

CONTRACT OF SALE

STATE OF TEXAS §
 §
COUNTY OF DENTON §

NOTICE

YOU, AS OWNER OF THE PROPERTY (AS DEFINED BELOW), HAVE THE RIGHT TO: (1) DISCUSS ANY OFFER OR AGREEMENT REGARDING THE CITY OF SANGER’S ACQUISITION OF THE PROPERTY WITH OTHERS; OR (2) KEEP THE OFFER OR AGREEMENT CONFIDENTIAL, UNLESS THE OFFER OR AGREEMENT IS SUBJECT TO CHAPTER 552, GOVERNMENT CODE.

This Contract of Sale (the “Contract”) is made this ___ day of March, 2023, effective as of the date of execution hereof by Buyer, as defined herein (the “Effective Date”), by and between MIKE RILEY, a married individual, LAURA RILEY, a married individual, and J MIKE RILEY RANCH PROPERTIES LLC, a Texas limited liability company (referred to herein collectively as “Seller”), and the CITY OF SANGER, a Texas Home Rule Municipal Corporation of Denton County, Texas (referred to herein as “Buyer”).

RECITALS

WHEREAS, Seller owns that certain tract of land, being an approximately 434 acre tract of land, more or less, being located in Denton County, Texas, and more particularly described on Exhibit “A” attached hereto and incorporated herein for all purposes (the “Land”); and

WHEREAS, in lieu of condemnation proceedings, Seller desires to sell to Buyer, and Buyer desires to buy the Land from Seller, together with (i) all improvements thereon, if any (collectively, the “Improvements”), if any, (ii) all of Seller’s right, title and interest in and to all of the “Water Estate” (as defined below) in, on, or under or that may be produced from the Land, if any, (iii) any and all rights, titles, powers, privileges, easements, licenses, rights-of-way and interests appurtenant to the Land, (iv) all and singular the rights, titles, benefits, privileges, remainders, reversions, easements, tenements, hereditaments, interests and appurtenances of Seller pertaining to the Land, either at law or in equity, in possession or expectancy, (v) all rights, titles, powers, privileges, interests, licenses, easements and rights-of-way appurtenant or incident to any of the foregoing, and (vi) the Assigned Properties (as defined in the Exhibit “C” attached hereto) (collectively, the “Property”).

WHEREAS, Seller will reserve to themselves and their heirs, successors and assigns all of the “Mineral Estate” (as defined below) in, on and under the Property, but will waive for themselves, and their heirs, successors and assigns all rights to utilize the surface of the Property for any purpose relating to the Mineral Estate.

ARTICLE I
SALE OF PROPERTY

For the consideration hereinafter set forth, and upon the terms, conditions, and provisions herein contained, and subject to the reservations herein, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, the Property.

Seller, subject to the limitation of such reservation made herein, shall reserve, for themselves, their heirs, successors and assigns, all oil, gas, and other minerals in, on, and under and that may be produced from the Property (the "Mineral Estate"). Seller, their heirs, successors and assigns shall not have the right to use or access the surface of the Property in any way, manner, or form, in connection with or related to the Mineral Estate and/or related to exploration, production, transportation and/or any other aspect of the Mineral Estate, including without limitation, use or access of the surface of the Property for the location of any well or drill sites, well bores, whether vertical or any deviation from vertical, water wells, pit areas, seismic activities, tanks or tank batteries, pipelines, roads, electricity or other utility infrastructure, and/or for subjacent or lateral support for any surface facilities or well bores, or any other infrastructure or improvement of any kind or type in connection with or related to the Mineral Estate, and/or related to the exploration, production, transportation, or any other aspect of same. Notwithstanding the preceding, nothing herein will restrict or prohibit the pooling or unitization of the portion of the Mineral Estate owned by Seller with land other than the Property; or the exploration, production or transportation of the oil, gas and other minerals by means of wells that are drilled or mines that open on land other than the Property but enter or bottom under the Property, provided that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

As used herein, the term "minerals" shall include oil, gas, and all associated hydrocarbons, but shall exclude (i) all substances that any reasonable extraction, mining, or other exploration and/or production method, operation, process, or procedure would consume, deplete, or destroy the surface of the Property, and (ii) all substances which are at or near the surface of the Property. The intent of the parties hereto is that the meaning of the term "minerals" as utilized herein, shall be in accordance with that set forth in *Reed v. Wylie*, 597 S.W.2d 743 (Tex. 1980).

As used herein, the term "surface of the Property" shall include the area from the surface of the earth to a depth of five hundred feet (500') below the surface of the earth and all areas above the surface of the earth.

It is understood that the Property, or a portion thereof, may be subject to an existing oil and gas lease and that such oil and gas lease, to the extent it is valid and subsisting, shall not be subject to such surface use prohibitions, to the extent provided by law. However, such oil and gas lease, as well as mineral interests outstanding in parties other than Seller, shall be considered a Permitted Exception, as defined below; but nothing contained herein shall be deemed as recognizing the validity or subsistence of such lease and/or operate as a revivor thereof if and when such lease may expire.

Notwithstanding anything to the contrary set forth in this Contract, Seller is NOT reserving and is expressly conveying to Buyer all of their right, title, and interest in and to all of the water and the water estate in, on or under, and that may be produced from the Property (“Water Estate”), including all rights contained in any existing lease, license, or other conveyance of the Water Estate or the Mineral Estate. Additionally, Seller hereby waives for themselves, their heirs, successors and assigns, all rights to use or utilize any water or the Water Estate in any process or manner relating to the exploration, development, production, transmission, or any other use relating to the Mineral Estate, regardless of whether such use is determined to be reasonably necessary for the exploration, development, production, transmission, or such other use of the Mineral Estate.

ARTICLE II
PURCHASE PRICE AND EARNEST MONEY

2.01 Purchase Price. The Purchase Price to be paid to Seller for the Property is the sum of TWELVE MILLION NINE HUNDRED THOUSAND and NO/100 DOLLARS (\$12,900,000.00) (the “Purchase Price”) with TWO MILLION SEVEN HUNDRED THOUSAND and No/100 DOLLARS (\$2,700,000.00) allocated toward the six (6) +/- acres and residential improvements owned by Mike and Laura Riley and the remaining TEN MILLION TWO HUNDRED THOUSAND and No/100 DOLLARS (\$10,200,000.00) allocated for the four hundred twenty-eight (428) +/- acres of land and agricultural improvements owned by J MIKE RILEY RANCH PROPERTIES LLC.

2.02 Earnest Money. Buyer shall deposit the sum of NINE HUNDRED THOUSAND and No/100 DOLLARS (\$900,000.00), as Earnest Money (herein so called) with Title Resources, 525 S. Loop 288, Suite 125, Denton, Texas 76205 (the “Title Company”), Kristi Hendricks, as escrow agent, within three (3) calendar days after the Effective Date hereof. Except as otherwise provided for in this Contract, the Earnest Money is non-refundable. Upon receipt of the Earnest Money deposit, the Title Company is instructed to immediately disburse the entirety of the Earnest Money to Seller without any further action or documentation required from the Buyer or Seller. If the purchase contemplated hereunder is consummated in accordance with the terms and the provisions hereof, the Earnest Money shall be applied to the Purchase Price at Closing. The Earnest Money also constitutes independent consideration paid by the Buyer to the Seller for the Seller’s right to terminate this Contract pursuant to Article IV below.

ARTICLE III
TITLE AND SURVEY

3.01 Title Commitment.

(a) Within twenty (20) calendar days after the Effective Date, Buyer may cause to be furnished to Buyer, at Buyer’s expense, a current Commitment for Title Insurance (the “Title Commitment”) for the Property, issued by Title Company. The Title Commitment shall set forth the state of title to the Property, including a list of liens, mortgages, security interests, encumbrances, pledges, assignments, claims, charges, leases (surface, space, mineral, or otherwise), conditions, restrictions, options, severed mineral or royalty

interests, conditional sales contracts, rights of first refusal, restrictive covenants, exceptions, easements (temporary or permanent), rights-of-way, encroachments, or any other outstanding claims, interests, estates, or equities of any nature (each of which are referred to herein as an “Exception”).

- (b) Along with the Title Commitment, Buyer may obtain, at Buyer’s sole cost and expense, true and correct copies of all instruments that create or evidence Exceptions (the “Exception Documents”), including those described in the Title Commitment as exceptions to which the conveyance will be subject and/or which are required to be released or cured at or prior to Closing.

3.02 Survey. Within three (3) business days after the Effective Date, the Seller will deliver to the Buyer their most recent survey of the Property. At Buyer’s choice, Buyer may cause to be prepared at Buyer’s expense, a current on the ground survey of the Property (the “Survey”) within forty-five (45) days of the Effective Date. The contents of the Survey shall be prepared by a surveyor selected by Buyer and shall include the matters prescribed by Buyer, which may include but not be limited to, a depiction of the location of all roads, streets, easements and rights of way, both on and adjoining the Property, water courses, 100 year flood plain, fences, improvements, and structures of any kind, and other matters provided in items 1-4, 6a, 7a, 8, 11,13,16, 18, and 19 of Table A of the ALTA Minimum Standard Detail Requirements. The Survey shall describe the size of the Property, in acres, and contain a metes and bounds description thereof. Seller shall furnish or cause to be furnished any affidavits, certificates, assurances, and/or resolutions as may be reasonably required by the Title Company in order to amend the survey exception as required by **Section 3.05** below so long as such is at no cost or expense of the Seller. The description of the Property as set forth in the Survey, at the Buyer’s election, shall be used to describe the Property in the deed to convey the Property to Buyer and shall be the description set forth in the Title Policy. Notwithstanding the Survey of the Property, the Purchase Price for the Property, as prescribed by Section 2.01, above, shall not be adjusted in the event the Survey shall determine the Property to be either larger or smaller than that depicted in Exhibit “A,” attached hereto.

3.03 Review of Title Commitment, Survey, and Exception Documents. Buyer shall have a period of fifteen (15) calendar days (the “Title Review Period”) commencing with the day Buyer receives the last of the Title Commitment, the Survey, and the Exception Documents, in which to give written notice to Seller, specifying Buyer’s objections to one or more of the items (“Objections”), if any. All items set forth in the Schedule C of the Title Commitment which are required to be released or otherwise satisfied at or prior to Closing, shall be deemed to be Objections without any action by Buyer.

3.04 Seller’s Obligation to Cure; Buyer’s Right to Terminate. The Seller shall, within fifteen (15) calendar days after Seller is provided timely notice of Objections, either satisfy the Objections at Seller’s sole cost and expense or promptly notify Buyer in writing of the Objections that Seller cannot or will not satisfy at Seller’s expense. Notwithstanding the foregoing sentence, Seller shall, in any event, be obligated to cure those Objections and Exceptions that have been voluntarily placed on or against the Property by Seller after the Effective Date and any monetary liens or encumbrances existing against the Property by, through or under Seller. If Seller fails or refuses to satisfy any material Objections that Seller is obligated to cure within the allowed fifteen (15)

calendar day period, as may be extended by Buyer, in its sole discretion, then Buyer has the option of either:

- (a) waiving the unsatisfied Objections by, and only by, notice in writing to Seller prior to Closing, in which event those Objections shall become “Permitted Exceptions” (herein so called), or
- (b) terminating this Contract by notice in writing prior to Closing, whereupon the Seller will immediately refund to Buyer all of the Earnest Money, and Buyer and Seller shall have no further obligations, one to the other, with respect to the subject matter of this Contract.

3.05 Title Policy. At Closing or as soon thereafter as is reasonably practical, Buyer, at Buyer’s sole cost and expense, shall cause a standard Texas Owner’s Policy of Title Insurance (“Title Policy”) to be furnished to Buyer. The Title Policy shall be issued by the Title Company (or its underwriter), in the amount of the Purchase Price and insuring that Buyer has indefeasible fee simple title to the Property, subject only to the Permitted Exceptions. The Title Policy may contain only the Permitted Exceptions and shall contain no other exceptions to title, with the standard printed or common exceptions amended or deleted as follows:

- (a) survey exception must be amended if required by Buyer to read “shortages in area” only (although Schedule C of the Title Commitment may condition amendment on the presentation of an acceptable survey and payment, to be borne solely by Buyer, of any required additional premium);
- (b) no exception will be permitted for “visible and apparent easements” or words to that effect (although reference may be made to any specific easement or use shown on the Survey, if a Permitted Exception);
- (c) no exception will be permitted for “rights of parties in possession”, unless otherwise agreed by Buyer;
- (d) no liens will be shown on Schedule B;
- (e) Schedules C & D shall be deleted in their entirety; and
- (f) the arbitration provision contained in the commitment will be deleted in the owner’s title insurance policy at or after closing.

Notwithstanding the enumeration of the stated exceptions, amendments, and/or deletions, Buyer may object to any Permitted Exception it deems material, in its sole discretion, in the time and manner set forth in Section 3.04 above.

3.06. Additional Exceptions. If after the issuance of the initial Title Commitment and Survey an Exception is disclosed which was not shown in such initial Title Commitment and Survey, then, Seller shall notify Buyer in writing by the earlier of (i) the Closing Date or (ii) the date which is

five (5) days following the date the Title Company has notified Buyer and Seller of such Exception whether Seller agrees to take such action as may be necessary to release such Exception on or before the Closing Date (Buyer not being required to formally object). If Seller's written notice indicates that Seller will not take such action on or before the Closing Date or if Seller fails to provide such written notice by the deadline stated in the preceding sentence, Buyer may at any time prior to the Closing Date, either (A) terminate this Contract by written notice thereof to Seller (with a copy to the Title Company) and the parties hereto shall be released from all further liability and obligations hereunder except those that expressly survive a termination of this Contract, or (B) not terminate this Contract in which case Buyer shall be deemed to have waived Buyer's objection to such title exception (which shall thereupon become a Permitted Exception) with no reduction to the Purchase Price. Notwithstanding anything to the contrary set forth in this Contract, Seller shall, in any event, be obligated to cure those Objections and Exceptions that have been voluntarily placed on or against the Property by Seller after the Effective Date and any monetary liens or encumbrances existing against the Property by, through or under Seller (Buyer not being required to formally object). Buyer's failure to release such Exceptions will constitute a default by the Seller of this Contract.

ARTICLE IV **FEASIBILITY REVIEW PERIOD**

4.01 Review Period.

- (a) Any term or provision of this Contract notwithstanding, the obligations of Buyer specified in this Contract are wholly conditioned on Buyer's having determined, in Buyer's sole and absolute discretion, during the period commencing with the Effective Date of this Contract and ending thirty (30) days prior the Closing Date (the "Feasibility Review Period"), based on such appraisals, tests, examinations, studies, investigations, and inspections of the Property the Buyer deems necessary or desirable, including but not limited to studies or inspections to determine the existence of any environmental hazards or conditions, performed at Buyer's sole cost, that Buyer finds the Property suitable for Buyer's purposes. Buyer is granted the right to conduct engineering studies of the Property, and to conduct a physical inspection of the Property, including inspections that invade the surface and subsurface of the Property; however, Buyer hereby accepts full responsibility for any claim, liability, encumbrance, cause of action, and expense (including Seller's reasonable attorney's fees and litigation costs) resulting from Buyer's inspections, studies, examinations, and investigations, including any property damage or personal injury, and will be responsible and obligated to replace, repair, and restore the Property to the condition that such existed prior to any such entry prior to the expiration of the Feasibility Review Period.

- (b) If Buyer determines, in its sole judgment, that the Property is not suitable, for any reason, for Buyer's intended use or purpose, the Buyer may terminate this Contract by written notice to the Seller, as soon as reasonably practicable, but in any event prior to the expiration of the Feasibility Review Period and neither Buyer nor Seller shall have any further duties or obligations hereunder, except for those matters that survive termination. In the event Buyer elects to terminate this Contract pursuant to the terms of this **Article**

IV, Section 4.01, Buyer will provide to Seller, if requested by Seller, copies of (i) any and all non-confidential and non-privileged reports and studies obtained by Buyer during the Feasibility Review Period; and (ii) the Survey. If Buyer terminates during the Feasibility Review Period for any reason other than a specified termination right which allows the Buyer to obtain a refund of the Earnest Money from the Seller, Seller will retain the Earnest Money and Seller agrees that by electing to retain the Earnest Money, Seller is releasing all claims and causes of action against Buyer, accrued or unaccrued, through the date that Seller agrees to accept the Earnest Money. This Section will survive the closing or earlier termination of this Contract.

ARTICLE V
REPRESENTATIONS, COVENANTS AND AGREEMENTS

5.01 Representations of Seller. Based on Seller's current acknowledge knowledge, Seller represents to Buyer as of the Effective Date and as of the Closing Date, except where specific reference is made to another date, change or circumstances beyond the reasonable control of the Seller, and Seller provides the Buyer with a subsequent written representation ("subsequent controlling representation"), that:

- (a) INTENTIONALLY DELETED.
- (b) Seller has not received any written notice of any adverse claim or that anyone other than the Seller is in possession of the Property or any part thereof, and Seller has not granted to any party any license, lease, or other right related to the use or possession of the Property, or any part thereof, except those described in the Leases, as defined in **Article V, Section 5.02(a)**, and to Buyer herein.
- (c) The Seller has the full right, power, and authority to sell and convey the Property as provided in this Contract and to carry out Seller's obligations hereunder.
- (d) With the exception of actions taken by Buyer related to the Property and Buyer's sewer treatment plant and discharge, the Seller has not received written notice of any pending or threatened judicial or administrative action, or any action pending or threatened by adjacent landowners or other persons against or affecting the Property, including but not limited to any condemnation or eminent domain proceeding pending or threatened against the Property or any part thereof. Seller shall give Buyer prompt written notice of any actual, or if known to Seller, any threatened or contemplated, condemnation or eminent domain proceeding against any part of the Property.
- (e) The Seller has paid all real estate and personal property taxes, assessments, excises, and levies that are presently due, if any, which are against or are related to the Property, or will be due as of the Closing, and except for the lien for unpaid ad valorem taxes for the year 2023 and subsequent years and any possible roll-back taxes which may be assessed in the future, the Property will not be subject to any such liens.
- (f) Seller has not contracted nor entered into an agreement with a real estate broker which will

result in real estate broker commissions or finder's fee or other fees payable to such real estate broker with respect to the transactions contemplated by this Contract and, if so, at Closing Seller shall pay directly or shall pay out of the proceeds due to Seller hereunder at Closing any and all professional service fees, finder's fees and/or real estate broker commissions ("Sales Fees") due under such agreement and any other agreements, oral or written, that may have been entered into by Seller with respect to the Property or the transactions contemplated by this Contract. Notwithstanding anything to the contrary set forth herein, Seller will not be responsible for the payment of any Sales Fees incurred, accrued or contracted by, through or under Buyer.

- (g) The Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended.
- (h) INTENTIONALLY DELETED.
- (i) With the exception of Buyer pursuant to an easement purchase agreement, no person, firm or entity, other than Buyer after the Effective Date, has any rights to acquire all or any part of the Property.

5.02 Covenants and Agreements of Seller. Seller covenants and agrees with Buyer as follows:

- (a) Within ten (10) calendar days after the Effective Date, Seller, at Seller's sole cost and expense, shall deliver to Buyer, with respect to the Property, true, correct, and complete copies of all lease agreements and/or occupancy agreements and/or licenses of any kind or nature (if oral, Seller shall provide to Buyer in writing all material terms thereof) relating to the possession of the Property, or any part thereof, including any and all modifications, supplements, and amendments thereto (the "Leases").
- (b) From the Effective Date until the Closing Date, except as required or prohibited by order of court or Governmental Authority with jurisdiction over the Property, Seller shall:
 - (i) operate the Property only in the usual manner consistent with prior usage, and in compliance in all material respects with all applicable laws, ordinances, regulations, and restrictions, with the requirements of any mortgage, deed of trust, security agreement, pledge agreement, insurance policy, restrictive covenant or deed restriction affecting the Property, and use its reasonable efforts to preserve its relations with others having business dealings with it in connection with the Property;
 - (ii) maintain the Property in its present condition, ordinary wear and tear and damage by fire or other casualty excepted;
 - (iii) not encumber or allow any additional encumbrances to title to the Property;
 - (iv) cancel and terminate, effective on or before the Closing Date, any agreements binding upon the Property if legally permissible to do so and provided does not cause or create any potential breach of contract or liability claims against Seller;

- (v) keep in place, and not cancel or voluntarily allow to expire, an insurance policy maintained by Seller for the Property unless such policy is replaced by another policy or policies providing coverage at least as extensive as the policy being replaced;
- (vi) as soon as practicable after receipt, provide Buyer with copies of any and all written notices received from (i) any insurance company which provides Seller with fire or casualty insurance on the Property effecting or threatening cancellation or non-renewal because of, or complaining about, fire code violations in or upon the Property or violations of any other Laws applicable thereto, or (ii) any governmental authority having jurisdiction over the Property complaining about building or fire code violations in or upon the Property or violations of any other Laws applicable thereto;
- (vii) within a reasonable amount of time (and in any event within three (3) business days) after obtaining knowledge of the same, advise Buyer of any pending or threatened litigation, condemnation, arbitration, or administrative proceeding or hearing concerning or affecting the Property;
- (viii) not either (i) market the Property for sale or enter into discussions or negotiations with potential purchasers of all or any portion of the Property, or (ii) enter into discussions or negotiations with third-parties regarding financing secured by all or any portion of the Property or any refinancing of existing debt secured by all or any portion of the Property;
- (ix) notify Buyer within three (3) business days after Seller obtains knowledge of any inaccuracy or breach of any of the representations, warranties, covenants and agreements of Seller hereunder;
- (x) from and after the Effective Date until the date of any termination of this Contract or expiration of Buyer's Feasibility Review Period, reasonably cooperate with Buyer in connection with Buyer's inspections, studies and feasibility determinations; and
- (xi) continue to make (i) all payments required under the terms of any existing financing on the Property and shall not suffer or permit a default to arise thereunder, and (ii) any and all other payments due and owing with respect to the Property, including, without limitation, real estate taxes, assessments, charges, fees, levies and impositions, insurance premiums, service contracts, management fees and payments for materials and materialmen, prior to the due date for such payment and will, upon Buyer's request, deliver to Buyer evidence reasonably satisfactory to Buyer of payment thereof.

5.03. Representation of Buyer; and Property Condition. Buyer represents and warrants to Seller that it has made, or will make prior to Closing, an independent inspection and evaluation of the Property and acknowledges that Seller has made no statements or representations concerning the present or future value of the Property, or the condition, including the environmental condition, of the Property, unless such is otherwise expressly set forth in this Contract or other written document or instrument. Except as otherwise specifically represented by Seller in this Contract, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, STATUTORY, OR IMPLIED, AS TO THE VALUE, QUALITY, QUANTITY, PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PROPERTY, AND/OR MATERIALS

CONTAINED OR LOCATED IN, ON, OR UNDER THE PROPERTY, THE NATURE OF THE PAST OR HISTORIC USE OF THE PROPERTY, AND/OR MERCHANTABILITY OR FITNESS FOR PURPOSE OR INTENDED USE OF ANY OF THE PROPERTY.

5.04 Survival Beyond Closing. Except as otherwise expressly stated to the contrary in this Contract, the representations, warranties, covenants, and agreements of Seller and Buyer contained in this Contract shall survive the Closing for a period of six (6) months following Seller delivering exclusive possession of the Property to the Buyer, and shall not, in any circumstance, be merged with the Special Warranty Deed.

ARTICLE VI
CONDITIONS PRECEDENT TO PERFORMANCE

INTENTIONALLY DELETED

ARTICLE VII
CLOSING

7.01 Date and Place of Closing. The Closing (herein so called) shall take place in the offices of the Title Company and shall be accomplished through an escrow to be established with the Title Company, as escrowee. The Closing Date (herein sometimes called), shall be held on the first to occur of: (i) the date that Buyer provides to Seller with at least 30 calendar days prior written notice, or (ii) the date which is one year following the Effective Date; unless otherwise mutually agreed upon by Buyer and Seller.

7.02 Items to be Delivered at the Closing.

- (a) **Seller.** At the Closing, Seller shall deliver or cause to be delivered to Buyer or the Title Company, at the expense of the Buyer, the following items:
- (i) Final Title Commitment promising to issue at or reasonably soon after Closing a Title Policy showing no exceptions other than the Permitted Exceptions in the form required by Section 3.05 above.
 - (ii) The Special Warranty Deed ("Deed"), substantially in the form as attached hereto as Exhibit "B" subject only to the Permitted Exceptions, if any, duly executed by Seller and acknowledged;
 - (ii) The Bill of Sale and Assignment ("Bill of Sale"), substantially in the form as attached hereto as Exhibit "C"; and
 - (iv) Other items and/or documents reasonably requested by the Buyer and/or the Title Company as administrative and legal requirements for consummating the Closing.
- (b) **Buyer.** At the Closing, Buyer shall deliver to Seller or the Title Company, the following items:

- (i) The sum required by **Article II, Section 2.01**, less the Earnest Money in the form of a check, cashier's check, or other immediately available funds; and
- (ii) Other items and/or documents reasonably requested by the Seller and/or Title Company as administrative and legal requirements for consummating the Closing.

7.03 Adjustments at Closing. Notwithstanding anything to the contrary contained in this Contract and without limiting the general application of the provisions of **Section 5.03**, above, the provisions of this **Article VII, Section 7.03** shall survive the Closing. Ad valorem taxes relating to the Property for the calendar year in which the Closing shall occur shall be prorated and submitted by Seller to the Denton County Tax Assessor as of the Closing Date. Ad valorem tax for the calendar year in which the Closing shall occur shall be tendered under *Texas Tax Code Section 26.11*. If the actual amount of taxes for the calendar year in which the Closing shall occur is not known as of the Closing Date, the proration at Closing shall be based on the amount of taxes due and payable with respect to the Property for the preceding calendar year. Seller shall pay for those taxes attributable to the period of time prior to the Closing Date (including subsequent assessments for prior years due to change of land usage or ownership occurring prior to the date of Closing, but not as a result of a change in land usage or ownership occurring as a result of this Contract or following Closing which are the responsibility of the Buyer) and Buyer shall pay for those taxes attributable to the period of time commencing with the Closing Date going forward, including any subsequent assessments for prior years due to change in land usage or ownership occurring as a result of this Contract for following Closing.

7.04 Possession After Closing. Possession of the Property shall be delivered to Buyer one year following the Closing or the expiration or termination of the residential lease agreement described as follows. Seller's possession of the Property following Closing will be pursuant to a written residential lease agreement between the Buyer as the Landlord and the Seller as the Tenant which will be agreed to by the parties on or before the Closing, and which will contain at a minimum a nominal lease payment of one dollar (\$1.00) to Buyer and: (a) all maintenance, repair and replacement of improvements located on the Property to be the responsibility of the Seller; (b) Seller insuring against all hazards and occurrences on the Property; (c) removal of improvements (which shall include the right, but not the obligation, to remove all improvements on the Property except for the residences located thereon) and Seller's personal property upon the expiration of the Lease and surrender of possession of the Property to the Buyer; and (d) any and all other residential lease issues and matters that are reasonable or necessary for an occupancy of the type contemplated herein. If Seller removes the existing high fence on the Property, Seller shall be responsible for installing a barbwire boundary fence sufficient to turn cattle. In the event that the parties have not agreed to and executed the written residential lease agreement described above on or before the Closing, then the parties will proceed to Closing, whereupon the Seller will retain possession of the Property following Closing as a tenant at the will of the Buyer and upon the terms and conditions provided to the Seller by the Buyer on or after Closing.

7.05 Costs of Closing. Each party is responsible for paying the legal fees of its counsel, in negotiating, preparing, and closing the transaction contemplated by this Contract. Seller is responsible for paying any fees, costs, and expenses identified herein as being the responsibility of Seller or required by the Title Company. Buyer is responsible for paying all other fees, costs,

and expenses related to Closing not otherwise expressly payable by the Seller hereunder.

ARTICLE VIII
DEFAULTS AND REMEDIES

8.01 Seller's Defaults and Buyer's Remedies.

(a) **Seller's Defaults.** Seller is in default under this Contract on the occurrence of any one or more of the following events:

- (i) Any of Seller's representations or subsequent controlling representations contained in this Contract are materially untrue as of the Effective Date or on the Closing Date;
- (ii) Seller fails to meet, comply with, or perform any material covenant, agreement, condition precedent, or obligation on Seller's part required within the time limits and in the manner required in this Contract; or
- (iii) Seller fails to deliver at Closing the items specified in **Article VII, Section 7.02(a)** of this Contract for any reason other than a default by Buyer or termination of this Contract by Buyer pursuant to the terms hereof prior to Closing.

(b) **Buyer's Remedies.** If Seller is in default under this Contract, Buyer as Buyer's remedies for the default, may, at Buyer's sole option, do one of the following mutually exclusive remedies:

- (i) Terminate this Contract by written notice delivered to Seller with Seller retaining the Earnest Money, and the parties will have no further obligations one to the other; or
- (ii) Enforce specific performance of this Contract against Seller, requiring Seller to convey the Property to Buyer subject to no liens, encumbrances, exceptions, and conditions other than those shown on the Title Commitment. In the event that the remedy of specific performance is either not available or is made reasonably impracticable to the Buyer as the result of the Seller's default, then in lieu of filing suit seeking to specifically enforce this Contract, the Seller may alternatively recover the Earnest Money from the Buyer plus Buyer's actual damages incurred as a result of the Seller's default, such actual damages not to exceed \$100,000.00 of the Buyer's out of pocket expenses incurred with respect to this Contract and the acquisition of the Property contemplated herein. Notwithstanding the preceding, under no circumstance will the Seller be liable to the Buyer for any consequential, remote, or unforeseeable damages; however, the Buyer's attorney's fees incurred through the date of Seller's default are recoverable within the \$100,000.00 actual damage cap, but any of Buyer's attorney's fees incurred after the Seller's default will be subject to Section 9.14 below without respect to any contractual cap set forth herein.

8.02 Buyer's Default and Seller's Remedies.

- (a) **Buyer's Default.** Buyer is in default under this Contract if Buyer fails to deliver at Closing the items specified in **Article VII, Section 7.02(b)** of this Contract for any reason other than a default by Seller under this Contract or termination of this Contract by Buyer pursuant to the terms hereof prior to Closing.
- (b) **Seller's Remedy.** If Buyer is in default under this Contract, Seller, as Seller's sole and exclusive remedy for the default, may terminate this Contract by written notice delivered to Buyer in which event the Seller shall be entitled to retain the Earnest Money.

ARTICLE IX
MISCELLANEOUS

9.01 Notice. All notices, demands, requests, and other communications required hereunder shall be in writing, delivered, unless expressly provided otherwise in this Contract, by telephonic facsimile, email, by hand delivery, or by United States Mail, and shall be deemed to be delivered and received upon the earlier to occur of: (a) if provided by telephonic facsimile, email, or hand delivery, the date provided, and (b) if provided by United State Mail, the date of the deposit in a regularly maintained receptacle for the United States Mail, registered or certified, return receipt requested, postage prepaid, addressed as follows:

SELLER:

Mike Riley
12260 Rector Road
Sanger, Texas 76266
817-919-9055
jmriley@bondedlp.com

BUYER:

John Noblitt
502 Elm St.
Sanger, Texas 76266
940-458-7930
jnoblitt@sangertexas.org

Copies to:

For Seller:

Josh Westrom
Jones & Westrom
400 W. Oak Street, Suite 300
Denton, Texas 76201
(940) 383-1619
jwestrom@dentonattorney.com

For Buyer:

R. Scott Alagood
Alagood Cartwright Burke PC
319 W. Oak Street, Suite 300
Denton, Texas 76201
(940) 891-0003
alagood@dentonlaw.com

9.02 Governing Law and Venue. This Contract is being executed and delivered and is intended to be performed in the State of Texas, the laws of Texas governing the validity, construction, enforcement, and interpretation of this Contract. THIS CONTRACT IS

PERFORMABLE IN, AND THE EXCLUSIVE VENUE FOR ANY ACTION BROUGHT WITH RESPECT HERETO, SHALL LIE IN A COURT OF COMPETENT JURISDICTION LOCATED IN DENTON COUNTY, TEXAS.

9.03 Entirety and Amendments. This Contract embodies the entire agreement between the parties and supersedes all prior agreements and understandings, if any, related to the Property unless this Contract is terminated by Buyer and Buyer seeks reimbursement of the Earnest Money from Seller, and may be amended or supplemented only in writing executed by the party against whom enforcement is sought.

9.04 Parties Bound. This Contract is binding upon and inures to the benefit of Seller and Buyer, and their respective devisees, heirs, successors, and permitted assigns. Buyer may record a memorandum of this Contract in the Real Property Records of Denton County, Texas.

9.05 Risk of Loss. If any damage to the Property shall occur prior to Closing, or if any condemnation or any eminent domain proceedings are threatened or initiated by an entity or party other than Buyer that might result in the taking of any portion of the Property, Buyer may, at Buyer's option, do any of the following:

- (a) Terminate this Contract and withdraw from this transaction without cost, obligation, or liability, whereupon the parties will have no further obligations one to the other, and with Seller retaining the Earnest Money; or
- (b) Consummate this Contract, in which case Buyer, with respect to the Property, shall be entitled to receive (i) in the case of damage, all insurance proceeds, if any, along with a credit against the Purchase Price for any deductible of the Seller; and (ii) in the case of eminent domain, all proceeds paid for the Property related to the eminent domain proceedings.

Buyer shall have ten (10) calendar days after receipt of written notification from Seller of the threat or initiation of condemnation proceedings or damage to the Property in which to make Buyer's election. In the event Buyer elects to consummate this Contract, then the Closing shall take place as provided in **Article VII**, above, and there shall be assigned by Seller to Buyer at Closing, in form and substance satisfactory to Buyer, all interests of Seller in and to any and all insurance proceeds or condemnation awards which may be payable to Seller on account of such event. In the event a final settlement occurs prior to the Closing, the Buyer will be credited toward the Purchase Price at Closing all sums of insurance proceeds (including any Seller deductible) or condemnation awards actually received by the Seller through the date of Closing.

9.06 Further Assurances. In addition to the acts and deeds recited in this Contract and contemplated to be performed, executed, and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute, and/or deliver, or cause to be performed, executed, and/or delivered at the Closing or after the Closing, any further deeds, acts, and assurances as are reasonably necessary to consummate the transactions contemplated hereby.

9.07 Time is of the Essence. It is expressly agreed between Buyer and Seller that time is of the

essence with respect to this Contract and each party's performance obligations hereunder.

9.08 Exhibits. The Exhibits which are referenced in, and attached to this Contract, are incorporated in and made a part of this Contract for all purposes.

9.09 Delegation of Authority. Authority to take any actions that are to be, or may be, taken by Buyer under this Contract, including without limitation, adjustment of the Closing Date, are hereby delegated by Buyer, pursuant to action by the City Council of Sanger, to John Noblitt, City Manager of Buyer, or his/her designee.

9.10 Contract Execution. This Contract of Sale may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

9.11 Business Days. If the Closing Date or the day of performance required or permitted under this Contract falls on a Saturday, Sunday, or Denton County holiday, then the Closing Date or the date of such performance, as the case may be, shall be the next following regular business day.

9.12 Assignment. Buyer may NOT assign this Contract or any obligation or rights hereunder without the express written consent of the Seller which will not be unreasonably conditioned, withheld or delayed.

9.13 Representations. Where Seller makes any representations in this Contract or in the Deed, such representations will be deemed made by MIKE RILEY and LAURA RILEY, based upon both of their actual knowledge on the date of such representation.

9.14 Attorney's Fees. If Buyer or Seller is a prevailing party in any legal proceeding brought in reference to this Contract or the transaction of which this Contract is a part, such party is entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees. This Section will survive the termination of this Contract or the Closing of this Contract and will not merge with the Deed or other closing documents.

9.15 Partial Invalidity. If any provision of this Contract is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Contract; (b) the unenforceable provision shall, to the extent possible, be rewritten and reformed to be enforceable with respect to the remaining enforceable terms of this Contract to give effect to the intent of the Parties; and (c) the remainder of this Contract shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

9.16 INTENTIONALLY DELETED.

9.17 Other Contract Contingency. Notwithstanding anything to the contrary set forth in this Contract, the Buyer's (and/or its permitted assigns) and the Seller's obligations to perform under this Contract are expressly conditioned upon the simultaneous execution, simultaneous performance, and the simultaneous closing of an enforceable agreement between the Buyer and

LAUREN RILEY HOWE (“Other Seller”) of an additional parcel of real property adjacent to the Property (“Other Contract”), such additional parcel described as follows:

All of that certain tract or parcel of land situated in the S. Williams Survey, Abstract Number 1281, Denton County, Texas, and being a part of a tract of a called 449.772 acre tract of land described in the Deed to Riley MDT Holdings, L.P., as recorded in Document Number 2013-26980, Real Property Records of Denton County, Texas and being more particularly described as follows:

Beginning at a capped iron rod set in the Southwest corner of said 449.772 acre tract; Thence North 03 degrees 28 minutes 36 seconds West with the West line of said 449.772 acre tract, along or near Rector Road, an asphalt surface under apparent public use, a distance of 606.43 feet to a capped iron rod set for a reentrant corner of said 449.772 acre tract; Thence South 86 degrees 31 minutes 24 seconds West with the most Westerly South line of said 449.772 acre tract a distance of 25.00 feet to a capped iron rod set for corner; Thence North 03 degrees 28 minutes 36 seconds West with the West line of said 449.772 acre tract a distance of 407.41 feet to a capped iron rod set for corner in the Northwest corner of the tract described herein; FORM T-7: Commitment for Title Insurance Page 1 FORM T-7: Commitment for Title Insurance Page 2 Continuation of Schedule B GF No. 225043 Thence South 89 degrees 29 minutes 00 seconds East severing said 449.772 acre tract a distance of 706.01 feet to a wood fence corner post for corner; Thence South 01 degrees 42 minutes 24 seconds East severing said 449.772 acre tract a distance of 997.70 feet to a capped iron rod set for corner on the South line of said 449.772 acre tract, said point being in said Road; Thence South 89 degrees 23 minutes 50 seconds West with the South line of said 449.772 acre tract and along said Road a distance of 649.30 feet to the Point of Beginning and enclosing 15.559 acres of land more or less.

If (a) the Other Contract is not executed by both the Buyer and the Other Seller simultaneously with this Contract, or (b) the Other Contract is terminated pursuant to a right of termination set forth therein, or (c) the Other Contract is not simultaneously closed with this Contract, then both this Contract and the Other Contract will terminate. Disposition of the Escrowed Funds in this Contract, if any, will be pursuant to the provisions of this Contract as may be applicable. Except for the legal descriptions and the Purchase Prices of the respective parcels of real property in this Contract and the Other Contract, it is the Parties’ intent that all other terms of each Contract are identical and therefore are to be performed simultaneously as if the two Contracts were a single agreement. Therefore, all default remedies which apply to this Contract and the Other Contract must be exercised in the same manner in both Contracts regardless of whether an Event of Default may exist under only one or both of the Contracts.

9.18 Sale in Lieu of Condemnation. Buyer is a duly authorized and organized municipality in the State of Texas with the power of eminent domain. Buyer and Seller have entered into this Contract under the threat of Buyer’s power of eminent domain to acquire all or portion of the Property and in order to avoid the risk, uncertainty, delay and costs associated with eminent domain litigation and condemnation proceedings.

9.19 Ratification. The parties hereto understand and agree that the undersigned City Manager for the Buyer is authorized to sign this agreement on behalf of Buyer; however, the Agreement is expressly conditioned on the ratification and approval by Buyer's City Council of this Agreement and this transaction. If not provided prior to execution of this Agreement, Buyer shall obtain such ratification and approval from its City Council within fourteen (14) days after the Effective Date of this Agreement.

[SIGNATURE PAGE FOLLOWS]

SELLERS:

Mike Riley

Laura Riley

J MIKE RILEY RANCH PROPERTIES
LLC

By: _____
Mike Riley

Executed by Sellers on the _____ day of _____ 2023.

BUYER:

CITY OF SANGER

BY: _____
John Noblitt
City Manager

Executed by Buyer on the _____ day of _____ 2023.

RECEIPT OF AGREEMENT BY TITLE COMPANY

By its execution below, Title Company acknowledges receipt of an executed copy of this Contract. Title Company agrees to comply with, and be bound by, the terms and provisions of this Contract, to perform its duties pursuant to the provisions of this Contract, and to comply with Section 6045(e) of the INTERNAL REVENUE CODE of 1986, as amended from time to time, and as further set forth in any regulations or forms promulgated thereunder.

TITLE COMPANY:

Title Resources
525 S. Loop 288, Suite 125
Denton, TX 76205
Direct: 940-293-0700
Fax: 940-898-0121

By: _____

Printed Name: _____

Title: _____

Contract receipt date: _____, 20__

EXHIBIT "A"
TO
CONTRACT OF SALE

"Land" Legal Description

ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND SITUATED IN THE W.G. HUDSON SURVEY, ABSTRACT NUMBER 582, THE W. CRAWFORD SURVEY, ABSTRACT NUMBER 260, AND THE S. WILLIAMS SURVEY, ABSTRACT NUMBER 1281, DENTON COUNTY, TEXAS, AND BEING A PART OF A CALLED 449.772 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO RILEY MDT HOLDINGS AS RECORDED IN DOCUMENT NUMBER 2013-26980 OF THE REAL PROPERTY RECORDS OF DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND AT A WOOD FENCE CORNER POST FOUND FOR CORNER AT THE NORTHEAST CORNER OF SAID 449.772 ACRE TRACT, COMMON TO A RE-ENTRANT CORNER IN THE WEST LINE OF A CALLED 500.236 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO DENTON SECURITY INVESTMENT, INC., AS RECORDED IN COUNTY CLERK'S FILE NUMBER 98-75811, SAID REAL PROPERTY RECORDS, AND AT THE APPARENT NORTHEAST CORNER OF SAID CRAWFORD SURVEY;

THENCE SOUTH 00 DEGREES 31 MINUTES 03 SECONDS WEST WITH A WEST LINE OF SAID 500.236 ACRE TRACT, AND ALONG A FENCE, A DISTANCE OF 2047.98 FEET TO A WOOD FENCE CORNER POST FOUND FOR THE SOUTHWEST CORNER OF SAID 500.236 ACRE TRACT, AND IN THE NORTH LINE OF A CALLED 55.91 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO DECR PROPERTY, LLC, AS RECORDED IN COUNTY CLERK'S FILE NUMBER 11-23593, SAID REAL PROPERTY RECORDS, AND AT THE APPARENT SOUTHEAST CORNER OF SAID CRAWFORD SURVEY;

THENCE SOUTH 89 DEGREES 06 MINUTES 33 SECONDS WEST WITH THE NORTH LINE OF SAID 55.91 ACRE TRACT, ALONG A FENCE, AND A SOUTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 1143.51 FEET TO A 1/4" IRON ROD FOUND FOR THE NORTHWEST CORNER OF SAID 55.91 ACRE TRACT, COMMON TO THE NORTHEAST CORNER OF A CALLED 57.74 ACRE TRACT OF LAND DESCRIBED IN THE DEED RECORDED IN COUNTY CLERK'S FILE NUMBER 99-110358, SAID REAL PROPERTY RECORDS;

THENCE NORTH 89 DEGREES 43 MINUTES 47 SECONDS WEST WITH THE NORTH LINE OF SAID 57.74 ACRE TRACT, AND ALONG SAID RECTOR ROAD, AND CONTINUING WITH SAID SOUTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 1507.66 FEET TO CAPPED IRON ROD SET FOR CORNER ON THE SOUTHWEST SIDE OF A BEND IN SAID RECTOR ROAD AT THE NORTHWEST CORNER OF SAID 57.74 ACRE TRACT, AND IN THE EAST LINE OF A TRACT OF LAND CONVEYED IN THE DEED TO JANE LOWREY FULTON REVOCABLE TRUST, AS RECORDED IN COUNTY CLERK'S FILE NUMBER 12-91285, SAID REAL PROPERTY RECORDS, AND DESCRIBED AS 335.92 ACRES IN COUNTY CLERK'S FILE NUMBER 00-064186, SAID REAL PROPERTY RECORDS;

THENCE NORTH 00 DEGREES 24 MINUTES 12 SECONDS WEST WITH THE EAST LINE OF SAID REVOCABLE TRUST, AND IN RECTOR ROAD A PART OF THE WAY, A DISTANCE OF 659.71 FEET TO A 60-D NAIL SET FOR CORNER IN SAID RECTOR ROAD AT THE NORTHEAST CORNER OF SAID REVOCABLE TRUST;

THENCE SOUTH 89 DEGREES 23 MINUTES 50 SECONDS WEST WITH THE NORTH LINE OF SAID REVOCABLE TRUST A PART OF THE WAY, AND ALONG SAID RECTOR ROAD, A DISTANCE OF 3281.53 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE SOUTHEAST CORNER A CALLED 15.559 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO LAUREN RILEY AS RECORDED IN DOCUMENT NUMBER 2014-120066 OF SAID REAL PROPERTY RECORDS;

THENCE NORTH 01 DEGREE 42 MINUTES 24 SECONDS WEST A DISTANCE OF 997.70 FEET TO A WOOD FENCE CORNER POST FOR CORNER AT THE NORTHEAST CORNER OF SAID 15.559 ACRE TRACT;

THENCE NORTH 89 DEGREES 29 MINUTES 00 SECONDS WEST A DISTANCE OF 708.01 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE NORTHWEST CORNER OF SAID 15.559 ACRE TRACT IN THE EAST RIGHT-OF-WAY LINE OF THE A.T. & S.F. RAILROAD;

THENCE NORTH 03 DEGREES 28 MINUTES 36 SECONDS WEST WITH SAID RIGHT-OF-WAY LINE A DISTANCE OF 2958.24 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE SOUTHWEST CORNER OF A CALLED 9.57 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO GREEN TREE FARM, L.C., AS RECORDED IN COUNTY CLERK'S FILE NUMBER 01-02354, SAID REAL PROPERTY RECORDS;

THENCE NORTH 88 DEGREES 37 MINUTES 29 SECONDS EAST WITH THE SOUTH LINE OF SAID 9.57 ACRE TRACT, A DISTANCE OF 799.28 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER AT THE SOUTHEAST CORNER OF SAID 9.57 ACRE TRACT, COMMON TO THE SOUTHERN-MOST SOUTHWEST CORNER OF A CALLED 34.5 ACRE TRACT OF LAND DESCRIBED AS FIRST TRACT IN THE DEED TO GREEN TREE FARM, L.C., A TEXAS LIMITED PARTNERSHIP, AS RECORDED IN COUNTY CLERK'S FILE NO. 94-15271, SAID REAL PROPERTY RECORDS;

THENCE SOUTH 49 DEGREES 14 MINUTES 13 SECONDS EAST WITH A SOUTH LINE OF SAID FIRST TRACT A PART OF THE WAY, AND ALONG OR NEAR A FENCE, A DISTANCE OF 1806.75 FEET TO A TREE FOR FENCE CORNER FOUND AT A CORNER IN THE SOUTH LINE OF A CALLED 140.5 ACRE TRACT OF LAND DESCRIBED AS SECOND TRACT IN SAID COUNTY CLERK'S FILE NO. 94-15271; THENCE WITH THE OCCUPIED SOUTH LINE OF SAID SECOND TRACT, AND ALONG OR NEAR A FENCE, THE FOLLOWING TWENTY-FIVE (25) COURSES AND DISTANCES:

- 1) NORTH 31 DEGREES 01 MINUTES 15 SECONDS EAST A DISTANCE OF 143.77 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 2) NORTH 16 DEGREES 39 MINUTES 33 SECONDS EAST A DISTANCE OF 64.40 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 3) NORTH 73 DEGREES 23 MINUTES 53 SECONDS EAST A DISTANCE OF 29.15 FEET TO A HACKBERRY TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 4) NORTH 27 DEGREES 58 MINUTES 45 SECONDS EAST A DISTANCE OF 37.62 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER;
- 5) NORTH 04 DEGREES 32 MINUTES 51 SECONDS EAST A DISTANCE OF 11.76 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 6) NORTH 71 DEGREES 29 MINUTES 18 SECONDS EAST A DISTANCE OF 44.33 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER;
- 7) SOUTH 61 DEGREES 59 MINUTES 10 SECONDS EAST A DISTANCE OF 355.98 FEET TO A WOOD FENCE CORNER POST FOUND FOR CORNER
- 8) SOUTH 49 DEGREES 09 MINUTES 44 SECONDS EAST A DISTANCE OF 152.18 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 9) SOUTH 75 DEGREES 13 MINUTES 34 SECONDS EAST A DISTANCE OF 112.87 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 10) NORTH 78 DEGREES 01 MINUTES 48 SECONDS EAST A DISTANCE OF 39.62 FEET TO A TREE CORNER POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 11) SOUTH 78 DEGREES 44 MINUTES 51 SECONDS EAST A DISTANCE OF 134.17 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

12) SOUTH 64 DEGREES 06 MINUTES 15 SECONDS EAST A DISTANCE OF 48.37 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

13) SOUTH 54 DEGREES 19 MINUTES 41 SECONDS EAST A DISTANCE OF 78.92 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

14) SOUTH 34 DEGREES 48 MINUTES 30 SECONDS EAST A DISTANCE OF 101.78 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

15) SOUTH 28 DEGREES 18 MINUTES 30 SECONDS EAST A DISTANCE OF 138.98 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

16) SOUTH 33 DEGREES 03 MINUTES 09 SECONDS EAST A DISTANCE OF 98.82 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

17) SOUTH 51 DEGREES 36 MINUTES 10 SECONDS EAST A DISTANCE OF 118.31 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

18) SOUTH 33 DEGREES 17 MINUTES 36 SECONDS EAST A DISTANCE OF 74.38 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

19) SOUTH 50 DEGREES 09 MINUTES 05 SECONDS EAST A DISTANCE OF 72.87 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

20) SOUTH 79 DEGREES 33 MINUTES 12 SECONDS EAST A DISTANCE OF 20.49 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

21) SOUTH 69 DEGREES 36 MINUTES 51 SECONDS EAST A DISTANCE OF 121.47 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

22) SOUTH 61 DEGREES 15 MINUTES 44 SECONDS EAST A DISTANCE OF 80.82 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

23) SOUTH 54 DEGREES 39 MINUTES 02 SECONDS EAST A DISTANCE OF 69.88 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

24) SOUTH 43 DEGREES 42 MINUTES 50 SECONDS EAST A DISTANCE OF 201.12 FEET TO A HACKBERRY TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

25) SOUTH 88 DEGREES 44 MINUTES 35 SECONDS EAST A DISTANCE OF 415.24 FEET TO A FENCE CORNER POST FOUND FOR CORNER;

THENCE SOUTH 89 DEGREES 42 MINUTES 45 SECONDS EAST ALONG OR NEAR A FENCE, AND WITH A NORTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 2678.39 FEET TO THE PLACE OF BEGINNING AND ENCLOSING 434.213 ACRES OF LAND MORE OR LESS.

**EXHIBIT “B”
TO
CONTRACT OF SALE**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER’S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE OF TEXAS §

COUNTY OF DENTON § **KNOW ALL MEN BY THESE PRESENTS**

That MIKE RILEY, a married individual, LAURA RILEY, a married individual, and J MIKE RILEY RANCH PROPERTIES LLC, a Texas limited liability company (herein collectively and individually called “Grantor”), whose address is _____, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration to Grantor in hand paid by the CITY OF SANGER, a Texas Home Rule Municipal Corporation (herein called “Grantee”), _____, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY, unto Grantee all the real property located in Denton County, Texas being particularly described on Exhibit “A” attached hereto and made a part hereof for all purposes (“Land”), together with (i) all improvements thereon, if any (ii) all of Grantor’s right, title and interest in and to all of the “Water Estate” (as defined below) in, on, or under or that may be produced from the Land, if any, (iii) any and all rights, titles, powers, privileges, easements, licenses, rights-of-way and interests appurtenant to the Land, (iv) all and singular the rights, titles, benefits, privileges, remainders, reversions, easements, tenements, hereditaments, interests and appurtenances of Grantor pertaining to the Land, either at law or in equity, in possession or expectancy, (v) all rights, titles, powers, privileges, interests, licenses, easements and rights-of-way appurtenant or incident to any of the foregoing, but expressly reserving unto themselves the Reservations from Conveyance (see

below) and expressly excepting from the conveyance and warranties set forth herein each of those matters set forth on Exhibit “B” attached hereto and made a part hereof for all purposes (“Exceptions to Conveyance and Warranty”) (all rights and interests set forth above excluding the Reservations from Conveyance and subject to the Exceptions to Conveyance and Warranty are collectively referred to hereinafter as the “Property”).

Grantor, subject to the limitations of such Reservations from Conveyance set forth herein, reserves, for themselves, their heirs, successors, and assigns all oil, gas, and other minerals in, on, and under and that may be produced from the Property (“Reservations from Conveyance”). Grantor, their heirs, successors, and assigns shall not have the right to use or access the surface of the Property, in any way, manner, or form, in connection with or related to the reserved oil, gas, and other minerals and/or related to exploration, production, transportation, and/or any other aspect of the oil, gas, and other minerals reserved herein, including without limitation, use or access of the surface of the Property for the location of any well or drill sites, well bores, whether vertical or any deviation from vertical, water wells, pit areas, seismic activities, tanks or tank batteries, pipelines, roads, electricity or other utility infrastructure, and/or for subjacent or lateral support for any surface facilities or well bores, or any other infrastructure or improvement of any kind or type in connection with or related to the reserved oil, gas, and other minerals, and/or related to the exploration, production, transportation, or any other aspect of same. Notwithstanding the preceding, nothing herein will restrict or prohibit the pooling or unitization of the portion of the mineral estate owned by Grantor with land other than the Property; or the exploration, production or transportation of the oil, gas and other minerals by means of wells that are drilled or mines that open on land other than the Property but enter or bottom under the Property, provided that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

As used herein, the term “other minerals” shall include oil, gas, and all associated hydrocarbons, but shall exclude (i) all substances that any reasonable extraction, mining, or other exploration and/or production method, operation, process, or procedure would consume, deplete, or destroy the surface of the Property, and (ii) all substances which are at or near the surface of the Property. The intent of the parties hereto is that the meaning of the term “other minerals” as utilized herein, shall be in accordance with that set forth in *Reed v. Wylie*, 597 S.W.2d 743 (Tex. 1980).

As used herein, the term “surface of the Property” shall include the area from the surface of the earth to a depth of five hundred feet (500’) below the surface of the earth and all areas above the surface of the earth.

Notwithstanding anything to the contrary set forth herein or elsewhere, Grantor is NOT reserving and is expressly conveying to Buyer herein all of their right, title, and interest in and to all of the water and the water estate in, on or under, and that may be produced from the Property (“Water Estate”), including all rights contained in any existing lease, license, or other conveyance of the Water Estate or the Mineral Estate. Additionally, the Grantor hereby waives for themselves, their heirs, successors and assigns, all rights to use or utilize any water or the Water Estate in any process or manner relating to the exploration, development, production, transmission, or any other use relating to the Mineral Estate, regardless of whether such use is determined to be reasonably necessary for the exploration, development, production, transmission, or such other use of the Mineral Estate.

Grantor hereby assigns to Grantee, without recourse or representation, any and all claims and causes of action that Grantor may have for or related to any defects in, or injury to, the Property.

GRANTOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, STATUTORY, OR IMPLIED, AS TO THE VALUE, QUALITY, QUANTITY, PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PROPERTY, AND/OR MATERIALS CONTAINED OR LOCATED IN, ON, OR UNDER THE PROPERTY, THE NATURE OF THE PAST OR HISTORIC USE OF THE PROPERTY, AND/OR MERCHANTABILITY OR FITNESS FOR PURPOSE OR INTENDED USE OF ANY OF THE PROPERTY.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee and Grantee’s successors and assigns forever; and Grantor does hereby bind Grantor and Grantor’s successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee and Grantee’s successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

EXECUTED the _____ day of _____, 202_.

BY:

By:

ACKNOWLEDGMENT

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__ by _____
_____.

Notary Public, State of Texas
My commission expires: _____

Upon Filing Return To:

Property Tax Bills To:

EXHIBIT "A"
to
Special Warranty Deed
"Property" Legal Description

ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND SITUATED IN THE W.G. HUDSON SURVEY, ABSTRACT NUMBER 562, THE W. CRAWFORD SURVEY, ABSTRACT NUMBER 280, AND THE S. WILLIAMS SURVEY, ABSTRACT NUMBER 1281, DENTON COUNTY, TEXAS, AND BEING A PART OF A CALLED 449.772 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO RILEY MDT HOLDINGS AS RECORDED IN DOCUMENT NUMBER 2013-26980 OF THE REAL PROPERTY RECORDS OF DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND AT A WOOD FENCE CORNER POST FOUND FOR CORNER AT THE NORTHEAST CORNER OF SAID 449.772 ACRE TRACT, COMMON TO A RE-ENTRANT CORNER IN THE WEST LINE OF A CALLED 500.236 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO DENTON SECURITY INVESTMENT, INC., AS RECORDED IN COUNTY CLERK'S FILE NUMBER 98-75811, SAID REAL PROPERTY RECORDS, AND AT THE APPARENT NORTHEAST CORNER OF SAID CRAWFORD SURVEY;

THENCE SOUTH 00 DEGREES 31 MINUTES 03 SECONDS WEST WITH A WEST LINE OF SAID 500.236 ACRE TRACT, AND ALONG A FENCE, A DISTANCE OF 2647.98 FEET TO A WOOD FENCE CORNER POST FOUND FOR THE SOUTHWEST CORNER OF SAID 500.236 ACRE TRACT, AND IN THE NORTH LINE OF A CALLED 55.91 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO DECR PROPERTY, LLC, AS RECORDED IN COUNTY CLERK'S FILE NUMBER 11-23593, SAID REAL PROPERTY RECORDS, AND AT THE APPARENT SOUTHEAST CORNER OF SAID CRAWFORD SURVEY;

THENCE SOUTH 89 DEGREES 06 MINUTES 33 SECONDS WEST WITH THE NORTH LINE OF SAID 55.91 ACRE TRACT, ALONG A FENCE, AND A SOUTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 1143.51 FEET TO A 1/4" IRON ROD FOUND FOR THE NORTHWEST CORNER OF SAID 55.91 ACRE TRACT, COMMON TO THE NORTHEAST CORNER OF A CALLED 57.74 ACRE TRACT OF LAND DESCRIBED IN THE DEED RECORDED IN COUNTY CLERK'S FILE NUMBER 99-110358, SAID REAL PROPERTY RECORDS;

THENCE NORTH 89 DEGREES 43 MINUTES 47 SECONDS WEST WITH THE NORTH LINE OF SAID 57.74 ACRE TRACT, AND ALONG SAID RECTOR ROAD, AND CONTINUING WITH SAID SOUTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 1507.66 FEET TO CAPPED IRON ROD SET FOR CORNER ON THE SOUTHWEST SIDE OF A BEND IN SAID RECTOR ROAD AT THE NORTHWEST CORNER OF SAID 57.74 ACRE TRACT, AND IN THE EAST LINE OF A TRACT OF LAND CONVEYED IN THE DEED TO JANE LOWREY FULTON REVOCABLE TRUST, AS RECORDED IN COUNTY CLERK'S FILE NUMBER 12-91285, SAID REAL PROPERTY RECORDS, AND DESCRIBED AS 335.92 ACRES IN COUNTY CLERK'S FILE NUMBER 00-064185, SAID REAL PROPERTY RECORDS;

THENCE NORTH 00 DEGREES 24 MINUTES 12 SECONDS WEST WITH THE EAST LINE OF SAID REVOCABLE TRUST, AND IN RECTOR ROAD A PART OF THE WAY, A DISTANCE OF 659.71 FEET TO A 60-D NAIL SET FOR CORNER IN SAID RECTOR ROAD AT THE NORTHEAST CORNER OF SAID REVOCABLE TRUST;

THENCE SOUTH 89 DEGREES 23 MINUTES 50 SECONDS WEST WITH THE NORTH LINE OF SAID REVOCABLE TRUST A PART OF THE WAY, AND ALONG SAID RECTOR ROAD, A DISTANCE OF 3281.53 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE SOUTHEAST CORNER A CALLED 15.559 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO LAUREN RILEY AS RECORDED IN DOCUMENT NUMBER 2014-120056 OF SAID REAL PROPERTY RECORDS;

THENCE NORTH 01 DEGREE 42 MINUTES 24 SECONDS WEST A DISTANCE OF 997.70 FEET TO A WOOD FENCE CORNER POST FOR CORNER AT THE NORTHEAST CORNER OF SAID 15.559 ACRE TRACT;

THENCE NORTH 89 DEGREES 29 MINUTES 00 SECONDS WEST A DISTANCE OF 708.01 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE NORTHWEST CORNER OF SAID 15.559 ACRE TRACT IN THE EAST RIGHT-OF-WAY LINE OF THE A.T. & S.F. RAILROAD;

THENCE NORTH 03 DEGREES 28 MINUTES 36 SECONDS WEST WITH SAID RIGHT-OF-WAY LINE A DISTANCE OF 2958.24 FEET TO A CAPPED IRON ROD SET FOR CORNER AT THE SOUTHWEST CORNER OF A CALLED 9.57 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO GREEN TREE FARM, L.C., AS RECORDED IN COUNTY CLERK'S FILE NUMBER 01-02354, SAID REAL PROPERTY RECORDS;

THENCE NORTH 88 DEGREES 37 MINUTES 29 SECONDS EAST WITH THE SOUTH LINE OF SAID 9.57 ACRE TRACT, A DISTANCE OF 799.28 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER AT THE SOUTHEAST CORNER OF SAID 9.57 ACRE TRACT, COMMON TO THE SOUTHERN-MOST SOUTHWEST CORNER OF A CALLED 34.5 ACRE TRACT OF LAND DESCRIBED AS FIRST TRACT IN THE DEED TO GREEN TREE FARM, L.C., A TEXAS LIMITED PARTNERSHIP, AS RECORDED IN COUNTY CLERK'S FILE NO. 94-15271, SAID REAL PROPERTY RECORDS;

THENCE SOUTH 49 DEGREES 14 MINUTES 13 SECONDS EAST WITH A SOUTH LINE OF SAID FIRST TRACT A PART OF THE WAY, AND ALONG OR NEAR A FENCE, A DISTANCE OF 1806.75 FEET TO A TREE FOR FENCE CORNER FOUND AT A CORNER IN THE SOUTH LINE OF A CALLED 140.5 ACRE TRACT OF LAND DESCRIBED AS SECOND TRACT IN SAID COUNTY CLERK'S FILE NO. 94-15271; THENCE WITH THE OCCUPIED SOUTH LINE OF SAID SECOND TRACT, AND ALONG OR NEAR A FENCE, THE FOLLOWING TWENTY-FIVE (25) COURSES AND DISTANCES:

- 1) NORTH 31 DEGREES 01 MINUTES 15 SECONDS EAST A DISTANCE OF 143.77 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 2) NORTH 16 DEGREES 39 MINUTES 33 SECONDS EAST A DISTANCE OF 64.40 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 3) NORTH 73 DEGREES 23 MINUTES 53 SECONDS EAST A DISTANCE OF 29.15 FEET TO A HACKBERRY TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 4) NORTH 27 DEGREES 58 MINUTES 45 SECONDS EAST A DISTANCE OF 37.62 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER;
- 5) NORTH 04 DEGREES 32 MINUTES 51 SECONDS EAST A DISTANCE OF 11.76 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 6) NORTH 71 DEGREES 29 MINUTES 18 SECONDS EAST A DISTANCE OF 44.33 FEET TO A METAL FENCE CORNER POST FOUND FOR CORNER;
- 7) SOUTH 61 DEGREES 59 MINUTES 10 SECONDS EAST A DISTANCE OF 355.98 FEET TO A WOOD FENCE CORNER POST FOUND FOR CORNER
- 8) SOUTH 49 DEGREES 09 MINUTES 44 SECONDS EAST A DISTANCE OF 152.18 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 9) SOUTH 75 DEGREES 13 MINUTES 34 SECONDS EAST A DISTANCE OF 112.87 FEET TO A TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 10) NORTH 78 DEGREES 01 MINUTES 48 SECONDS EAST A DISTANCE OF 39.62 FEET TO A TREE CORNER POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;
- 11) SOUTH 78 DEGREES 44 MINUTES 51 SECONDS EAST A DISTANCE OF 134.17 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

12) SOUTH 64 DEGREES 06 MINUTES 15 SECONDS EAST A DISTANCE OF 48.37 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

13) SOUTH 54 DEGREES 19 MINUTES 41 SECONDS EAST A DISTANCE OF 78.92 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

14) SOUTH 34 DEGREES 48 MINUTES 30 SECONDS EAST A DISTANCE OF 101.78 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

15) SOUTH 28 DEGREES 18 MINUTES 30 SECONDS EAST A DISTANCE OF 138.98 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

16) SOUTH 33 DEGREES 03 MINUTES 09 SECONDS EAST A DISTANCE OF 98.82 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

17) SOUTH 51 DEGREES 36 MINUTES 10 SECONDS EAST A DISTANCE OF 118.31 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

18) SOUTH 33 DEGREES 17 MINUTES 36 SECONDS EAST A DISTANCE OF 74.38 FEET TO A STUMP FOUND FOR CORNER IN AN ANGLE POINT IN A FENCE;

19) SOUTH 50 DEGREES 09 MINUTES 05 SECONDS EAST A DISTANCE OF 72.87 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

20) SOUTH 79 DEGREES 33 MINUTES 12 SECONDS EAST A DISTANCE OF 20.49 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

21) SOUTH 69 DEGREES 36 MINUTES 51 SECONDS EAST A DISTANCE OF 121.47 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

22) SOUTH 61 DEGREES 15 MINUTES 44 SECONDS EAST A DISTANCE OF 80.82 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

23) SOUTH 54 DEGREES 39 MINUTES 02 SECONDS EAST A DISTANCE OF 69.88 FEET TO AN ELM TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

24) SOUTH 43 DEGREES 42 MINUTES 50 SECONDS EAST A DISTANCE OF 201.12 FEET TO A HACKBERRY TREE FENCE POST FOUND FOR CORNER AT AN ANGLE POINT IN A FENCE;

25) SOUTH 88 DEGREES 44 MINUTES 35 SECONDS EAST A DISTANCE OF 415.24 FEET TO A FENCE CORNER POST FOUND FOR CORNER;

THENCE SOUTH 89 DEGREES 42 MINUTES 45 SECONDS EAST ALONG OR NEAR A FENCE, AND WITH A NORTH LINE OF SAID CRAWFORD SURVEY, A DISTANCE OF 2678.39 FEET TO THE PLACE OF BEGINNING AND ENCLOSING 434.213 ACRES OF LAND MORE OR LESS.

EXHIBIT "B"
to
Special Warranty Deed

Exceptions to Conveyance and Warranty

Intentionally Left Blank, subject to review and objections, if any,
to review of title commitment

c. Any and all permits, licenses, registrations, certificates, and approvals (including any extensions thereto)(collectively, “Permits”) related to the Property and/or the Plans issued by governmental authorities or quasi-governmental authorities that are required for the occupancy, and/or maintenance of the Property or any part of the Property, and/or the implementation and construction of the Plans; and

d. Any and all condemnation or insurance awards or other awards now pending or made after the Closing or Assignee’s acquisition of the Property, by any private entity or any municipal, county, state, or federal authority or board with respect to the Property (collectively, “Awards”).

ASSIGNOR MAKES NO WARRANTY OF MERCHANTABILITY IN RESPECT TO THE ASSIGNED PROPERTIES, AND ASSIGNEE AFFIRMS THAT THERE ARE NO REPRESENTATIONS BEYOND THE DESCRIPTION OF SAID ASSIGNED PROPERTIES SET FORTH ABOVE, EXCEPT THAT ASSIGNOR REPRESENTS AND WARRANTS THAT ASSIGNOR OWNS SAID ASSIGNED PROPERTIES AND HAS FULL POWER, RIGHT AND AUTHORITY TO CONVEY TITLE THERETO.

2. Assumption. Except as otherwise expressly provided herein, Assignor shall not be responsible for the discharge and performance of any duties or obligations to be performed and/or discharged in connection with the Assigned Properties after the Effective Date (as hereinafter defined). Except as otherwise expressly provided herein, by acceptance of this Bill of Sale, Assignee accepts, assumes and agrees to perform and/or discharge all of the duties and obligations required to be performed by the owner of the Assigned Properties arising on and after the Effective Date, but not prior thereto. Notwithstanding the foregoing, to the extent that any condition or other requirement contained in or associated with any Permit requires performance by Assignor prior to, or following, the Closing, Assignor shall, at Assignor’s cost, continue to perform the same prior to, and following, the Closing until completed to Assignee’s reasonable satisfaction.

Assignee does not hereby assume or in any manner agree to pay or indemnify Assignor for any indebtedness secured by a lien against, or interest in, the Assigned Properties or any portion thereof. Assignee shall not be responsible for the discharge and performance of any duties or obligations required to be performed and/or discharged in connection with the Assigned Properties prior to the Effective Date. In such regard, Assignor agrees to indemnify and hold Assignee and (its partners and affiliates and its and their respective officers, directors, shareholders, employees and partners) (collectively, the “Assignee Indemnitees”) harmless from and against losses, liabilities, damages, costs, expenses (including, without limitation, court costs and attorneys’ fees), suffered or incurred by Assignee or the Assignee Indemnitees as a result of claims brought against Assignee, as Assignor’s successor in interest to the Assigned Properties, or any of the Assignee Indemnitees relating to causes of action arising from any failure by Assignor to perform and/or discharge any of its duties or obligations as the owner of the Assigned Properties prior to the Effective Date, but specifically excluding any increases in pre-accrued liabilities due to acts or omissions of Assignee or any of the Assignee Indemnitees.

3. Severability. If any term of this Bill of Sale or its application to a person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Bill of Sale or the application of the term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected, and each term of this Bill of Sale shall remain valid and enforceable to the fullest extent permitted by law.

4. Partnership. None of the terms and conditions of this Bill of Sale shall create a partnership between the parties and their respective businesses or otherwise, nor shall it cause them to be considered

joint venturers or members of any joint enterprise. This Bill of Sale is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party to it.

5. Attorney Fees. If a dispute arises concerning the performance of obligations under this Bill of Sale or the meaning or interpretation of any provision of it, the party not prevailing in the dispute shall pay any and all costs and expenses incurred by the other party in establishing its rights under this Bill of Sale, including costs and reasonable attorney and expert witness fees.

6. Successors and Assigns. This Bill of Sale shall be binding on and inure to the benefit of the parties and their successors and assigns.

7. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any proceeding brought in reference to this Bill of Sale will be exclusively held in a court of competent jurisdiction located in Denton County, Texas.

ASSIGNOR:

ASSIGNEE:

_____, _____

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__ by _____
_____.

Notary Public, State of Texas
My commission expires: _____

ACKNOWLEDGMENT

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__ by _____
_____.

Notary Public, State of Texas
My commission expires: _____

Upon Filing Return To:

Property Tax Bills To:

**EXHIBIT “A”
To
Bill of Sale and Assignment
“Property” Legal Description**
