

PROFESSIONAL SERVICES REIMBURSEMENT AGREEMENT

This Professional Services Reimbursement Agreement (this "Agreement"), effective as of the 19th day of August, 2024 (the "Effective Date"), is made and entered into by and between The **CITY OF SANGER, TEXAS** (the "City") and **MERITAGE HOMES OF TEXAS, LLC**, an Arizona limited liability company (the "Developer"), herein collectively referred to as ("Party" or "Parties").

WHEREAS, the Developer is under contract to purchase for development approximately 306.36 acres of land (the "Property") in the municipal boundaries of the City that the Developer desires to develop, further described in **Exhibit A** hereto; and

WHEREAS, the Parties have determined that the financing of a portion of the costs of the public improvements necessary for the development of the Property, can be achieved by means of Chapter 372, Texas Local Government Code, as amended, entitled the Public Improvement District Assessment Act ("PID Act"); and

WHEREAS, the Developer desires to develop the Property pursuant to a development agreement with the City and zoning to be established over the Property and intends to file a petition with the City for creation of a Public Improvement District encompassing the Property ("PID") under the PID Act; and

WHEREAS, the Parties desire to enter into a development agreement that addresses the creation of the PID and levy of assessments on the Property, and the Parties recognize that the City will incur reasonable and necessary consultant expenses through this entitlement process until the development agreement has been approved and collection of the first annual installment of PID assessments associated with the Property ("City Expenses") including but not limited to: professional services, legal publications, notices, reproduction of materials, public hearing expenses, recording of documents, engineering fees, attorney fees, and special consultant fees; and

WHEREAS, the Developer hereby agrees to pay for reasonable and necessary professional services provided by the consultants listed on **Exhibit B** and by additional consultants approved in writing by the Developer (collectively, the "City Consultants").

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Payment for Professional Services.** The Developer shall deposit with the City \$50,000.00 (the "Initial Deposit") for payment of City Expenses, which may include the review and creation of the PID documents, proposed development submittals, alternative development financing options, and entitlement matters within fifteen (15) days of Effective Date.
 - (a) The City agrees to hold all Developer's contributions in a separate fund, or as

a separate line item, maintained by the City, which may only be used for reasonable and necessary City Expenses, as defined herein.

- (b) The City will pay City Expenses out of the amount deposited with the City and keep accounting of all charges for City Expenses, which shall be available for review by Developer, and any unused contributions shall be returned to the Developer.
- (c) The City will submit copies of all monthly invoices, except for legal invoices that may include redactions for privileged information, to the Developer showing amounts paid for reasonable and necessary City Expenses for any City Consultant fees via regular or electronic mail. Legal invoices will contain redactions for privileged information. If the Developer objects to any portion of an invoice, the City staff, the Developer, and the City Consultant shall attempt to resolve the dispute within a reasonable period of time; however, if the dispute cannot be timely resolved, the payment of the disputed amounts shall be resolved by the City Manager of the City.
- (d) After any monthly City Consultant fees have been paid for reasonable and necessary City Expenses, the City Consultants shall not be paid for the same City Expenses through any additional invoices or through PID assessments or bond proceeds.
- (e) The Developer may be reimbursed for City Consultant fees paid in accordance with this Agreement and the PID Act.
- (f) Developer agrees that in the event the Initial Deposit for City Expenses balance falls below \$5,000.00 and upon notice by regular or electronic mail from the City, then Developer shall remit an additional amount of not less than \$10,000.00 within 10 days of receipt of such notice.
- (g) In the event the balance for City Expenses is exhausted, upon notice by regular or electronic mail from the City, Developer shall pay the balance owed in full within 10 days in addition to the remittance of the additional funds as provided above.
- (h) In the instance that deposits of additional funds are not timely made, the City has no obligation to incur any additional City Expenses.
- (i) Failure of Developer to meet its obligations above may result in the suspension or revocation of work on the agreements, the PID, and any active development permits.

2. **No Obligation to Establish PID.** The Developer acknowledges that the City has no obligation to approve a development agreement, establish the PID or to issue any bonds or other indebtedness with respect thereto, and nothing contained within this Agreement shall create any such obligation. The Developer's obligation to pay the City Expenses shall exist and continue independent of whether the PID or bonds or other indebtedness are approved.

This Agreement shall confer no vested rights or development rights on the Property or to the Developer. Further, this Agreement shall provide no assurances, promises, or covenants to approve any development in the Property.

3. **Termination.** Either Party may terminate this Agreement for any reason or for no reason upon providing ninety days (90) written notice of termination to the other Party. Termination of this Agreement shall be the sole and exclusive remedy for the Developer. The City shall be entitled to pay for the City Expenses incurred through the date of termination; however, any excess funds remaining after such payments have been made shall be promptly (and in no case more than 30 days following the date of termination) refunded to the Developer. Notwithstanding any other provision of this Agreement to the contrary, the obligation to repay such excess funds to the Developer in the event of a termination shall survive any termination of this Agreement, and the Developer does not release or discharge its right to such excess funds. Notwithstanding the foregoing, this Agreement shall automatically terminate upon the collection of the first annual installment of PID assessments associated with the Property if this Agreement is still in effect at such time.

4. **Entire Agreement.** This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein.

5. **Amendment.** This Agreement may only be amended, altered or revoked by written instrument executed by the Parties.

6. **Successors and Assigns.** Neither City nor Developer may assign or transfer their interest in the Agreement without prior written consent of the other Party.

7. **Notice.** Any notice and/or statement regarding the termination of this agreement is required and permitted to be delivered shall be deemed delivered by depositing same in the United States Mail, Certified, with Return Receipt Requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

To the City:

Attn: John Noblitt, City Manager
City of Sanger, Texas
502 Elm Street
Sanger, Texas 76266

With a copy to:

Hugh Coleman, City Attorney
City of Sanger, Texas
502 Elm Street
Sanger, Texas 76266

To the Developer:

Attn: Frank Su
Meritage Homes
8840 Cypress Waters Blvd, Suite 100
Coppell, Texas 75019

With a copy to:

Attn: Sarah Landiak
Winstead PC
2728 N. Harwood St., Ste. 500
Dallas, TX 75201

Notices regarding the status of the escrow account provided for in Section 1 of this Agreement may be submitted to developer via electronic mail when sent to each of the following addresses: frank.su@meritagehomes.com; Drew.Windus@meritagehomes.com; and slandiak@winstead.com.

8. **Interpretation.** Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.

9. **Applicable Law.** This Agreement is made and shall be construed in accordance with the laws of the State of Texas and venue shall lie in Denton County, Texas.

10. **Severability.** In the event any portion or provision of this Agreement is illegal, invalid, or unenforceable under present or future law, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

11. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED the 19th day August, 2024.

CITY OF SANGER, TEXAS

John Noblitt, City Manager

CITY OF SANGER, TEXAS

Thomas E. Muir, Mayor

CITY OF SANGER, TEXAS

Hugh Coleman, City Attorney

DEVELOPER:

MERITAGE HOMES OF TEXAS, LLC

DocuSigned by:
Frank Su
By: _____
Name: Frank Su
Title: Vice President

Exhibit "A"
Legal Description of the Property

TRACT 1

Being a 246.36 acre tract of land out of the H. Tierwester Survey, Abstract No. 1241, situated in the City of Sanger, Denton County, Texas, being all of a called 246.024 acre tract of land conveyed to PAC Group, Ltd. by deed of record in Document Number 2004-150424 of the Official Records of Denton County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found within Belz Road, being the southwest corner of a called 91.822 acre tract of land conveyed to Ron Williamson Consultants, Ltd. by deed of record in Volume 2040, Page 78 of the Real Property Records of Denton County, Texas, and being the southeast corner of said 246.024 acre tract;

THENCE, N88°25'43"W, along Belz Road and the common south line of said 246.024 acre tract, a distance of 2,536.15 feet to a 1/2 inch iron rod found at the intersection of Belz Road and Metz Road, being the southwest corner of said 246.024 acre tract;

THENCE, N00°47'46"E, along Metz Road and the common west line of said 246.024 acre tract, a distance of 1,891.40 feet to a 1/2 inch iron rod found at the southwest corner of a called 10.00 acre tract of land conveyed to Geromino Polanco Jr. and Rosemarie Polanco by deed of record in Document Number 2015-127213 of said Official Records, being an exterior ell corner of said 246.024 acre tract;

THENCE, S89°04'37"E, leaving Metz Road, along the south line of said 10.00 acre tract and the common interior north line of said 246.024 acre tract, a distance of 1,571.10 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set at the southeast corner of said 10.00 acre tract, being an interior ell corner of said 246.024 acre tract;

THENCE, N00°40'58"E, along the interior west line of said 246.024 acre tract, in part being the common east line of said 10.00 acre tract, and in part being the common east line of a tract of land conveyed to Daniel Johnson by deed of record in Document Number 2019-95739 of said Official Records, passing at a distance of 277.85 feet a 5/8 inch iron rod found at the northeast corner of said 10.00 acre tract, being the southeast corner of said Johnson tract, and continuing a total distance of 554.99 feet to a 5/8 inch iron rod found at the northeast corner of said Johnson tract, being an interior ell corner of said 246.024 acre tract;

THENCE, N89°04'37"W, along the north line of said Johnson tract and the common interior south line of said 246.024 acre tract, a distance of 1,570.00 feet to a 1/2 inch iron rod found within Metz Road, being the northwest corner of said Johnson tract, and being an exterior ell corner of said 246.024 acre tract;

THENCE, N00°49'48"E, along Metz Road and the common west line of said 246.024 acre tract, a distance of 2,103.65 feet to a mag nail found at the southwest corner of a called 37.329 acre tract of land conveyed to Mango Estates, LLC by deed of record in

Document Number 2021-142267 of said Official Records, being the northwest corner of said 246.024 acre tract;

THENCE, leaving Metz Road, along the north line of said 246.024 acre tract, in part being the common south line of said 37.329 acre tract, and in part being the common south line of a called 79.719 acre tract of land conveyed to DAGR-1031, LLC by deed of record in Document Number 2022-47123 of said Official Records, the following two (2) courses and distances:

1. S89°56'29"E, a distance of 1,269.67 feet to a 1/2 inch iron rod with illegible yellow plastic cap found at the southeast corner of said 37.329 acre tract, being the southwest corner of said 79.719 acre tract;
2. S89°42'11"E, a distance of 1,253.13 feet to a 1 inch iron pipe found at the base of a 5 inch wood fence post in the west line of a called 103.99 acre tract of land conveyed to Sanger Ranch, Ltd. by deed of record in Volume 4330, Page 1874 of said Real Property Records, being the southeast corner of said 79.719 acre tract, and being the northeast corner of said 246.024 acre tract;

THENCE, along the east line of said 246.024 acre tract, in part being the common west line of said 103.99 acre tract, in part being the common west line of a called 83.720 acre tract of land conveyed to Sanger Ranch, Ltd. by deed of record in Volume 4269, Page 1243 of said Real Property Records, and in part being the common west line of said 91.822 acre tract, the following three (3) courses and distances:

1. S00°34'14"W, a distance of 1,187.16 feet to a 1/2 inch iron rod found at the southwest corner of said 103.99 acre tract, being the northwest corner of said 83.720 acre tract;
2. S00°29'54"W, a distance of 1,579.00 feet to a 5 inch wood fence post found at the southwest corner of said 83.720 acre tract, being the northwest corner of said 91.822 acre tract;
3. S00°49'22"W, a distance of 1,845.48 feet to the **POINT OF BEGINNING**, and containing an area of 246.36 acres (10,731,314 square feet) of land.

TRACT 2

Being a 60.00 acre tract of land out of the H. Tierwester Survey, Abstract No. 1241, situated in the City of Sanger, Denton County, Texas, being a portion of a called 91.822 acre tract of land conveyed to Ron Williamson Consultants, Ltd. by deed of record in Volume 2040, Page 78 of the Real Property Records of Denton County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found within Belz Road, being the southeast corner of a called 246.024 acre tract of land conveyed to PAC Group, Ltd. by deed of record in Document Number 2004-150424 of the Official Records of Denton County, Texas, and being the southwest corner of said 91.822 acre tract;

THENCE, N00°49'22"E, leaving Belz Road, along the east line of said 246.024 acre tract, being the common west line of said 91.822 acre tract, a distance of 1,845.48 feet to a 5 inch wood fence post found at the southwest corner of a called 83.720 acre tract of land conveyed to Sanger Ranch, Ltd. by deed of record in Volume 4269, Page 1243 of said Real Property Records, being the northwest corner of said 91.822 acre tract;

THENCE, S89°33'38"E, leaving the east line of said 246.024 acre tract, along the south line of said 83.720 acre tract, being the common north line of said 91.822 acre tract, a distance of 1,408.32 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set, from which a 1/2 inch iron rod with pink plastic cap stamped "TEXAS DEPARTMENT OF TRANSPORTION RIGHT OF WAY MONUMENT" found in the west right-of-way line of Interstate Highway 35 bears S89°33'38"E, a distance of 773.00 feet;

THENCE, S00°49'22"W, leaving the south line of said 83.720 acre tract, over and across said 91.822 acre tract, a distance of 1,866.26 feet to a mag nail set within Belz Road and the common south line of said 91.822 acre tract, from which a mag nail found in the west right-of-way line of Interstate Highway 35 bears S88°42'54"E, a distance of 305.84 feet;

THENCE, N88°42'54"W, along Belz Road and the common south line of said 91.822 acre tract, a distance of 1,408.34 feet to the **POINT OF BEGINNING**, and containing an area of 60.00 acres (2,613,600 square feet) of land.

Exhibit "B"
City Consultants

1. Government Capital Securities Corporation: Financial Advisor
2. Orrick Herrington & Sutcliff, LLP: Bond Counsel
3. P3Works, LLC: PID Consultant
4. Half Associates, Inc: Engineering Services
5. Messer, Fort & McDonald, PLLC: City Legal Services