RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, AUTHORIZING THE CITY MANAGER TO FINALIZE AND EXECUTE A MASTER DEVELOPMENT AGREEMENT BETWEEN THE CITY OF MESQUITE, TEXAS, THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF MESQUITE, TEXAS (SPRADLEY FARMS), AND SPRADLEY FARMS, LTD, REGARDING THE DEVELOPMENT OF APPROXIMATELY 652 ACRES OF LAND GENERALLY LOCATED BETWEEN FM 2757 AND IH-20 AND NORTH OF IH-20 EAST OF FM 740 IN KAUFMAN COUNTY, TEXAS, LOCATED WITHIN THE CORPORATE LIMITS OF THE CITY OF MESQUITE, TEXAS, AS A MIXED USE PLANNED DEVELOPMENT CONSISTING OF RESIDENTIAL AND COMMERCIAL COMPONENTS AND OTHER ASSOCIATED USES AND BEING COMMONLY REFERRED TO AS "SPRADLEY FARMS"; AUTHORIZING THE CITY MANAGER TO TAKE SUCH ACTIONS AND EXECUTE SUCH DOCUMENTS AS ARE NECESSARY OR ADVISABLE TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THE AGREEMENT AND AUTHORIZING THE CITY MANAGER TO ADMINISTER THE AGREEMENT ON BEHALF OF THE CITY; AND PROVIDING A SEVERABILITY CLAUSE.

WHEREAS, the City Council has been presented with a proposed Master Development Agreement between the City of Mesquite, Texas (the "City"), the Board of Directors of Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms), and Spradley Farms, Ltd., regarding the development of approximately 652 acres of land generally located between FM 2757 and IH-20 and North of IH-20 East of FM 740 in Kaufman County, Texas, and being located within the corporate limits of the City, as a mixed use planned development consisting of residential and commercial components and other associated uses, and being commonly referred to as "Spradley Farms," a copy of said agreement being attached hereto as Exhibit "A" and incorporated herein by reference (the "Agreement"); and

WHEREAS, upon full review and consideration of the Agreement and all matters attendant and related thereto, the City Council finds that the Agreement is in the best interest of the City and will benefit the City and its citizens.

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

SECTION 1. That the facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct and are incorporated and adopted as part of this resolution for all purposes.

SECTION 2. That the City Council finds that the terms and provisions of the Agreement, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, is in the best interest of the City and will benefit the City and its citizens.

SECTION 3. That the City Council hereby approves the Agreement and hereby authorizes the City Manager to: (i) finalize and execute the Agreement; and (ii) take such actions and execute such documents as are necessary or advisable to consummate the transactions contemplated by the Agreement.

SECTION 4. That the City Manager is further hereby authorized to administer the Agreement on behalf of the City including, without limitation, the City Manager is authorized to: (i) provide any notices and estoppels required or permitted by the Agreement; (ii) approve amendments to the Agreement provided such amendments, together with all previous amendments approved by the City Manager, do not increase City expenditures under the Agreement in excess of $50,000; (iii) approve or deny any matter in the Agreement that requires the consent of the City provided, however, notwithstanding the foregoing, any assignment of the Agreement or any provision of the Agreement that requires the consent of the City Council pursuant to the terms of the Agreement shall require the approval of the City Council; (iv) approve or deny the waiver of performance of any covenant, duty, agreement, term or condition of the Agreement; (v) exercise any rights and remedies available to the City under the Agreement; and (vi) execute any notices, estoppels, amendments, approvals, consents, denials and waivers authorized by this Section 4, provided, however, notwithstanding anything contained herein to the contrary, the authority of the City Manager pursuant to this Section 4 shall not include the authority to take any action that cannot be delegated by the City Council or that is within the City Council's legislative functions.

SECTION 5. That the sections, paragraphs, sentences, clauses and phrases of this resolution are severable and, if any phrase, clause, sentence, paragraph or section of this resolution should be declared invalid, illegal or unenforceable by the final judgment or decree of any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any of the remaining phrases, clauses, sentences, paragraphs and sections of this resolution and such remaining provisions shall remain in full force and effect and shall be construed and enforced as if the invalid, illegal or unenforceable provision had never been included in this resolution.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 4th day of November 2019.

Stan Pickett
Mayor

ATTEST:

Sonja Land
City Secretary

APPROVED AS TO LEGAL FORM:

David L. Paschall
City Attorney

SPRADLEY FARMS

MASTER DEVELOPMENT AGREEMENT

By and between

THE CITY OF MESQUITE, TEXAS,

and

THE BOARD OF DIRECTORS OF TAX INCREMENT REINVESTMENT ZONE NUMBER THIRTEEN, MESQUITE, TEXAS

and

SPRADLEY FARMS, LTD.

Dated: November 4, 2019

WHEREAS, the District Land, because of its size and location, holds great potential for a high-quality, mixed-use residential and commercial development to be known as "Spradley Farms;"

WHEREAS, development of the District Land will require the planning, engineering, design, acquisition, construction, improvement, operation and maintenance of public improvements and public amenities, and the acquisition of property or interest, in property in connection therewith, located within and outside the District including, but not limited to: potable and non-potable water distribution systems; wastewater collection systems; drainage and stormwater management systems; roads and streets (inside and outside the District and including associated traffic control and safety improvements); sidewalks; off-street parking; mass transit systems; landscaping; highway right-of-way and transit corridor beautification and improvements; lighting, banners, and signs; hiking and cycling paths and trails; pedestrian walkways, skywalks, crosswalks and tunnels; parks, lakes, including work done for drainage, reclamation and recreation, recreational facilities, open space, scenic areas; fountains, plazas, and pedestrian malls (collectively, the "Public Improvements");

WHEREAS, the design, acquisition, construction, installation, operation and maintenance of the Public Improvements will facilitate and encourage development within the District and the TIRZ that will significantly enhance economic growth and tax revenues to the City and other taxing jurisdictions;

WHEREAS, in reliance upon the provisions of this Agreement, the District has agreed to be responsible for the design, acquisition, construction and installation of the Public Improvements identified on **Exhibit C** (the "TIRZ Improvements") and having an estimated cost on the Effective Date of $269,866,000 (the "TIRZ Costs");

WHEREAS, the TIRZ Improvements are herein referred to as the "District Improvements"; and the TIRZ Costs are herein referred to as "District Costs";

WHEREAS, the District Improvements confer a special benefit on the District Land and the TIRZ Land;

WHEREAS, the design, acquisition, construction, installation, operation, and maintenance of the Public Improvement, and the acquisition of property or interest in property in connection therewith will promote and benefit state and local economic development and business and commercial activity in the City, the County, and the state; and will contribute to the development and diversification of the economy of the state, to the elimination of unemployment and underemployment in the state and to the development and expansion of commerce of the state;

WHEREAS, the Final TIRZ Plan includes the TIRZ Improvements;

WHEREAS, pursuant to the TIRZ Act, the City Council and the Board of Directors of the TIRZ have the authority to enter into this Agreement to implement the Final TIRZ Plan;

WHEREAS, pursuant to Sections 311.010(b),311.010 (f), and 311.010(h), of the TIRZ Act, the City Council and the Board of Directors of the TIRZ have the authority to dedicate, convey or otherwise provide for the use of Available TIRZ Revenue (i) as security for District Tax Bonds

issued to pay or reimburse District Costs, (ii) to pay or reimburse District Costs, and (iii) for purposes permitted by Section 380.002(b), Local Government Code;

WHEREAS, pursuant to Section 311.010(b) and 311.010(f) of the TIRZ Act, the City and the TIRZ intend to dedicate, convey and otherwise provide Available TIRZ Revenue (i) to pay or reimburse District Costs and (ii) to secure or pay debt service on Bonds issued for the same purposes;

WHEREAS, pursuant to Section 311.010(b) and 311.010(f) of the TIRZ Act, the District may issue Bonds secured by Available TIRZ Revenue or may use Available TIRZ Revenue to pay debt service on Bonds;

WHEREAS, pursuant to Section 375.201, Local Government Code, the District may issue Bonds payable from and secured by ad valorem taxes and other sources, including revenues under a contract;

WHEREAS, pursuant to Section 375.203(a), Local Government Code, the District is authorized to pledge to the payment of its Bonds all or part of the income from improvement projects or from any other source;

WHEREAS, pursuant to Section 375.203(c), Local Government Code, the District is authorized to pledge to the payment of its Bonds all or any part of any revenues received from any public or private source;

WHEREAS, the Parties are authorized to enter into this agreement under Applicable Law, including but not limited to the TIRZ Act and the Act; and

WHEREAS, the Parties intend that this Agreement shall constitute the approval of the governing body of the City to pay or reimburse for certain District Costs from the proceeds of bonds or other obligations of the District that are secured by and payable from ad valorem taxes imposed by the District on all taxable property in the District;

WHEREAS, the Owner intends to develop the Property as a master planned mixed use community in accordance with the Spradley Farms PD that governs the use and development of the Property; and

WHEREAS, the Parties intend for this Agreement to establish the rights and obligations of the Parties with respect to the ownership and maintenance of the District Improvements and with respect to the use of TIRZ Revenue; and

WHEREAS, in reliance upon the provisions of this Agreement, the Owner has agreed to advance funds to or on behalf of the District for the purpose of the design, acquisition, construction, installation, operating and maintenance of District Improvements to serve and benefit the District and District Land;

NOW THEREFORE, in consideration of the mutual obligations of the Parties set forth in this Agreement, and other consideration the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. RECITALS. The recitals contained in this Agreement are incorporated herein as a part of this Agreement and are true and correct, constitute the findings of the Parties, form the basis upon which the Parties have entered into this Agreement and establish the intent of the Parties in entering into this Agreement.

2. DEFINITIONS. Unless the context clearly requires otherwise, the following terms shall have the meanings hereinafter set forth:

"Available TIRZ Revenue" means the total revenue deposited each calendar year into the Tax Increment Fund from the City Increment and the County Increment for the benefit of the District, reduced by costs and expenses authorized by the TIRZ Act and any other Applicable Law, including, but not limited to, costs and expenses allocable to the establishment and administration of the TIRZ.

"Applicable Law" means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

"Assessments" mean special assessments levied by the Board against benefited property with the District to pay costs authorized by the Act including, but not limited to, District Costs.

"Assessment Bonds" means Bonds issued to pay or reimburse District Costs and secured by the Assessment Revenue and any other revenue authorized by the Act and pledged as security for the Assessment Bonds (excluding Available TIRZ Revenue, Excess TIRZ Revenue, and District Bond Tax Revenue).

"Assessment Revenue" means all revenue available to the District from the levy and collection of Assessments reduced by costs and expenses authorized by the Act including, but not limited to, costs and expenses allocable to the establishment and administration of the Assessments and issuance of Assessment Bonds.

"Benchmark Tax Rate" means a District ad valorem tax rate (including the tax levied for debt and the tax levied for maintenance and operations of the District), of $0.54 per $100 of assessed value of taxable property in the District, as increased each year by the same percentage that the ad valorem tax rate of the City (levied for both debt and maintenance purposes) increases from the previous year. No decrease in the Benchmark Tax Rate shall occur in the event of a decrease in the combined ad valorem tax rate of the City.

"Board" means the Board of Directors of the District.

"Bond Documents" means, for each series of Bonds, (i) the order or resolution of the District authorizing issuance of the Bonds and (ii) any trust indenture entered into in connection with the Bonds.

"Bonds" mean bonds, notes, credit agreements, or other obligations authorized by Applicable Law to be issued or executed by the District, whether in one or more series, to pay or reimburse District Costs and/or for other District purposes and secured by ad valorem taxes and/or any other revenue authorized by Applicable Law and this Agreement. The term includes District Tax Bonds, Assessment Bonds, TIRZ GO Bonds and Contract Revenue Bonds.

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

"City Increment" means, for any given year beginning with the 2020 tax year, _____ percent of the ad valorem property taxes levied and collected by the City for that year on the captured appraised value of real property taxable by the City and located within the TIRZ.

"City Regulations" means all applicable ordinances, rules and regulations, as may be amended from time to time, of the City including, but not limited to, the Spradley Farms PD, the Development Standards attached hereto as Exhibit F, the Oil and Gas Regulations attached as Exhibit G, and all statutes, rules and regulations, as amended, of the State of Texas and its agencies and other political subdivisions and governmental entities, if any, having jurisdiction over the District Land.

"Commencement of Construction" shall mean that a notice to proceed has been issued pursuant to a Construction Contract for the construction of District Improvements.

"Construction Contract" means any contract awarded by or on behalf of the District for the acquisition, construction or installation of District Improvements that will be owned by the District, a property owners association or the City.

"Contract Revenue Bonds" means Bonds issued to pay or reimburse District Costs and secured by Available TIRZ Revenue, Excess TIRZ Revenue, and any other revenue authorized by Applicable Law and pledged (or otherwise dedicated, committed and/or made available) as security for the Contract Revenue Bonds (and specifically excluding District Bond Tax Revenue).

"County" means Kaufman County, Texas.

"County Increment" means, for any given year beginning with the 2020 tax year, means the percentage, identified in the County Tax Participation Agreement, of the ad valorem property taxes levied and collected by the County for that year on the captured appraised value of real property taxable by the County and located within the TIRZ.

"Developer" means any person or entity that owns land or other property within the District or that designs, acquires, constructs, or installs, or provides funding to or on behalf of the District for the design, acquisition, construction or installation of District Improvements.

"District Bond Tax Revenue" means all revenue available to the District for any given year from the levy and collection of ad valorem debt service taxes on all taxable property within the District reduced by costs and expenses of collection of such taxes.

"District Tax Bonds" means bonds issued by the District to pay or reimburse costs for Public Improvements and secured only by District Bond Tax Revenue.

"Excess TIRZ Revenue" means, as determined by the Board by October 1 of each calendar year, Available TIRZ Revenue on hand after paying debt service and other costs of financing on all outstanding TIRZ GO Bonds for which there is a pledge of TIRZ revenue or TIRZ revenue has been made available for the payment of debts service and after further deducting from Available TIRZ Revenue (i) an amount equal to 30 percent of the coming year's debt service and other costs of financing on outstanding TIRZ GO Bonds (including paying agent/registrar and trustee fees and expenses), and (ii) amounts to pay or reimburse costs and expenses allocable to the establishment and administration of the TIRZ for the coming year and (iii) amounts reserved by the District to pay or reimburse District Costs.

"Final TIRZ Plan" means the Project Plan and Financing Plan, approved by the TIRZ Board of Directors on November 4, 2019, and approved by Ordinance Number _____ adopted by the City Council, as may be further modified and amended.

"Force Majeure" means any act that (i) materially and adversely affects the affected Party's ability to perform the relevant obligations under this Agreement or delays such affected Party's ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party's fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. "Force Majeure" shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; and (f) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (u) economic hardship; (v) changes in market condition; (w) any strike or labor dispute involving the employees of the Developer or any affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (x) weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (y) the occurrence of any manpower, material or equipment shortages; or (z) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the District Improvements.

"Governmental Authority" means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof)

and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

"Local Government Code" means the Texas Local Government Code, as amended.

"Off-Site Improvements" means District Improvements located outside the boundaries of the District and consisting of roadway infrastructure (including, but not limited to, traffic control devices, intersection and signalization improvements, roadway lighting and roadway-related storm drainage facilities), water improvements (including potable and non-potable water), sanitary sewer improvements and landscaping.

"Owner" means Spradley Farms, LTD (formerly, Spradley/Forney Development, LTD).

"Public Improvements" has the meaning ascribed to such term in the recitals above.

"Special TIRZ Improvements" means those District Costs that are authorized by the Final TIRZ Plan and may be paid for or reimbursed by the District from the proceeds of Contract Revenue Bonds or from Excess TIRZ Revenue, but are not eligible for payment or reimbursement from TIRZ GO Bonds, District Bond Tax Revenue or other District ad valorem taxes.

"Spradley Farms PD" means Ordinance Number _____ approved by the City Council on November 4, 2019 changing the zoning classification on all of the Property to planned development district and providing development standards for such area attached as Exhibit G to this Agreement.

"Tax Increment Fund" means the tax increment fund for the TIRZ created by the City, at a bank or banks selected by the City, into which all TIRZ Revenue shall be deposited.

"Term" means the term of this Agreement, beginning on the Effective Date and ending upon the termination of this Agreement pursuant to Section 25 herein.

"TIRZ" means Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms).

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

"TIRZ Bonds" means TIRZ GO Bonds and Contract Revenue Bonds.

"District Costs" has the meaning ascribed to such term in the recitals above.

"TIRZ Cap" means the expiration of 35 years from the date of establishment of the TIRZ, as may be modified by an amendment to the Final TIRZ Plan (or 35 annual payments).

"TIRZ GO Bonds" means Bonds issued to pay or reimburse District Costs and secured by District Bond Tax Revenue and any of the following or combination of the following: Available TIRZ Revenue, Excess TIRZ Revenue, and any other revenue authorized by

Applicable Law and pledged (or otherwise dedicated, committed and/or made available) as security for the TIRZ Bonds.

"TIRZ Revenue" means the County Increment and City Increment deposited each calendar year into the Tax Increment Fund for the benefit of the District, reduced by costs and expenses authorized by the TIRZ Act including, but not limited to, costs and expenses allocable to the establishment and administration of the TIRZ and issuance of Bonds until such time as the TIRZ Cap has been reached.

3. BOND ISSUANCE APPROVAL.

a. Approval of District Improvements Budget. The "District Improvements Budget" attached hereto as **Exhibit D** shall constitute a five-year "capital improvements budget" under the Act. Upon approval of this Agreement and joinder by the District, the District may finance the District Improvements and issue Bonds as set forth and subject to the limitations in the District Improvements Budget and in compliance with Section 3(f) herein without any further approvals from the City for the period of the District Improvement Budget. Prior to or upon expiration of the five-year period covered by the initial District Improvements Budget, the District shall submit to the City for City Council approval District Improvements Budgets for subsequent five-year periods and such budgets must comply with Section 3(f) herein. The District may submit to the City for City Council approval updates or other amendments to any District Improvements Budget as may be required to reflect changes in anticipated infrastructure capital and financing requirements. Changes to the District Improvements Budget must be approved by the City Council.

b. General Bond –Authority. The Act provides that for payment of all or part of a District Improvement project, the Board may issue bonds in one or more series payable from and secured by ad valorem taxes, assessments, revenues, grants, gifts, contracts, leases or any combination of those funds. The Act authorizes the District to borrow money by issuing Bonds for District Improvements, and provides that such Bonds may be secured by and payable from ad valorem taxes, assessments; other revenue or a combination thereof, as authorized by the Act. Pursuant to such authority, and subject to the limitations in Section 3(a) and 3(f), of this Agreement, this Section 3(b), authorizes the District to borrow money by issuing Bonds for District purposes and to secure and pay such Bonds as provided by this Agreement using District Bond Tax Revenue, Assessment Revenue, Available TIRZ Revenue, Excess TIRZ Revenue, and other revenue authorized by the Act. The authority provided by this Section 3(b) extends to any Bonds issued pursuant to the conservation and reclamation district powers provided to the District by the Act.

c. Contract Revenue Bond Authority. To the extent permitted by law, the District is authorized to issue Contract Revenue Bonds in an aggregate principal amount determined by the Board that will yield net proceeds sufficient to pay the actual costs and expenses of designing, acquiring, constructing and installing the Special TIRZ Improvements in accordance with the Final TIRZ Plan.

d. TIRZ GO Bond Authority. This Section 3(d) authorizes the District, to issue TIRZ GO Bonds in a combined aggregate principal amount determined by the Board, in compliance with

and subject to the limitations of Sections 3(a) and 3(f), that will yield net bond proceeds sufficient to pay the actual costs and expenses of designing, acquiring, constructing, and installing TIRZ Improvements. The actual costs and expenses of designing, acquiring, constructing, and installing TIRZ Improvements may exceed the estimated District Costs on the Effective Date based on a formula agreed to by the Owner, the District, and the City that will accurately measure, on an annual basis, increases in such costs and expenses occurring in the greater Dallas/Fort Worth metropolitan area. Cost savings achieved for any line item of District Costs may be added to any other line item. TIRZ GO Bonds may be issued to reimburse the Developer for interest carry costs according to the following provisions of the Texas Administrative Code ("TAC") Title 30 Rule 293.50:

1. A developer may be reimbursed by a district for interest accrued for a period of up to two years after the final payment by the developer on approved construction pay estimates, professional fees, and attendant nonconstruction costs paid by a developer for providing facilities in anticipation of sale to such district. If final payment on a construction contract is 95% complete, the initiation of the two year interest accrual period will be six months from the date the contract is 95% complete, unless the developer can demonstrate a genuine contractual dispute with the contractor, or other extenuating reasons, as determined by the commission. The interest rate shall not exceed the net effective interest rate on the bonds sold, or the interest rate actually paid by the developer for loans obtained for this purpose, whichever is less. If a developer uses its own funds rather than borrowed funds, the net effective interest rate on the bonds sold shall be applied.

2. If reimbursement for accrued interest for a period of more than two years after the completion date allowed in subsection (a) of this section is requested by a district, and if no interest reimbursement has occurred, additional accrued interest up to five years from the completion date of the construction contracts including related professional fees and nonconstruction costs may be allowed if deemed feasible by the commission, and if:

    a. the actual costs incurred by the developer plus the total allowed interest does not exceed present day costs for the facilities at the time of purchase; or

    b. the aggregate of the amounts included in such district's bond issue for accrued developer interest for such two-year period, any proposed additional accrued developer interest, any accrued interest on outstanding bond anticipation note(s) of such district, and any capitalized interest on such bond issue does not exceed an amount equal to four years' interest on the total bond issue, said interest rate to be calculated on the basis of the net effective interest rate at which the bonds are actually sold; provided, however, that unless specifically requested by the district, recommended in writing by the district's financial advisor, and approved by the commission, a district bond issue including additional accrued developer interest pursuant to this subsection shall not provide for capitalized interest on such issue for a period of less than one year.

3. The developer shall not be reimbursed for interest accrued on his share of construction costs as required by §293.47 of Title 30 TAC (relating to Thirty Percent of District Construction Costs To Be Paid by Developer.

4. If otherwise determined to be feasible by the commission, time limitations on accrued developer interest shall not apply to:

    a. wastewater treatment facilities serving or programmed to serve 2,000 acres or more;

    b. water supply and treatment facilities serving or programmed to serve 2,000 acres or more;

    c. that portion of water and sanitary sewer lines from the district's boundary to the interconnect, the source of water supply or wastewater treatment facility, when such source of water supply or wastewater treatment facility serves 2,000 acres or more;

    d. that portion of water and sanitary sewer lines serving or programmed to serve 1,000 acres or more; or

    e. drainage channels, levees and other flood control facilities and stormwater detention facilities meeting the requirements of §293.52 of Title 30 TAC (relating to Storm Water Detention Facilities) and §293.53 of Title 30 TAC (relating to District Participation in Regional Drainage Systems) which are serving or are programmed to serve 2,000 acres or more or at the discretion of the commission, areas less than 2,000 acres, as the commission may deem appropriate to encourage regional drainage projects.

5. These time limitations on accrued developer interest also apply to advances made for necessary organization and operation costs as allowed under §293.44(a)(16) of Title 30 TAC (relating to Special Considerations).

e. Assessment Bond Authority. This Section 3(e) authorizes the District to issue. Assessment Revenue Bonds in an aggregate principal amount determined by the Board that will yield net proceeds sufficient to pay the actual costs and expenses of designing, acquiring, constructing and installing the Special TIRZ Improvements in accordance with the Final TIRZ Plan:

f. Conditions to Bond Issuance. All District Bonds must comply with the following limitations:

    (1) All Bonds shall be marketable on a cost effective basis and shall be issued on commercially reasonably terms, all as determined by the Board.

    (2) The purposes for which Bonds may be issued shall be limited to payment of District Costs, including land acquisition costs and other costs and expenses authorized by the Act and this Agreement.

    (3) All Bonds shall be secured and payable solely from revenue authorized by the Act and this Agreement.

(4) Bonds payable in whole or in part from ad valorem taxes must be approved by District voters at, one or more elections held for such purpose in accordance with the Act and other Applicable Law, which voter approval may be obtained in the form of one or more bond authorization elections conducted within the District.

(5) TIRZ GO Bonds may be issued by the District provided that the principal and interest that will be payable on any outstanding District Tax Bonds and the proposed TIRZ GO Bonds can be paid from a District ad valorem debt service tax that does not exceed the Benchmark Tax Rate, when combined with the District's then current maintenance and operations tax rate. Prior to the issuance of TIRZ GO Bonds, the District must certify to the City that the proposed TIRZ GO Bonds to be issued will not exceed the Benchmark Tax Rate (when combined with the District's then current maintenance and operations tax rate) at the time of issuance, based upon: (a) a schedule of projected land values prepared by the District's financial advisor; (b) expected capitalized interest; and (c) projected Available TIRZ Revenue and projected Excess TIRZ Revenue (as determined by the District's Financial Advisor) that are and will be pledged to or available for the payment of principal and interest on the outstanding and proposed TIRZ GO Bonds.

(6) To the extent permitted by the Act, Assessment Bonds may be issued by the District provided that the principal and interest that will be payable on the outstanding and proposed Assessment Bonds can be paid from a tax equivalent rate for the Assessment Bonds (when combined with the District's then current maintenance and operations tax rate and debt service ad valorem tax rate), that does not exceed the Benchmark Tax Rate.

(7) If Bonds are issued to refund outstanding Bonds ("Refunding Bonds"), the issuance of such Refunding Bonds must result in an overall debt service savings to the District and may not extend the final maturity of the Bonds being refunded.

g. The District shall provide the City, no later than thirty (30) days prior to each issuance of District Bonds subject to the Benchmark Tax Rate, with a certification by the Board of Directors that the District has complied with the provisions of this Section 3(f).

4. RULES FOR DEVELOPMENT WITHIN AND OPERATION OF THE DISTRICT.

a. All District Improvements will be designed, acquired, constructed, installed and maintained in compliance with the Governing Regulations.

b. Prior to commencing work on any Off-Site Improvements, the Owner will dedicate or convey (or cause to be dedicated or conveyed) easements and other rights-of-way (both permanent and temporary) to the City or the District, as applicable, in a form approved by the City or the District (which approvals shall not be unreasonably withheld or delayed). Easements and

other rights-of-way (both permanent and temporary) required for any Public Improvements located within the District shall be dedicated or conveyed by the Owner to the City or the District, as applicable, by plat or other instruments approved by the City or the District (which approvals shall not be unreasonably withheld or delayed). If any portion of the Property is sold prior to such dedications or conveyances having been made, then the purchaser must agree, in writing, to dedicate or convey the easements or other rights-of-way as required by this Section 4(b).

c. If the Owner or District cannot obtain an easement, right-of-way or other interest in property located outside of the District and required for the acquisition of construction of an Off-Site Improvement, after making a good faith offer in writing, based on the fair market value of such property interest, to the owner thereof, the City agrees to acquire such property interest. In such event, the Owner or District must provide the City with a survey and metes and bounds description of the Property interest to be acquired, and all reasonable costs of obtaining such property interest incurred by the City (including, without limitations, appraisal fees, court costs, attorney's fees and litigation expenses) shall be the responsibility of Owner or District. The District or Owner shall pay the estimated costs of obtaining such property interest (as determined by the City) prior to the earlier of: (i) the initiation by the City of any eminent domain proceedings; or (ii) the City's acquisition of such property interest. If the estimated purchase price and estimated costs to purchase the property are less than the actual purchase price and actual costs, the City shall refund the excess amount paid to the City. If the estimated purchase price and estimated costs tp purchase the property are more than the actual purchase price and actual costs, the Owner or District shall pay to the City within ten (10) days after demand, the difference between the estimated purchase price and estimated costs and the actual purchase price and actual costs. Each purchase of property pursuant to this subsection is subject to the discretion and approval of the City Council.

d. Upon inspection and acceptance of completed portions of work under any Construction Contract, title to the completed portions shall be dedicated or conveyed as required by the City or the District, lien-free, together with an assignment of all applicable bonds and warranties. Such dedications or conveyances, however, shall be limited to competed portions of the work that connect to or may be used as part of the then-existing City infrastructure system.

e. The District will be operated in accordance with: (1) applicable provisions of the Act and Texas Water Code; (2) rules for operation adopted, from time to time, by the Board in accordance with Applicable Law; (3) authority exercised by the Texas Attorney General and, as may be applicable, the TCEQ with respect to the issuance of Bonds; and (4) the provisions of any other existing or future laws or regulations of the State of Texas or its agencies that apply to the operation of the District.

f. Except as may be otherwise provided in this Section 4, the City and Owner agree that the Property shall be developed in accordance with the Governing Regulations. In addition, the Owner shall take appropriate measures to make the requirements of the Development Standards, a copy of which are attached hereto as Exhibit F, applicable to and enforceable against the Property by incorporating such requirements in (i) the covenants, conditions and restrictions (the "Spradley Farms CC&Rs,") to be recorded with respect to the Property, (ii) in each contract for sale by Owner of portions of the Property, and (iii) to the extent required by law, the bylaws, documents and proceedings of the homeowners or property owners association within the

Property. In the event of the failure of the homeowners or property owners association to do so, and upon receipt of a written request from the City, the District agrees to enforce the Spradley Farms CC&Rs pursuant to Section 54.237 Texas Water Code, as amended, to the extent permitted by law.

5. FINANCING OF PUBLIC IMPROVEMENTS.

a. Available TIRZ Revenue. Pursuant to Sections 311.010(b), 311.0123, and 311.013 of the TIRZ Act, and otherwise to the maximum extent permitted by law, the City and the TIRZ hereby grant, dedicate, and otherwise provide and make available to the District all Available TIRZ Revenue to be used as follows:

(1) Before Issuance of TIRZ GO Bonds. Before and until TIRZ GO Bonds are issued, Available TIRZ Revenue shall be used or reserved by the District to pay or reimburse District Costs.

(2) After Issuance of TIRZ GO Bonds. If and when TIRZ GO Bonds are issued that are secured by a pledge of Available TIRZ Revenue (or TIRZ GO Bonds with respect to which Available TIRZ Revenue is otherwise dedicated, committed and/or made available for the payment of debt service), Available TIRZ Revenue shall be used by the District to pay principal and interest on such TIRZ GO Bonds in the amounts and to the extent required by the applicable Bond Documents or as otherwise determined by the District.

(3) After Payment of TIRZ GO Bonds. To the extent not required to pay debt service on the District's TIRZ GO Bonds secured by a pledge of Available TIRZ Revenue (or TIRZ GO Bonds with respect to which Available TIRZ Revenue is otherwise dedicated, committed and/or made available as security), Available TIRZ Revenue may be used or reserved by the District to pay or reimburse any unreimbursed expenditures for District Costs until such District Costs are reimbursed or paid in full up to the TIRZ Cap.

(4) Duration of TIRZ Revenues. The grant, dedication and provision of Available TIRZ Revenue provided under this Section 5(a) shall continue until (i) the date all TIRZ GO Bonds with a pledge of Available TIRZ Revenue (or TIRZ GO Bonds with respect to which Available TIRZ Revenue is otherwise dedicated, committed or made available for the payment of debt service) have been issued and paid in full (provided in no event shall Available TIRZ Revenues be paid beyond the TIRZ Cap), or the earlier of (ii) the date all District Costs have otherwise been paid or reimbursed in full; (or) (iii) the TIRZ Cap has been reached.

b. Excess TIRZ Revenue. Pursuant to Sections 311.010(b) and 311.0123 of the TIRZ Act, and otherwise to the maximum extent permitted by law, the City and the TIRZ hereby grant, dedicate, and otherwise provide Excess TIRZ Revenue to be used as follows:

(1) The payment or reimbursement of District Costs pursuant to the Final TIRZ Plan and this Agreement.

(2) The payment of debt service on TIRZ GO Bonds to the extent determined by the District.

(3) The payment, reimbursement or financing of the costs of Special TIRZ Improvements in accordance with the Final TIRZ Plan and this Agreement.

(4) Duration of Excess TIRZ Revenues. The grant, dedication, and provision of Excess TIRZ Revenue provided by this Section 5(b) shall continue until (i) the date all Bonds containing a pledge of Excess TIRZ Revenue or Excess TIRZ Revenue has otherwise been dedicated by the District for the payment of debt service, have been issued and paid in full (provided in no event shall Available TIRZ Revenues be paid beyond the TIRZ Cap), or the earlier of (ii) the date all District Costs have otherwise been paid or reimbursed in full, in accordance with the TIRZ Plan and this Agreement or (iii) the TIRZ Cap has been reached.

(5) Tax Participation Agreements. Pursuant to Sections 311.010(b) and 311.013 of the TIRZ Act, the City shall use reasonable efforts to enter into a separate agreement (the "Tax Participation Agreement") with the County. The Tax Participation Agreement shall obligate the County to deposit each year during the term of the TIRZ (beginning with the 2020 tax year) the County Increment into the Tax Increment Fund in accordance with standard administrative procedures adopted by the City. The City shall send annually to the County a bill that outlines the City's calculation of the County Increment, a copy of which bill shall be given to the District at the same time they are given to the County. The City shall forward to the District a copy of the Tax Participation Agreement, when executed, and shall not thereafter amend the Tax Participation Agreement without the prior written consent of the Owner (provided that the Owner retains ownership of more than 10% of the total Property acreage) and the District, if the amendment would adversely affect the obligation of the County to deposit its tax increment into the Tax Increment Fund. The City shall, at all times, comply with the provisions of the Tax Participation Agreement and shall take no action that would entitle the County to suspend payments of its tax increment into the Tax Increment Fund. The City agrees to immediately give the Owner, the District and the TIRZ a copy of any Notice from the County to the City alleging any breach, default or other failure by the City to perform under the Tax Participation Agreement.

6. OWNERSHIP AND MAINTENANCE OF DISTRICT IMPROVEMENTS.

a. Ownership of District Improvements. Ownership of District Improvements, as between the District and the City, is identified by improvement category on **Exhibit C**. Upon completion of construction of District Improvements, and upon inspection and acceptance by the

City or the District as the owner, the improvements shall be dedicated or conveyed to the City or District, as applicable, lien-free and together with all applicable warranties and bonds.

b. Maintenance of District Improvements.

(1) Maintenance obligations for District Improvements, as among the Parties, are also set forth by improvement category on **Exhibit C**.

(2) Access to all District Improvements is granted to the City for any purpose related to the exercise of governmental services or functions, including but not limited to, fire and police protection, inspection, and code enforcement.

c. With respect to any District Improvement for which the City has maintenance obligations as set forth in **Exhibit C** (any such District Improvement, a "City-Maintained Improvement"), the District may, at its option, undertake maintenance and/or repair should the Board, in its sole discretion and at its sole cost (not to be reimbursed by the City unless agreed to in writing by the City), determine that it is in the best interests of the District and its residents and landowners to do so. Such maintenance or repair by the District shall be subject to notice delivered to the City prior to commencement of the maintenance and shall be performed pursuant to the Governing Regulations. After notice, the City may impose requirements or restrictions on such maintenance and may require the District to enter into a Maintenance Agreement prior to the commencement of the maintenance and/or repair. However, no such determination by the Board with respect to maintenance and/or repair of any City-Maintained Improvement and no such undertaking of any such maintenance and/or repair shall in any way be construed to (i) obligate the District to undertake any other or future maintenance and/or repair of that or any other City-Maintained Improvement or (ii) relieve the City of any maintenance obligation with respect to that or any other City-Maintained Improvement.

d. With respect to any District Improvement for which the District has maintenance obligations as set forth in **Exhibit C** (any such District Improvement, a "District-Maintained Improvement"), the City may, at its option, undertake maintenance and/or repair should the City, in its sole discretion and at its sole cost (not to be reimbursed by the District unless agreed to in writing by the District), determine that it is in the best interests of the City and its residents and landowners to do so. Such maintenance or repair by the City shall be subject to notice delivered to the District prior to commencement of the maintenance and shall be performed pursuant to the Governing Regulations. After notice, the District may impose requirements or restrictions on such maintenance and may require the City to enter into a Maintenance Agreement prior to the commencement of the maintenance and/or repair. However, no such determination by the City with respect to maintenance and/or repair of any District-Maintained Improvement and no such undertaking of any such maintenance and/or repair shall in any way be construed to (i) obligate the City to undertake any other or future maintenance and/or repair of that or any other District-Maintained Improvement or (ii) relieve the District of any maintenance obligation with respect to that or any other District-Maintained Improvement

7. MAINTENANCE AND OPERATION TAX. Chapter 49 of the Texas Water Code, as amended provides that the District may impose a tax for maintenance and operation purposes an

"M&O Tax" including for planning, constructing, acquiring, maintaining, repairing, and operating District Improvements, including land, plants, works, facilities, improvements, appliances, and equipment of the District and for paying costs of services, engineering and legal fees, and organizational and administrative expenses of the District. The City Council hereby approves the imposition by the District of an M&O Tax in an amount (when combined with the District's debt service ad valorem tax rate and Assessment rate (expressed in terms of an ad valorem tax rate equivalent)) does not exceed the Benchmark Tax Rate. The District may not, however, impose any M&O Tax until the imposition of the M&O Tax has also been approved by District voters at one or more elections held for that purpose in accordance with the Act and other Applicable Law. The District may hold a separate election for the maintenance and operation of Public Improvements authorized by Section 59, Article XVI, Texas Constitution and Public Improvements authorized by Section 52, Article III, Texas Constitution; provided, however, the total M&O Tax for both categories of improvements amount (when combined with the District's ad valorem tax rate and Assessment rate (expressed in terms of an ad valorem tax rate equivalent)) shall not exceed the Benchmark Tax Rate. The actual M&O Tax imposed within the District each year by the Board may be less than the voted amount. Notice of the District M&O Tax rate will be given to the City each year within 30 days after it is imposed.

8. ANNUAL REPORTING. The District shall prepare and update annually after the Effective Date (and deliver a copy to the City) a report (the "District Report") that contains the following:

a. Estimated District Costs;

b. A comparison of District Costs to the estimated costs set forth on Exhibit C and Exhibit D; and

c. An identification, for each line item identified on Exhibit C and Exhibit D:

(1) The costs paid for completed District Improvements;

(2) The costs to be paid under Construction Contracts that are pending or that have been awarded; and

(3) The costs to be incurred in the future.

9. REPORTING UPON COMPLETION. Upon the completion of work under each Construction Contract, the District shall deliver to the City a statement of the total costs incurred under each contract. Construction Contracts shall require the contractor to maintain complete books and records with respect to all costs paid or incurred for a period of at least three years or such later date as required to comply with the City's retention schedule.

10. DEFAULT. A Party shall be in default under this Agreement upon the failure to observe any covenant or obligation required of such Party in this Agreement (a "Default"). No Party shall be in Default unless notice of an alleged failure of a Party to perform has been given by the Party claiming such Default and such notice shall demand performance. In addition, no Default may be found to have occurred if performance has commenced to the reasonable satisfaction of the

complaining Party within thirty (30) days after notice and, performance has been completed within one-hundred twenty (120) days after notice.

11. FIRE STATION. The City anticipates the construction of a fire station within or in close proximity to the District. The District, Owner and City agree to work together to determine a funding mechanism for such fire station. The location of the fire station will be determined by the City based upon various factors, including service efficiency.

12. REMEDIES.

a. The Parties agree that this Agreement is executed for the purposes, among others, of setting forth the procedures to be followed by the District in financing, constructing, owning, and operating the Public Improvements and the acquisition of property therefor; by the City in creating the TIRZ and making TIRZ Revenue available as security for or to pay debt service on TIRZ Bonds or otherwise for the payment of District Costs; and by the Owner in developing the Property. Accordingly, the Parties agree that a Default by any Party shall not entitle any non-defaulting Party to seek or recover damages or termination of the Agreement. The remedies available to a non-defaulting Party in the case of any Default by another Party is to seek the equitable remedy of specific enforcement of this Agreement.

b. The City does not by this Agreement, except for the provisions related to the use of TIRZ Revenue under Section 5 of this Agreement, commit or agree to provide any City funds to the District or to provide water, sewer or other municipal services to any part of the District, whether developed or undeveloped, except in accordance with the City Regulations.

c. The provision of water, sewer or other municipal services by the City to the District is subject to the annual appropriation of funds by the City from lawful and available sources. The obligations of the District to finance, construct and provide the Public Improvements that will be owned by the City, and to provide, operate, and maintain the Public Improvements that will be owned by the District are subject to the availability of funds from lawful sources on a financially sound and reasonable basis.

d. No Default under this Agreement shall prevent the District from, or in any way affect the right of the District to proceed with, issuing Bonds in accordance with this Agreement unless: (1) the improvements being financed or paid for with Bond proceeds are not authorized by this Agreement, or (2) the security for the Bonds is not authorized by this Agreement.

13. NOTICES. Any notice or communication required or contemplated by this Agreement (a "Notice") shall be deemed to have been delivered, given, or provided: (a) five business days after being deposited in the United States mail, CERTIFIED MAIL or REGISTERED MAIL, postage prepaid, return receipt requested; (b) when delivered to the notice address by a nationally recognized, overnight delivery service (such as FedEx or UPS) as evidenced by the signature of any person at the Notice address (whether or not such person is the named recipient of the Notice); or (c) when otherwise hand delivered to the Notice address as evidenced by the signature of any

person at the Notice address (whether or not such person is the named recipient for purpose of the Notice); and addressed to the named recipient as follows:

If to the City:

The City of Mesquite, Texas
Attn: City Manager
1515 N. Galloway
Mesquite, Texas 75149
Phone: 972-216-6404

The City of Mesquite, Texas
Attn: City Attorney
1515 N. Galloway
Mesquite, Texas 75149
Phone: 972-216-6272

If to the Owner:

Spradley Farms, LTD.
c/o The Nehemiah Company
Attn: Robert Kembel
4010 N. Collins St.
Arlington, Texas 76005
Phone: 214-499-4654
E-mail:rkembel@tncdev.com

If to the District:

Board of Directors
Spradley Farms Improvement District of Kaufman County
Attn: President
c/o Crawford & Jordan LLP
3100 McKinnon, Suite 1100
Dallas, Texas 75201
Phone: 214-981-9090
E-mail: ccrawford@crawlaw.net

If to the TIRZ:

The Board of Directors of Reinvestment
Zone Number Thirteen, City of Mesquite, Texas
Attn: Chairman
1515 N. Galloway
Mesquite, Texas 75149

The City of Mesquite, Texas
Attn: City Manager
1515 N. Galloway
Mesquite, Texas 75149
Phone: 972-216-6404

14. REPRESENTATIONS AND WARRANTIES OF THE CITY. To induce the other Parties to enter into this Agreement, the City represents and warrants to them as follows:

a. The City has the power and authority to execute, deliver, and carry out the provisions of this Agreement and all other instruments to be executed and delivered by it in connection with its obligations hereunder. The execution, delivery, and performance by the City of this Agreement have been duly authorized by all requisite action by the City, and this Agreement is a valid and binding obligation of the City enforceable in accordance with its terms, except as may be affected by applicable bankruptcy or insolvency laws affecting creditors' rights generally. In addition, notwithstanding any provision in this Agreement, this Agreement does not control, waive limit or supplant the City Council's legislative authority or discretion.

b. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, will conflict with or result in a breach of or default under: (1) any terms, conditions or provisions of any agreement or instrument to which the City is now a party or is otherwise bound; (2) any order or decree of any court or governmental instrumentality applicable to the City; or (3) any law applicable to the City.

c. To the knowledge of the City, the City is not a party to or otherwise bound by any agreement or instrument or subject to any other restriction or judgment, order, writ, injunction, decree, award, rule or regulation which could reasonably be expected to materially and adversely affect the ability of the City to perform its obligations under this Agreement.

15. REPRESENTATIONS AND WARRANTIES OF THE OWNER. To induce the other Parties to enter into this Agreement, the Owner represents and warrants to them as follows:

a. The Owner has the power and authority to execute, deliver, and carry out the provisions of this Agreement and all other instruments to be executed and delivered by it in connection with its obligations hereunder. The execution, delivery, and performance by the Owner of this Agreement have been duly authorized by all requisite action by the Owner, and this Agreement is a valid and binding obligation of the Owner enforceable in accordance with its terms, except as may be affected by applicable bankruptcy or insolvency laws affecting creditors' rights generally.

b. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, will conflict with or result in a breach of or default under: (1) any terms, conditions or provisions of any agreement or instrument to which the Owner is now a party or is otherwise bound; (2) any order or decree of any court or governmental instrumentality applicable to the Owner; or (3) any law applicable to the Owner.

c. To the knowledge of the Owner, the Owner is not a party to or otherwise bound by any agreement or instrument or subject to any other restriction or judgment, order, writ, injunction, decree, award, rule or regulation which could reasonably be expected to materially and adversely affect the ability of the Owner to perform its obligations under this Agreement.

16. REPRESENTATIONS AND WARRANTIES OF THE DISTRICT. To induce the other Parties to enter into this Agreement, the District represents and warrants to them as follows:

a. The District has the power and authority to execute, deliver, and carry out the provisions of this Agreement and all other instruments to be executed and delivered by it in connection with its obligations hereunder. The execution, delivery, and performance by the District of this Agreement have been duly authorized by all requisite action by the District, and this Agreement is a valid and binding obligation of the District enforceable in accordance with its terms, except as may be affected by applicable bankruptcy or insolvency laws affecting creditors' rights generally.

b. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, will conflict with or result in a breach of or default under: (1) any terms, conditions or provisions of any agreement or instrument to which the District is now a party or is otherwise bound; (2) any order or decree of any court or governmental instrumentality applicable to the District; or (3) any law applicable to the District.

c. To the knowledge of the District, the District is not a party to or otherwise bound by any agreement or instrument or subject to any other restriction or judgment, order, writ, injunction, decree, award, rule or regulation which could reasonably be expected to materially and adversely affect the ability of the District to perform its obligations under this Agreement.

17. REPRESENTATIONS AND WARRANTIES OF THE TIRZ. To induce the other Parties to enter into this Agreement, the TIRZ represents and warrants to them as follows:

a. The TIRZ has the power and authority to execute, deliver, and carry out the provisions of this Agreement and all other instruments to be executed and delivered by it in connection with its obligations hereunder. The execution, delivery, and performance by the TIRZ of this Agreement have been duly authorized by all requisite action by the TIRZ, and this Agreement is a valid and binding obligation of the TIRZ enforceable in accordance with its terms, except as may be affected by applicable bankruptcy or insolvency laws affecting creditors' rights generally.

b. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, will conflict with or result in a breach of or default under: (1) any terms, conditions or provisions of any agreement or instrument to which the TIRZ is now a party or is otherwise bound; (2) any order or decree of any court or governmental instrumentality applicable to the TIRZ; or (3) any law applicable to the TIRZ.

c. To the knowledge of the TIRZ, the TIRZ is not a party to or otherwise bound by any agreement or instrument or subject to any other restriction or judgment order, writ, injunction, decree, award, rule or regulation which could reasonably be expected to materially and adversely affect the ability of the TIRZ to perform its obligations under this Agreement.

18. FORCE MAJEURE. Each Party shall use good faith, due diligence, and reasonable care in the performance of its obligations under this Agreement, and time shall be of the essence in such performance. If a Party is unable, due to Force Majeure, to perform its obligations under this Agreement, then such obligations shall be temporarily suspended. The time for such performance

shall be extended by the amount of time of the delay directly caused by and relating to such Force Majeure. Within three business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance shall give Notice to the other Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards

19. ENTIRE AGREEMENT; AMENDMENT. This Agreement constitutes the entire agreement between the Parties covering the subject matter of this Agreement and supersedes any prior agreements, whether oral or written, covering such subject matter. This Agreement shall not be modified or amended except in writing signed by all the Parties; provided that no agreement or consent or execution is required from the Owner if it owns less than 10% of the total Property acreage.

20. SEVERABILITY. The provisions of this Agreement are severable, and in the event any provision of this Agreement, or the application thereof to any person or circumstance, is held or determined to be invalid, illegal, or unenforceable, and if such invalidity, unenforceability, or illegality does not cause substantial deviation from the underlying intent of the Parties as expressed in this Agreement, then such provision shall be deemed severed from this Agreement with respect to such person, entity, or circumstance without invalidating the remainder of this Agreement or the application of such provision to other persons, entities, or circumstances.

21. RIGHTS AND OBLIGATIONS OF DEVELOPERS AND OTHER PARTIES.

a. The Owner (through the documents that transfer title to any of the Property) and the District will require and cause all Developers (in the conduct of their work, duties, and undertakings on behalf of the Owner or the District in connection with the financing, construction, installation, and maintenance of the Public Improvements) to abide by the terms, provisions, and requirements of this Agreement, including the Development Standards. Subject to providing prior written notices thereof to the District, each Developer shall have the right, acting on behalf of the Owner or the District, to request the City to perform an act that is required of the City by this Agreement or to waive a requirement of this Agreement; however, the City shall have the right to require evidence of the concurrence of the Owner or the District, as applicable, in any such request. Duties, if any, imposed on any homeowners or property owners association in connection with this Agreement shall be included in the Spradley Farms CC&Rs recorded by the Owner in the Official Public Records of the County before the mortgage or sale of any portion of the Property by the Owner and the sale of the property subject to this Agreement.

b. The District may grant to a trustee or other representative for and on behalf of the holders of TIRZ Bonds the right to enforce the provisions of Sections 5(a) and 5(b) of this Agreement and to require that TIRZ Revenue be deposited when and as required by this Agreement. Otherwise, no person or entity, other than an assignee or lender as permitted by Section 27, is a beneficiary of this Agreement with rights to enforce its terms and provisions.

22. NO PARTNERSHIP OR JOINT VENTURE. Nothing contained in this Agreement is intended or shall be construed as creating a partnership or joint venture among the Parties.

23. INDIVIDUALS NOT LIABLE. No director, officer, elected or appointed official, or employee of any of the Parties shall be personally liable in the event of any Default.

24. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and such counterparts, when taken together, shall constitute one instrument.

25. TERMINATION. This Agreement may be terminated upon the following events, upon ninety (90) days written notice from any Party to the other Parties:

a. TCEQ has not issued an order creating the District by the end of the third quarter of 2020;

b. The District has no outstanding Bonds or contractual obligations payable from ad valorem taxes and/or TIRZ Revenue;

c. All District Costs eligible for payment or reimbursement have been paid or reimbursed;

d. Commencement of Construction of the District Improvements has not occurred by the end of the first quarter of 2022;

e. A model home has not been constructed within the District Land and has not passed final inspection by the end of the first quarter of 2025;

f. The District has failed to join and enter into this Agreement as provided by Section 30 hereof by the end of the fourth quarter of 2020;

g. The TIRZ Cap has been reached.

The time periods for events listed in (a), (d) and (e) above maybe extended by action of the City Council.

26. DISSOLUTION.

a. Pursuant to the Act the City may dissolve the District and upon such dissolution, succeeds to the property and assets of the District and assumes all bonds, debts, obligations and liabilities of the District.

b. Until such time as all of the developable land within the District is served by District Improvements and the Owner and all Assignees have been reimbursed for funds advanced to or on behalf of the District for the acquisition and construction of such improvements, the City agrees to provide 180 days written notice of its intent to dissolve the District to all Parties. In the event that the City elects to dissolve the District prior to the completion of (i) the acquisition, construction and financing of all District Improvements, and (ii) the reimbursement of all

outstanding amount advanced in connection therewith, to the maximum extent permitted by law, within ten (10) days of District's receipt of written notice of the intent to dissolve the District, the Parties agree to enter into discussions regarding such dissolution and work together to address and any issues that may arise therefrom, including any unreimbursed District Costs.

27. ASSIGNMENT.

a. Consent to Assignments. Except as provided in 27(b) and 27(c), no Party may assign this Agreement, in whole or in part, or any of such Party's right, title, or interest in this Agreement, without the prior written consent of the other Parties. All assignments shall be in writing and shall obligate the assignee to be bound by this Agreement. Unless otherwise agreed by the Parties, no assignment shall relieve the assignor from liabilities that arose before the effective date of the assignment.

b. Assignments by Owner.

(1) Upon written consent of the City, the Owner has the right (from time to time without the consent of any other Party but upon written notice to the other Parties) to assign its rights and duties under this Agreement, in whole or in part, and including any obligation, right, title or interest of the Owner under this Agreement, to the District or to any person or entity that is or will become an owner of any portion of the Property, or to any person or entity that is controlled by or under common control with the Owner (an "Assignee"). Each assignment shall be in writing executed by the Owner and the Assignee and shall obligate the Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. A copy of each assignment shall be provided to the other Parties within 15 days after it is fully executed. From and after such assignment, the other Parties agree to look solely to the Assignee for the performance of all obligations assigned to the Assignee and agree that the Owner shall be released from subsequently performing the assigned obligations and from any liability that results from the Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the other Parties within 15 days after full execution, the Owner shall not be released until the other Parties receive their copy.

c. Right to Mortgage/Encumber. The Owner and Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of their respective lenders with the consent of the City but without the consent of, but with prompt written notice to, the other Parties. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the other Parties have been given a copy of the documents creating the lender's interest, including Notice information for the lender, then the lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a

reasonable time to do so within the same cure period otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Except as provided in Section 27(e) the provisions in this Agreement shall be a covenant running with the land and shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

d. Assignees as Parties. An Assignee shall be considered a "Party" for the purposes of this Agreement.

e. Release of Final-Platted Lots. Notwithstanding any provision of this Agreement to the contrary, and notwithstanding the fact that this Agreement may be filed in the deed records of the County, this Agreement shall not be binding upon, shall not create an encumbrance upon, and shall not otherwise be deemed to be a covenant running with the land with respect to any part of the Property for which a final plat has been approved by the City and filed in the deed records of the County, with the exception of Exhibits F, G and H which shall continue as a covenant running with the land and bind all current and future landowners.

28. RECORDATION, RELEASES, AND ESTOPPEL CERTIFICATES.

a. Binding Obligations. This Agreement and all amendments hereto shall be recorded in the County deed records. In addition, all assignments of this Agreement shall be recorded in the County deed records. Except as provided in Section 27(e)., this Agreement shall be binding upon the Property and the Owner and the assignees and lenders permitted by Section 27.

b. Releases. From time to time upon written request of the Owner or any Assignee, the Parties shall execute, in recordable form approved by the Parties (which approvals shall not be unreasonably withheld or delayed), a release of the Owner's or Assignee's obligations under this Agreement if the Owner or Assignee has satisfied its obligations under this Agreement. The Parties further agree to execute, from time to time upon the written request of the Owner, any title company, or any owner of property for which a final plat has been approved and filed, a release or other appropriate instrument consistent with the intent of Section 27(e). and in recordable form approved by the Parties, which approvals will not be unreasonably withheld or delayed.

c. Estoppel Certificates. From time to time upon written request of the Owner or any Assignee, the Parties will execute a written estoppel certificate identifying any obligations of the Owner or Assignee under this Agreement that are in default or, with the giving of notice or passage of time, would be in default; and stating, to the extent true, that to the best knowledge and belief of the Parties, the Owner or Assignee is in compliance with its duties and obligations under this Agreement.

29. WAIVER. No waiver (whether express or implied and whether or not explicitly permitted by this Agreement) by any Party of any breach of, or of compliance with, any condition or provision of this Agreement by another Party will be considered a waiver of any other condition or provision of this Agreement or of the same condition or provision at another time.

30. JOINDER BY DISTRICT. The City, the TIRZ, and the Owner acknowledge and agree that within 60 days from the issue date of the Order of the TCEQ creating the District, the District shall have the right to join and enter into this Agreement pursuant to the terms and provisions of the Joinder By District, a copy of which is attached hereto as Exhibit "E", subject to its assumption and acceptance of the applicable duties and obligations imposed upon it by the terms of the Agreement. Upon the delivery of a certified copy of the Joinder to each party to the Agreement, the District shall automatically become a Party to the Agreement without the requirement for any further documentation or action by any other Party hereto; and that, accordingly, in such event, the District shall be liable for the performance of the applicable duties and obligations imposed upon it by the terms of the Agreement.

31. ANTI-BOYCOTT VERIFICATION. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' as used in this Section 31 to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

32. IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS. The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf, https://comptroller.texas.gov/purchasing/docs/iran-list.pdf, or https://comptroller.texas.gov/purchasing/docs/fto-list.pdf. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Owner and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" as used in this Section 32 to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

33. FORM 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms the receipt of the Form 1295 from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultant are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Owner; and, neither the City nor its consultants have verified such information.

34. EXHIBITS. The following exhibits are attached hereto and incorporated herein as a part of this Agreement.

Exhibit A:	Metes and Bounds Description of the District Land
Exhibit B:	Depiction of the TIRZ Land
Exhibit C:	District Improvements
Exhibit D:	Five Year Capital Budget
Exhibit E:	Form of Joinder By District
Exhibit F:	Development Standards
Exhibit G:	Spradley Farms PD

EXECUTION PAGES FOLLOW

ATTEST:

_____
City Secretary

CITY OF MESQUITE, TEXAS

By: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

_____
City Attorney

REINVESTMENT ZONE NUMBER
THIRTEEN, CITY OF MESQUITE, TEXAS

By: _____
Title: _____
Date: _____

OWNER:

SPRADLEY FARMS, LTD.

By: Spradley Enterprises, LC
its general partner

By: _____
Name: Charles D. Spradley
Title: Manager
Date: _____

EXHIBIT A

METES AND BOUNDS DESCRIPTION OF THE DISTRICT LAND

EXHIBIT "A"

TRACT 1

Being a 613.573 acre tract of land situated in the Martha Musick Survey, Abstract No.312, Kaufman County, Texas, and being all of the described tracts of land conveyed by deed to Spradley/Forney Development, LTD., as recorded in Volume 1915, Page 215, Deed Records, Kaufman County, Texas, and being more particularly described as follows:

BEGINNING at a found 3/8 inch iron rod, said point being the southwest corner of said Spradley/Forney tract, and the northwest corner of a tract of land conveyed to Heartland First Baptist Church, as recorded in Volume 3120, Page 471, Deed Records, Kaufman County, Texas, and being in the existing east right-of-way line of F.M. Road No. 2757 (a 100 foot Right-of-way);

THENCE North 45°12'17" West, along said existing east right-of-way line, a distance of 3200.34 feet to a point for corner;

THENCE North 45°48'19" West, continuing along said existing east right-of-way line, a distance of 2152.36 feet to a found concrete monument for corner;

THENCE North 37°07'32" West, a distance of 101.59 feet to a found 3/8 inch iron rod for corner;

THENCE North 45°48'19" West, a distance of 94.96 feet to a point for corner, said point being the southeast corner of a tract of land conveyed by deed to Donald G, Jr and Leasa K. Davis, as recorded in Volume 3471, Page 60, Deed Records, Kaufman County, Texas;

THENCE North 12°57'53" East, along the east line of said Davis tract, a distance of 1211.80 feet to a point for corner;

THENCE North 44°17'49" East, leaving said east line, a distance of 1211.38 feet to a point for corner, said point being in the existing south right-of-way line of State Highway I-20 (a variable width right-of-way line)

THENCE South 83°33'01" East, along said existing south right-of-way line, a distance of 2163.89 feet to a point for corner, said point being the northwest corner of a tract of land conveyed by deed to I-20 Mesquite Limited Partnership, as recorded in Volume 3072, Page 537, Deed Records, Kaufman County, Texas;

THENCE South 45°47'24" East, leaving said existing south right-of-way line, a distance of 1653.63 feet to a point for corner;

THENCE North 44°01'19" East, a distance of 1275.56 feet to a point for corner, said point being in the existing south right-of-way line of said State Highway I-20;

THENCE South 49°15'08" East, along said existing south right-of-way line, a distance of 30.13 feet to a point for corner;

THENCE North 63°09'15" East, continuing along said existing south right-of-way line, a distance of 125.17 feet to a point for corner;

THENCE South 89°55'49" East, a distance of 174.62 feet to a point for corner;

THENCE North 85°19'44" East, a distance of 1321.76 feet to a point for corner;

THENCE North 83°01'46" East, a distance of 386.92 feet to a point for corner, said point being the northwest corner of a tract of land conveyed by deed to Hubert C. Jr White and Pamela Sue Ray, as recorded in Volume 342, Page 585, Deed Records, Kaufman County, Texas;

THENCE South 07°49'06" East, leaving said existing south right-of-way line, and along the west line of said White tract, a distance of 1539.16 feet to a point for corner, said point being the northeast corner of a tract of land conveyed by deed to Maryfield, LTD, as recorded in Volume 5835, Page 580, Deed Records, Kaufman County, Texas;

THENCE South 43°07'16" West, leaving said west line, and along the north line of said Maryfield tract, a distance of 406.47 feet to a point for corner;

THENCE South 39°47'32" East, continuing along said north line, a distance of 29.09 feet to a point for corner;

THENCE South 42°47'25" West, a distance of 349.18 feet to a point for corner, said point being the northwest corner of said Maryfield tract, and the northwest corner of a tract of land conveyed by deed to Hannover Estates, LTD, as recorded in Volume 5835, Page 570, Deed Records, Kaufman County, Texas;

THENCE South 11°17'46" East, leaving said north line, and along the west line of said Hannover tract, a distance of 362.66 feet to a point for corner, said point being the northeast corner of a tract of land conveyed by deed to David R. and Winona Littlefield, as recorded in Volume 1190, Page 528, Deed Records, Kaufman County, Texas;

THENCE South 67°38'08" West, leaving said west line and along the north line of said Littlefield tract, a distance of 401.86 feet to a point for corner;

THENCE South 22°18'56" East, leaving said north line, and along the west line of said Littlefield tract, a distance of 387.16 feet to a point for corner;

THENCE South 13°40'49" West, continuing along said west line, a distance of 85.16 feet to a point for corner, said point being the northeast corner of a tract of land conveyed by deed to Future Telecom, Inc., as recorded in Volume 3611, Page 280, Deed Records, Kaufman County, Texas;

THENCE South 52°38'20" West, leaving said west line, and along the north line of said Future Telecom tract, a distance of 86.93 feet to a point for corner;

THENCE South 67°42'13" West, continuing along said north line, a distance of 190.04 feet to a point for corner;

THENCE South 76°53'07" West, a distance of 152.17 feet to a point for corner;

THENCE South 88°39'24" West, a distance of 155.78 feet to a point for corner;

THENCE South 43°55'47" West, a distance of 2284.40 feet to a point for corner, said point being in the north line of a tract of land conveyed by deed to Keith and Gina Barron, as recorded in Volume 1167, Page 930, Deed Records, Kaufman County, Texas;

THENCE South 45°15'29" West, a distance of 1143.49 feet to the POINT OF BEGINNING and CONTAINING 26,727,249 square feet, 613.573 acres of land, more or less.

TRACT 2

Being a 8.425 acre tract of land situated in the Martha Musick Survey, Abstract No.312, Kaufman County, Texas, and being all of the described tracts of land conveyed by deed to Spradley/Forney Development, LTD., as recorded in Volume 1915, Page 215, Deed Records, Kaufman County, Texas, and being more particularly described as follows:

COMMENCING at a found 1/2 inch iron rod, said point being the southwest corner of Lot 14, and the southeast corner of Lot 13, Lone Star Estates Addition, an addition the the City of Forney, as recorded in Volume 2, Page 516, Plat Records, Kaufman County, Texas, and being in the existing north right-of-way line of State Highway I-20 (a variable width right-of-way)

THENCE North 83°17'41" West, along the south line of said Lot 13, and the existing north right-of-way line, a distance of 102.37 feet to a point for the POINT OF BEGINNING;

THENCE North 83°31'34" West, leaving said south line, and continuing along said existing north right-of-way line, a distance of 1232.22 feet to a point for

corner, said point being the most southerly southeast corner of a tract of land conveyed by deed to Beam and Sons, Inc, as recorded in Volume 839, Page 241, Deed Records, Kaufman County, Texas;

THENCE North 44°17'49" East, leaving said existing north right-of-way line, and along the east line of said Beam and Sons tract, a distance of 754.15 feet to a point for corner, said point being in the west line of said Lone Star Estates Addition;

THENCE South 45°47'24" East, leaving said east line, and along said west line, a distance of 973.34 feet to the POINT OF BEGINNING and CONTAINING 367,022 square feet, 8.425 acres of land, more or less.


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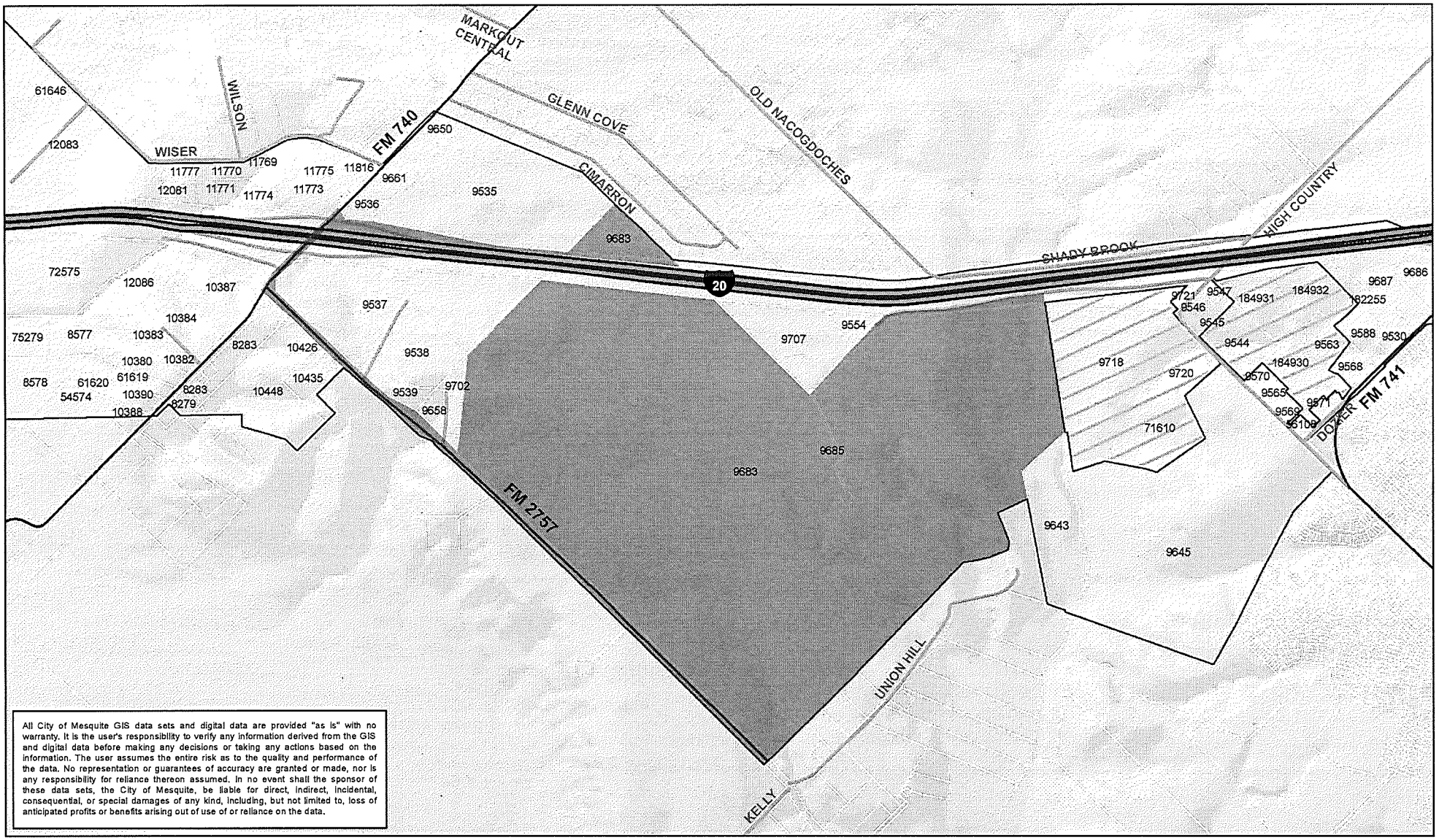
EXHIBIT B

DEPICTION OF THE TIRZ LAND

EXHIBIT "B"

Spradley Farms - TIRZ #13



All City of Mesquite GIS data sets and digital data are provided "as is" with no warranty. It is the user's responsibility to verify any information derived from the GIS and digital data before making any decisions or taking any actions based on the information. The user assumes the entire risk as to the quality and performance of the data. No representation or guarantees of accuracy are granted or made, nor is any responsibility for reliance thereon assumed. In no event shall the sponsor of these data sets, the City of Mesquite, be liable for direct, indirect, incidental, consequential, or special damages of any kind, including, but not limited to, loss of anticipated profits or benefits arising out of use of or reliance on the data.

MESQUITE
TEXAS
Real. Texas. Service.

Roads
- Highways
- Major Roads
- Minor Roads

Areas
- TIRZ #13
- Parcels
- Mesquite City Limit
- Mesquite 43.035 Agreement

0 0.125 0.25 0.5 0.75 1 Mile

N

Author: Curtis Tracy, GIS
Date Created: 9/9/2019
Path: Q:\GIS\Projects\City_Attorney\TIRZ_13\TIRZ13.mxd

EXHIBIT C

DISTRICT IMPROVEMENTS

EXHIBIT C

DISTRICT IMPROVEMENTS

DISTRICT IMPROVEMENT	DESCRIPTION	ESTIMATED COST (Excluding maintenance)	INITIAL CAPITAL BY (Entity that provides Project Financing)	PAID BY (Entity that ultimately bears cost)	OWNERSHIP	MAINTENANCE COSTS & OBLIGATIONS
Utilities	Water and Sanitary Sewer Improvements	$ 49,221,000.00	Developer	District Ad Valorem Taxes and/or TIRZ Revenue	City	City
Flood Control and Drainage	Flood Control Landscaping, Storm Water Detention, Storm Sewer, Drainage Improvements	$ 77,788,000.00	Developer	District Ad Valorem Taxes and/or TIRZ Revenue	City	City
Roads	Roads and Bridges, Paving and Erosion Control, Transit System, Pedestrian Bridging, Street Lighting, Right-of-way Landscaping	$ 110,854,000.00	Developer	District Ad Valorem Taxes and/or TIRZ Revenue	City	City
Open Space and Parks	Public Parks, Public Open Space Improvements	$ 28,710,000.00	Developer	TIRZ Revenue	District	District/HOA
Public Infrastructure Planning,	Public Infrastructure Planning Costs, Insurance and Legal Fees	$ 3,293,000.00	Developer	District Ad Valorem Taxes and/or TIRZ Revenue	District	District
	TIRZ TOTAL*	**$ 269,866,000.00**				

**The total costs of the District Improvement Projects shall be reimbursed to the Developer to the extent funding from the sources identified is available. Projects not reimbursed shall be paid by the Developer.*

EXHIBIT D

FIVE YEAR CAPITAL BUDGET

EXHIBIT D

DISTRICT IMPROVEMENTS BUDGET

	9/30 FISCAL YEAR END						
	2020	2021		2022	2023	2024	
DISTRICT IMPROVEMENT	PHASE 1		PHASE 2	PHASE 3	PHASE 4	PHASE 5	TOTAL ESTIMATED COST (Excluding maintenance)
Utilities	$ 1,031,167.62	$ 8,342,860.51	$ 3,570,396.57	$10,855,872.10	$ 3,570,396.57	$ 3,570,396.57	$ 30,941,089.94
Flood Control and Drainage	$ 3,205,899.94	$25,937,951.87	$ 4,880,546.14	$ 4,880,546.14	$ 4,880,546.14	$ 8,745,449.73	$ 52,530,939.94
Roads	$ 1,227,227.07	$ 9,929,117.31	$ 7,740,953.93	$16,845,889.27	$11,959,935.35	$16,455,202.32	$ 64,158,325.25
Open Space and Parks	$ 680,639.79	$ 5,506,847.54	$ 2,378,759.33	$ 2,900,192.33	$ 2,853,590.83	$ 1,774,199.33	$ 16,094,229.17
Public Infrastructure Planning	$ 36,226.41	$ 293,096.74	$ 329,323.15	$ 329,323.15	$ 329,323.15	$ 329,323.15	$ 1,646,615.76
TOTAL	**$ 6,181,160.82**	**$ 50,009,873.98**	**$ 18,899,979.13**	**$ 35,811,823.00**	**$ 23,593,792.04**	**$ 30,874,571.10**	**$165,371,200.06**

EXHIBIT D

EXHIBIT E

FORM OF JOINDER BY DISTRICT

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Joinder"), dated as of _____, 2020, is executed by **SPRADLEY FARMS IMPROVEMENT DISTRICT OF KAUFMAN COUNTY** (the "District"), in connection with that certain Master Development Agreement (the "Development Agreement") entered into among the **CITY OF MESQUITE, TEXAS** (the "City"), the **BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF MESQUITE, TEXAS (SPRADLEY FARMS)** (the "TIRZ"), and **SPRADLEY FARMS, LTD.** (the "Owner"), dated effective as of November __, 2019.

RECITALS

WHEREAS, all terms with initial capital letters that are not defined in the text of this Joinder shall have the meanings given to them in the Development Agreement; and

WHEREAS, the City is a duly incorporated home-rule municipality of the State of Texas; and

WHEREAS, the Owner is the owner of certain real property (the "Property") located within the corporate limits of the City; and

WHEREAS, pursuant to Resolution No. 68-2019, effective September 16, 2019, the City consented to and evidenced in support of the creation of the District, and the Owner filed a petition with the Texas Commission on Environmental Quality ("TCEQ") requesting creation of the District to include the Property; and

WHEREAS, pursuant to Chapter 375, Local Government Code (the "Act"), the TCEQ adopted an Order, issued _____, 2020, creating the District; and

WHEREAS, the District is a conservation and reclamation district and political subdivision of the State of Texas, operating pursuant to Article III, Section 52, Article III, Section 52-a, and Article XVI, Section 59, Texas Constitution, and the general laws of the State of Texas, including particularly the Act, and Chapters 49 and 54, Texas Water Code; and

WHEREAS, the City, the TIRZ, and the Owner entered in to the Development Agreement with the understanding that subsequent to its creation by TCEQ, the District would join, enter into, and become a Party to the Development Agreement; and

WHEREAS, the District desires to execute this Joinder in order to become a Party to the Development Agreement. NOW THEREFORE, the District agrees as follows:

1. Attached hereto as Exhibit "A" is a true, correct, and complete copy of the Development Agreement. The terms and provisions of the Development Agreement are incorporated herein for all purposes.

1.

2. The District hereby acknowledges, agrees, and confirms that, by its execution of this Joinder, District shall be deemed to be a Party to the Development Agreement, and shall assume and accept all of the rights and applicable duties and obligations of the District as set forth therein, as if it had executed Development Agreement as of its effective date. District hereby ratifies, as of the date hereof, and agrees to be bound by, all of the applicable terms, provisions and conditions contained in the Development Agreement, to the same effect as if it were an original Party thereto.

2.

3. The District agrees to deliver an executed copy of this Joinder to the other Parties to the Development Agreement within 15 days from the effective date hereof.

3.

4. The Joinder is approved, executed, and delivered in satisfaction of the requirements of Section 30 of the Development Agreement.

4.

IN WITNESS WHEREOF, the District has caused this Joinder to be duly executed by its authorized officers as of the day and year first above written.

[SIGNATURE PAGE TO FOLLOW]

SPRADLEY FARMS IMPROVEMENT
DISTRICT OF KAUFMAN COUNTY
"District"

By:_____
Name: :_____
Title:_____
Address:_____
_____
Fax:_____
Phone:_____
Email:_____

ATTEST:

By:_____
Name: :_____
Title:_____
Address:_____
_____
Fax:_____
Phone:_____
Email:_____

EXHIBIT F

DEVELOPMENT STANDARDS

5. DEVELOPMENT, DESIGN AND ARCHITECTURAL CONTROLS

6.

I. Applications and Review

1. Site Plan.

7.

8. In addition to the requirements applicable to site plan submission contained in the Mesquite Zoning Ordinance and any planned development district ("PD") applicable to the Property, a site plan shall include the following Design, Building Material and Architectural information.

9.

a. A PD site plan shall include elevations that generally depict representative architecture along a typical block face within the site plan area. A separate elevation shall be submitted for each building type proposed within a development plan area. For purposes of this paragraph, the following are considered building types, as they are defined in the PD ordinance: each type of single family attached or detached; a mixed use building that includes multi-family uses; and a non-residential building. The applicant may submit additional materials depicting the typical architecture within the site plan area. All required elevations shall include sufficient detail to allow the City to evaluate the general style and architecture of the development within the site plan area, including, but not limited to, identification of predominant exterior building materials and the proposed color palette. Samples of the detail that should be provided in elevations are illustrated in ***Exhibit __, ARCHITECTURAL STYLES***.

b. A comprehensive fence plan indicating fencing materials, colors, heights, and general locations.

c. The percentage of buildings that have a facade that is predominantly composed of cementitious fiber board compared to the projected total of all buildings in the PD as shown in the most recently accepted Transportation Impact Analysis for the PD, considering the buildings requested and all buildings approved in previous development plans (to ensure compliance with the requirement that no more than 30 percent of the projected total number of buildings on the Property have a facade that is predominantly composed of cementitious fiber board).

2. Approval Criteria.

10.
The buildings within the site plan area shall (i) include adequate articulation; (ii) include a sufficient mix of design features to avoid monotony; (iii) in the case of buildings other than single family detached structures, incorporate design features oriented to pedestrians at street level; and (iv) are high quality; therefore, no application for any permit, zoning, platting, development, construction, remodeling or repair shall be submitted unless the application and elevation provided in connection therewith complies with the requirements provided in **Section III, DESIGN STANDARDS.** If it is determined by the Director of Planning and Development that the application fails to comply with these standards, the Director shall return the application as incomplete, or, alternatively, impose reasonable conditions on the application and elevations submitted to ensure compliance with **Section III, DESIGN STANDARDS.**

3. Design Guidelines.

Prior to issuance of a building permit for the construction of any building, design guidelines for the Property consistent with those in this Agreement shall be created and will encumber the Property. These design guidelines will include a private architectural review committee charged with reviewing building construction for compliance with the design guidelines. The City will make reasonable efforts to notify the Spradley Farms Municipal Management District or its designee at the address the Spradley Farms Municipal Management District has provided to the City, and provide a copy to the Applicant, if a building permit application is made without attaching written confirmation from the private architectural review committee that it has reviewed the plans for the proposed building and found that the building complies with the design guidelines, but the City will otherwise disregard the applicant's failure to provide this letter, and the City shall not be liable for the results of any failure to provide notice..

II. Use Regulations

1. *Rentals.* Residential homes and accessory secondary living units may not be offered for rent or lease with a term less than six months.

2. *Gas-Related Uses.* With the exception of gas well drilling and production, and associated accessory uses such as tanks and pipelines, all uses related to gas compression, processing, and storage (including, but not limited to, compression facilities and saltwater disposal wells) are expressly prohibited. Gas well drilling and production is permitted on the Property subject to the Gas drilling in all areas is permitted by Special Exception Permit only.

III. Design Standards

1. Development of the Property must comply with the design standards in this section.

11.

2. Approved Building Materials.

12.

13. For the purposes of interpreting the Design Standards in this section III, a facade does not include doors, fascia, windows, chimneys, dormers, window box-outs, bay windows, soffits, eaves, and outdoor fireplaces. Multiple buildings on the same lot will each be deemed to have separate facades.

14.

3. Building Exterior Composition.

15.

16. A minimum of 90 percent of each exterior building facade shall consist of one or more of the following building materials (subject to further restrictions in facade area set forth in paragraphs (e) and (f) for Cementitious fiber board and EIFS):

17.

a. Stone, brick or tile laid up unit by unit and set in mortar.

18.

b. Stucco (exterior Portland cement plaster with three coats over metal lath or wire fabric lath or other methods approved by the Zoning Administrator as equal or better quality in durability).

19.

c. Cultured stone or cast stone.

20.

d. Architecturally finished block (i.e. burnished block or split faced concrete laid up unit by unit and set in mortar).

21.

e. Cementitious fiber board is permitted subject to the following conditions: the style and color of a building using this product must be approved as part of a development plan, no more than 30 percent of buildings in this PD may have a facade that is predominantly composed of this product.

22.

f. Exterior Insulation and Finish System ("EIFS") is further limited to the following:

23.

i. non-residential buildings and mixed use buildings by right; and

24.

ii. buildings containing single family attached and multi-family uses (excluding mixed use buildings) if approved by the Zoning Administrator based on a finding that the proposed use of EIFS is consistent with the spirit and intent of this PD to require high quality building materials and a variety of building materials.

25.

iii. EIFS may be used only on that portion of a façade that is four feet or higher above grade. A maximum of 50 percent of all sides of a building visible

from the street and not ultimately screened by another building or other device may consist of EIFS.

26.

4. Roofing Design and Materials.

27.

a. Roofing materials for sloped roofs shall be selected from the following list:

28.

i. Asphalt shingles;

ii. Industry approved synthetic shingles;

29.

iii. Standing seam metal roofs;

30.

iv. Tile roofs;

31.

v. Slate roofs;

32.

vi. LEED-certified roofing materials; or

33.

vii. An alternative material approved by the Zoning Administrator based on a finding that it is of a quality equal to or better than the materials listed above in durability.

b. All pitched roofs of non-residential buildings shall have a minimum pitch of 4:12, and all pitched roofs of residential buildings shall have a minimum pitch of 6:12. Roofs covering porches and other architectural elements are excluded from this requirement. The Zoning Administrator may approve a roof that does not meet these requirements based on a finding that a different roof pitch is appropriate for the proposed architectural style.

c. Flat roofs require parapet screening, a minimum of two feet, eight inches in height, that adheres to vertical articulation requirements for the facade.

d. Parapets shall require cornice detailing.

e. Each single family detached home will have a 30-year dimensional shingle, tile, or metal seam roof.

5. Design Features for Certain Residential Buildings.

34.

35. A minimum of four of the following design features are required on the exterior of each building containing a single family detached, single family attached, or Type 1 multi-family use:

36.

a. Dormers.

b. Cupolas.

c. Gables.

d. Recessed entries (minimum three feet).

e. Balconies.

f. Covered front porches (minimum 70 square feet in area and seven feet in depth).

g. Courtyards.

h. Box windows.

i. Architectural pillars or posts.

j. Exterior chimneys.

k. Varied roof heights.

l. Archways.

m. Porte cocheres.

n. Porticos

6. Design Features for Multi-Family (Types 2 and 3) and Non-Residential Buildings.

Non-residential, Type 2 multi-family, and Type 3 multi-family buildings shall comply with the following requirements:

a. Cladding materials used on a facade shall extend a minimum of 20 feet around building corners onto adjacent facades, other than facades abutting an alley.

b. All buildings must include at least four of the following design features, and buildings that are greater than 20,000 square feet in floor area must include at least six of the following design features:

i. Canopies, archways, covered walkways, or porticos.

ii. Awnings.

iii. Arcades.

iv. Courtyards.

v. Cupolas.

37.

vi. Balconies.

vii. Tower elements.

viii. Recesses, projections; columns; pilasters projecting from the planes; offsets; reveals; or projecting ribs used to express architectural or structural bays.

ix. Varied roof heights for pitched, peaked, sloped, or flat roof styles.

x. Articulated cornice line.

xi. Arches.

xii. Display windows, faux windows, or decorative glass windows.

xiii. Architectural details, such as tile work and molding, or accent materials integrated into the building façade.

xiv. Integrated planters or wing walls that incorporate landscaping and sitting areas or outdoor patios.

xv. Integrated water features.

xvi. Other similar architectural features approved by the Zoning Administrator.

38.

7. Repetition of Elevations for Single Family Detached Uses.

39.

a. No street-facing elevation on a single family detached home shall be repeated

directly across the street from itself (excluding at "T" intersections and within cul-de-sacs), or within four lots of itself along the same block face, as illustrated on ***Exhibit __, ANTI-MONOTONY RULE AND ILLUSTRATION.*** At least 10 percent of an elevation must be different, or it will be considered to be a repeated elevation.

b. In addition, no color scheme may be repeated within three lots of the same color scheme along the same block face.

8. Entries.

40.

a. Non-residential, Type 2 multi-family and Type 3 multi-family buildings shall comply with the following requirements:

i. All ground floor entrances shall be covered or inset.

ii. Building entrances shall be articulated with architectural elements such as columns, porticos, porches, and overhangs.

b. All non-residential and Type 3 multi-family buildings over 20,000 square feet in floor area shall incorporate elements such as arcades, roofs, alcoves, porticos, and awnings that protect pedestrians from sun and weather for a minimum of 50 percent of the length of the building frontage along a street.

41.

9. Building Articulation.

Non-residential, Type 2 multi-family, and Type 3 multi-family buildings shall comply with the following articulation requirements:

a. All facades adjacent to and facing a street or public open space shall comply with the following standards, as illustrated on Exhibit __, Building Articulation Requirements:

b. No building facade shall extend for a distance greater than three times the mean height of the facade without having an offset of 15 percent of more of the mean height of the facade. This off-set shall extend for a distance equal to at least 25 percent of the length of the adjacent plane described in the preceding sentence.

c. No portion of a horizontal facade that is the same height shall extend for a distance greater than three times that height without changing height by a minimum of 15 percent. This height change shall continue for a distance equal to at least 25 percent of the length of the adjacent plane described in the preceding sentence.

d. Facades adjacent to and facing a street or public open space shall include material changes or changes in relief such as columns, cornices, bases, fenestration, and fluted masonry.

e. The top floor of any building shall contain a distinctive finish, consisting of a cornice, banding, or other architectural termination. In addition, the bottom one-third of any building exceeding six stories shall be distinguished from the remainder of the building by providing a distinctive level of detail, such as columns, pilasters, masonry base rustication, unique masonry detailing, unique fenestration, or other distinctive material or color variation.

10. Transparency.

42.

a. At least 25 percent of each residential facade (excluding mixed use buildings) adjacent to and facing a street or public open space shall contain windows or doorways.

43.

b. At least 40 percent of each facade in non-residential buildings or mixed use buildings, adjacent to and facing a street or public open space shall contain windows or doorways, except that on a mixed use building containing residential uses, at least 40 percent of the first floor of each facade adjacent to a street or public open space shall contain windows or doorways, and at least 25 percent of the upper floors of each facade adjacent to a street or public open space shall contain windows or doorways.

44.

c. There are no transparency requirements for a large-scale retail use.

11. Enhancements on Corner Lots.

45.

Each single family detached home and Type 1 multi-family building located on a corner lot shall include a minimum of two architectural enhancements on the side of the building facing the intersecting street. Examples of architectural enhancements include, but are not limited to, gables, columns, windows, vents, porches, and shutters.

12. Other.

46.

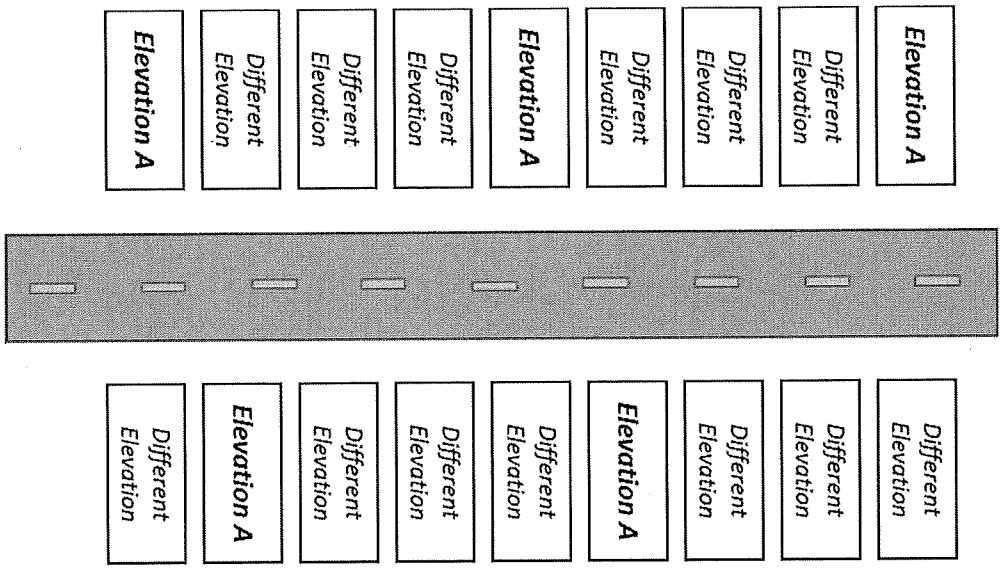
a. Each single family detached home and Type 1 multi-family building will have enhancements particular to each style of architecture. For example, coastal style homes will have elevations that feature cementitious fiberboard siding (lap, shake or scallop design), covered porches, porch railings, fascia and trim moldings, shutters, lower pitch roofs, and dormers, and Mediterranean style homes will have elevations that feature arched windows, porches with arches, "A" gable roofs, soffit rafter tails, balconies, and towers.

47.

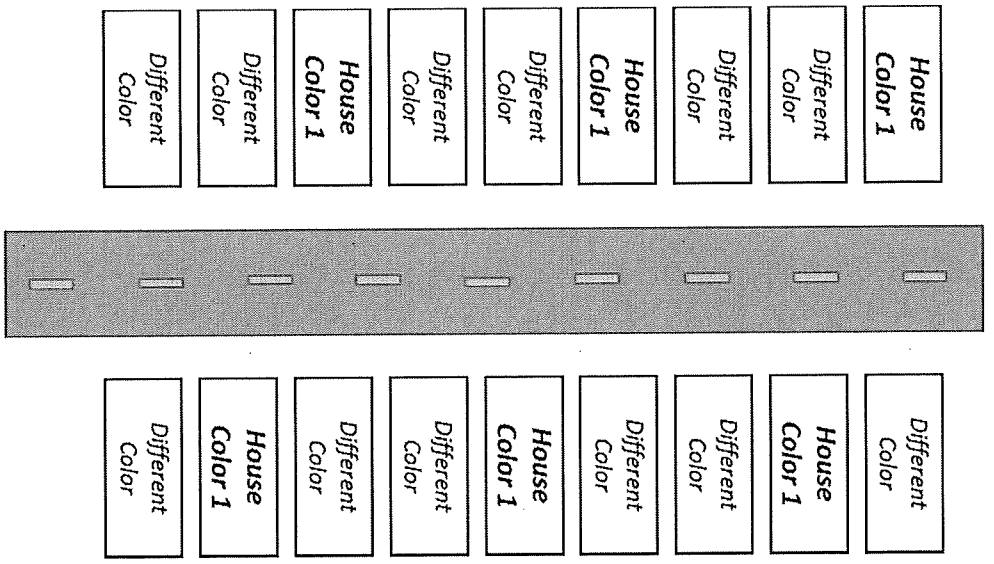
b. Each single family detached home shall be serviced by a shared mailbox for each two homes which is landscaped and architecturally compatible with the residential structure in which it serves. All streets will have upgraded streetlights that will be architecturally compatible with the overall theme of this PD.

48. ANTI-MONOTONY RULE AND ILLUSTRATION

- No street-facing elevation on a single family detached home or duplex shall be repeated directly across the street from itself (excluding at "T" intersections and within cul-de-sacs), or within three lots of itself along the same block face. At least 10 percent of an elevation must be different, or it will be considered to be a repeated elevation.



- In addition, no color scheme may be repeated within two lots of the same color scheme along the same block face.



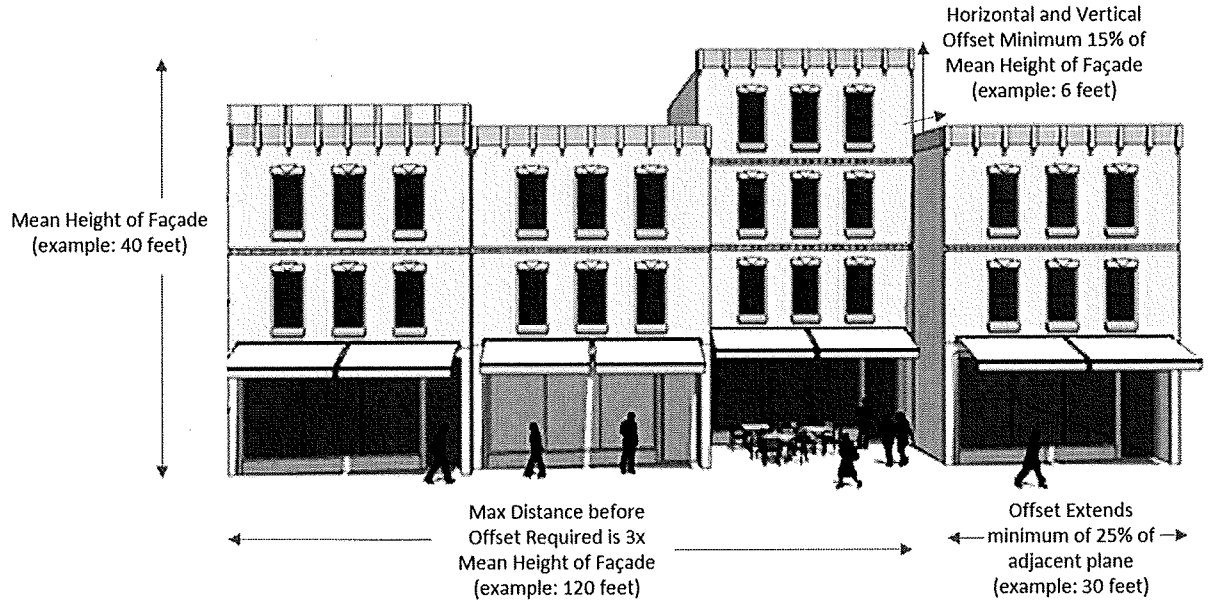
49. BUILDING ARTICULATION REQUIREMENTS

- No building facade shall extend for a distance greater than three times the mean height of the facade without having an off-set of 15 percent of more of the mean height of the facade. This off-set shall extend for a distance equal to at least 25 percent of the length of the adjacent plane described in the preceding sentence.

- No portion of a horizontal facade that is the same height shall extend for a distance greater than three times that height without changing height by a minimum of 15 percent. This height change shall continue for a distance equal to at least 25 percent of the length of the adjacent plane described in the preceding sentence.

50.

51.



52. ARCHITECTURAL STYLES

Elevations that generally depict representative architecture along a typical block face within the development plan area. A separate elevation shall be submitted for each building type proposed within a development plan area.

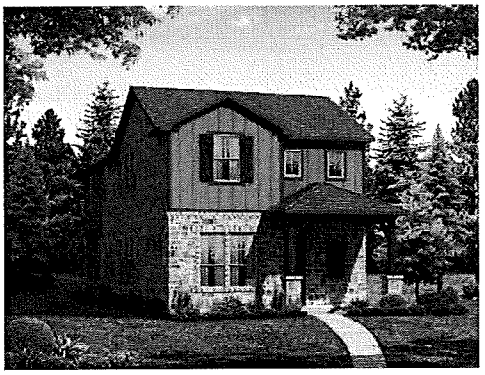
Single Family Attached – Townhomes

EXHIBIT F

Single Family Attached – Townhomes (Continued)

EXHIBIT F

26 to 39 Foot Products



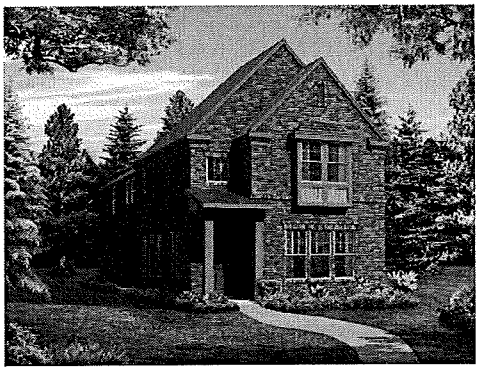


EXHIBIT F

26 to 39 Foot Products (Continued)

EXHIBIT F

#6047304.10

26 to 39 Foot Products (Continued)

40-59 Foot Products

EXHIBIT F

#6047304.10

40-59 Foot Products (Continued)

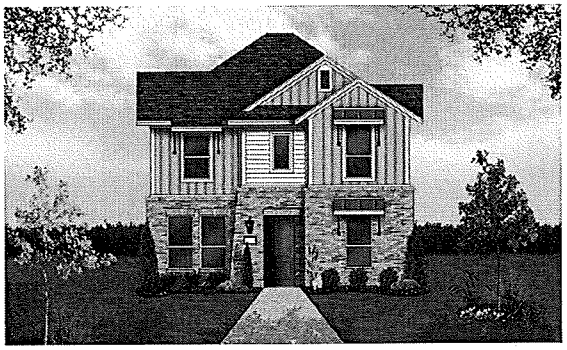


EXHIBIT F

60 Foot and Above Products

EXHIBIT F

60 Foot and Above Products (Continued)

EXHIBIT F

EXHIBIT F

#6047304.10

EXHIBIT G

SPRADLEY FARMS PD