

provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

SECTION 20: Mutilated - Destroyed - Lost and Stolen Certificates. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 21: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Net Revenues of the System (to the extent such pledge of Net Revenues shall not have been discharged or terminated by prior payment of principal of or interest on the Certificates) and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to

the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 22: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City while any Certificates remain Outstanding except as permitted in this Section and in Section 36 hereof. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 23: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

"*Closing Date*" means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

"*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"*Computation Date*" has the meaning set forth in Section 1.148 1(b) of the Regulations.

"*Gross Proceeds*" means any proceeds as defined in Section 1.148 1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(c) of the Regulations, of the Certificates.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

"Rebate Amount" has the meaning set forth in Section 1.148 1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038 G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Underwriters and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States from the construction fund, the general fund, or other appropriate fund or, if permitted by applicable Texas

statute, regulation or opinion of the Attorney General of the State of Texas, the Certificate Fund, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary, individually or collectively, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 24: Sale of Certificates – Official Statement Approval. Pursuant to a public sale for the Certificates, the bid submitted by Morgan Stanley & Co., LLC (herein referred to as the "Underwriters") is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Certificates to said Purchaser at the price of par plus a cash premium of \$3,409,357.88 is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Certificates to the Underwriters shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The Initial Certificate shall be registered in the name of Morgan Stanley & Co., LLC.

The use of the Preliminary Official Statement by the Underwriters in connection with the public offering and sale of the Certificates is hereby ratified, confirmed and approved in all respects. The final Official Statement which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary, any one or more of said officials), shall be and is hereby in all respects approved and the Underwriters are hereby authorized to use and distribute said final Official Statement, dated August 14, 2018, in the reoffering, sale and delivery of the Certificates to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized to deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Underwriters, and

such final Official Statement in the form and content authorized to be delivered by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Underwriters.

SECTION 25: Proceeds of Sale. The proceeds of sale of the Certificates, excluding amounts to pay costs of issuance, shall be deposited in a construction fund maintained at a depository bank of the City. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including guaranteed investment contracts permitted by Texas Government Code, Section 2256.015 et seq., as amended, and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. Any surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 26: Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificates, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Underwriters.

SECTION 27: Notices to Holders Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 28: Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 29: Bond Counsel's Opinion. The Underwriters' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel to the City, approving the Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Certificates. An executed

counterpart of said opinion shall accompany the global certificates deposited with DTC or a reproduction thereof shall be printed on the definitive Certificates in the event the book-entry-only system shall be discontinued.

SECTION 30: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 31: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 32: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 33: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 34: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 35: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 36: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2018, financial information and operating data with respect to the City of the general type of information contained in tables 1 through 6, 8 through 14, 19 and 20 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2018, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial

statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Certificate calls and defeasance that cause the City to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates; and, nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section. Except as expressly provided within this Section, the City does not undertake to provide any other information, whether or not it may be relevant or material to a complete presentation of the City's financial results, condition, or prospects; nor does the City undertake to update any information provided in accordance with this Section or otherwise. Furthermore, the City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates

in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 37: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 38: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificates. In addition, prior to the initial delivery of the Certificates, the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.


SECTION 40: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 41: Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Remainder of page left blank intentionally]


PASSED AND ADOPTED, this August 14, 2018.

CITY OF CELINA, TEXAS



Mayor

ATTEST:



City Secretary



EXHIBIT A
PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of August 14, 2018 (this "Agreement"), by and between U. S. Bank National Association, a banking association duly organized and existing under the laws of the United States of America, or its successors (the "Bank") and the City of Celina, Texas (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018" (the "Securities"), dated August 1, 2018, such Securities scheduled to be delivered to the initial purchasers thereof on or about September 13, 2018; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Authorizing Document" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

"Bank Office" means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

"Responsible Officer", when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

U.S. Bank National Association
Attention: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank represents and warrants its office in Dallas, Texas will at all times have immediate access to the Security Register by

electronic or other means and will be capable at all times of producing a hard copy of the Security Register at its Dallas office for use by the Issuer. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, destroyed, lost or stolen.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality

of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12 No Boycott of Israel. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that the Bank is a company which does not boycott Israel and will not boycott Israel through 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, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

Section 6.13 Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code. 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 Bank and each of its 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.

Section 6.14 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

U. S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

ATTEST:

Address: 13737 Noel Road, Suite 800
Dallas, Texas 75240

By: _____

Title: _____

CITY OF CELINA, TEXAS

By: _____
Mayor

Address: 142 North Ohio Street
Celina, Texas 75009

Attest:

City Secretary

ANNEX A



U.S. Bank Customer Confidential

**Schedule of Fees for Services as
Paying Agent/ Registrar
For
City of Celina, Texas**

General Obligation Refunding Bonds, Series 2018

and

**Tax and Waterworks and Sewer System (Limited Pledge) Revenue
Certificates of Obligation, Series 2018**

Paying Agent / Registrar / Transfer Agent Annual fee for the standard transfer agent, registrar, and paying agent services associated with the administration of the account. Administration fees are payable in advance.	\$450 per series
--	----------------------------

Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost
--	----------------

Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect. Redemptions are processed with a \$300 fee.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated August 14, 2018

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Celina, Texas

August 14, 2018

Honorable Mayor and Members of the City Council:

Reference is made to your Preliminary Official Statement and Official Notice of Sale and Bidding Instructions, dated August 8, 2018 of \$50,890,000 CITY OF CELINA, TEXAS TAX AND UTILITY SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018 (the "Certificates"), both of which constitute a part hercof.

For your legally issued Certificates, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you par, plus a net cash premium of \$3,409,357.88, for Certificates maturing and bearing interest as follows:

Maturity 1-Sep	Principal Amount	Interest Rate	Maturity 1-Sep	Principal Amount	Interest Rate
2019	\$ 125,000	5.000%	2029	\$ 2,685,000	5.000%
2020	1,680,000	5.000%	2030	2,820,000	4.000%
2021	1,700,000	5.000%	2031	2,935,000	3.000%
2022	1,795,000	5.000%	2032	3,020,000	4.000%
2023	1,890,000	5.000%	2033	3,140,000	3.250%
2024	2,105,000	5.000%	2034	3,240,000	4.000%
2025	2,205,000	5.000%	2035	3,375,000	3.375%
2026	2,320,000	5.000%	2036	3,485,000	4.000%
2027	2,435,000	5.000%	2037	3,625,000	3.500%
2028	2,555,000	5.000%	2038	3,755,000	3.500%

TRUE INTEREST COST

3.2917552%

The Initial Certificate shall be registered in the name of Morgan Stanley which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of Frost Bank, in the amount of \$1,026,500, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Official Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds, not later than 10:30 AM, Central Time, on September 13, 2018, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

To the extent the Bid Form is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Purchaser hereby verifies that the Purchaser (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Purchaser) does not boycott Israel and, except to the extent required by applicable federal law, will not boycott Israel through the term of the Bid Form. For purposes of this 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.

As of the date hereof, the Purchaser represents that, to the extent this Bid Form constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser is a company listed by the Texas Comptroller of Public Accounts under Sections 807.051, 2270.0201, or 2252.153 of the Texas Government Code as noted on a list identified in the following link:
<https://comptroller.texas.gov/purchasing/publications/divestment.php>.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates, in the form and to the effect accompanying the Official Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to or required by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel to the City.

For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and information provided regarding syndicate managers would be for informational purposes only.

If applicable, we agree to provide a completed Form 1295, if required, to the City promptly upon notification that our bid is the winning bid; and to provide in writing the initial reoffering prices and other terms, if any, to Bond Counsel by the close of the next business day after the award.

Respectfully submitted,

MORGAN STANLEY

Name of Underwriter or Manager

[Signature]
Authorized Representative

212/761-1541

Phone Number

DANIEL KELLY

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Celina, Texas, subject to and in accordance with the Official Notice of Sale and Bidding Instructions, this the 14TH day of August, 2018.

[Signature]
Mayor
City of Celina, Texas

ATTEST:

[Signature]

City Secretary
City of Celina, Texas



AGGREGATE DEBT SERVICE

City of Celina, Texas
All Outstanding WATER & SEWER Supported Debt
As of Fiscal Year 2018
(after issuance of Series 2018 C/O)

Period Ending	Principal	Interest	Debt Service
09/30/2018	1,248,890.50	972,104.09	2,220,994.59
09/30/2019	820,000.00	2,048,162.52	2,868,162.52
09/30/2020	1,975,000.00	2,064,387.52	4,039,387.52
09/30/2021	2,185,000.00	1,986,350.02	4,171,350.02
09/30/2022	2,420,000.00	1,900,910.02	4,320,910.02
09/30/2023	2,520,000.00	1,805,800.02	4,325,800.02
09/30/2024	2,620,000.00	1,704,207.52	4,324,207.52
09/30/2025	2,415,000.00	1,588,950.02	4,003,950.02
09/30/2026	2,535,000.00	1,478,450.02	4,013,450.02
09/30/2027	2,645,000.00	1,362,187.52	4,007,187.52
09/30/2028	2,765,000.00	1,251,362.52	4,016,362.52
09/30/2029	2,885,000.00	1,133,325.02	4,018,325.02
09/30/2030	3,000,000.00	1,008,450.02	4,008,450.02
09/30/2031	3,125,000.00	893,081.26	4,018,081.26
09/30/2032	3,225,000.00	787,931.26	4,012,931.26
09/30/2033	3,355,000.00	662,431.26	4,017,431.26
09/30/2034	3,475,000.00	542,506.26	4,017,506.26
09/30/2035	3,495,000.00	404,356.26	3,899,356.26
09/30/2036	2,980,000.00	276,931.26	3,256,931.26
09/30/2037	2,530,000.00	166,531.26	2,696,531.26
09/30/2038	2,265,000.00	79,275.00	2,344,275.00
	54,483,890.50	24,117,690.65	78,601,581.15

AGGREGATE DEBT SERVICE

**City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2018 (WS)
Callable on 9/1/2028 @ par
WATER & SEWER PORTION**

Period Ending	Principal	Interest	Debt Service
09/30/2019		1,170,512.50	1,170,512.50
09/30/2020	955,000	1,210,875.00	2,165,875.00
09/30/2021	1,005,000	1,163,125.00	2,168,125.00
09/30/2022	1,055,000	1,112,875.00	2,167,875.00
09/30/2023	1,115,000	1,060,125.00	2,175,125.00
09/30/2024	1,160,000	1,004,375.00	2,164,375.00
09/30/2025	1,220,000	946,375.00	2,166,375.00
09/30/2026	1,285,000	885,375.00	2,170,375.00
09/30/2027	1,350,000	821,125.00	2,171,125.00
09/30/2028	1,415,000	753,625.00	2,168,625.00
09/30/2029	1,485,000	682,875.00	2,167,875.00
09/30/2030	1,560,000	608,625.00	2,168,625.00
09/30/2031	1,625,000	546,225.00	2,171,225.00
09/30/2032	1,665,000	497,475.00	2,162,475.00
09/30/2033	1,740,000	430,875.00	2,170,875.00
09/30/2034	1,795,000	374,325.00	2,169,325.00
09/30/2035	1,860,000	302,525.00	2,162,525.00
09/30/2036	2,100,000	239,750.00	2,339,750.00
09/30/2037	2,185,000	155,750.00	2,340,750.00
09/30/2038	2,265,000	79,275.00	2,344,275.00
	28,840,000	14,046,087.50	42,886,087.50

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2018 (WS)
Callable on 9/1/2028 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2019		565,075.00	565,075.00	
09/01/2019		605,437.50	605,437.50	
09/30/2019				1,170,512.50
03/01/2020		605,437.50	605,437.50	
09/01/2020	955,000	605,437.50	1,560,437.50	
09/30/2020				2,165,875.00
03/01/2021		581,562.50	581,562.50	
09/01/2021	1,005,000	581,562.50	1,586,562.50	
09/30/2021				2,168,125.00
03/01/2022		556,437.50	556,437.50	
09/01/2022	1,055,000	556,437.50	1,611,437.50	
09/30/2022				2,167,875.00
03/01/2023		530,062.50	530,062.50	
09/01/2023	1,115,000	530,062.50	1,645,062.50	
09/30/2023				2,175,125.00
03/01/2024		502,187.50	502,187.50	
09/01/2024	1,160,000	502,187.50	1,662,187.50	
09/30/2024				2,164,375.00
03/01/2025		473,187.50	473,187.50	
09/01/2025	1,220,000	473,187.50	1,693,187.50	
09/30/2025				2,166,375.00
03/01/2026		442,687.50	442,687.50	
09/01/2026	1,285,000	442,687.50	1,727,687.50	
09/30/2026				2,170,375.00
03/01/2027		410,562.50	410,562.50	
09/01/2027	1,350,000	410,562.50	1,760,562.50	
09/30/2027				2,171,125.00
03/01/2028		376,812.50	376,812.50	
09/01/2028	1,415,000	376,812.50	1,791,812.50	
09/30/2028				2,168,625.00
03/01/2029		341,437.50	341,437.50	
09/01/2029	1,485,000	341,437.50	1,826,437.50	
09/30/2029				2,167,875.00
03/01/2030		304,312.50	304,312.50	
09/01/2030	1,560,000	304,312.50	1,864,312.50	
09/30/2030				2,168,625.00
03/01/2031		273,112.50	273,112.50	
09/01/2031	1,625,000	273,112.50	1,898,112.50	
09/30/2031				2,171,225.00
03/01/2032		248,737.50	248,737.50	
09/01/2032	1,665,000	248,737.50	1,913,737.50	
09/30/2032				2,162,475.00
03/01/2033		215,437.50	215,437.50	
09/01/2033	1,740,000	215,437.50	1,955,437.50	
09/30/2033				2,170,875.00
03/01/2034		187,162.50	187,162.50	
09/01/2034	1,795,000	187,162.50	1,982,162.50	
09/30/2034				2,169,325.00
03/01/2035		151,262.50	151,262.50	
09/01/2035	1,860,000	151,262.50	2,011,262.50	
09/30/2035				2,162,525.00
03/01/2036		119,875.00	119,875.00	
09/01/2036	2,100,000	119,875.00	2,219,875.00	
09/30/2036				2,339,750.00
03/01/2037		77,875.00	77,875.00	
09/01/2037	2,185,000	77,875.00	2,262,875.00	

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2018 (WS)
Callable on 9/1/2028 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
09/30/2037				2,340,750.00
03/01/2038		39,637.50	39,637.50	
09/01/2038	2,265,000	39,637.50	2,304,637.50	
09/30/2038				2,344,275.00
	28,840,000	14,046,087.50	42,886,087.50	42,886,087.50

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2017 (W&S)
Callable on 9/1/2027 @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	180,000	150,013.65	330,013.65
09/30/2019	190,000	146,706.26	336,706.26
09/30/2020	200,000	140,531.26	340,531.26
09/30/2021	205,000	134,031.26	339,031.26
09/30/2022	210,000	127,368.76	337,368.76
09/30/2023	215,000	121,068.76	336,068.76
09/30/2024	225,000	114,618.76	339,618.76
09/30/2025	230,000	107,868.76	337,868.76
09/30/2026	240,000	100,968.76	340,968.76
09/30/2027	245,000	93,768.76	338,768.76
09/30/2028	255,000	88,256.26	343,256.26
09/30/2029	265,000	81,881.26	346,881.26
09/30/2030	270,000	73,931.26	343,931.26
09/30/2031	280,000	65,831.26	345,831.26
09/30/2032	290,000	57,431.26	347,431.26
09/30/2033	300,000	48,731.26	348,731.26
09/30/2034	310,000	39,731.26	349,731.26
09/30/2035	320,000	30,431.26	350,431.26
09/30/2036	335,000	20,831.26	355,831.26
09/30/2037	345,000	10,781.26	355,781.26
	5,110,000	1,754,782.59	6,864,782.59

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2017 (W&S)
Callable on 9/1/2027 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		73,735.52	73,735.52	
09/01/2018	180,000	76,278.13	256,278.13	
09/30/2018				330,013.65
03/01/2019		73,353.13	73,353.13	
09/01/2019	190,000	73,353.13	263,353.13	
09/30/2019				336,706.26
03/01/2020		70,265.63	70,265.63	
09/01/2020	200,000	70,265.63	270,265.63	
09/30/2020				340,531.26
03/01/2021		67,015.63	67,015.63	
09/01/2021	205,000	67,015.63	272,015.63	
09/30/2021				339,031.26
03/01/2022		63,684.38	63,684.38	
09/01/2022	210,000	63,684.38	273,684.38	
09/30/2022				337,368.76
03/01/2023		60,534.38	60,534.38	
09/01/2023	215,000	60,534.38	275,534.38	
09/30/2023				336,068.76
03/01/2024		57,309.38	57,309.38	
09/01/2024	225,000	57,309.38	282,309.38	
09/30/2024				339,618.76
03/01/2025		53,934.38	53,934.38	
09/01/2025	230,000	53,934.38	283,934.38	
09/30/2025				337,868.76
03/01/2026		50,484.38	50,484.38	
09/01/2026	240,000	50,484.38	290,484.38	
09/30/2026				340,968.76
03/01/2027		46,884.38	46,884.38	
09/01/2027	245,000	46,884.38	291,884.38	
09/30/2027				338,768.76
03/01/2028		44,128.13	44,128.13	
09/01/2028	255,000	44,128.13	299,128.13	
09/30/2028				343,256.26
03/01/2029		40,940.63	40,940.63	
09/01/2029	265,000	40,940.63	305,940.63	
09/30/2029				346,881.26
03/01/2030		36,965.63	36,965.63	
09/01/2030	270,000	36,965.63	306,965.63	
09/30/2030				343,931.26
03/01/2031		32,915.63	32,915.63	
09/01/2031	280,000	32,915.63	312,915.63	
09/30/2031				345,831.26
03/01/2032		28,715.63	28,715.63	
09/01/2032	290,000	28,715.63	318,715.63	
09/30/2032				347,431.26
03/01/2033		24,365.63	24,365.63	
09/01/2033	300,000	24,365.63	324,365.63	
09/30/2033				348,731.26
03/01/2034		19,865.63	19,865.63	
09/01/2034	310,000	19,865.63	329,865.63	
09/30/2034				349,731.26
03/01/2035		15,215.63	15,215.63	
09/01/2035	320,000	15,215.63	335,215.63	
09/30/2035				350,431.26
03/01/2036		10,415.63	10,415.63	
09/01/2036	335,000	10,415.63	345,415.63	



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2017 (W&S)
Callable on 9/1/2027 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
09/30/2036				355,831.26
03/01/2037		5,390.63	5,390.63	
09/01/2037	345,000	5,390.63	350,390.63	
09/30/2037				355,781.26
	5,110,000	1,754,782.59	6,864,782.59	6,864,782.59



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2016 (W&S)
Callable on 9/1/2026 @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	10,000	171,856.26	181,856.26
09/30/2019	15,000	171,556.26	186,556.26
09/30/2020	15,000	171,106.26	186,106.26
09/30/2021	10,000	170,656.26	180,656.26
09/30/2022	15,000	170,256.26	185,256.26
09/30/2023	15,000	169,656.26	184,656.26
09/30/2024	230,000	169,056.26	399,056.26
09/30/2025	405,000	159,856.26	564,856.26
09/30/2026	420,000	143,656.26	563,656.26
09/30/2027	440,000	126,856.26	566,856.26
09/30/2028	450,000	118,056.26	568,056.26
09/30/2029	460,000	108,493.76	568,493.76
09/30/2030	465,000	98,143.76	563,143.76
09/30/2031	480,000	87,100.00	567,100.00
09/30/2032	490,000	75,100.00	565,100.00
09/30/2033	500,000	62,850.00	562,850.00
09/30/2034	515,000	47,850.00	562,850.00
09/30/2035	535,000	32,400.00	567,400.00
09/30/2036	545,000	16,350.00	561,350.00
	6,015,000	2,270,856.38	8,285,856.38

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2016 (W&S)
Callable on 9/1/2026 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		85,928.13	85,928.13	
09/01/2018	10,000	85,928.13	95,928.13	
09/30/2018				181,856.26
03/01/2019		85,778.13	85,778.13	
09/01/2019	15,000	85,778.13	100,778.13	
09/30/2019				186,556.26
03/01/2020		85,553.13	85,553.13	
09/01/2020	15,000	85,553.13	100,553.13	
09/30/2020				186,106.26
03/01/2021		85,328.13	85,328.13	
09/01/2021	10,000	85,328.13	95,328.13	
09/30/2021				180,656.26
03/01/2022		85,128.13	85,128.13	
09/01/2022	15,000	85,128.13	100,128.13	
09/30/2022				185,256.26
03/01/2023		84,828.13	84,828.13	
09/01/2023	15,000	84,828.13	99,828.13	
09/30/2023				184,656.26
03/01/2024		84,528.13	84,528.13	
09/01/2024	230,000	84,528.13	314,528.13	
09/30/2024				399,056.26
03/01/2025		79,928.13	79,928.13	
09/01/2025	405,000	79,928.13	484,928.13	
09/30/2025				564,856.26
03/01/2026		71,828.13	71,828.13	
09/01/2026	420,000	71,828.13	491,828.13	
09/30/2026				563,656.26
03/01/2027		63,428.13	63,428.13	
09/01/2027	440,000	63,428.13	503,428.13	
09/30/2027				566,856.26
03/01/2028		59,028.13	59,028.13	
09/01/2028	450,000	59,028.13	509,028.13	
09/30/2028				568,056.26
03/01/2029		54,246.88	54,246.88	
09/01/2029	460,000	54,246.88	514,246.88	
09/30/2029				568,493.76
03/01/2030		49,071.88	49,071.88	
09/01/2030	465,000	49,071.88	514,071.88	
09/30/2030				563,143.76
03/01/2031		43,550.00	43,550.00	
09/01/2031	480,000	43,550.00	523,550.00	
09/30/2031				567,100.00
03/01/2032		37,550.00	37,550.00	
09/01/2032	490,000	37,550.00	527,550.00	
09/30/2032				565,100.00
03/01/2033		31,425.00	31,425.00	
09/01/2033	500,000	31,425.00	531,425.00	
09/30/2033				562,850.00
03/01/2034		23,925.00	23,925.00	
09/01/2034	515,000	23,925.00	538,925.00	
09/30/2034				562,850.00
03/01/2035		16,200.00	16,200.00	
09/01/2035	535,000	16,200.00	551,200.00	



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2016 (W&S)
Callable on 9/1/2026 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
09/30/2035				567,400.00
03/01/2036		8,175.00	8,175.00	
09/01/2036	545,000	8,175.00	553,175.00	
09/30/2036				561,350.00
	6,015,000	2,270,856.38	8,285,856.38	8,285,856.38



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2015 (W&S)
Callable on 9/1/2025 @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	135,000	391,725	526,725
09/30/2019	140,000	389,025	529,025
09/30/2020	145,000	385,525	530,525
09/30/2021		381,900	381,900
09/30/2022	210,000	381,900	591,900
09/30/2023	220,000	373,500	593,500
09/30/2024	455,000	362,500	817,500
09/30/2025	480,000	339,750	819,750
09/30/2026	505,000	315,750	820,750
09/30/2027	525,000	290,500	815,500
09/30/2028	555,000	264,250	819,250
09/30/2029	580,000	236,500	816,500
09/30/2030	610,000	207,500	817,500
09/30/2031	640,000	177,000	817,000
09/30/2032	675,000	145,000	820,000
09/30/2033	705,000	111,250	816,250
09/30/2034	740,000	76,000	816,000
09/30/2035	780,000	39,000	819,000
	8,100,000	4,868,575	12,968,575

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2015 (W&S)
Callable on 9/1/2025 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		195,862.50	195,862.50	
09/01/2018	135,000	195,862.50	330,862.50	
09/30/2018				526,725
03/01/2019		194,512.50	194,512.50	
09/01/2019	140,000	194,512.50	334,512.50	
09/30/2019				529,025
03/01/2020		192,762.50	192,762.50	
09/01/2020	145,000	192,762.50	337,762.50	
09/30/2020				530,525
03/01/2021		190,950.00	190,950.00	
09/01/2021		190,950.00	190,950.00	
09/30/2021				381,900
03/01/2022		190,950.00	190,950.00	
09/01/2022	210,000	190,950.00	400,950.00	
09/30/2022				591,900
03/01/2023		186,750.00	186,750.00	
09/01/2023	220,000	186,750.00	406,750.00	
09/30/2023				593,500
03/01/2024		181,250.00	181,250.00	
09/01/2024	455,000	181,250.00	636,250.00	
09/30/2024				817,500
03/01/2025		169,875.00	169,875.00	
09/01/2025	480,000	169,875.00	649,875.00	
09/30/2025				819,750
03/01/2026		157,875.00	157,875.00	
09/01/2026	505,000	157,875.00	662,875.00	
09/30/2026				820,750
03/01/2027		145,250.00	145,250.00	
09/01/2027	525,000	145,250.00	670,250.00	
09/30/2027				815,500
03/01/2028		132,125.00	132,125.00	
09/01/2028	555,000	132,125.00	687,125.00	
09/30/2028				819,250
03/01/2029		118,250.00	118,250.00	
09/01/2029	580,000	118,250.00	698,250.00	
09/30/2029				816,500
03/01/2030		103,750.00	103,750.00	
09/01/2030	610,000	103,750.00	713,750.00	
09/30/2030				817,500
03/01/2031		88,500.00	88,500.00	
09/01/2031	640,000	88,500.00	728,500.00	
09/30/2031				817,000
03/01/2032		72,500.00	72,500.00	
09/01/2032	675,000	72,500.00	747,500.00	
09/30/2032				820,000
03/01/2033		55,625.00	55,625.00	
09/01/2033	705,000	55,625.00	760,625.00	
09/30/2033				816,250
03/01/2034		38,000.00	38,000.00	
09/01/2034	740,000	38,000.00	778,000.00	



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2015 (W&S)
Callable on 9/1/2025 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
09/30/2034				816,000
03/01/2035		19,500.00	19,500.00	
09/01/2035	780,000	19,500.00	799,500.00	
09/30/2035				819,000
	8,100,000	4,868,575.00	12,968,575.00	12,968,575



AGGREGATE DEBT SERVICE

**City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2014A (W&S)
Non Callable
WATER & SEWER PORTION**

Period Ending	Principal	Interest	Debt Service
09/30/2018	25,000	27,825.00	52,825.00
09/30/2019	25,000	27,162.50	52,162.50
09/30/2020	25,000	26,500.00	51,500.00
09/30/2021	235,000	25,837.50	260,837.50
09/30/2022	240,000	19,610.00	259,610.00
09/30/2023	245,000	13,250.00	258,250.00
09/30/2024	255,000	6,757.50	261,757.50
	1,050,000	146,942.50	1,196,942.50

AGGREGATE DEBT SERVICE

**City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Rev Certificates of Obligation, Series 2014A (W&S)
Non Callable
WATER & SEWER PORTION**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		13,912.50	13,912.50	
09/01/2018	25,000	13,912.50	38,912.50	
09/30/2018				52,825.00
03/01/2019		13,581.25	13,581.25	
09/01/2019	25,000	13,581.25	38,581.25	
09/30/2019				52,162.50
03/01/2020		13,250.00	13,250.00	
09/01/2020	25,000	13,250.00	38,250.00	
09/30/2020				51,500.00
03/01/2021		12,918.75	12,918.75	
09/01/2021	235,000	12,918.75	247,918.75	
09/30/2021				260,837.50
03/01/2022		9,805.00	9,805.00	
09/01/2022	240,000	9,805.00	249,805.00	
09/30/2022				259,610.00
03/01/2023		6,625.00	6,625.00	
09/01/2023	245,000	6,625.00	251,625.00	
09/30/2023				258,250.00
03/01/2024		3,378.75	3,378.75	
09/01/2024	255,000	3,378.75	258,378.75	
09/30/2024				261,757.50
	1,050,000	146,942.50	1,196,942.50	1,196,942.50



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2014 (W&S)
Callable on 9/1/2024 @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	15,000	77,950.00	92,950.00
09/30/2019	15,000	77,650.00	92,650.00
09/30/2020	190,000	77,350.00	267,350.00
09/30/2021	270,000	71,650.00	341,650.00
09/30/2022	275,000	63,550.00	338,550.00
09/30/2023	280,000	55,300.00	335,300.00
09/30/2024	295,000	46,900.00	341,900.00
09/30/2025	80,000	35,100.00	115,100.00
09/30/2026	85,000	32,700.00	117,700.00
09/30/2027	85,000	29,937.50	114,937.50
09/30/2028	90,000	27,175.00	117,175.00
09/30/2029	95,000	23,575.00	118,575.00
09/30/2030	95,000	20,250.00	115,250.00
09/30/2031	100,000	16,925.00	116,925.00
09/30/2032	105,000	12,925.00	117,925.00
09/30/2033	110,000	8,725.00	118,725.00
09/30/2034	115,000	4,600.00	119,600.00
	2,300,000	682,262.50	2,982,262.50

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2014 (W&S)
Callable on 9/1/2024 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		38,975.00	38,975.00	
09/01/2018	15,000	38,975.00	53,975.00	
09/30/2018				92,950.00
03/01/2019		38,825.00	38,825.00	
09/01/2019	15,000	38,825.00	53,825.00	
09/30/2019				92,650.00
03/01/2020		38,675.00	38,675.00	
09/01/2020	190,000	38,675.00	228,675.00	
09/30/2020				267,350.00
03/01/2021		35,825.00	35,825.00	
09/01/2021	270,000	35,825.00	305,825.00	
09/30/2021				341,650.00
03/01/2022		31,775.00	31,775.00	
09/01/2022	275,000	31,775.00	306,775.00	
09/30/2022				338,550.00
03/01/2023		27,650.00	27,650.00	
09/01/2023	280,000	27,650.00	307,650.00	
09/30/2023				335,300.00
03/01/2024		23,450.00	23,450.00	
09/01/2024	295,000	23,450.00	318,450.00	
09/30/2024				341,900.00
03/01/2025		17,550.00	17,550.00	
09/01/2025	80,000	17,550.00	97,550.00	
09/30/2025				115,100.00
03/01/2026		16,350.00	16,350.00	
09/01/2026	85,000	16,350.00	101,350.00	
09/30/2026				117,700.00
03/01/2027		14,968.75	14,968.75	
09/01/2027	85,000	14,968.75	99,968.75	
09/30/2027				114,937.50
03/01/2028		13,587.50	13,587.50	
09/01/2028	90,000	13,587.50	103,587.50	
09/30/2028				117,175.00
03/01/2029		11,787.50	11,787.50	
09/01/2029	95,000	11,787.50	106,787.50	
09/30/2029				118,575.00
03/01/2030		10,125.00	10,125.00	
09/01/2030	95,000	10,125.00	105,125.00	
09/30/2030				115,250.00
03/01/2031		8,462.50	8,462.50	
09/01/2031	100,000	8,462.50	108,462.50	
09/30/2031				116,925.00
03/01/2032		6,462.50	6,462.50	
09/01/2032	105,000	6,462.50	111,462.50	
09/30/2032				117,925.00
03/01/2033		4,362.50	4,362.50	
09/01/2033	110,000	4,362.50	114,362.50	
09/30/2033				118,725.00
03/01/2034		2,300.00	2,300.00	
09/01/2034	115,000	2,300.00	117,300.00	
09/30/2034				119,600.00
	2,300,000	682,262.50	2,982,262.50	2,982,262.50



AGGREGATE DEBT SERVICE

**City of Celina, Texas
General Obligation Refunding Bonds, Series 2012 (W&S)
Non Callable
WATER & SEWER PORTION**

Period Ending	Principal	Interest	Debt Service
09/30/2018	405,000	73,650	478,650
09/30/2019	435,000	65,550	500,550
09/30/2020	445,000	52,500	497,500
09/30/2021	460,000	39,150	499,150
09/30/2022	415,000	25,350	440,350
09/30/2023	430,000	12,900	442,900
	2,590,000	269,100	2,859,100



AGGREGATE DEBT SERVICE

**City of Celina, Texas
General Obligation Refunding Bonds, Series 2012 (W&S)
Non Callable
WATER & SEWER PORTION**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		36,825	36,825	
09/01/2018	405,000	36,825	441,825	
09/30/2018				478,650
03/01/2019		32,775	32,775	
09/01/2019	435,000	32,775	467,775	
09/30/2019				500,550
03/01/2020		26,250	26,250	
09/01/2020	445,000	26,250	471,250	
09/30/2020				497,500
03/01/2021		19,575	19,575	
09/01/2021	460,000	19,575	479,575	
09/30/2021				499,150
03/01/2022		12,675	12,675	
09/01/2022	415,000	12,675	427,675	
09/30/2022				440,350
03/01/2023		6,450	6,450	
09/01/2023	430,000	6,450	436,450	
09/30/2023				442,900
	2,590,000	269,100	2,859,100	2,859,100



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2012 (W&S)
Callable on 9/1/2017 @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	30,000	19,600	49,600
	30,000	19,600	49,600

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System (Ltd Pledge) Revenue Certificates of Obligation, Series 2012 (W&S)
Callable on 9/1/2017 @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		9,800	9,800	
09/01/2018	30,000	9,800	39,800	
09/30/2018				49,600
	30,000	19,600	49,600	49,600

AGGREGATE DEBT SERVICE

**City of Celina, Texas
General Obligation Refunding Bonds, Series 2007 (W&S)
Callable on 9/1/2017 @ par
WATER & SEWER PORTION**

Period Ending	Principal	Interest	Debt Service
09/30/2018	216,780	32,182.80	248,962.80
	216,780	32,182.80	248,962.80

AGGREGATE DEBT SERVICE

**City of Celina, Texas
General Obligation Refunding Bonds, Series 2007 (W&S)
Callable on 9/1/2017 @ par
WATER & SEWER PORTION**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		16,091.40	16,091.40	
09/01/2018	216,780	16,091.40	232,871.40	
09/30/2018				248,962.80
	216,780	32,182.80	248,962.80	248,962.80



AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Series 2007 (W&S-AGG)
Callable on 9/1/2017 @ par
100% WATER & SEWER

Period Ending	Principal	Interest	Debt Service
09/30/2018	215,000	15,760	230,760
	215,000	15,760	230,760

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Series 2007 (W&S-AGG)
Callable on 9/1/2017 @ par
100% WATER & SEWER

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		7,880	7,880	
09/01/2018	215,000	7,880	222,880	
09/30/2018				230,760
	215,000	15,760	230,760	230,760

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2004 (W&S)
Currently Callable @ par
WATER & SEWER PORTION

Period Ending	Principal	Interest	Debt Service
09/30/2018	17,110.50	11,541.38	28,651.88
	17,110.50	11,541.38	28,651.88

AGGREGATE DEBT SERVICE

City of Celina, Texas
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2004 (W&S)
Currently Callable @ par
WATER & SEWER PORTION

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
03/01/2018		5,770.69	5,770.69	
09/01/2018	17,110.50	5,770.69	22,881.19	
09/30/2018				28,651.88
	17,110.50	11,541.38	28,651.88	28,651.88

DEVELOPMENT AGREEMENT

THE STATE OF TEXAS §
COUNTY OF COLLIN §

This Development Agreement (the "Agreement") is by and between the CITY OF CELINA, TEXAS (the "City"), a general law city located in Collin County, Texas, and 14875 PARTNERS, LTD., a Texas limited partnership ("Landowner") and is made and entered into effective as of the date signed by the Mayor of the City (the "Effective Date").

RECITALS

WHEREAS, Landowner holds fee simple title to approximately 1,129.1 acres of land described in the attached Exhibit A (collectively, the "Property"); and

WHEREAS, the Light family trust holds fee simple title to approximately 66.2 acres of land described in the attached Exhibit B (the "Trust Property"); and

WHEREAS, all of the Property and the Trust Property is located within City's water and wastewater service area as shown by Certificates of Convenience and Necessity Nos. 12667 and 20764; and

WHEREAS, Landowner's land plan contemplates that the approximately 768.8 acres of the Property described in the attached Exhibit C being developed for residential purposes (the "Residential Property" or sometimes the "MUD 1 Property") and the approximately 365.3 acres of the Property described in the attached Exhibit D being developed for commercial purposes (the "Commercial Property"); and

WHEREAS, a portion of the Commercial Property lies outside the extraterritorial jurisdiction ("ETJ") of any City (but contiguous to the ETJ of the City) a portion of the Commercial Property currently lies within the ETJ of the City; and

WHEREAS, approximately 436 acres of the Residential Property lies outside the ETJ of any city (but contiguous to the ETJ of the City); and approximately 333 acres of the Residential Property currently lies within the ETJ of the City; and

WHEREAS, on April 1, 2003, the then current owner of the Residential Property petitioned the Commission (hereinafter defined) for the creation of Collin County Municipal Utility District No. 1 ("MUD 1") encompassing 521 acres of the Residential Property (the "Original MUD 1 Property"); and

WHEREAS, effective February 24, 2004, such petition was amended to reflect the ownership of such property by Landowner and reducing the acreage proposed to being included

in MUD 1 solely to the 514 acres located within the Original MUD 1 Property and then located outside the ETJ of the City; and

WHEREAS, subsequent to Landowner amending the petition, the City annexed additional lands thereby extending its ETJ across a portion of the 514 acres; and

WHEREAS, Landowner has pending before the Commission an application for the creation of MUD 1 encompassing the 514 acres; and

WHEREAS, the City is opposing the creation of MUD 1; and

WHEREAS, Landowner obtained approval of a preliminary plat of approximately 511.2 acres of the Residential Property from the commissioners court of Collin County, Texas, on May 10, 2004 (the "Preliminary Plat"); and

WHEREAS, because a portion of the 514 acres to be included in MUD 1 now lies in the ETJ of the City, Landowner submitted to the City a Petition For Consent to the Creation of a Municipal Utility District dated August 19, 2004, requesting the City (i) consent to the creation of MUD 1, and (ii) consent to the inclusion of the remaining Residential Property into MUD 1; and

WHEREAS, Landowner desires to (i) obtain the consent of the City to the creation of MUD 1, and (ii) obtain the consent of the City to the annexation of the remainder of the Residential Property into MUD 1, after MUD 1 is created, so that the boundaries of MUD 1 can be expanded to include all of the Residential Property; and

WHEREAS, the City is willing to (i) drop its opposition to the creation of MUD 1 and consent to the creation of MUD 1, and (ii) consent to the inclusion of the remainder of the Residential Property into MUD 1, in return for certain agreements of Landowner herein relative to the Residential Property and certain agreements of Landowner herein relative to the Commercial Property.

NOW THEREFORE, for and in consideration of these premises and of the mutual promises, obligations, covenants and benefits herein contained, the parties contract and agree as follows:

ARTICLE I GENERAL PROVISIONS

1.1 Documents Submitted by Landowner. Within thirty (30) days after the Effective Date, Landowner will deliver the following documents to the City containing the provisions required by this Agreement and signed and acknowledged by the appropriate persons:

- (a) The consent to this Agreement of (i) every person that holds a lien on any portion of the Property, and (ii) each person nominated to serve as a temporary director for MUD 1, if such person holds title to any of the Property; and

- (b) An amended petition to the Commission to create MUD 1 (i) reflecting that a portion of the 514 acres is located within the ETJ of the City, and (ii) agreeing to the applicable conditions contained herein relative to the creation and operation of MUD 1 ("Landowner's Amended Petition").
- (c) Certified checks or wire transfer to an independent, third-party escrow agent (title company or financial institution) selected by the City (the "Escrow Agent"), in the amounts specified in section 13.13 of this Agreement, together with instructions to release the checks to the City and Collin County in accordance with section 13.13 of this Agreement.

1.2 City Obligations. Within thirty (30) business days after the documents described in Section 1.1 have been delivered by Landowner, the City will accomplish the following (and will not take any action contrary to the following):

- (a) Deliver to the Commission the resolution attached hereto as Exhibit E (1) authorizing the execution of this Agreement, (2) consenting to the creation of MUD 1, (3) consenting to the annexation of the remainder of the Residential Property into MUD 1 in accordance with this Agreement, (4) authorizing the motion described in subsection (c) below; (5) authorizing the letter to the Collin County Commissioners Court described in subsection (d) below, (6) authorizing the letter to the Commission described in subsection (e) below, and (7) authorizing the letters to the Collin County Commissioners Court, City of Dallas, and Upper Trinity Regional Water District described in subsection (f) below; and
- (b) Submit to the Commission Landowner's Amended Petition along with a fully executed copy of this Agreement; and
- (c) Submit a motion to the State Office of Administrative Hearings (1) concurring with Landowner's request to amend the petition to create the MUD in accordance the Landowner's Amended Petition, (2) withdrawing the City's opposition to Landowner's Amended Petition, and (3) withdrawing the designation of the City's witness and the City's filing of testimony and exhibits in the hearing on the creation of MUD 1; and
- (d) Submit a letter to the Collin County Commissioners Court requesting that the county withdraw its opposition to, and party status in the hearing on, the creation of MUD 1; and
- (e) Submit a letter to the Commission withdrawing the City's comments and opposition to and request for a public meeting and/or hearing on Landowner's pending application for TPDES permit No. WQ0014516-001 (the "TPDES Permit")

- (f) Submit a letter to each of the Collin County Commissioners Court, the City of Dallas (Water Utilities Department), and Upper Trinity Regional Water District requesting each of them to withdraw their opposition to the TPDES Permit.
- 1.3 Timely Performance. If Landowner fails to timely deliver the documents in accordance with Section 1.1 of this Agreement, the City shall have the right to immediately terminate this Agreement by delivering a written notice of termination to Landowner (but without complying with the notice and cure provisions of Section 13.1 of this Agreement). If the City fails to approve and timely complied with its obligations under Section 1.2 of this Agreement, Landowner shall have the right to immediately terminate this Agreement by delivering a written notice of termination to the City (but without complying with the notice and cure provisions of Section 13.1 of this Agreement).
- 1.4 Definitions. The following capitalized words and phrases when used in this Agreement shall have the following meanings:
- (a) "Bonds" shall mean MUD 1's bonds, notes or other evidences of indebtedness issued from time to time for the purpose of financing the costs of acquiring, constructing, purchasing, operating, repairing, improving or extending the Facilities, whether payable from ad valorem taxes, the proceeds of one or more future bond issues or otherwise, and including any bonds, notes or similar obligations issued to refund such bonds.
- (b) "Commission" or "TCEQ" shall mean the Texas Commission on Environmental Quality or its successors.
- (c) "Construction Costs" shall mean all costs related to the development and construction of the Facilities that are eligible to be financed by MUD 1 pursuant to the laws of the State of Texas and the then current Rules, including any impact fees paid to receive water and sanitary sewer service.
- (d) "Assets" shall mean all assets of MUD 1, including but not limited to: (i) all rights, title and interests of MUD 1 in and to the Facilities, (ii) any Bonds of MUD 1 which are authorized but have not been issued by MUD 1, (iii) all rights and powers of MUD 1 under any agreements or commitments with any persons or entities pertaining to the financing, construction or operation of all or any portion of the Facilities and/or the operations of MUD 1, and (iv) all books, records, files, documents, permits, funds and other materials or property of MUD 1.
- (e) "Obligations" shall mean: (i) all outstanding Bonds of MUD 1, (ii) all other debts, liabilities and obligations of MUD 1 (including, but not limited to, contractual agreements between MUD 1 and Landowner and/or future owners of portions of the MUD 1 Property) to or for the benefit of any persons or entities relating to the financing, construction or operation of all or any portion of the Facilities or the operations of MUD 1, and (iii) all functions performed and

(including, but not limited to, single-family homes), that are adopted by ordinance, and that are uniformly applied and enforced throughout the corporate limits of the City (the "Building Codes").

- (e) The uniform engineering and construction design standards of the City, as amended, that are applicable to water, sanitary sewer, streets, and drainage Facilities, that are adopted by ordinance, and that are uniformly applied and enforced throughout the ETJ and corporate limits of the City (the "Engineering Design Standards").
- (f) The water and sanitary sewer rules, regulations, and policies of the City, as amended, that are related to providing retail water and sanitary sewer service to individual platted lots, that are adopted by ordinance, and that are uniformly applied and enforced throughout the ETJ and corporate limits of the City and the area for which the City holds a certificate of convenience and necessity for retail water and sanitary sewer service (the "Retail Utility Policies").
- (g) In addition to the regulations described in subsections (a) through (f) above, that portion of the Property covered by the Preliminary Plat shall be developed in accordance with the Preliminary Plat (with densities no greater than, and lot sizes no smaller than, those shown on the Preliminary Plat) and with Collin County Subdivision Ordinance dated November 24, 2003 (including the interpretations set forth on the attached Exhibit F. In the event of any conflict between the Preliminary Plat and any of the regulations described in subsections (a) through (f) above, the Preliminary Plat shall control. In the event of any conflict between the Engineering Design Standards and the same or similar design standards contained in the referenced county Subdivision Ordinance, the Engineering Design Standards shall control; provided, however, the Engineering Design Standards shall not be applied or interpreted to adversely impact the street layouts or widths, lot layouts, lot dimensions, or lot sizes as shown on the Preliminary Plat. The property covered by the Preliminary Plat will be included within the ETJ of the City (in accordance with the applicable provisions of this Agreement), and the City will review and approve any revisions to the Preliminary Plat as well as all final plats for any portion of the Property covered by the Preliminary Plat (such review and approvals to be governed by the Applicable Regulations).
- (h) In addition to the regulations described in subsections (a) through (f) above, that portion of the Property (excluding any property covered by the Preliminary Plat) now or hereafter included within the City's ETJ shall be developed in accordance with Celina Subdivision Ordinance No. 97-9, as amended by Ordinance No. 02-38 (including the interpretations of such ordinances set forth on the attached Exhibit G.
- (i) In addition to the regulations described in subsections (a) through (f) and (h) above, Landowner shall have the right to develop (1) any portion of the MUD 1 Property now or hereafter included within the City's ETJ to include lot layouts,

lot dimensions, and lot sizes that are the same as or comparable to those shown on the Preliminary Plat, and (2) any portion of the Commercial Property for any retail, office, and other commercial uses including, but not limited to, "big box" retail and regional retail (such as a regional mall). The Commercial Property shall otherwise be subject to the City's development standards (such as the contemplated "Toll Road Overlay Corridor Commercial Zoning and Development Standards), as amended, that are applicable at the time the Commercial Property, or any portion thereof, is annexed into the City.

- (j) In addition to the regulations described above, the Property (once included within the ETJ of the City) shall be subject to the City's sign regulations, as amended, that are adopted by ordinance and that are uniformly applied and enforced throughout the ETJ and corporate limits of the City; and
- (k) In addition to the regulations described above, the Property (once included within the ETJ of the City) shall be subject to the City's regulations, as amended, that are adopted by ordinance, that are uniformly applied and enforced throughout the ETJ and corporate limits of the City, and that are intended to prevent the imminent destruction of property or injury to persons.

2.2 Development Fees and Charges. Development of the Property shall be subject to the payment of the following fees and charges (collectively, the "Development Fees"): (a) for the first 2,033 single-family living unit equivalent connections ("SFLUE"), a water impact fee in the amount of \$1,300.00 per SFLUE (subject to credits as provided in Section 5.5(c) of this Agreement); (b) for the first 2,033 SFLUE connections, a sanitary sewer impact fee in the amount of \$1,500.00 per SFLUE (subject to credits as provided in Section 5.6(c) of this Agreement); (c) for each SFLUE connection beginning with the 2,034th connection, the City's then-applicable water and sanitary sewer impact fees adopted in accordance with the requirements of Chapter 395 of the Texas Local Government Code; (d) building permit fees as provided by Section 2.3 of this Agreement; (e) park dedication fees as provided by Section 2.6 of this Agreement; (f) Inspection Fees as provided by Section 4.7 of this Agreement; (g) charges for labor and materials (such as meter costs and meter set fees) as set forth in the Retail Utility Policies; (h) the costs to design and construct the Water Facilities and Sewer Facilities described in Sections 5.5(a) and 5.6(a) of this Agreement; (i) the costs to design and construct the water distribution lines and appurtenances and sanitary sewer collection lines and appurtenances necessary to serve individual lots or connections within the Property; (j) the City's standard plat application fees (as adopted by the City's Master Fee Schedule, as amended); and (k) the City's standard professional fees for plat review (as adopted by the City's Professional Review Fee Ordinance, as amended). For purposes of this Agreement, an SFLUE shall mean a ¾ inch water meter as defined by the City's current impact fee study (see Table 20 thereof entitled "Adopted Fee Per Living Unit Equivalent"). Water and sanitary sewer impact fees applicable to individual lots will be due and payable at the time building permits are issued for homes or other structures to be built on such lots. In the event of any conflict or inconsistency between the

- Development Fees and any development fees or charges otherwise referenced in the Applicable Regulations, the Development Fees shall control. No development fees, impact fees, front foot fees, pro-rata charges, capital recovery charges, or charges of any kind shall apply to the development of the Property other than the Development Fees.
- 2.3 Building Permits. All single-family homes and other buildings constructed within the Property shall comply with the Building Codes. The City shall review construction plans, issue building permits, inspect construction (including call-backs, if applicable), and issue certificates of occupancy or completion (collectively, the “Permit Services”). The Permit Services will be performed by Graham-Marcus employees or by another qualified and certified independent contractor selected by the City; however, the City reserves the right to perform the Permit Services using a full-time City employee who is qualified and certified to the same standards as Graham-Marcus. The City agrees that the Permit Services shall be performed in a timely manner and without undue delay. The fees for the Permit Services shall be charged at the time of construction plan submission and shall be competitive with similar fees charged within the north Texas area (but shall not exceed the fee charged by the City for Permit Services anywhere else within the City’s corporate limits or ETJ).
- 2.4 Water Districts. Without the consent of the City (which may be withheld for any reason), Landowner shall not take any action to include any portion of the Commercial Property within the boundaries of any district or any other city created under authority of Article 16, Section 59 of the Texas Constitution, either through annexation by such a district or creation of such a district.
- 2.5 Dedication of Road Right-of-Way. Landowner shall dedicate to Collin County, MUD 1, or to the public (or otherwise as may be necessary to facilitate private maintenance), at no cost to the City, Collin County, or MUD 1, all right-of-way within the Property that is necessary for the construction or maintenance of thoroughfare roads within the Property. The location of all roads within the Property shall be determined by Landowner, in its sole discretion; however, unless otherwise approved by the City, all roads within the Property shall be (a) consistent with the Preliminary Plat, and (b) except as otherwise shown on the Preliminary Plat, shall align with the Thoroughfare Plan at the perimeter boundaries of the Property. In the event of any conflict between the Preliminary Plat and the Thoroughfare Plan, the Preliminary Plat shall control for that portion of the Property within the Preliminary Plat.
- 2.6 Park Dedication Fees. In lieu of any requirement to dedicate land for parks, playgrounds, trails, open space, green space, recreational area, or any other similar purposes, development of the Property shall require the payment of park fees in the amount of \$500.00 per single-family lot. The fee for each lot shall be payable at the time a building permit is issued for the home or other structure to be built on the lot. Seventy percent (70%) of the park fees so paid may be used by the City for the acquisition, operation, maintenance, or construction of any public park, recreation facility, or public trail located within the City (or, if approved by the City, within the MUD 1 Property). The remaining thirty percent (30%) shall be used by the City for the acquisition, operation, maintenance,

or construction of any public park, recreation facility, or public trail located within the MUD 1 Property.

2.7 Sanitary Sewer and Trail Easements.

- (a) Landowner agrees to dedicate to the City, at no cost or expense to the City, (1) a non-exclusive 50-foot wide sanitary sewer easement along Doe Branch proper, (2) a non-exclusive 30-foot wide sanitary sewer easement along the southern, unnamed tributary of Doe Branch, (3) temporary construction easements of not less than fifty feet in width adjacent to the two sanitary sewer easements; and (4) a fifteen (15) foot trail easement located along the top of the bank along Doe Branch proper.
- (b) In lieu of dedicating the 30-foot sanitary sewer easement described above, Landowner reserves the right to oversize other sanitary sewer facilities within the Property so long as such oversizing creates capacity that satisfies the City's capacity requirements and does not require the installation of a lift station. In the event Landowner elects such oversizing, Landowner and the City will negotiate in good faith to arrive at an appropriate credit against sewer impact fees for the cost of the oversizing.
- (c) The exact locations of the sanitary sewer and temporary construction easements described above will be approved by the City (which approval shall not unreasonably be withheld) prior to City approval (and as a condition to City approval) of the first final plat of property within the Preliminary Plat. The exact locations of such easements shall be selected to facilitate construction and maintenance of the City's future sanitary sewer system with a minimum impact on (1) the natural features of the Property (such as creek beds, creek banks, and wooded areas), (2) existing or future development of the Property, and (3) the loss of developable land (although the City and Landowner recognize that the loss of some natural features and developable land may be not be avoided). The City and Landowner acknowledge that the Preliminary Plat does not include the easements described above; however, Landowner agrees to find suitable locations for such easements (based on the criteria set forth in this subsection) during the final plat process for the first phase of the Property covered by the Preliminary Plat. For those portions of the Property not covered by the first final plat, such easements will be dedicated by plat unless the City needs the easement at an earlier time; in which case the City shall give notice to Landowner of the date the easement is needed; whereupon, Landowner shall cause the easement to be dedicated by separate instrument within 60 days after receiving such notice from the City. Such easement shall retain grantor's right to cross such easement area for streets and utility lines, in a manner that does not damage or risk damaging the sewer line. The City shall have the right to remove or damage such crossing in order to repair or maintain the sewer line; however, the City shall replace or restore such crossing to the same condition in which it existed before the removal or damage.

- (d) The exact location of the trail easement described above will be determined during the final plat process for each phase of the Property covered by the Preliminary Plat. For those portions of the Property not covered by the Preliminary Plat, such easements will be dedicated by plat unless the City needs the easement at an earlier time; in which case the City shall give notice to Landowner of the date the easement is needed; whereupon, Landowner shall cause the easement to be dedicated by separate instrument within 60 days after receiving such notice from the City. The exact location of the easement shall be selected to maximize use of the ridge line and minimize the impact on (1) the natural features of the Property (such as creek beds, creek banks, and wooded areas), (2) existing or future development of the Property, and (3) the loss of developable land (although the City and Landowner recognize that the loss of some developable land may be not be avoided).

- 2.8 Site For Elevated Water Storage Tank. Landowner agrees to dedicate to the City one (1) acre within the Commercial Property in either of the two locations shown in the attached Exhibit H for the sole purpose of constructing, using, operating, maintaining, and repairing an elevated water storage tank and related water Facilities. Landowner also agrees to dedicate to the City non-exclusive easements reasonably necessary for access, power, utilities, telecommunications, and pipelines to such site (including temporary construction easements as reasonably required). The dedication will occur at the earlier of such time as the land surrounding the site receives final plat approval or at such time as the City gives Landowner written notice that the City is ready to proceed with the development of the site for the elevated water storage tank. Such dedication shall include a restriction and reverter clause which provides that the City may use such site solely for an elevated water storage tank and related water facilities. Title to the site shall automatically revert to Landowner if construction of the elevated has not begun within three years after the later to occur of (a) the date the site is dedicated or (b) the date the City receives funds from Landowner to construct the tank pursuant to Section 5.5(a) of this Agreement.
- 2.9 Site For Public Safety Facility. Landowner agrees to dedicate to the City three (3) acres within the Commercial Property adjacent to the site that is selected for the elevated water storage tank for the sole purpose of constructing, using, operating, maintaining, and repairing police, fire, and EMS facilities that will serve the Property and the remainder of the City. Landowner also agrees to dedicate to the City non-exclusive easements reasonably necessary for access, power, utilities, and telecommunications to such site (including temporary construction easements as reasonably required). The location of the site must be approved by the City, which approval will not unreasonably be withheld or delayed. The dedication will occur at the earlier of such time as the land surrounding the site receives final plat approval or at such time as the City gives Landowner written notice that it is ready to proceed with the development of the site for police, fire, and EMS facilities and has funding for such use approved by the City Council and available. Such conveyance shall include a restriction and reverter clause which provides that the City may use such site solely for construction of police, fire, and EMS facilities. If no

such facilities have been constructed on the site within twenty years (20) after the site is dedicated, title to the site shall automatically revert to Landowner.

- 2.10 Waiver. Landowner (a) waives any and all claims and against City regarding validity or enforceability of the Development Fees and easement and site donations described in this Agreement, and (b) releases any claims that Landowner may have against City regarding such fees and donations (whether such claim exists on the Effective Date or arises in the future).

ARTICLE III CONSENT TO CREATION/ANNEXATION AND CONSENT CONDITIONS

- 3.1 City's Consent To Creation of MUD 1. Landowner requests the City's consent and support of the creation of MUD 1 as described in the Petition for Consent submitted to the City and dated August 19, 2004, and the City hereby grants its consent to the creation of MUD 1 in accordance with and subject to the Petition for Consent submitted to the City and dated August 19, 2004. The City's execution of this Agreement and the resolution referenced in Section 1.2(a) of this Agreement shall constitute its consent to the creation of MUD 1 in accordance with the Petition for Consent submitted to the City and dated August 19, 2004, and no further action by the City shall be necessary; provided, however, to the extent required by the Commission, the City shall memorialize its consent in a separate document. Nothing in this Agreement, nor any action required to be taken by the City under this Agreement, is intended to be by the City, nor shall it be construed to be, any consent by the City for Landowner or MUD 1 to provide retail water and sewer service within City's Service Area under Water Code section 49.215(d) or any other law or rule.
- 3.2 City Consent to Annexation of Land into MUD 1. By approving this Agreement and adopting the resolution referenced in Section 1.2(a) of this Agreement, the City hereby grants its consent to the annexation of the remainder of the Residential Property into the boundaries of MUD 1, after MUD 1 is created by the Commission, so that MUD 1 will encompass all of the Residential Property. The City's execution of this Agreement shall constitute its consent to the annexation of such property into the boundaries of MUD 1, and no further action by the City shall be necessary, provided however, upon the request of the Board of Directors of MUD 1, the City shall memorialize its consent to such annexation in a separate document.
- 3.3 Consent Conditions. The consent to the creation of MUD 1 and the annexation of the remainder of the Residential Property into MUD 1 is hereby granted by the City subject to the terms contained in Section 3.4. Landowner represents to the City that all of the conditions in Section 3.4 of this Agreement are consistent with the provisions of Section 54.016 of the Texas Water Code, and Landowner will oppose any attempt by the Commission to create MUD 1 or any other type of district without all of such conditions.

3.4 Consent Conditions.

- (a) Before MUD 1, or any person acting for or on behalf of the MUD 1, incurs any Obligations, including but not limited to obligations to Landowner, or sells or offers to sell any Bonds of MUD 1, the Board of Directors of MUD 1 will approve, ratify, execute, and deliver to the City the Acknowledgement of Agreement attached hereto as Exhibit I and such acknowledgment will expressly state that MUD 1 unconditionally approves this Agreement. MUD 1 will approve and execute such Acknowledgement within three months after holding the first meeting of its Board of Directors.
- (b) MUD 1 will not offer any Bonds for sale or sell any Bonds unless:
 - (i) the terms of such Bonds expressly provide that MUD 1 shall have the right to redeem the Bonds on any interest payment date subsequent to the 10th anniversary of the issuance date of the Bonds, without premium or penalty;
 - (ii) the Bonds, other than refunding Bonds, are sold after the taking of public bids in accordance with applicable laws;
 - (iii) No series of the Bonds, other than refunding Bonds, are sold for less than 95% of the par value of said series of Bonds; and
 - (iv) the Bonds are payable solely from, and secured solely by, a pledge of the proceeds from ad valorem taxes within MUD 1 and that the Bonds will not be paid from or secured by a pledge of the revenue from the water, wastewater, or drainage Facilities within MUD 1.
- (c) Unless and until MUD 1 is dissolved by the City or by operation of law, and the City assumes the properties, assets, obligations and liabilities of MUD 1, the Bonds and Obligations of MUD 1, as to both principal and interest, shall be and remain obligations solely of MUD 1 and shall never be deemed or construed to be obligations or indebtedness of the City.
- (d) MUD 1 will not issue any Bonds or Obligations to finance or construct any recreational facilities, fire protection equipment or facilities, or police or public safety equipment or facilities absent consent by the City, which consent may be withheld for any reason.
- (e) MUD 1 shall submit to the City Manager a copy of each application to the Commission for authorization to issue Bonds or Obligations, together with a copy of MUD 1's official statement, annual audit, annual budget and amendments, and reimbursement report. The copy of each such application should be delivered to the City Manager concurrently with the filing with the Commission, and the

copies of the other documents shall be delivered to the City immediately after being approved by MUD 1.

- (f) MUD 1 will not annex or add any territory (except the remainder of the Residential Property) without the prior consent of the City, which the City may withhold for any reason.
- (g) MUD 1 will not provide or offer to provide retail or wholesale water or wastewater service either within or outside its boundaries.
- (h) MUD 1 will not operate park or recreational improvements without the consent of the City, which consent may be withheld for any reason.
- (i) Facilities constructed or financed by MUD 1 shall be constructed in accordance with plans and specifications approved by the City pursuant to the Applicable Regulations and the City shall have the right to inspect all such Facilities, all in accordance with the terms of this Agreement.
- (j) If any land within MUD 1 is proposed to be developed for retail purposes, then prior to approval of the final plat for such land, Landowner and MUD 1 shall prepare, execute and deliver to the City a Strategic Partnership Agreement (complying with Texas Local Government Code §43.0751), which agreement shall provide for the limited purpose annexation of such commercial retail land by the City so that the City may collect sales and use tax on receipts from retail sales occurring within such retail land. The City shall not be obligated under this Agreement to provide water or sanitary sewer service to any land to be developed for retail purposes within MUD 1 until the Strategic Partnership Agreement is signed by Landowner and MUD 1 and delivered to the City. Landowner and MUD 1 agree not to enforce any statutory obligation that the City may have to provide water or sanitary sewer service to any such retail establishment until such Strategic Partnership Agreement is signed by Landowner and MUD 1 and delivered to the City. The conditions set forth in this subsection shall not, however, apply: (1) unless the MUD 1 Property is contiguous to the corporate limits of the City, or (2) if the City fails or refuses to perform its obligations under said §43.0751 that are required to accomplish the limited purpose annexation.
- (k) Contracts described in Section 8.2 of this Agreement shall be subject to termination by City upon dissolution of the MUD 1 in accordance with Article VIII of this Agreement or by operation of law.
- (l) Unless requested to do so by City, MUD 1 shall not petition the Commission to acquire powers granted to road utility districts.
- (m) Unless requested to so by City, MUD 1 shall not petition the Commission to convert to any other type of district under Texas Constitution, article 16, section 59.

- 3.5 Settlement. City's consent to the creation of MUD 1 and the annexation of the territory into MUD 1 as described in this Agreement is part of a negotiated settlement to resolve the dispute regarding the creation of MUD 1.

ARTICLE IV
DESIGN AND CONSTRUCTION OF THE FACILITIES

- 4.1 General. Landowner and/or MUD 1 shall have the right to design and construct the Facilities in such phases or stages as Landowner and/or MUD 1, in their sole discretion, may determine.
- 4.2 Design Standards. All Facilities will be designed and constructed in compliance with the Applicable Regulations.
- 4.3 Approval of Plans and Specifications. Prior to commencing construction of any Facilities, Landowner and/or MUD 1 shall submit to the City complete and accurate copies of all plans and specifications. Construction shall not commence until such plans and specifications have been approved in writing by the City; provided, however, if the City fails to approve or disapprove the plans and specifications within 30 days after receipt, such plans and specifications shall be deemed to be approved. In the event the City disapproves such plans and specifications, the disapproval shall contain a detailed explanation for the reason for disapproval, which basis for disapproval shall be limited solely to the failure of such plans and specifications to meet the Applicable Regulations. Any re-submittal of plans and specifications shall be subject to the same time limits and requirements for approval as stated above.
- 4.4 Additional Requirements. Contracts awarded by MUD 1, or by Landowner on behalf of MUD 1, for the construction of Facilities must be advertised and awarded in accordance with state law applicable to municipal utility districts. Each of such contracts shall require a two (2) year maintenance bond following completion, which bond shall be for 100% of the cost of the completed Facilities and shall run in favor of the party responsible for maintenance of the completed Facilities. The Facilities will be installed within the public right-of-way or in easements granted to the City, Collin County, MUD 1 or dedicated as easements on the applicable final plat; provided, however, streets within MUD 1 shall be located within right-of-way dedicated to the public.
- 4.5 Conveyance/Lease of City Facilities. Upon completion of construction of the water and sanitary sewer Facilities, or portions thereof, located within the MUD 1 Property, title thereto shall be conveyed to the City, together with the warranty, free and clear of all liens and encumbrances, subject, however to the obligation of the City to utilize such Facilities, including any capacities created therein, to serve the MUD 1 Property throughout the useful life of such Facilities (unless the City, at its sole cost and expense, has provided alternative water and sanitary sewer facilities capable of providing comparable water and sanitary sewer service). Notwithstanding the preceding, in the event the Rules or the Public Finance Division of the Office of the Attorney General, or the opinion of nationally recognized bond counsel, or the Internal Revenue Code require

MUD 1 to retain legal title to or an operating interest in any of such Facilities as a condition to MUD 1 issuing its tax-exempt Bonds to finance such Facilities, then MUD 1 shall retain legal title or operating interest thereto and the City shall be entitled to utilize such Facilities at no cost for the purposes provided in this Agreement or if the City must pay compensation to the MUD, an amount equal to Ten Dollars (\$10) per year.

- 4.6 Construction by Third Parties. From time to time Landowner may enter into contracts with MUD 1 whereby Landowner will undertake, on behalf of MUD 1, to pre-finance or pre-construct, in one or more phases, all or any portion of the Facilities. Such contracts shall be subject to the terms and conditions of this Agreement.
- 4.7 Facility Plan Review and Inspection Fee. Landowner and MUD 1 shall pay or cause to be paid to the City a fee (the "Inspection Fee") to compensate the City for (a) reviewing construction plans for the Facilities that serve the MUD 1 Property, (b) conducting laboratory testing, if required, and (c) inspecting the construction of such Facilities (collectively, the "Inspection Services"). It is contemplated that the Inspection Services will be performed by a qualified and certified independent contractor selected by the City; however, the City reserves the right to perform the Inspection Services using a full-time City employee who is qualified and certified to the same standards as the independent contractor. The amount of the Inspection Fee shall be three percent (3%) of the cost to construct such Facilities and shall be paid as follows: an amount equal to one-half ($\frac{1}{2}$) of the Inspection Fee, based upon the estimated construction cost, shall be paid at the time the construction plans are submitted; and the balance, based upon the actual construction cost, shall be paid on final acceptance of such Facilities by the City. The Inspection Services (including any certificates of completion) shall be performed (and the certificates of completion prepared) in accordance with any requirements of the Commission; provided, however, if the Commission requirements cause the cost of the Inspection Services to exceed the Inspection Fee, Landowner shall pay the excess or cause the excess to be paid to City. The Inspection Fee shall apply to the Interim STP (hereinafter defined) but shall not be applicable to the design and construction by the City of the Water Facilities and Sewer Facilities (hereinafter defined).

ARTICLE V WATER SUPPLY AND WASTEWATER TREATMENT

- 5.1 Application for Service. By its execution of this Agreement, Landowner is requesting retail water and sanitary sewer service to serve full development of the MUD 1 Property, not to exceed 2,991 SFLUEs (hereinafter, "Full Development") in accordance with the Demand Projections described in section 5.3, below. By its execution of this Agreement, the City is agreeing to provide retail water and sanitary sewer service for Full Development of the MUD 1 Property in accordance with Demand Projections described in section 5.3, below, and subject to the condition that the Landowner and MUD 1 fully comply with their respective obligations under this Agreement and the additional conditions listed in section 5.2 of this Agreement. This obligation is limited only to the MUD 1 Property and is not assignable to any other portion of the Property.

- 5.2 - Conditions. The agreement of the City to provide retail water and sanitary sewer service for Full Development of the MUD 1 Property is subject to the following specific limitations and requirements: (a) the design and construction of all Facilities to provide water and sanitary sewer service must comply with the Applicable Regulations; (b) only the City shall provide retail water and sanitary sewer service within the MUD 1 Property; (c) Landowner will pay all funds described in Section 5.5 and 5.6 of this Agreement and, if necessary, obtain the permit for the temporary wastewater treatment plant and construct the wastewater treatment plant in accordance with Section 5.6(g) of this Agreement; and (d) Landowner will construct all other Facilities to provide water and sanitary sewer service necessary to provide water and sanitary sewer service and located within the Property.. The City, at its sole cost and expense (including, but not limited to, water and sanitary sewer impact fees collected by the City) will construct such additional water and sanitary sewer Facilities, if any, that are located outside of the Property required to provide the capacity for service to the remaining connections required for Full Development of the MUD 1 Property, up to a maximum of 2,991 SFLUEs. In no case, however, shall be City be responsible for or fund or construct water distribution lines and appurtenances or sanitary sewer collection lines and appurtenances necessary to serve individual lots or connections within the Property. The City agrees that upon the payment to the City of the applicable impact fees (as provided in Section 2.2 of this Agreement) by Landowner, MUD 1, or any other owner of land within MUD 1 (other than a person requesting temporary water service for construction purposes or a person requesting water service to a home or business), the customers within the property for which such impact fees were paid shall be entitled to the capacity or volume of service for which the impact fees were paid for the useful life of the City's water system (i.e., if a water impact fee is paid for a single-family lot, the home constructed on such lot will be entitled to receive water service for one equivalent single-family connection for the life of the City's water system). The City will initiate retail service, whether for temporary water service for construction purposes or for water service to a home or business, upon submittal of the standard application for service and compliance with the requirements for such service, including but not limited to payment of inspection fees, service initiation fees, and deposit as set forth in the Retail Utility Policies.
- 5.3 Demand Projections. Attached hereto as Exhibit J is Landowner's current schedule of demands for water and sanitary sewer service to serve the phased, Full Development of the MUD 1 Property (the "Demand Projections"), Exhibit J being the same schedule attached to the pre-filed testimony of Landowner's engineer expert in the Commission proceeding. The Demand Projections, together with the Applicable Regulations, shall be used to size the Facilities for water and sanitary sewer service and to limit the City's obligation to provide service to the MUD 1 Property based upon projected build-out. From time to time Landowner may revise the Demand Projections; in which case a copy of the revisions shall be immediately provided to the City, and the City will use all reasonable efforts to meet the revised Demand Projections; provided, however, if City incurs any cost whatsoever in satisfying or attempting to satisfy any change in the Demand Projections that increases the service demand sooner than depicted on the initial

services rendered by MUD 1, for and to the owners of property within MUD 1 and the customers of the Facilities.

- (f) "Preliminary Plat" shall mean the preliminary plat of approximately 511.2 acres within MUD 1 approved by the Commissioners Court of Collin County on May 10, 2004.
- (g) "Facilities" shall mean and include those portions of any water supply and distribution system, any sanitary sewer collection and treatment system, any storm water and drainage facilities, and any road, street, or transportation system designed and constructed by Landowner and/or MUD 1 to serve the Property.
- (h) "Rules" shall mean the applicable rules and regulations of the Commission.

ARTICLE II OBLIGATIONS/ACTIONS OF LANDOWNER

2.1 Applicable Regulations. Unless otherwise approved in writing by the owner of any portion of the Property being developed under this Agreement, the Property shall be developed in accordance with the regulations set forth in this section (the "Applicable Regulations"). In the event of any conflict or inconsistency between this Agreement and the Applicable Regulations, the provisions and intent of this Agreement shall control. No ordinances, resolutions, codes, rules, regulations, standards, policies, guidelines, or other requirements of any kind adopted, enacted, or otherwise enforced by the City shall apply to the development of the Property other than the Applicable Regulations. The Applicable Regulations shall continue to apply during the term of this Agreement and shall not be affected by the fact that later phases of development may vary significantly from earlier phases or from the Preliminary Plat. The Applicable Regulations consist exclusively of the following:

- (a) The City's Water Distribution Master Plan prepared by Birkhoff, Hendricks & Conway and dated May 2003.
- (b) The City's Wastewater Master Plan prepared by Birkhoff, Hendricks & Conway and dated August 2003
- (c) The City's Master Thoroughfare Plan prepared by Dunkin, Sefko & Associates, Inc. and dated December 2001 (the "Thoroughfare Plan").
- (d) The International Building Code, International Residential Code, International Mechanical Code, International Plumbing Code, International Fire Code, International Energy Conservation Code, National Life and Safety Code, National Electrical Code (all of the foregoing codes as amended, including local amendments adopted by the North Central Texas Council of Governments but excluding any other local amendments to such codes and excluding any other City-adopted building codes) that are applicable to buildings and other structures

Demand Projections, Landowner shall pay all such costs to the City and there shall be no credit on impact fees for such costs paid by the Landowner

- 5.4 Regional Wholesale Water and Wastewater Service. The City will negotiate to obtain wholesale water and sanitary sewer service from one or more regional providers that, in the aggregate, will provide water and sanitary sewer service for Full Development of the MUD 1 Property in accordance with the Demand Projections. The City has represented to and agreed with Landowner that the financial obligations of the City to such regional providers will be passed through to Landowner solely in the form of the retail water and sanitary sewer rates charged to future customers within the Property or impact fees which impact fees are limited to \$1500 per SFLUE connection in accordance with Section 2.2 of this Agreement for the first 2,033 SFLUEs. Based on such representation and agreement, Landowner has withdrawn its request to participate in such negotiations.

5.5 Water Facilities.

- (a) Obligation to Construct. The City shall design and construct the following water Facilities as more fully described in that certain Preliminary Engineering Report providing for Water and Wastewater Service to the Light Ranch Addition, Collin County, Texas prepared by Birkhoff, Hendricks & Conway, L.L.P. and dated July 2004 (collectively, the "Water Facilities") to provide water service for the first 2,033 SFLUE connections within the MUD 1 Property as required to meet the Demand Projections: (1) a 12-inch water line along CR 52 or the future tollway alignment (estimated cost \$224,428); (2) a 1.0 MGD elevated storage tank to be located within the Property (estimated cost \$1,444,275); (3) a 16-inch oversized line (estimated cost \$130,927); (4) an upgrade of the Celina Road pump station (estimated cost \$158,700); and (5) a 16-inch water line along CR 52 or the future tollway alignment (estimated cost \$316,474). Landowner reserves the right to approve the location of the 16-inch oversized line and to determine design standards (excluding class of pipe, pipe materials, and embedment materials) for the line that will minimize the impact of the line on future development of the Property (including, but not limited to, the impact of the line on future grading and the location and construction of other utilities); provided, however, any additional projected costs resulting from Landowner's decision to change the location of the line from the location proposed by the City or to apply design standards different from the design standards used by the City will be additional charges payable by the Landowner and paid for by the Landowner in advance, and the reasonable determination of the City's engineer regarding the amount of such additional cost shall be final and binding upon Landowner. The City shall diligently pursue the design and construction of the Water Facilities until completion in a manner to meet the Demand Projections. The City shall also diligently pursue the design and construction, at its sole cost and expense, of such additional Facilities as may be needed to provide water service to meet the Demand Projections for Full Development of the MUD 1 Property. Landowner

shall approve the location of and design standards for the 16-inch oversized line within 10 days after a written request from the City.

(b) Obligation to Fund.

- (1) Landowner shall pay to City the funds for the Water Facilities (up to, but not exceeding, the estimated cost amounts for each item described above). Any savings realized for any individual item may be applied to satisfy any cost overrun on any other item; however, Landowner's total obligation shall not exceed the sum of the estimated cost amounts. If the cost to design and construct the Water Facilities exceeds the aggregate of the estimated costs shown above, the excess shall be the sole responsibility of the City.
- (2) Within 10 days after the City has complied with its obligations under Section 1.2 of this Agreement and Collin County has delivered to the Commission its resolution withdrawing the county's opposition to the creation of MUD 1, Landowner shall pay to the City the amount of \$60,000.00, which amount shall be segregated from other City funds and used solely for the design of and right-of-way acquisition for the Water Facilities.
- (3) Within 10 days after the City has complied with its obligations under Section 1.2 of this Agreement and Collin County has delivered to the Commission its resolution withdrawing the county's opposition to the creation of MUD 1, Landowner shall deliver to the Escrow Agent the additional sum of \$70,000; which amount shall be released to the City when MUD 1 has been created by a final, non-appealable order of the Commission and which amount shall be segregated from other City funds and used solely for the design of and right-of-way acquisition for the Water Facilities.
- (4) From and after MUD 1 is created by a final, non-appealable order of the Commission, Landowner shall fund (A) the design of the Water Facilities within 15 days after written notice from the City that funds are needed to award a design contract (based on the City's written estimate of the contract amount), and (B) the construction of the Water Facilities within 15 days after written notice from the City that a bid package for such construction contract has been completed and is ready for public bid (based on the City engineer's written estimate of the contract amount). If the City engineer's estimated amount is lower than the bidder selected at bid opening, the City shall give Landowner immediate written notice of the difference, and Landowner shall fund the difference within 30 days after such notice.

- (c) Right-of-Way. Landowner shall dedicate, at no cost to the City, all easements within the Property or within any other property owned by Landowner that is required for the Water Facilities. All other right-of-way required for the Water Facilities shall be acquired by the City, at its sole cost and expense.
- (d) Water Impact Fee Credits. In partial consideration for Landowner's agreement to pay funds under Section 5.5(a) of this Agreement, Landowner shall be entitled to a credit towards and against the water impact fees described in Section 2.2(a) of this Agreement applicable to the development of the MUD 1 to be credited toward the first water impact fees due in connection with the development of the MUD 1 Property; which credit shall equal the lesser of the \$841,685.00 or the actual total amount paid by Landowner for the design and construction of the Water Facilities. Such credit amount may be assigned, in whole or in part, to any future owner or developer of land within the Property. Credits shall be given at the time the impact fees are otherwise due and payable as provided in this Agreement. City will give the credit only to the person who Landowner designates in writing, and such designation shall be binding upon Landowner, the City, and all other persons; and City shall not be responsible for determining who is eligible for the credit. Only a credit on water impact fees will be allowed, and under no circumstance will City pay any money whatsoever.
- (e) Compliance with Laws. The City will comply with all applicable laws in connection with the design and construction of the Water Facilities and shall comply with the applicable Rules related to the design of the Water Facilities.
- (f) On-site facilities. Landowner will be responsible for installing, at Landowner's sole cost and expense, all on-site water facilities located within or outside the Property which are sized solely to serve customers within the Property, except for those portions of the Water Facilities described in Section 5.5(a) above which may be located within the Property and sized to serve customers located outside of the Property.
- (f) Performance by MUD 1. To the extent allowed by law, Landowner may choose to perform its obligation under this Section 5.5 by advancing funds to MUD 1, in which case, MUD 1 will perform the obligations of Landowner with respect to the design and construction of the Water Facilities.

5.6 Sewer Facilities.

- (a) Obligation to Construct. The City shall design and construct the following sanitary Facilities as more fully described in that certain Preliminary Engineering Report providing for Water and Wastewater Service to the Light Ranch Addition, Collin County, Texas prepared by Birkhoff, Hendricks & Conway, L.L.P. and dated July 2004 (collectively, the "Sewer Facilities") to provide sanitary sewer service for the first 2,033 SFLUE connections within the MUD 1 Property as required to meet the Demand Projections: (1) the Doe Branch lift station

(estimated cost \$297,562); (2) a 12-inch force main from Doe Branch to Carter Ranch (estimated cost \$391,790); (3) a 14-inch force main from Carter Ranch to the Wilson Creek trunk main (estimated cost \$436,755); (4) the 18-inch Wilson Creek gravity flow trunk main (estimated cost \$1,416,000); (5) the Doe Branch lift station upgrade (estimated cost \$113,850); and (6) the Carter Ranch lift station expansion (estimated cost \$151,800). Landowner reserves the right to approve the location of the 12-inch force main and to determine design standards (excluding class of pipe, pipe materials, and embedment materials) for the main that will minimize the impact of the main on future development of the Property (including, but not limited to, the impact of the main on future grading and the location and construction of other utilities); provided, however, any additional projected costs resulting from Landowner's decision to change the location of the line from the location proposed by the City or to apply design standards different from the design standards used by the City will be additional charges payable by the Landowner and paid for by the Landowner in advance, and the reasonable determination of the City's engineer regarding the amount of such additional cost shall be final and binding upon Landowner. The City shall diligently pursue the design and construction of the Sewer Facilities until completion in a manner to meet the Demand Projections. The City shall also diligently pursue the design and construction, at its sole cost and expense, of such additional Facilities as may be needed to provide sanitary sewer service to meet the Demand Projections for Full Development of the MUD 1 Property.

(b) Obligation to Fund.

- (1) Landowner shall pay to the City the funds for the Sewer Facilities (up to, but not exceeding, the estimated cost amounts for each item described above). Any savings realized for any individual item may be applied to satisfy any cost overrun on any other item; however, Landowner's total obligation shall not exceed the sum of the estimated cost amounts. If the cost to design and construct the Sewer Facilities exceeds the aggregate of the estimated costs shown above, the excess shall be the sole responsibility of the City.
- (2) Within 10 days after the City has complied with its obligations under Section 1.2 of this Agreement and Collin County has delivered to the Commission its resolution withdrawing the county's opposition to the creation of MUD 1, Landowner shall pay to the City the amount of \$110,000, which amount shall be segregated from other City funds and used solely for the design of and right-of-way acquisition for the Sewer Facilities.
- (3) Within 10 days after the Board of Directors of North Texas Municipal Water District has approved a wholesale wastewater treatment agreement with the City pursuant to which the City can perform its obligations under this Agreement for the first 2,033 SFLUEs, Landowner shall deliver to the

Escrow Agent the additional sum of \$335,000; which amount shall be released to the City when MUD 1 has been created by a final, non-appelable order of the Commission and which amount shall be segregated from other City funds and used solely for the design of and right-of-way acquisition for the Sewer Facilities.

- (4) From and after MUD 1 is created by a final, non-appelable order of the Commission, Landowner shall fund (A) the design of the Sewer Facilities within 15 days after written notice from the City that funds are needed to award a design contract (based on the City's written estimate of the contract amount), and (B) the construction of the Sewer Facilities within 15 days after written notice from the City that a bid package for such construction contract has been completed and is ready for public bid (based on the City engineer's written estimate of the contract amount). If the City engineer's estimated amount is lower than the winning bid selected at bid opening, the City shall give Landowner immediate written notice of the difference, and Landowner shall fund the difference within 30 days after such notice.
- (c) Right-of-Way. Landowner shall dedicate, at no cost to the City, the sanitary sewer easements required by this Agreement. All other right-of-way required for the Sewer Facilities shall be acquired by the City, at its sole cost and expense.
- (d) Sewer Impact Fee Credits. In partial consideration for Landowner's agreement to pay funds under Section 5.6(a) of this Agreement, Landowner shall be entitled to a credit towards and against the sanitary sewer impact fees described in Section 2.2(b) of this Agreement applicable to the development of the MUD 1 Property to be credited toward the first sewer impact fees due in connection with the development of the MUD 1 Property; which credit shall equal the lesser of \$1,316,000.00 or the actual total amount paid by Landowner for the design and construction of the Sewer Facilities. Such credit amount may be assigned, in whole or in part, to any future owner or developer of land within the Property. Credits shall be given at the time the impact fees are otherwise due and payable as provided in this Agreement. The City will give the credit only to the person who Landowner designates in writing, and such designation shall be binding upon Landowner, the City, and all other persons, and City shall not be responsible for determining who is eligible for the credit. Only a credit on water impact fees will be allowed and under no circumstance will City pay any money whatsoever.
- (e) Additional Sewer Impact Fee Credits. If the Sewer Facilities are not constructed and operational by the Critical Development Date (hereinafter defined), Landowner shall be entitled to an additional credit toward the first sewer impact fees due in connection with the development of the MUD 1 Property; which credit shall equal the lesser of \$400,000.00 or the actual total amount paid by Landowner for the design, construction, and operation of the Interim STP (hereinafter defined). Such additional credit is conditioned, however, upon

Landowner having obtained and assigned to the City the STP Permit (hereinafter defined) prior to the Critical Development Date. The Critical Development Date shall be date on which a "notice to proceed" has been given under any contract for the construction of water, sanitary sewer, roads, or drainage Facilities for the first residential subdivision within the MUD 1 Property. The Critical Development Date shall not occur prior to the later to occur of (1) the first anniversary of Effective Date of this Agreement or (2) the time that the City has approved construction plans for all of the water, sanitary sewer, roads, and drainage to serve the first residential subdivision within MUD 1 (which approval date for purposes of calculating the Critical Development Date shall not be more than 60 days after the construction plans are submitted to the City). The Critical Development Date shall be delayed, on a day-for-day basis, for each day that the City is delayed in the design or construction of the Sewer Facilities due to the failure of Landowner to pay funds as required by Section 5.6(a) of this Agreement (or due to the election by Landowner, pursuant to Section 5.6(a) of this Agreement, to modify the location or the design of the 12-inch force main and delays in the payment of the additional costs resulting from Landowner's modification of the location or design of the 12-inch force main. Such credit amount may be assigned, in whole or in part, to any future owner or developer of land within the Property. Credits shall be given at the time the impact fees are otherwise due and payable as provided in this Agreement. The City will give the credit only to the person who Landowner designates in writing, and such designation shall be binding upon Landowner, the City, and all other persons, and City shall not be responsible for determining who is eligible for the credit. Only a credit on sewer impact fees will be allowed, and under no circumstance will City pay any money whatsoever

- (f) STP Permit. Landowner and the City acknowledge that the Sewer Facilities may not be constructed and operational by the Critical Development Date. To assure sanitary sewer treatment capacity to serve Full Development of the MUD 1 Property, Landowner shall continue to pursue (at its sole cost and expense) the pending application to the Commission for the TPDES Permit for a wastewater treatment plant to be located within the Property (the "STP Permit"). The City shall communicate its full support of the STP Permit to the Commission, to any regional provider of sanitary sewer treatment services, and to any other person inquiring about such permit. Other than allowing the credit described in Section 5.6(e) of this Agreement (provided the conditions precedent to such credit have been satisfied), the City is not obligated to pay any portion of the cost of acquiring the STP Permit or constructing or installing the Interim STP. When Landowner has obtained the STP Permit (and provided at such time the City has delivered to the Commission the documents required by Section 1.2 of this Agreement and Collin County has delivered to the Commission its resolution withdrawing the county's opposition to the creation of MUD 1), then Landowner will assign or transfer the STP Permit to the City.

- (g) Interim STP. If the Sewer Facilities are not constructed and operational by the Critical Development Date, Landowner shall have the right to design and construct the first phase (the capacity of which phase shall be determined by Landowner) of a temporary sanitary sewer treatment plant (the "Interim STP") that will serve the MUD 1 Property until the Sewer Facilities are constructed and operational. The design of the Interim STP shall be determined by Landowner (with the approval of the City, not unreasonably to be withheld or delayed) to provide the needed treatment capacity at the most economical cost considering both construction and operation costs. All costs and expenses related to the engineering design, permitting, and construction of the Interim STP (and subsequent expansions thereof if needed) shall be paid by Landowner. When the first phase of the Interim STP has been constructed and is operational, but prior to the time the Interim STP is actually placed in service, Landowner shall (1) lease to the City the site for the Interim STP and all improvements on the site for a rental of One Dollar (\$1) per year for so long as the Interim STP operates on said site, and (2) assign to the City all easements required to operate the Interim STP. The City shall operate and maintain the Interim STP and provide sanitary sewer service for the MUD 1 Property; and should City refuse or fail to operate and maintain the Interim STP, then MUD 1 shall have the right to operate and maintain the Interim STP.
- (h) Interim STP – Expansions. If at any time the City fails or refuses to timely provide the Sewer Facilities and/or the sanitary sewer treatment service to serve Full Development of the MUD 1 Property to meet the Demand Projections, then Landowner shall have the right, at its sole cost and expense, to expand the capacity of the Interim STP to provide such service (including the right to secure any amendments required to the STP Permit).
- (i) Interim STP – Abandonment. Within 12 months after the Interim STP is no longer needed to serve Full Development of the MUD 1 Property, the Interim STP shall be closed and abandoned. Upon such closure and abandonment, (1) the Interim STP site shall be returned to Landowner, and (2) the salvageable components of the Interim STP (or the value thereof) shall belong to the City and Landowner in proportion to the total amounts paid by each of them in connection with the acquisition or operation of the Interim STP; provided, however, any portion of the Interim STP site that is necessary to convey, store, or treat wastewater shall remain operational as long as needed.
- (j) Compliance with Laws. The City will comply with all applicable laws in connection with the design and construction of the Sewer Facilities.
- (k) On-Site Facilities. Landowner will be responsible for installing, at Landowner's sole cost and expense, all on-site sanitary sewer facilities located within or outside the Property which are sized solely to serve customers within the Property, except for those portions of the Sewer Facilities described in Section 5.6(a) above which

may be located within the Property and sized to serve customers located outside of the Property.

- (l) Performance by MUD 1. To the extent allowed by law, Landowner may choose to perform its obligation under this Section 5.6 by advancing funds to MUD 1, in which case, MUD 1 will perform the obligations of Landowner with respect to the design and construction of the Sewer Facilities.
- 5.7 No Ownership of Facilities. No provision in this Agreement is intended, nor should be construed, to create any ownership interest by Landowner or MUD 1 in the Water Facilities or Sewer Facilities.
- 5.8 Alternative Sewer Improvements. In the event North Texas Municipal Water District does not consent to providing wastewater treatment capacity to the City as contemplated by this Agreement, the City will remain responsible for providing wastewater treatment capacity capable of serving Full Development of the MUD 1 Property. Should North Texas Municipal Water District fail to consent, the remaining portion of the funds required by Section 5.6(a) for the design and construction of the Sewer Facilities shall be used by the City solely to provide wastewater treatment capacity to serve 2.033 SFLUES within the MUD 1 Property.

ARTICLE VI OPERATION AND MAINTENANCE OF FACILITIES/CITY SERVICES

- 6.1 Acceptance and Operation of Water and Wastewater Facilities.
 - (a) Acceptance. As acquisition and/or construction of each phase of the water and wastewater Facilities to serve the MUD 1 Property is completed, representatives of the City shall inspect such water and wastewater Facilities and, if the City finds that the same has been completed in accordance with the final plans and specifications approved by the City, the City will accept the construction of such water and wastewater Facilities. Upon City acceptance of construction of the water and wastewater Facilities to serve the MUD 1 Property, the City will also accept same for operation by the City, whereupon such portion of such water and wastewater Facilities shall be owned, operated and maintained by the City at its sole expense, provided, however, if the conditions described in Section 4.5 exist, then otherwise available for use by the City. In the event that such water and wastewater Facilities have not been completed in accordance with the final plans and specifications approved by the City, the City will immediately advise the Landowner and/or MUD 1 in what manner said water and wastewater Facilities do not comply, and the Landowner shall cause same to be corrected; whereupon the City shall again inspect the water and wastewater Facilities and accept the same if the defects have been corrected.
 - (b) The City will operate the water and wastewater Facilities (or the capacities thereof) serving the MUD 1 Property that it has accepted and will use such water

and wastewater Facilities to provide service to all customers within the MUD 1 Property without discrimination. The City shall at all times maintain such water and wastewater Facilities, or cause the same to be maintained, in good condition and working order in compliance with all applicable laws and all applicable regulations, rules, and orders of any governmental entity with jurisdiction over same, and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles, and the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental, administrative or judicial body promulgating the same. The supply of water to the City's customers within the MUD 1 Property may be reasonably limited by the City on the same basis and to the same extent as the supply of water to other similarly situated customers within the City.

- 6.2 Rates. The retail water and wastewater rates charged to customers located within the MUD 1 Property shall be the same as those duly adopted and uniformly charged by the City for "out-of-city" service (but not more than 50% higher than the rate charged by the City for "in-city" service).
- 6.3 Water Conservation. Retail customers within the MUD 1 Property shall be subject to the City's Water Conservation Program and Drought Contingency Plan as amended from time to time and as adopted by the City Council and uniformly applied throughout the City's service area. The Landowner agrees to encourage water conservation and compliance with such program and plan.
- 6.4 Industrial Waste. Industrial waste, if any, received by the City from the MUD 1 Property shall be subject to the provisions of the City's Industrial Waste Ordinance, as amended from time to time and as adopted by the City Council and uniformly applied throughout the City's service area. The Landowner further agrees to cooperate with the City to enforce any industrial waste pre-treatment requirements with respect to the MUD 1 Property imposed on the City by the Commission or the United States Environmental Protection Agency.
- 6.5 Service. The City is not obligated to provide retail water or wastewater service to any lot unless a subdivision plat for such lot has been filed in the real property records of Collin County and all fees required pursuant to this Agreement have been paid with respect to such lot. Interim or temporary water or wastewater service may, however, be provided during construction.
- 6.6 Solid Waste/Trash Collection. To the extent allowed by law, the City shall provide solid waste/trash collection services to each customer located within the MUD 1 Property. The City shall charge the same rates to such customers as it charges similarly situated customers located within the City. Upon request by City, MUD 1 will exercise its powers under Texas Water Code, Section 54.203 to establish a solid waste collection system within its boundaries under which the City provides the solid waste collection service, require use of the solid waste collection established by MUD 1, and contract with the

City to be the exclusive provider of the solid waste collection service under the provisions of this Agreement and Texas Government Code, Chapter 791.

6.7 Police, Fire and Emergency Services.

- (a) Fire and Emergency Services. In order for MUD 1 to contract for fire protection and emergency services, Commission approval of such contract must be obtained in accordance with the Texas Water Code, Section 49.351. Landowner and City agree to use their good faith efforts to negotiate and enter into such a contract pursuant to which the City will provide such services and MUD 1 will collect a tax or assessment to pay for such services (including, to the extent permitted by law, a provision allowing the City to discontinue water service to any customer who does not pay such taxes or assessment). If MUD 1 and the City are successful in negotiating such a contract (upon the condition that the City can provide the services on terms and conditions that are competitive with other sources of such services that are available to MUD 1), MUD 1 shall place the required proposition on the ballot at the confirmation election for MUD 1, and shall encourage voters to approve such proposition. Thereafter, if approved by the voters, the Board of Directors of MUD 1 will enter a contract with the City under which the City will provide firefighting and emergency medical services in accordance with the agreed upon terms and conditions. If MUD 1 does not contract with the City for fire protection and emergency services, the City shall have no obligation to provide such services within the boundaries of MUD 1.
- (b) Police Services. Landowner, MUD 1, and the City will use their good faith efforts to negotiate and enter into a contract pursuant to which the City will provide police protection services (upon the condition that the City can provide such services on terms and conditions that are competitive with other sources of such services that are available to MUD 1). For purposes of this section, "other sources" shall not include the provision of services by the Collin County's sheriff's office to the MUD 1 Property absent an interlocal agreement for such services acceptable to Collin County for sheriff's department service to the MUD 1 Property at a service level, and at a fee, acceptable to MUD 1 and Collin County. If the City can provide police protection services on competitive terms and conditions, then Landowner, MUD 1, and the City shall investigate alternatives to fund such services (including one or more homeowners association organized within the MUD 1 Property with mandatory fee authority). If MUD 1 does not contract with the City for police protection services, the City shall have no obligation to provide such services within the boundaries of MUD 1.

ARTICLE VII
TAXES AND ORDINANCES

MUD 1 is authorized to assess, levy and collect ad valorem taxes upon all taxable properties within its boundaries to provide for (i) the payment in full of the Obligations, including principal, redemption premium, if any, or interest on the Bonds and to establish and

maintain any interest and sinking fund, debt service fund or reserve fund, (ii) for operation and maintenance purposes, and (iii) to make payments under contracts, all in accordance with applicable law. The parties agree that nothing herein shall be deemed or construed to prohibit, limit, restrict or otherwise inhibit the district's authority to levy ad valorem taxes as the Board of Directors of MUD 1 from time to time may determine to be necessary. The City recognizes and agrees that all ad valorem tax receipts and revenues collected by MUD 1 shall become the property of MUD 1 and may be applied by MUD 1 to the payment of all proper debts, obligations, costs and expenses of MUD 1 and may be pledged or assigned to the payment of all or any designated portion of the principal or redemption premium, if any, or interest on the Bonds or otherwise in accordance with applicable law.

ARTICLE VIII DISSOLUTION OF THE DISTRICT

- 8.1 Dissolution Prior to Retirement of Bonded Indebtedness. The City and Landowner recognize that, as provided in the laws of the State of Texas and this Agreement, the City has the right, by annexation of MUD 1 to abolish and dissolve MUD 1 and to acquire MUD 1's Assets and assume MUD 1's Obligations. MUD 1 will continue to exist until the City decides to dissolve it; however, the City hereby agrees that it will not annex any of the territory within MUD 1, except for the limited purpose annexations contemplated by Section 3.4(j) of this Agreement, until the earlier of ten (10) years after the Order of the Commission creating MUD 1 is final and non-appealable or until all of the Facilities required to serve at least ninety percent (90%) of the usable land within MUD 1 are constructed. By execution of this Agreement, Landowner and MUD 1 request and petition City to annex the MUD 1 Property, subject to the condition that the annexation will not occur or be effective until the date provided by this section 8.1 of this Agreement, and such request shall be irrevocable and coupled with an interest and binding upon Landowner's successors and assigns, including the ultimate consumer.
- 8.2 Contracts. All contracts, agreements, or other undertakings for personal or professional services or supplies entered into by MUD 1 that could extend beyond the term of this Agreement shall provide that in the event MUD 1 is dissolved by the City or by operation of law, the City shall have the unilateral right to terminate such contracts, agreements, or other undertakings effective on or after the date of dissolution without penalty or other payments. MUD 1 shall not enter into any contract which contains any provision, other than the one described in the first sentence of this section, which is or becomes effective upon the dissolution of MUD 1 by the City.
- 8.3 Transition upon Dissolution. Upon dissolution of MUD 1, the City shall acquire MUD 1's Assets and shall assume MUD 1's Obligations. In the event all required findings and procedures for the dissolution of MUD 1 have been duly, properly and finally made and satisfied by the City, and unless otherwise mutually agreed by the City and MUD 1 pursuant to then existing law, MUD 1 agrees that its officers, agents and representatives shall be directed to cooperate with the City in any and all respects reasonably necessary to facilitate the dissolution of MUD 1 and the transfer of the MUD 1's Assets to, and the assumption of MUD 1's Obligations by the City.

ARTICLE IX
TERM OF AGREEMENT

- 9.1 Term and Effect. This Agreement shall remain in effect until the earlier of (i) the annexation of the MUD 1 Property into the City, or (ii) fifteen (15) years from the Effective Date, provided that the parties hereto may renew or extend this Agreement for successive fifteen (15) year periods, upon mutual agreement, so long as the total duration of the Agreement does not exceed forty-five (45) years. Notwithstanding the foregoing, in the event an order of the Commission creating MUD 1 and incorporating the terms of this Agreement applicable to MUD 1 is not final and non-appealable by August 31, 2005, Landowner shall have the right to immediately terminate this Agreement by delivering a written notice of termination to the City (but without complying with the notice and cure provisions of Section 13.1 of this Agreement). Should Landowner exercise such right, however, any amounts that have paid to and spent by the City as of such termination date shall remain the property of the City, and the City shall have no obligation to return such funds to Landowner. If, however, any funds have been paid to the City but not spent by the City, such funds shall be returned to Landowner within 30 days after Landowner's termination.

ARTICLE X
BENEFITS OF AGREEMENT

- 10.1 No Third Party Beneficiary. Except for the successors and assigns of Landowner as provided by Article XI, this Agreement is for the benefit of the City, Landowner, and MUD 1 and shall not be construed to confer any benefit on any other party except as expressly provided herein.
- 10.2 Acceptance. This Agreement will be executed by Landowner and the City prior to creation of MUD 1 (by a final, non appealable order of the Commission) and shall be binding upon the City and the Landowner prior to and after MUD 1 is created. At such time as MUD 1 is created and has a functioning Board of Directors, Landowner shall use its best efforts to cause the MUD to enter into and become a party to this Agreement by executing the Acknowledgment attached hereto as Exhibit L.

ARTICLE XI
ASSIGNMENT OF AGREEMENT

Landowner's obligations under this Agreement are binding upon Landowner and its successors and assigns as permitted by this Article, and any lien holder who forecloses a lien on the Property in whole or in part or who receives a deed in lieu of foreclosure to all or any part of the Property. Landowner, and its successors and assigns ("Assignor"), shall have the right, from time to time, to sell, transfer, convey, donate, assign, pledge, mortgage, or encumber all or any part of Assignor's rights and obligations under this Agreement to any person or entity ("Assignee"), provided Assignor is not in breach of this Agreement at the time of such sale, transfer, etc. Upon approval by the City of such Assignee, which approval shall not be unreasonably withheld (provided such Assignee assumes in writing the liabilities, responsibilities

and obligations of Assignor under this Agreement), Assignor shall be released from the liabilities, responsibilities and obligations hereof to the extent of the land involved in such sale, transfer, etc. or to the greater extent otherwise approved by the City. Notwithstanding the preceding, Assignor may, from time to time, sell, transfer, convey, donate, assign, pledge, mortgage, or encumber all or any part of Assignor's rights and obligations under this Agreement without the consent of the City provided the Assignee is an owner of land within MUD 1 and provided the Assignee agrees in writing to be bound by the terms and conditions of this Agreement (whereupon the Assignor shall be released from all liabilities, responsibilities, and obligations under this Agreement with respect to the land owned by the Assignee).

ARTICLE XII INCLUSION OF LAND INTO ETJ OF CITY

Effective on the date an order of the Commission creating MUD 1 is final and non-appealable (and provided the City is not in default under this Agreement on such date), Landowner's execution of this Agreement shall constitute a request by Landowner to include the remaining portion of the Property into the ETJ of the City pursuant to the authority of Texas Local Government Code, Section 42.022(b). The City shall thereafter adopt an ordinance that will include an order expanding the City's ETJ to include the remaining portion of the Property. As used in this section, the phrase "remaining portion of the Property" shall mean that portion of the Property that is not located within the City's ETJ on the Effective Date of this Agreement. Landowner will use its good faith efforts to cause the owner of the Light Trust Property to petition the City to include the Light Trust Property in the ETJ of the City. Landowner request to include the remainder of the Property into the ETJ of the City shall be irrevocable.

ARTICLE XIII MISCELLANEOUS PROVISIONS

- 13.1 Default; Remedies. Except as provided by Sections 1.3, and 9.1, of this Agreement, no party shall be in default under this Agreement until written notice of such party's alleged failure to perform has been given to all parties to this Agreement and to MUD 1 (including a detailed description of the alleged failure) and until such party has had a reasonable opportunity to cure the alleged failure (taking into consideration the nature and extent of the alleged failure, but in no event less than 30 days after the notice is given). Except as otherwise expressly provided by this Agreement, if a party is in default under this Agreement, the exclusive remedies of the non-defaulting parties shall be injunctive relief, mandamus, or specific performance specifying the actions to be taken by or prohibited of the defaulting party and the actions, if any, permitted to be taken by the non-defaulting party to remedy the default. Such relief shall be directed solely to the failed obligation and shall not address or include any activity or actions not directly related to the failed obligation. From and after the date that MUD 1 has been created by a final, non-appealable order of the Commission, no default by any party to this Agreement shall affect, in any way: (a) the validity of the creation of MUD 1 or any inclusions of land into MUD 1 that the City has consented to in this Agreement; or (b) the ability of MUD 1 to issue and sell its Bonds and distribute the proceeds thereof unless

MUD 1 is in default with respect to the "Consent Conditions" set forth Section 3.4 of this Agreement. If Landowner is in default of its obligations to pay funds for the Water Facilities and Sewer Facilities (as set forth in Section 5.5(a) and Section 5.6(a) of this Agreement) or pay the park fees (as set forth in Section 2.6 of this Agreement), MUD 1 agrees that any Bond proceeds to which Landowner is otherwise entitled in connection with the development of the MUD 1 Property shall be used by MUD 1 to first pay the amounts that Landowner failed to pay for the Water Facilities, Sewer Facilities, or park fees, all lien holders of the Property agree to such payment; provided, however, the City's right to such payment by MUD 1 is in addition to the other remedies available to the City under this Agreement.

- 13.2 Failure to Provide Water and/or Sanitary Sewer Service. If the City is unable, despite its good faith, best efforts, to (a) enter into wholesale water and sanitary sewer contracts (with one or more regional providers of such services) capable of providing water and sanitary sewer service for Full Development of the MUD 1 Property in accordance with the Demand Projections, (b) provide water and sanitary sewer service for Full Development of the MUD 1 Property in accordance with the Demand Projections, or (c) perform any other obligation under this Agreement that is necessary to provide water and wastewater service for Full Development of the MUD 1 Property in accordance with the Demand Projections, Landowner and/or MUD 1 shall have the right to obtain and provide such services from any available source or sources (upon such terms and conditions as Landowner and/or MUD 1 shall determine, in their sole discretion) on a temporary basis until the City is capable of providing water and sanitary sewer services in accordance with this Agreement. Should it become necessary for Landowner and/or MUD 1 to obtain or provide such temporary services, the City will use its good faith, best efforts to support Landowner and/or MUD 1 including, but not limited to, City consent to the expansion of the STP Permit and Interim STP and such other City consents as are reasonably required for Landowner and/or MUD 1 to provide water and sanitary sewer service for Full Development of the MUD 1 Property in accordance with the Demand Projections. Nothing in this Section 13.2 is intended to constitute a relinquishment by the City of its certificate of convenience and necessity to provide retail water and sanitary sewer service to the Property.
- 13.3 Force Majeure In the event any party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, other than Landowner's obligations to pay funds to the City, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, to the extent provided, but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and the full particulars of such force majeure to the other parties. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the

government of the United States or the State of Texas, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and inability to provide water necessary for operation of the water and sanitary sewer systems hereunder, or of the City to receive wastewater, and any other inability of any party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care and which the party is proceeding promptly to cure. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty; provided, however, the term "force majeure" does not include a down turn in the real estate market, an increase in interest rates, or the inability of the Landowner to obtain financing.

- 13.4 Approvals and Consents. Approvals or consents required or permitted to be given under this Agreement shall be evidenced by an ordinance, resolution or order adopted by the governing body of the appropriate party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of the party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents.
- 13.5 Address and Notice. Unless otherwise provided in this Agreement, any notice to be given under this Agreement shall be given in writing and may be given either by depositing the notice in the United States mail postpaid, registered or certified mail, with return receipt requested; delivering the notice to an officer of such party; or sending the notice by facsimile, when appropriate. Notice deposited by mail in the foregoing manner shall be effective the day after the day on which it is deposited. Notice given in any other manner shall be effective only when received by the party to be notified. For the purposes of notice, the addresses of the parties shall be as follows:

If to the City, to:

City of Celina, Texas
c/o City Manager
302 W. Walnut
Celina, Texas 75009

If to MUD 1, to:

Collin County Municipal Utility District No. 1
c/o Coats, Rose, Yale, Ryman & Lee, P.C.
3 Greenway Plaza, Suite 2000
Houston, Texas 77046

If to the Landowner, to:

14875 Partners, Ltd.
14875 Landmark Boulevard, Suite 306
Dallas, Texas 75240

The parties shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days' written notice of such change to the other parties.

- 13.6 No Additional Waiver Implied. The failure of any party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other parties.
- 13.7 Reservation of Rights. All rights, powers, privileges and authority of the parties hereto not restricted or affected by the express terms and provisions hereof are reserved by the parties and, from time to time, may be exercised and enforced by the parties.
- 13.8 Merger. This Agreement embodies the entire understanding between the parties and there are no representations, warranties or agreements between the parties covering the subject matter of this Agreement.
- 13.9 Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the parties hereto or any provisions hereof, or in ascertaining the intent of either party, with respect to the provisions hereof.
- 13.10 Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.
- 13.11 Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect. In the event that the Commission or any court of competent jurisdiction determines that any provision of this Agreement is beyond the scope of the Texas Water Code, the City, the Landowner and MUD 1 agree to immediately amend this Agreement to conform to such ruling or decision.

- 13.12 Amendments. This Agreement may only be amended by a resolution or ordinances of the City and a written agreement signed by Landowner and, when created, MUD 1, and no City officer or official is authorized or empowered to vary or waive the terms of this Agreement absent such amendment.
- 13.13 Expenses in Consenting to Creation of MUD 1. Landowner will reimburse the City for actual third-party costs and expenses paid or incurred by the City in connection with the petition for consent to create MUD 1 as filed with the City and dated August 19, 2004, and all actions relating to the MUD occurring after that date (not to exceed \$175,000) and reimburse Collin County for similar expenses (not to exceed \$35,000). Such payments will be deposited with the Escrow Agent with written instructions to the Escrow Agent to automatically release the payments to the City and Collin County, respectively, upon the earlier to occur of (i) the date MUD 1 is created by final non-appealable order of the Commission or (i) the date the City has complied with its obligations under Section 1.2 of this Agreement, and Collin County has delivered to the Commission a resolution duly adopted by the Collin County Commissioner's Court withdrawing the county's opposition to the creation of MUD 1.
- 13.14 Binding Obligation; Releases; Estoppel.
- (a) Binding Obligation. This Agreement shall bind and inure to the benefit of the parties hereto, and their permitted successors and assigns. Subject to the limitations contained in Section 13.14(b) below, upon recordation of this Agreement (but not the memorandum thereof described below) in accordance with this subsection, this Agreement shall bind and constitute a covenant running with the Property. A memorandum of this Agreement shall be recorded in the Deed Records of Collin County, Texas within 10 days after the Effective Date for the sole purpose of putting purchasers of the Property, or any portion thereof, on notice that this Agreement has been executed with respect to the Property and will be recorded in the Deed Records of Collin County if and only if MUD 1 is created by a final, non-appealable order of the Commission (and that this Agreement becomes binding upon the Property only upon such recordation). This Agreement shall be recorded in the Deed Records of Collin County, Texas within ten (10) days after MUD 1 is created by a final, non-appealable order of the Commission (and any recordation or attempted recordation prior to such time shall be void and shall constitute an immediate, material default by the recording party under this Agreement for which no notice or cure shall be required). As required by HB 1197 and Section 212.172(f) of the Texas Local Government Code, this Agreement is binding on the City, Landowner, MUD 1 and on their respective successors and assigns for the term of this Agreement; however, pursuant to the same statutory authority, this Agreement is not binding on, and does not create any encumbrance to title as to, any end-buyer of a fully developed and improved lot within the Property except for regulations that apply to specific lots. For purposes of this Agreement, the City and Landowner agree as follows: (1) that the term "end-buyer" means any owner, lessee, or occupant; (2) that term "fully

developed and improved lot" means any lot, regardless of proposed use, for which the City has approved a final plat; and (3) that the "regulations that apply to specific lots" include the following sections of this Agreement: Section 2.1, Applicable Regulations; Section 2.2, Development Fees and Charges; Section 2.3, Building Permits; Section 2.4, Water Districts; Section 2.6, Park Dedication Fees; Section 2.10, Waiver; Section 6.2, Rates; Section 6.3, Water Conservation; Section 6.4, Industrial Wastes; Section 6.6, Solid Waste/Trash Collection; Section 6.7; Police, Fire, and Emergency Services; and Section 13.14, Binding Obligation; Releases; Estoppel. With the exception of the Sections identified in the preceding sentence that continue to be applicable to final platted lots, this Agreement is automatically terminated with respect to any portion of the Property for which the City has approved a final plat.

- (b) Commercial Property. Except as provided by this section, this Agreement shall not be binding upon or constitute a covenant running with the Commercial Property. The following, and only the following, sections of this Agreement apply to, are binding upon, and constitute a covenant running with the Commercial Property: the Recitals; Section 1.4(g), Definitions; Section 2.1, Applicable Regulations; Section 2.3, Building Permits; Section 2.4, Water Districts; Section 2.5, Dedication of Road Right-of-Way; Section 2.7, Sanitary Sewer and Trail Easements; Section 2.8, Site for Water Tower; Section 2.9, Site for Public Safety Facility; Section 4.1, General; Section 4.2, Design Standards; Section 4.3, Approval of Plans and Specifications; Article IX, Term of Agreement; Section 10.1, No Third Party Beneficiary; Article XI, Assignment of Agreement; Article XII, Inclusion of Land into ETJ of City; Section 13.1, Default; Remedies; Section 13.3, Force Majeure; Section 13.4, Approvals and Consents; Section 13.5, Address and Notice; Section 13.6, No Additional Waiver Implied; Section 13.7, Reservation of Rights; Section 13.8, Merger; Section 13.9, Captions; Section 13.10, Interpretations; Section 13.11, Severability; Section 13.12, Amendments; Section 13.14, Binding Obligation; Releases; Estoppel; Section 13.15, Agreement Constitutes a Permit; Section 13.16, Authority; and Section 13.18, Waiver of Governmental Immunity.
- (c) Releases. From time to time the applicant for any final plat (or the owner of the land covered by any final plat) may request, in writing, that the City execute, in recordable form, a release of this Agreement with respect to any portion of the Property covered by an approved final plat (subject, however, to the continuing applicability of the "regulations that apply to specific lots" as identified above); and if the final plat has been approved, the City shall evidence such release by a statement included on the face of the approved final plat (provided; however, the failure of the approved final plat to include such an express release shall not affect the automatic release provided by this Agreement).
- (d) Estoppel Certificates. From time to time upon written request by any seller or purchaser of property within the Property the City shall execute a written estoppel

certificate to such seller or purchaser stating, if true that the City has not given or received any written notices alleging any events of default under this Agreement.

- 13.15 Authority. By executing below, City and Landowner agree that they have all necessary authority to enter into this Agreement, including any necessary approval by partners, directors or council members.
- 13.16 Interlocal Agreement. Upon MUD 1 acknowledging this Agreement pursuant to the provisions of Section 3.4(a) hereof, this Agreement shall constitute an Interlocal Agreement entered into between MUD 1 and the City pursuant to Chapter 791, Texas Government Code, as amended.
- 13.17 Waiver of Government Immunity. By executing this Agreement, the City and MUD 1 waive sovereign immunity from suit for the purpose of enforcing this Agreement.
- 13.18 Service to the Light Family Property. The Trust Property is located within an area for which the City has a certificate of convenience and necessity to provide retail water and sanitary sewer service. If and when the owners of the Trust Property desire water and sanitary sewer service for the Trust Property, the owner should file an application for service with the City. If, however, upon the filing of such application it is determined that the City is unable to provide the requested service as and when requested, and if upon the filing of such application MUD 1 has the ability to provide such service, then MUD 1 shall be allowed to provide such service, on a temporary basis, until such time as the City is able to do so. Nothing in this Section 13.18 is intended to constitute a relinquishment by the City of its certificate of convenience and necessity to provide retail water and sanitary sewer service to the Trust Property. If necessary or convenient for the City to provide retail water or sewer service to the Trust Property, Landowner and MUD 1 consent to using water and sewer facilities easements and streets located within the Property.
- 13.19 Cooperation. The City agrees not to assert any additional protests, hearing requests, meeting requests, or appeals (or encourage any other person or entity to do so) related to (a) the creation of MUD 1, (b) the annexation into MUD 1 of all the remaining Residential Property (as contemplated by Section 3.2 of this Agreement), or (c) the issuance of the TPDES Permit.
- 13.20 Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect. In the event that the Commission or any court of competent jurisdiction determines that any provision of this Agreement is beyond the scope of the Texas Water Code, the City, the Landowner and MUD 1 agree to immediately amend this Agreement to conform to such ruling or decision.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in multiple copies, each of equal dignity.

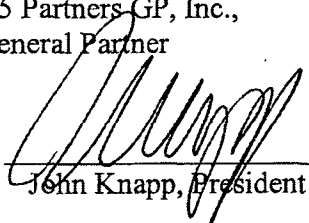
Accepted and executed as of the 19th day of August, 2004.

LANDOWNER

14875 Partners, Ltd., a Texas limited partnership

By: 14875 Partners GP, Inc.,
Its General Partner

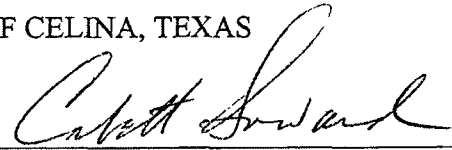
By:


John Knapp, President

Accepted and executed as of the 19th day of August, 2004.

CITY OF CELINA, TEXAS

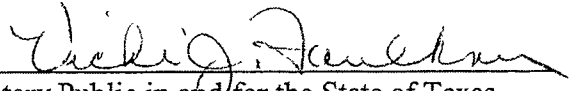
By:

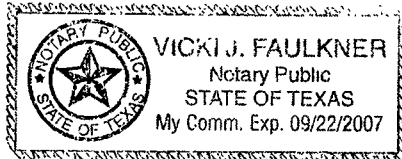

Corbett Howard, Mayor

STATE OF TEXAS §

COUNTY OF COLLIN §

This instrument was acknowledged before me on this 23 day of August, 2004, by Corbett Howard, Mayor, City of Celina, Texas.

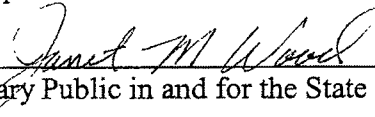

Notary Public in and for the State of Texas

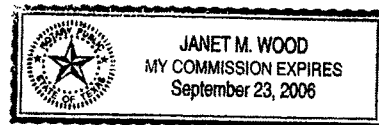


STATE OF TEXAS §

COUNTY OF COLLIN §

This instrument was acknowledged before me on this 23rd day of August, 2004, by John Knapp, President of 14875 Partners GP, Inc., general partner of 14875 Partners, Ltd., a Texas limited partnership, on behalf of said partnership.


Notary Public in and for the State of Texas



Exhibits:

- A – Description of the Property
- B – Description of the Trust Property
- C – Description of the Residential Property or MUD 1 Property
- D – Description of the Commercial Property
- E – Form of City Resolution
- F – Interpretations of Collin County Subdivision Ordinance
- G. – Interpretations of Celina Subdivision Ordinance
- H – Location of 1-Acre Site for Elevated Storage Tank
- I – Form of MUD 1 Acknowledgment
- J – Demand Projections

Exhibit A
Description of the Property

LEGAL DESCRIPTION
TRACT 1 – 773.821

BEING A 773.821 ACRE TRACT OF LAND SITUATED IN THE JOHN RAGSDALE SURVEY, ABSTRACT NO. 734, COLLIN COUNTY, TEXAS, AND BEING PART OF A CALLED 958.00 ACRE TRACT OF LAND, CONVEYED TO D.W. LIGHT, WILLIAM M. LIGHT, AND JACK H. LIGHT BY DEED RECORDED IN VOLUME 1044, PAGE 203, LAND RECORDS, COLLIN COUNTY, TEXAS, SAID 773.821 ACRE TRACT, WITH BEARING BASIS OF GRID NORTH, TEXAS STATE PLANE COORDINATES, NORTH CENTRAL ZONE, NAD 83 DATUM, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A 1/2 INCH IRON ROD FOUND FOR THE NORTHWEST CORNER OF A CALLED 161.4193 ACRE TRACT OF LAND, CONVEYED TO THE BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM BY DEED RECORDED IN VOLUME 2513, PAGE 274, LAND RECORDS COLLIN COUNTY, TEXAS AND BEING ON THE WEST LINE OF AFORESAID 958.00 ACRE TRACT AND BEING ON THE WEST LINE OF AFORESAID JOHN RAGSDALE SURVEY, AND BEING ON THE EAST LINE OF THE F.D. GARY SURVEY, ABSTRACT NO. 361;

THENCE NORTH 00 DEGREES 36 MINUTES 37 SECONDS WEST, ALONG THE WEST LINE OF AFORESAID 958.00 ACRE TRACT AND THE WEST LINE OF AFORESAID JOHN RAGSDALE SURVEY, AND THE COMMON EAST LINE OF AFORESAID F.D. GARY SURVEY AND THE SPENCER RICE SURVEY, ABSTRACT NO. 788, A DISTANCE OF 2927.41 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR THE POINT OF BEGINNING;

THENCE NORTH 00 DEGREES 36 MINUTES 37 SECONDS WEST, CONTINUING ALONG WEST LINE OF AFORESAID 958.00 ACRE TRACT AND THE WEST LINE OF AFORESAID JOHN RAGSDALE SURVEY, AND THE COMMON EAST LINE OF AFORESAID SPENCER RICE SURVEY, A DISTANCE OF 5798.81 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR THE NORTHWEST CORNER OF SAID 958.00 ACRE TRACT AND THE NORTHWEST CORNER OF SAID JOHN RAGSDALE SURVEY, AND BEING ON THE SOUTH LINE OF A CALLED TRACT 2, CONVEYED TO BILLIE JOE MAY AND WIFE, CHARLSIE LENA MAY BY DEED RECORDED IN VOLUME 535, PAGE 22, LAND RECORDS, COLLIN COUNTY, TEXAS AND BEING ON THE SOUTH LINE OF THE T. SLAYTON SURVEY, ABSTRACT NO. 806;

THENCE NORTH 89 DEGREES 32 MINUTES 06 SECONDS EAST, ALONG THE NORTH LINE OF AFORESAID 958.00 ACRE TRACT AND THE NORTH LINE OF AFORESAID JOHN RAGSDALE SURVEY, AND THE SOUTH LINE OF AFORESAID TRACT 2 AND A CALLED TRACT 1, CONVEYED TO BILLIE JOE

MAY AND WIFE, CHARLSIE LENA MAY BY DEED RECORDED IN VOLUME 535, PAGE 22, LAND RECORDS, COLLIN COUNTY, TEXAS AND THE SOUTH LINE OF THE AFORESAID T. SLAYTON SURVEY, PASSING A DISTANCES OF 1428.34 FEET A 1/2 INCH IRON ROD FOUND FOR THE COMMON SOUTHEAST CORNER OF SAID TRACT 1 AND THE T. SLAYTON SURVEY AND BEING THE SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED TO MARTHA ANN KING AND PEGGY SUE EARTHMAN, BY DEED RECORD IN COUNTY CLERK'S FILE NO. 92-0091304, LAND RECORDS, COLLIN COUNTY, TEXAS AND BEING THE COMMON SOUTHWEST CORNER OF THE M. D. BULLION SURVEY, ABSTRACT NO. 137, CONTINUING A TOTAL DISTANCE OF 4151.30 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR THE NORTHEAST CORNER OF SAID 958.00 ACRE TRACT AND THE COMMON NORTHEAST CORNER OF SAID JOHN RAGSDALE SURVEY AND THE SOUTHEAST CORNER OF SAID M.D. BULLION SURVEY AND BEING ON THE WEST LINE OF THE COLLIN COUNTY SCHOOL LAND SURVEY NO. 14, ABSTRACT NO. 167 AND THE WEST LINE OF A TRACT OF LAND CONVEYED TO RICHARD C. SMITH AND WIFE, JANET L. SMITH BY DEED RECORDED IN COUNTY CLERK'S FILE NO. 97-0086916, LAND RECORDS COLLIN COUNTY, TEXAS;

THENCE SOUTH 01 DEGREES 06 MINUTES 02 SECONDS EAST, ALONG THE EAST LINE OF AFORESAID 958.00 ACRE TRACT AND THE EAST LINE OF AFORESAID JOHN RAGSDALE SURVEY AND THE COMMON WEST LINE OF AFORESAID COLLIN COUNTY SCHOOL SURVEY NO. 14, AND THE WEST LINE OF AFORESAID RICHARD C. SMITH TRACT AND THE WEST LINE OF A CALLED 100.593 ACRE TRACT CONVEYED TO THE WALTON BRADFORD FAMILY PARTNERSHIP, L.P. BY DEED RECORDED IN VOLUME 5050, PAGE 00784, LAND RECORDS, COLLIN COUNTY, TEXAS AND THE WEST LINE OF A TRACT OF LAND CONVEYED TO ALBERT MOKHTAR, TRUSTEE BY DEED RECORDED IN VOLUME 2722, PAGE 333, LAND RECORDS, COLLIN COUNTY, TEXAS, A DISTANCE OF 8807.15 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR THE NORTHEAST CORNER OF AFORESAID 161.4193 ACRE TRACT;

THENCE ALONG THE NORTH LINE OF AFORESAID 161.4193 ACRE TRACT THE FOLLOWING COURSES AND DISTANCES:

NORTH 89 DEGREES 44 MINUTES 17 SECONDS WEST, A DISTANCE OF 138.60 FEET TO A POINT FOR CORNER;

NORTH 82 DEGREES 40 MINUTES 54 SECONDS WEST, A DISTANCE OF 632.77 FEET TO A POINT FOR CORNER;

SOUTH 89 DEGREES 19 MINUTES 08 SECONDS WEST, A DISTANCE OF 1314.05 FEET TO A POINT FOR CORNER;

SOUTH 87 DEGREES 52 MINUTES 29 SECONDS WEST, A DISTANCE OF 475.03 FEET TO A POINT FOR CORNER;

SOUTH 89 DEGREES 56 MINUTES 06 SECONDS WEST, A DISTANCE OF 722.48 FEET TO A POINT FOR CORNER;

THENCE OVER AND ACROSS AFORESAID 958.00 ACRE TRACT THE FOLLOWING COURSES AND DISTANCES:

NORTH 00 DEGREES 36 MINUTES 37 SECONDS WEST, A DISTANCE OF 1513.85 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR CORNER;

NORTH 30 DEGREES 59 MINUTES 39 SECONDS EAST, A DISTANCE OF 867.40 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR CORNER;

NORTH 59 DEGREES 00 MINUTES 21 SECONDS WEST, A DISTANCE OF 1183.24 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR CORNER AND THE BEGINNING OF A TANGENT CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 31 DEGREES 36 MINUTES 16 SECONDS, A RADIUS OF 430.00 FEET, AND A LONG CHORD THAT BEARS NORTH 74 DEGREES 48 MINUTES 29 SECONDS WEST, A DISTANCE OF 234.19 FEET;

ALONG SAID TANGENT CURVE TO THE LEFT, AN ARC DISTANCE OF 237.19 FEET, TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR CORNER;

SOUTH 89 DEGREES 23 MINUTES 23 SECONDS WEST, A DISTANCE OF 171.47 FEET TO THE POINT OF BEGINNING AND CONTAINING 773.821 ACRES OF LAND, MORE OR LESS.

SAVE & EXCEPT

BEING A 5.000 ACRE TRACT OF LAND SITUATED IN THE JOHN RAGSDALE SURVEY, ABSTRACT NO. 734, COLLIN COUNTY, TEXAS, AND BEING PART OF A CALLED 958.00 ACRE TRACT OF LAND, CONVEYED TO D. W. LIGHT, WILLIAM M. LIGHT, AND JACK H. LIGHT BY DEED RECORDED IN VOLUME 1044, PAGE 203, LAND RECORDS, COLLIN COUNTY, TEXAS, AND BEING ALL OF FIVE 1.000 ACRE TRACTS CONVEYED TO JOSH J. KAHN BY DEED RECORDED IN VOLUME 5438, PAGE 6021, LAND RECORDS, COLLIN COUNTY, TEXAS SAID 5.000 ACRE TRACT, WITH BEARING BASIS OF GRID NORTH, TEXAS STATE PLANE COORDINATES, NORTH CENTRAL ZONE, NAD 83 DATUM, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A 5/8" IRON ROD WITH YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR THE NORTHEAST CORNER OF SAID LIGHT TRACT;

THENCE, SOUTH 89 DEGREES 32 MINUTES 06 SECONDS WEST, ALONG THE NORTH LINE OF SAID LIGHT TRACT, A DISTANCE OF 657.83 FEET TO POINT FOR CORNER IN THE EAST LINE OF A 50 FOOT EASEMENT TO LONE STAR GAS COMPANY, RECORDED IN VOLUME 507, PAGE 383, LAND RECORDS COLLIN COUNTY, TEXAS;

THENCE, OVER AND ACROSS SAID LIGHT TRACT AND ALONG THE EAST LINE OF SAID LONE STAR GAS COMPANY EASEMENT, THE FOLLOWING COURSES AND DISTANCES:

SOUTH 03 DEGREES 20 MINUTES 56 SECONDS WEST, A DISTANCE OF 52.00 FEET TO POINT FOR CORNER;

SOUTH 04 DEGREES 53 MINUTES 56 SECONDS WEST, A DISTANCE OF 2933.00 FEET TO THE **POINT OF BEGINNING** OF SAID FIVE-1.000 ACRE TRACTS

THENCE, CONTINUING OVER AND ACROSS SAID LIGHT TRACT, THE FOLLOWING COURSES AND DISTANCES:

SOUTH 85 DEGREES 06 MINUTES 04 SECONDS EAST, A DISTANCE OF 348.48 FEET TO A POINT FOR CORNER;

SOUTH 04 DEGREES 53 MINUTES 56 SECONDS WEST, A DISTANCE OF 625.00 FEET TO POINT FOR CORNER;

NORTH 85 DEGREES 06 MINUTES 04 SECONDS WEST, A DISTANCE OF 348.48 FEET TO POINT FOR CORNER ON THE AFORESAID EAST LINE OF LONE STAR GAS COMPANY EASEMENT;

NORTH 04 DEGREES 53 MINUTES 56 SECONDS EAST, ALONG SAID EAST LINE, A DISTANCE OF 625.00 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 5.000 ACRES LAND AND LEAVING A NET ACREAGE OF 768.821 ACRES OF LAND, MORE OR LESS.

LEGAL DESCRIPTION

TRACT 2 – 151.289

BEING A 151.289 ACRE TRACT OF LAND SITUATED IN THE COLLIN COUNTY SCHOOL LAND SURVEY NO. 14, ABSTRACT NO. 167, COLLIN COUNTY, TEXAS, AND BEING ALL OF A CALLED 110.19 ACRE TRACT OF LAND, CONVEYED TO GENE P. McCUTCHIN BY DEED RECORDED IN COUNTY CLERK'S FILE NO. 2001-0120714, LAND RECORDS, COLLIN COUNTY, TEXAS, AND ALL OF A CALLED 41.09 ACRE TRACT OF LAND, CONVEYED TO GENE P. McCUTCHIN BY DEED RECORDED IN COUNTY CLERK'S FILE NO. 2002-0137807, LAND RECORDS, COLLIN COUNTY, TEXAS SAID 151.289 ACRE TRACT, WITH BEARING BASIS OF GRID NORTH, TEXAS STATE PLANE COORDINATES, NORTH CENTRAL ZONE, NAD 83 DATUM, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1 INCH PIPE FOUND FOR THE NORTHWEST CORNER OF AFORESAID 110.19 ACRE TRACT, SAID CORNER BEARS NORTH 89 DEGREES 28 MINUTES 05 SECONDS EAST A DISTANCE OF 35.13 FEET FROM A 1/2" IRON ROD FOUND AT THE SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED TO ALBERT MOKHTAR, TRUSTEE BY DEED RECORDED IN VOLUME 2722, PAGE 333. LAND RECORDS, COLLIN COUNTY, TEXAS;

THENCE NORTH 89 DEGREES 28 MINUTES 05 SECONDS EAST, ALONG THE NORTH LINE OF AFORESAID 110.19 ACRE TRACT AND THE COMMON SOUTH LINE OF AFORESAID ALBERT MOKHTAR TRACT, A DISTANCE OF 1912.58 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID 110.19 ACRE TRACT AND THE SOUTHEAST CORNER OF SAID ALBERT MOKHTAR TRACT AND BEING ON THE WEST RIGHT-OF-WAY OF THE RED RIVER TEXAS & SOUTHERN RAILWAY COMPANY TRACT NO. 54 BY DEED RECORDED IN VOLUME 121, PAGE 20, LAND RECORDS, COLLIN COUNTY, TEXAS;

THENCE SOUTH 11 DEGREES 20 MINUTES 28 SECONDS WEST, ALONG THE EAST LINE OF AFORESAID 110.19 ACRE TRACT AND THE EAST LINE OF AFORESAID 41.09 ACRE TRACT AND THE COMMON WEST LINE OF AFORESAID RED RIVER TEXAS & SOUTHERN RAILWAY COMPANY TRACT NO. 54, A DISTANCE OF 4816.17 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAID 41.09 ACRE TRACT AND POINT ON THE NORTH LINE OF A CALLED 81.68 ACRE TRACT OF LAND, CONVEYED TO GRAHAM S. STELZER AND WIFE, DORIS STELZER BY DEED RECORDED IN VOLUME 587, PAGE 146, LAND RECORDS, COLLIN COUNTY, TEXAS;

THENCE SOUTH 89 DEGREES 32 MINUTES 42 SECONDS WEST, ALONG THE SOUTH LINE OF AFORESAID 41.09 ACRE TRACT AND THE COMMON NORTH LINE OF AFORESAID 81.68 ACRE TRACT, A DISTANCE OF 884.15 FEET TO A

3/8 INCH IRON ROD FOUND FOR THE SOUTHWEST CORNER OF SAID 41.09 ACRE TRACT AND THE NORTHWEST CORNER OF SAID 81.68 ACRE TRACT;

THENCE NORTH 00 DEGREES 59 MINUTES 18 SECONDS WEST, ALONG THE EAST LINE OF AFORESAID 41.09 ACRE TRACT AND THE EAST LINE OF AFORESAID 110.19 ACRE TRACT, A DISTANCE OF 4712.10 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 151.289 ACRES OF LAND, MORE OR LESS.