("LGC"), authorizes the City of Fair Oaks Ranch, a Home-Rule city, the annexation of territory, subject to the laws of this state and Section 2.02 of the Fair Oaks Ranch City Charter authorizes the City Council to annex territory, and

WHEREAS, on December 12, 2024, the City received a petition for voluntary annexation by the property owner of a +/- 344.6-acre tract of land ("Property") located in the City's extra-territorial jurisdiction, and

WHEREAS, staff confirmed the Property lies within the extraterritorial jurisdiction of Fair Oaks Ranch and is adjacent and contiguous to the existing city limits of Fair Oaks Ranch, and

WHEREAS, on May 20, 2025, after finding the petition for annexation was complete, the City Council adopted a resolution accepting the petition and authorized the City Manager to negotiate a written services agreement with the land owners for the extension of municipal services to the Property, upon annexation, and

WHEREAS, all notification requirements were performed in accordance with LGC Chapter 43 Subchapters C and Z and the City's Unified Development Code, and

WHEREAS, on June 19, 2025, the City Council conducted a public hearing at which persons interested in the annexation were given an opportunity to be heard regarding the proposed annexation, and

WHEREAS, on June 19, 2025, in accordance with LGC Section 43.0672, the City Council adopted a resolution approving a services agreement and authorized the City Manager to execute said with the Property owner, and

WHEREAS, the City Council determines it is advantageous and beneficial to the City and its inhabitants to annex the +/- 344.6-acre tract lying outside of, but adjacent to and adjoining the City of Fair Oaks Ranch, Texas.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1. The land and territory lying outside of, but adjacent to and adjoining the City of Fair Oaks Ranch, Texas, more particularly described in **Exhibit A**, attached hereto and incorporated herein by reference, hereinafter referred to as the Property, is hereby annexed into the City of Fair Oaks Ranch, Texas.

Section 2. That the official map and boundaries of Fair Oaks Ranch are hereby amended to include the Property as part of the City of Fair Oaks Ranch, Texas.

Section 3. The Services Agreement adopted on June 19, 2025 by city resolution providing for municipal services to the Property upon annexation is attached as **Exhibit B**.

Section 4. That the inhabitants of the Property shall be entitled to all the rights and privileges of all the citizens of Fair Oaks Ranch, and they shall be bound by the acts, ordinances, resolutions, and regulations enacted pursuant to and in conformity with the City Charter and the laws of the State of Texas.

Section 5. The City Secretary is hereby directed to file with the county clerk's office of Comal and Kendall County, Texas and other appropriate officials and agencies, as required by state and federal law, a certified copy of this Ordinance

Section 6. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 7. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance be severable, and, if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared invalid by judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this ordinance and the remainder of this ordinance shall be enforced as written.

Section 8. That it is officially found, determined, and declared that the meeting at which this ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 9. The provisions of this ordinance shall be cumulative of all ordinances not repealed by this ordinance and ordinances governing or regulating the same subject matter as that covered herein.

Section 10. If any provision of this ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this ordinance would have been enacted without such invalid provision.

Section 11. All ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this ordinance are hereby repealed to the extent of such conflict, and the provisions of this ordinance shall be and remain controlling as to the matters ordained herein.

Section 12. This ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 13. This ordinance shall take effect immediately from and after its second reading, passage and any publication requirements as may be required by governing law.

PASSED and APPROVED on first reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 19th day of June 2025.

PASSED, APPROVED, and ADOPTED on second and final reading by the City Council of the City of Fair Oaks Ranch, Texas, on this 3rd day of July 2025.

_____

Gregory C. Maxton, Mayor

ATTEST:

_____

Christina Picioccio, TRMC

City Secretary

APPROVED AS TO FORM:

_____

Denton Navarro Rodriguez Bernal Santee & Zech

P.C., City Attorney

Exhibit A

MATKINHOOVER ENGINEERING & SURVEYING

FIELD NOTES FOR A 344.6 ACRE TRACT OF LAND

A **344.6 acre** tract of land, out of the David Bradbury Survey No. 214, Abstract 33, Kendall County, Texas and the David Bradbury Survey No. 214, Abstract 989, Comal County, Texas and being all of a called 344.6 acre tract of land as described of record in Document No. 2023-378661 of the Official Records of Kendall County, Texas, and in Document No. 202306009264, corrected in 202306009477, of the Official Public Records of Comal County, Texas. Said **344.6 acre** tract being more particularly described by metes and bounds as follows:

BEGINNING at a found ½" iron rod in the apparent east right-of-way line of Ammann Road, no record found, at the southwest corner of a called 131.013 acre tract as described in Volume 113 Page 834 of the Deed Records of Kendall County, Texas, for the northwest corner of said 344.6 acre tract and the tract described herein;

THENCE: **S 88° 15' 20" E**, with the common line between said 131.013 acre tract and said 344.6 acre tract, a distance of **3926.35 feet** to a found 4" pipe fence post at the southeast corner of said 131.013 acre tract, in the west line of a called 140.452 acre tract of land as described in Volume 113 Page 836 of the Deed Records of Kendall County, Texas, in the west line of a called 114.9 acre tract of land as described in Volume 1195 Page 423 of the Official Records of Kendall County, Texas, for the northeast corner of said 344.6 acre tract and the tract described herein;

THENCE: **S 02° 11' 22" E**, with the common line between said 114.9 acre tract and the 344.6 acre tract, at
637.60 feet a found ½" iron rod for the southwest corner of said 114.9 acre tract, and continuing with the common line between said 140.452 acre tract and said 344.6 acre tract, a total distance of **3820.91 feet** to a found
½" iron rod in the apparent north right-of-way line of Ammann Road, no record found, at the southwest corner of said 140.452 acre tract, at the southeast corner of said 344.6 acre tract and for the southeast corner of the tract described herein;

THENCE: With the apparent north and east right-of-way lines of Ammann Road, and the south and west lines of said 344.6 acre tract, the following ten (10) courses:

1. **S 78° 03' 34" W**, a distance of **7.45 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
2. **N 88° 26' 20" W**, a distance of **522.50 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
3. **N 88° 06' 20" W**, a distance of **318.70 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
4. **N 87° 19' 20" W**, a distance of **923.90 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
5. **N 89° 33' 20" W**, a distance of **727.10 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
6. **S 89° 45' 40" W**, a distance of **830.80 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
7. **S 89° 42' 40" W**, a distance of **587.60 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,
8. **N 44° 35' 20" W**, a distance of **20.60 feet** to a found ½" iron rod with a yellow plastic cap stamped "ACES" for an angle of the tract described herein,

9. **N 01° 59’ 20” W**, a distance of **1933.70 feet** to a found ½” iron rod with a yellow plastic cap stamped “ACES” for an angle of the tract described herein, and
10. **N 02° 09’ 20” W**, a distance of **1926.20 feet** to the **POINT OF BEGINNING** and containing **344.6 acres** of land situated in both Kendall & Comal County, Texas.

Note: The basis of bearing was established using the Trimble VRS Network, NAD (83), Texas State Plane Coordinate System, South Central Zone, 4204, US Survey Foot, Grid. A survey plat was prepared by a separate document. Distances recited herein are grid distances.

Job # 18-4085 344.6 Acres

Date: February 1, 2024

SERVICES AGREEMENT
CITY OF FAIR OAKS RANCH, TEXAS

SERVICES AGREEMENT FOR THE ANNEXATION OF A +/- 344.6 ACRE TRACT ON AMMANN ROAD

Upon annexation of the area identified in the attached Exhibit A (the "Property"), the City of Fair Oaks Ranch will provide City services to the Property utilizing methods by which it extends services to any other equivalent area of the City and in accordance with the terms and provisions of this Agreement.

SERVICES TO BE PROVIDED ON THE EFFECTIVE DATE OF ANNEXATION

1. **Police Protection**

   The City of Fair Oaks Ranch, Texas and its Police Department will provide police protection to the Property at the same or similar level of service being provided to other areas of the City with like topography, land use and population density as those found within the newly annexed areas. The Police Department will have the responsibility to respond to all dispatched calls for service or assistance within the newly annexed areas.

2. **Fire Protection and Emergency Medical Services**

   The City of Fair Oaks Ranch, Texas will provide fire protection and emergency response services through that contract to the Property at the same or similar level of service being provided to other areas of the City, with like topography, land use and population density as those found within the Property.

   The City of Fair Oaks Ranch, Texas will provide EMS services through that contract to the Property at the same or similar level of service being provided to other areas of the City, with like topography, land use and population density as those found within the Property.

3. **Water and Wastewater Services**

   All the Property is within the water service area of Fair Oaks Ranch Utilities owned by the City. Water services will be provided to the Property at the same or similar level of service being provided to other areas of the City with like topography, land use and population density as those found within the Property. Connection to the existing water system will be provided at the request of the individual customer in accordance with Utility Policies and Connection Fee ordinance in effect at the time the water is requested. The cost of installation of water mains and appurtenances will be borne by the developer in accordance with the City of Fair Oaks Ranch Unified Development Code and other ordinances.

   The Property is not within the service area for the City of Fair Oaks Ranch wastewater system. If the area is added to the system in the future, wastewater services will be available to the Property at the same or similar level of service being provided to other

areas of the City, with like topography, land use and population density as those found within the newly annexed areas. If the area is added to the system in the future connection to future wastewater system will be provided at the request of the individual customer in accordance with Utility Policies and Connection Fee ordinance in effect at the time the wastewater service is requested. Currently, wastewater service to the area will be provided by on-site treatment facilities provided by each individual property owner.

4. **Solid Waste Collection & Recycling**

The City contracts for solid waste collection and recycling services through Frontier Waste Solutions. Solid waste collection and recycling services will be provided to the annexed areas through the City's existing facilities or through franchise agreements with private services at the same or similar level of service being provided to other areas of the City with like topography, land use and density as those found within the newly annexed areas.

5. **Maintenance of Roads and Streets**

The City will provide for maintenance of public streets and alleys that have been dedicated or will be dedicated and accepted by the City in the future as described in Section 3.03 (b) "Dedication of Authorized Improvements to the City" of the approved Development Agreement (city Resolution 2025-26). Any private roads will remain under the ownership of the property owner or homeowners' association.

6. **Open Space**

The City will hold an easement interest in the open space which includes parks, trails, and recreational areas dedicated for community and public use while all operations and maintenance responsibilities of the dedicated open space shall be the responsibility of the appropriate HOA.

7. **Other Services**

The City of Fair Oaks Ranch, Texas finds and determines that other municipal services currently provided to other areas of the City will be made available after the effective date of annexation at the same or similar level of service being provided to other areas of the City with similar topography, land use and density as those found within the Property.

LEVEL OF SERVICE

Nothing in this agreement shall require the City to provide a uniform level of full municipal services to each area of the City, including the Property, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

SERVICES AGREEMENT FOR THE ANNEXATION OF THE AMMANN RD PROPERTY

Agreed to on this the 19th day of June, 2025 by the following parties subject to acceptance by the City Council of the City of Fair Oaks Ranch.

City of Fair Oaks Ranch:

Scott M. Huizenga, City Manager

Property Owner:

Scott Teeter, Bitterblue, Inc.

Attest:

Christina Picioccio, City Secretary