

ORDINANCE NO. 2017-09

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF ARGYLE, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE WATERBROOK OF ARGYLE PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS, PROVIDING FOR SEVERABILITY, AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, on June 17, 2016, a petition was submitted and filed with the Town Secretary (the "**Town Secretary**") of the Town of Argyle, Texas (the "**Town**") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "**PID Act**"), requesting the creation of a public improvement district within the Town ; and

**WHEREAS**, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of Denton Central Appraisal District and the signatures of the property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property within the District that is liable for assessment; and

**WHEREAS**, on August 23, 2016, after due notice, the Town Council of the Town (the "**Town Council**") held a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Section 372.009 of the PID Act and made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2016-22 (the "**Authorization Resolution**") adopted by a majority of the members of the Town Council, authorized and created the Waterbrook of Argyle Public Improvement District (the "**District**") in accordance with its finding as to the advisability of the Authorized Improvements; and

**WHEREAS**, the Town published the Authorization Resolution as required by law; and

**WHEREAS**, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the Town Secretary;

**WHEREAS**, on April 13, 2017, the Town Secretary filed the Assessment Roll (defined below) and made the same available for public inspection; and

**WHEREAS**, the Town Secretary, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Assessment Hearing (defined below) to the last known address of the owners of the property liable for the Assessments (defined below); and

**WHEREAS**, the Town Secretary, pursuant to Section 372.016(b) of the PID Act, published notice of the Assessment Hearing on April 14, 2017 in the *Denton Record-Chronicle*, a newspaper of general circulation in the Town; and

**WHEREAS**, the owners of 100% of the property subject to the proposed assessment within the District (the "**Landowners**") had actual knowledge of the Assessment Hearing to be held on April 25, 2017, have waived notice of such public hearing, and support the creation of the District and the levy of assessments against the property in accordance with the Service and Assessment Plan (defined below) to finance the Authorized Improvements for benefit of the property within the District; and

**WHEREAS**, on April 25, 2017, the Council adopted a resolution determining total costs of authorized public improvements, approving and ratifying the preliminary service and assessment plan, the including proposed assessment roll that was filed with the Town Secretary on April 13, 2017 and made available for public inspection; calling for a public hearing (the "**Assessment Hearing**") to consider an ordinance levying assessments on property within the District (the "**Assessments**"); approving and ratifying the publication and mailing of notice of the Assessment Hearing; and directing related action; and

**WHEREAS**, the Town Council convened the Assessment Hearing on April 25, 2017, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the authorized public improvements to be undertaken for the benefit of property within the District (the "**Authorized Improvements**"), the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

**WHEREAS**, the Town Council finds and determines that the Assessment Roll and the Waterbrook of Argyle Public Improvement District Service and Assessment Plan, dated April 25, 2017 in a form substantially similar to the attached **Exhibit A**, which final form shall be approved by the Town Manager prior to execution (the "**Service and Assessment Plan**"), and which is incorporated herein for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and the Assessment Roll attached thereto as Appendix A (the "**Assessment Roll**"); and

**WHEREAS**, the Town Council further finds that there were no objections or evidence submitted to the Town Secretary in opposition to the Service and Assessment Plan, the allocation of the Actual Costs of the Authorized Improvements as described in the Service and Assessment Plan, the Assessment Roll, and the levy of the Assessments; and

**WHEREAS**, at the Assessment Hearing, the Landowners, or their representatives, who are the persons to be assessed pursuant to this Ordinance, appeared in support of the levy of the Assessments against their property located within the District; and

**WHEREAS**, the Town Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the Town, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the PID Act.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ARGYLE, TEXAS:**

**Section 1. Terms.**

Terms not otherwise defined herein are defined in the Service and Assessment Plan.

**Section 2. Findings.**

The findings and determinations set forth in the preambles 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. The Town Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the Actual Costs of the Authorized Improvements (as reflected in the Service and Assessment Plan, and the Administrative Expenses pursuant to the Service and Assessment Plan) is fair and reasonable, reflects an accurate presentation of the special benefit each assessed Parcel will receive from the construction of the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Authorized Improvements;

(c) The Service and Assessment Plan apportions the Actual Cost(s) of the Authorized Improvements to be assessed against the property in the District and such apportionment is made on the basis of special benefits accruing to the property because of the Authorized Improvements;

(d) All of the real property in the District which is being assessed in the amounts shown in the Assessment Roll will be benefited by the Authorized Improvements proposed to be constructed as described in the Service and Assessment Plan, and each assessed Parcel will receive special benefits in each year equal to or greater than each annual Assessments and will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;

(e) The method of apportionment of the Actual Costs of the Authorized Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the Actual Costs of the Authorized Improvements and Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the Actual Costs;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Assessment Roll should be approved as the Assessment Roll for the District;

(h) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Assessments, interest on Annual Installments, interest and penalties on delinquent Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of Assessments should be approved and will expedite collection of the Assessments in a timely manner in order to provide the services and improvements needed and required for the area within the District; and

(i) A written notice of the date, hour, place and subject of this meeting of the Town Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon.

**Section 3. Service and Assessment Plan.**

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

**Section 4. Assessment Roll.**

The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the Assessment Roll of the District.

**Section 5. Levy and Payment of Assessments for Costs of the Authorized Improvements.**

(a) The Town Council hereby levies an assessment on each Parcel of property (excluding Non-Benefitted Property) located within the District, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown in the Service and Assessment Plan as a special assessment on the properties set forth in the Assessment Roll.

(b) The levy of the Assessments shall be effective on the date of execution of this Ordinance levying Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

(g) The Administrative Expenses for Assessed Property shall be calculated pursuant to the terms of the Service and Assessment Plan.

**Section 6. Method of Assessment.**

The method of apportioning the Actual Costs of the Authorized Improvements and Administrative Expenses are set forth in the Service and Assessment Plan.

**Section 7. Penalties and Interest on Delinquent Assessments.**

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

**Section 8. Prepayments of Assessments.**

As provided in the Service and Assessment Plan, the owner of any Assessed Property may prepay the Assessments levied by this Ordinance.

**Section 9. Lien Priority.**

The Town Council and the Landowners intend for the obligations, covenants and burdens on the landowners of Assessed Property, including without limitation such Landowners' obligations related to payment of the Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the Assessed Parties, as the owners of Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

**Section 10. Appointment of Administrator and Collector of Assessments.**

(a) Appointment of Administrator.

The Town Council hereby authorizes the Town Manager to appoint an Administrator of the Service and Assessment Plan and of Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense.

(b) Appointment of Collector of Assessments.

The Town's Finance Director is hereby appointed and designated as the temporary collector of the Assessments (the "**Collector**"). The Collector shall serve in such capacity until such time as the Town shall arrange for the Collector's duties to be performed by the Denton County Tax Assessor and Collector, or another qualified collection agent selected by the Town .

**Section 11. Applicability of Tax Code.**

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code, as amended, shall be applicable to the imposition and collection of Assessments by the Town.

**Section 12. Filing in Land Records.** The Town Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan and/or the Assessment Roll, to be recorded in the real property records of Denton County, Texas. The Town Secretary is further directed to similarly file each Annual Service Plan Update approved by the Town Council.

**Section 13. Severability.**

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the Town Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity or any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

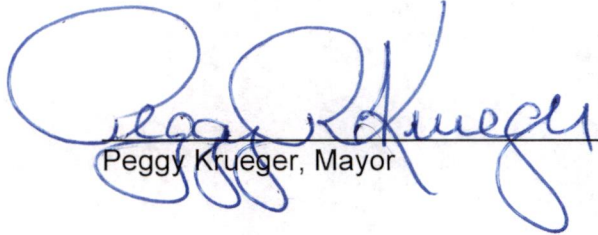
**Section 14. Effective Date.**

This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution hereof.

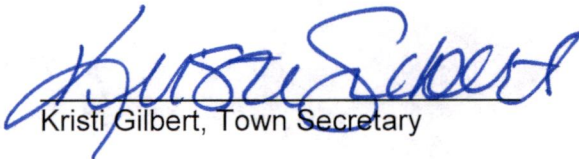
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PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF ARGYLE, TEXAS, THIS 25<sup>th</sup> DAY OF APRIL, 2017.

TOWN OF ARGYLE, TEXAS

  
Peggy Krueger, Mayor

ATTEST:

  
Kristi Gilbert, Town Secretary

[SEAL]

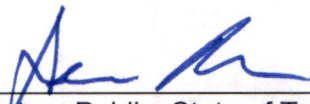


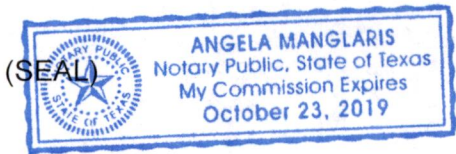
APPROVED AS TO FORM:

  
Matthew Boyle, Town Attorney

STATE OF TEXAS           §  
  §  
COUNTY OF DENTON       §

This instrument was acknowledged before me on the 25 day of April, 2017 by Peggy Krueger, Kristi Gilbert and Matthew Boyle, the Mayor, Town Secretary, and Town Attorney, respectively, of the Town of Argyle, Texas on behalf of said Town.

  
Notary Public, State of Texas



**EXHIBIT A**

**Service and Assessment Plan**

Waterbrook of Argyle

Public Improvement District

**FINAL SERVICE AND ASSESSMENT PLAN**

April 25, 2017

## SECTION I

### INTRODUCTION AND DEFINITIONS

#### A. Introduction

1. On August 23, 2016, the Town of Argyle, Texas (the "Town") passed and approved Resolution No. 2016-22 authorizing the establishment of the Waterbrook of Argyle Public Improvement District (the "PID") in accordance with Chapter 372, Texas Local Government Code, as amended (the "Act"), which authorization was effective upon publication as required by the Act. The purpose of the PID is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 101.350 acres within the corporate limits of the Town, located on the southeast corner of Farm to Market Road 407; along and adjacent to U.S. Highway 377; and North of Frenchtown Road (the "Property"). The Property is zoned under Ordinance No. 2016-08 adopted by the Town Council on April 23, 2016, which ordinance establishes the permitted uses of, and standards for the development of, the Property (the "Zoning Ordinance").

2. Capitalized terms used in this Service and Assessment Plan (as amended from time to time, this "SAP") shall have the meanings given to them in **Section I.B** unless otherwise defined in this SAP or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section" or an "Exhibit" shall be a reference to a Section of this SAP or an Exhibit attached to and made a part of this SAP for all purposes.

3. The Act governs the creation of public improvement districts within the corporate limits and extraterritorial jurisdiction of Texas municipalities and counties. The Act, among other things, governs the process by which Actual Costs of Authorized Improvements are apportioned to and assessed against the Property based on the special benefit conferred on the Property by the Authorized Improvements.

4. The Act requires a service plan covering a period of at least five (5) years and defining the annual indebtedness and projected cost of the Authorized Improvements (as updated, from time to time, a "Service Plan"). The Service Plan is contained in **Section IV**.

5. The Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against the Property based on the special benefits conferred on the Property by the Authorized Improvements (as updated, from time to time, an "Assessment Plan"). The Assessment Plan is contained in **Section V**.

6. The Act requires an assessment roll that states the assessment against each Parcel determined by the method chosen by the Town Council (as updated, from time, the "Assessment Roll"). The assessment against each Parcel must be sufficient to pay the share of the Actual Costs apportioned to the Parcel and cannot exceed the special benefit conferred on the Parcel by the Authorized Improvements. The Assessment Roll is contained in **Section VII**.

**B. Definitions**

1. "**Act**" is defined in **Section I.A.1.**

2. "**Actual Costs**" mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of owners and developers of the Property: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the Town; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) to acquire easements and other right-of-way; (5) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (6) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (7) of fees charged by the Town or any other political subdivision or governmental authority; and (8) to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the owners or developers. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4), (5), (7) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

3. "**Additional Interest**" means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the Act.

4. "**Additional Interest Reserve**" is defined in **Section V.D.**

5. "**Administrative Expenses**" mean the actual or budgeted costs and expenses related to the creation and operation of the PID, the issuance and sale of PID Bonds, and the construction of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accounts, financial advisors, and other consultants engaged by the Town; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this SAP and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. Administrative Expenses collected but not expended in any year shall be carried forward and applied to reduce Administrative Expenses for subsequent years.

6. **“Administrator”** means the person or independent firm designated by the Town Council to perform the duties and obligations of the "Administrator" in this SAP.
7. **“Annual Installment”** means the annual installment payments of an Assessment calculated by the Administrator and approved by the Town Council, including: (1) principal; (2) interest on unpaid principal from the Trigger Date; (3) Administrative Expenses; and, (4) the Additional Interest that funds Prepayment Costs and Delinquent Collection Costs if and only if PID Bonds are issued.
8. **“Annual Service Plan Update”** means an update to the Service Plan prepared no less frequently than annually by the Administrator and approved by the Town Council.
9. **“Assessed Property”** means any Parcel against which an Assessment is levied.
10. **“Assessment”** means an assessment levied against a Parcel pursuant to the Act.
11. **“Assessment Ordinance”** means the ordinance adopted by the Town Council in accordance with the Act that levies the Assessments.
12. **“Assessment Roll”** is defined in **Section I.A.6.**
13. **“Assessment Plan”** is defined in **Section I.A.5.**
14. **“Authorized Improvements”** mean the public improvements described in **Section III** and **Exhibit D** and illustrated in **Exhibit E** of this SAP and any further updates and/or amendments.
15. **“Authorized Improvements Cost”** mean the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as described in **Section III** and **Exhibit D**, as these costs may be updated.
16. **“Commercial Use Parcel”** means any portion of the Property zoned or planned to be used for commercial purposes as described in the Zoning Ordinance.
17. **“Delinquent Collection Costs”** mean, for a Parcel, interest, penalties, and other costs and expenses authorized by the Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this SAP, including costs and expenses to foreclose liens.
18. **“Development Agreement”** means the *Development Agreement*, effective August 9, 2016, by and between the Town and Terra Manna, LLC, its successors or assigns, approved by Resolution No. 2016-20 passed and approved by the Town Council on August 9, 2016.
19. **“Final Plat”** means the *Final Plat of Waterbrook of Argyle*, recorded in the real property records of Denton County, Texas.
20. **“HOA Property”** means any portion of the Property owned by or dedicated to a homeowner or property owner association.

21. "**Indenture**" means an indenture of trust, trust agreement, ordinance or similar document between the Town and the Trustee setting forth terms and conditions relating to a series of PID Bonds, as the same may be modified, amended and/or supplemented from time to time.
22. "**Initial Parcel**" means all Parcels within the PID, except the non-benefited property, which at the time this SAP is adopted includes the following tax map identification numbers assigned by the Denton Central Appraisal District: 67141; 696473; 696472; 67182; 67143; 67175; 75616; 67173; 696432; 67144; 696469; 67172; 67140; 696431; 696471; 696470.
23. "**Land Use Category**" means classification as a Residential Use Parcel, Commercial Use Parcel, HOA Property, or Public Property.
24. "**Non-Benefited Property**" means Parcels (or any other portions of the Property) that receive no special benefit from the Authorized Improvements, including Public Property and the HOA Property.
25. "**Owner(s)**" means individually or jointly, CalAtlantic Homes of Texas, Inc., Waterbrook Residential Investors, LLC, and Waterbrook Commercial Investors, LLC, or any successor owner of the Property or any portion thereof.
26. "**Parcel**" or "**Parcels**" means a portion of the Property identified by either a tax map identification number assigned by the Denton Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Denton County.
27. "**Parcel Type**" means the method of classifying similarly benefitted Parcels within a specific Land Use Category by grouping similarly benefitted Parcels according to the estimated buildout value of each Parcel.
28. "**PID**" is defined in **Section I.A.1.**
29. "**PID Bond Fee**" is defined in **Section VIII.A.1**
30. "**PID Bonds**" mean bonds, notes or other obligations, if any, issued by the Town, in one or more series, to finance the Authorized Improvements and secured by Assessments, including Annual Installments thereof.
31. "**PID Reimbursement Agreement**" means the *PID Reimbursement Agreement – Waterbrook of Argyle*, dated April 25, 2017, by and between the Town and Terra Manna, LLC, as the developer of the Authorized Improvements, in which the developer agrees to fund certain Actual Costs of the Authorized Improvements and the Town agrees to reimburse the Developer for a portion of such Actual Costs with interest as permitted by the Act.
32. "**Prepayment Costs**" mean, to the extent allowed by the Act: (1) interest, penalties, costs, and expenses, if any, arising under the Indenture and resulting from the prepayment of an Assessment; and (2) third-party costs and expenses, if any, paid or incurred by the

Town and resulting from the prepayment of an Assessment.

33. "**Property**" is defined in **Section I.A.1.**
34. "**Public Property**" means real property, whether conveyed or dedicated in fee simple, as an easement, license, or otherwise, to the Federal Government, to Denton County, to the Town, or to any other political subdivision, public or government agency, or public utility. Public Property includes the following public parkland to be dedicated to the Town.
35. "**Residential Use Parcels**" means any portion of the Property zoned or planned to be used for residential purposes as described in the Zoning Ordinance.
36. "**SAP**" is defined in **Section I.A.2.**
37. "**Service Plan**" is defined in **Section I.A.4.**
38. "**Site Plan**" is the proposed plan of developing the Residential, HOA and Commercial Use Parcels.
39. "**TIRZ No. 1**" means the Town of Argyle Tax Increment Reinvestment Zone No. 1.
40. "**TIRZ Annual Credit Amount**" means, for each Parcel, such Parcel's prorated amount of TIRZ Revenues calculated as described in **Section V.E.**
41. "**TIRZ Ordinance**" means an ordinance adopted by the Town Council authorizing the use of TIRZ Revenues for project costs under the Chapter 311, Texas Tax Code as amended, and related to certain public improvements as provided for in the Tax Increment Reinvestment Zone No. 1 Project and Finance Plan as amended.
42. "**TIRZ Revenues**" mean, for each year, the amounts paid by the Town from the TIRZ No. 1 tax increment fund in accordance with the TIRZ Ordinance to reduce an Annual Installment, as calculated each year by the Administrator in collaboration with the Town.
43. "**Town**" is defined in **Section I.A.1.**
44. "**Town Council**" means the governing body of the Town.
45. "**Trigger Date**" means the earlier of: (1) the date that the *Final Plat of Waterbrook of Argyle* is recorded in the real property records of Denton County, Texas, or (2) the date the Town adopts an ordinance authorizing the issuance and sale of the first series of PID Bonds.
46. "**Trustee**" means the trustee (or successor trustee) under an Indenture.
47. "**Zoning Ordinance**" is defined in in **Section I.A.1.**

## SECTION II

## THE PROPERTY

The Property includes approximately 101.350 contiguous acres within the corporate limits of the Town as generally described in **Section I.A.1** and more particularly described by metes and bounds on **Exhibit A**. Development of the Authorized Improvements has commenced and is expected to be completed within 24 months, and the vertical development is anticipated to occur in two phases. The PID includes the Initial Parcel which contains Commercial Use Parcels, Residential Use Parcels, and contains Public Property that will be dedicated to the Town as public parkland. The Authorized Improvements will be constructed in one mobilization to serve both the Residential Use Parcels and Commercial Use Parcels. Development of the first group of Residential Use Parcels requires completion of all Authorized Improvements. Following the development of the first group of Residential Use Parcels, the remaining Residential Use Parcels and Commercial Use Parcels will be developed at a point determined by the Owner.

## SECTION III

### AUTHORIZED IMPROVEMENTS; COSTS

**A.** The Town Council, based on information provided by the Owner and its engineer and reviewed by the Town staff and by third-party consultants retained by the Town, has determined that the Authorized Improvements described below, itemized on **Exhibit D**, and illustrated on **Exhibit E** are public improvements authorized by the Act that confer a special benefit on the Property. The Town Council has further determined that the Authorized Improvement Costs shown on **Exhibit D** have been determined based on engineering reports prepared on behalf of the Owner. The Authorized Improvements are described as follows:

- 1. ROAD IMPROVEMENTS** consist of construction of internal public roads, including related excavation, earthwork, paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. The road improvements will provide street access to each Parcel within the PID as well as access to community roadways and state highways. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.
- 2. SANITARY SEWER IMPROVEMENTS** consist of construction and installation of pipes, service lines, manholes, encasements and appurtenances, including related excavation and earthwork, necessary to provide sanitary sewer service to the Assessed Property. Sanitary sewer improvements also consist of the construction and installation of pipes, service lines, manholes, encasements and appurtenances, including related excavation and earthwork of the offsite S-1 Sewer Line, as described in the Development Agreement. The sanitary sewer improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

3. **STORM DRAINAGE AND DETENTION IMPROVEMENTS** consist of construction and installation of pipes, inlets, manholes, detention ponds, related excavation and earthwork, and appurtenances necessary to provide storm drainage to the Assessed Property. The storm drainage improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.
4. **LANDSCAPING, ENTRYWAY, OPEN SPACE, AND PARK IMPROVEMENTS** consist of installation of landscaping, including irrigation, in public open spaces, entryway monuments and signs, establishment and improvement of lakes, park and open space. The landscaping, entryway, open space and park improvements will be constructed in accordance with Town standard and specifications and will be owned or dedicated to the Town.
5. **SOFT COSTS** including costs incurred in the establishment, administration and operation of the PID; costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, city fees, engineering, soil testing, survey, construction management, and contingency; and, costs associated with financing the Authorized Improvements.

#### **SECTION IV SERVICE PLAN**

The Service Plan attached as **Exhibit G** covers a period of at least five years, including the projected annual costs of the Authorized Improvements and the projected annual indebtedness for the Authorized Improvements. The Service Plan must be reviewed and updated by the Town Council at least annually.

#### **SECTION V ASSESSMENT PLAN**

**Introduction.** The Act allows the Town Council to apportion the PID costs on the basis of special benefit conferred upon the property because of the Authorized Improvements. The Act provides that such costs may be apportioned: (i) equally per front foot or square foot; (ii) according to the value of property as determined by the Town Council, with or without regard to improvements constructed on the property; or (iii) in any other manner approved by the Town Council that results in imposing equal shares of such costs on property similarly benefited. The Act further provides that the Town Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements. The Assessment for each property owner may be adjusted following each Annual Service Plan Update.

A. **Findings of Special Benefit.** Assessed Property must receive a direct and special benefit from the Authorized improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Town Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the Town staff and by third-party consultants retained by the Town, has found and determined:

1. The Authorized Improvement Costs equal \$15,078,880; and
2. The Assessed Property receives special benefit from the Authorized Improvements; and
3. The Initial Parcel will be allocated 100% of the Assessments, which equal \$13,955,000; and
4. The Assessed Property receives a direct and special benefit from the Authorized improvements, and this benefit is greater than the amount of the Assessments.

B. **Apportionment of Costs.** The Town Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the Town staff and by third-party consultants retained by the Town, has found and determined:

1. The Initial Parcel comprises 100% of the total Assessed Property and receives 100% of the special benefit from the Authorized Improvements; therefore 100% of the Assessments, which are equal to 100% of the Authorized Improvement Costs, are allocated to the Initial Parcel as shown on **Exhibit H.**

C. **Administrative Expenses.** Administrative Expenses shall be shared pro-rata among all Parcels for which Assessments remain unpaid .

D. **Interest on Assessment; Additional Interest Reserve.** The Act provides that an Assessment bears interest at the rate specified by the Town Council beginning at the time or times or on the occurrence of one or more events specified by the Town Council. The Assessments shall bear interest as allowed under Section 372.023(e) of the Act and as provided in the PID Reimbursement Agreement and shown on the Assessment Roll attached as **Exhibit H** from the Trigger Date. Upon the issuance of PID Bonds, the interest rate on Assessments may exceed the interest rate on such PID Bonds by the Additional Interest. The Additional Interest shall be collected as part of each Annual Installment and shall be deposited required by the Indenture relating to such PID Bond (the “**Additional Interest Reserve**”). The Additional Interest Reserve shall be used in accordance with the Indenture relating to the PID Bonds.

E. **TIRZ Annual Credit Amount.** The Town Council, in accordance with the TIRZ Ordinance and the Development Agreement has agreed to use a portion of TIRZ Revenues

generated in an amount specified in Exhibit I (the "**TIRZ Annual Credit Amount**") to reduce the Annual Installment for the Initial Parcel based on the desire of the Owner and the Town Council to maintain a competitive, composite equivalent ad valorem tax rate taking into consideration the tax rates of all applicable taxing units and the equivalent tax rate of the Annual Installments of the Assessments based on assumed improved values.

1. The Annual Installment for Initial Parcel shall be calculated by taking into consideration any TIRZ Revenues then on deposit in the TIRZ No. 1 tax increment fund. TIRZ Revenues collected in any given year shall be used to calculate the TIRZ Annual Credit Amount to be applied in the following year (i.e., TIRZ Revenues collected in 2018 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2019).
2. The TIRZ Annual Credit Amount shall be calculated according to the Developer Agreement, and as amended.
3. If the debt service on issued and outstanding PID Bonds is reduced as the result of an economic refunding of those PID Bonds or as a result of prepayment of assessments, then there would be a corresponding reduction in both the Annual Credit Amount and the Annual Installment owed on the Assessment.

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## SECTION VI

### ASSESSMENTS AND ANNUAL INSTALLMENTS

A. **Assessments and Annual Installments.** Assessments and Annual Installments shall be calculated and collected each year beginning on the Trigger Date in an amount sufficient to pay amounts owed under the terms of the PID Reimbursement Agreement, including Administrative Expenses; or, if PID Bonds are issued, in an amount sufficient to pay the principal and interest on the PID Bonds, Administrative Expenses, and the Additional Interest.

As described in **Section V.E.** the TIRZ Revenues collected in any given year shall be used to calculate the TIRZ Annual Credit Amount the following year (i.e. TIRZ Revenues Collected in 2018 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2019.)

B. **Reallocation of Assessments.**

1. If a Parcel is divided, the Administrator shall allocate the Assessment against the Parcel before the division to the newly created Parcels in an equitable manner determined by the Administrator and approved by the Town Council in the next Annual Service Plan Update.

2. If two or more Parcels are consolidated, the Administrator shall allocate the Assessments against the Parcels before the consolidation to the consolidated Parcel, which allocation shall be approved by the Town Council in the next Annual Service Plan Update.

3. If, as a result of any replat, the Assessment against a replatted Parcel exceeds the sum of the Assessments before the replat, then prior to recording the replat the Administrator shall cause to be paid the amount by which the Assessment for the replatted Parcel exceeds the sum of the Assessments before the replat. The replat shall not be recorded without a letter from the Administrator confirming that the payment has been made.

4. The reallocation of an Assessment against a Parcel after the Parcel has been designated as a homestead under Texas law may not exceed the Assessment against the homestead Parcel prior to the reallocation.

C. **Mandatory Prepayment of Assessments.** If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the owner transferring the Assessed Property shall pay the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs to the Administrator, prior to the transfer. If the owner of Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

**D. Reduction of Assessments.**

1. If PID Bonds are issued and the Actual Costs of completed Authorized Improvements funded with the net proceeds of such PID Bonds are less than the Actual Costs used to calculate the Assessments securing the PID Bonds, then Town Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs. Excess bond proceeds shall be applied to redeem outstanding PID Bonds. Assessments shall never be reduced to an amount less than the outstanding PID Bonds.

2. If the some of the Authorized Improvements to be funded by the net proceeds of PID Bonds are not constructed, the Town Council shall reduce each Assessment on a pro-rata basis to reflect the Actual Costs that were expended. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. Assessments shall never be reduced to an amount less than the outstanding PID Bonds.

3. The Administrator shall update (and submit to the Town Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

**E. Payment of Assessments.**

1. The owner of Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the Act. Prepayment Costs, if any, may be paid from capitalized interest or from the Additional Interest Reserve. If an Annual Installment has been billed prior to payment, the Annual Installment shall be due and payable and shall be credited against the payment.

2. If an Assessment is paid in full, with interest: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the Town Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the Town shall provide the owner with a recordable "Notice of PID Assessment Termination."

3. If an Assessment is paid in part, with interest: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the Town Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced.

**F. Annual Installments.**

1. Assessments that are not paid in full shall be due and payable in Annual Installments as shown on **Exhibit H**. **Exhibit H** shows the total Annual Installments for the Initial Parcel. Annual Installments are subject to adjustment in each Annual Service Plan Update.

2. The Administrator shall prepare and submit to the Town Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and updated calculations of Annual Installments. Administrative Expenses shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be reduced by any credits applied under the Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the Town in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the Act and in the same manner as ad valorem taxes for the Town. The Town Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the Act.

3. Sales of Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the non-delinquent Annual Installments as they become due and payable.

4. If PID Bonds are issued, the Town reserves the right to refund PID Bonds in accordance with the Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

5. Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be delinquent if not paid prior to February 1 of the following year.

## SECTION VII

### ASSESSMENT ROLL

The Assessment for the Initial Parcel is shown on the Assessment Roll attached as **Exhibit H**. The Administrator shall prepare, and submit to the Town Council for review and approval proposed revisions to the Assessment Roll and Annual Installments as part of each Annual Service Plan Update.

## SECTION VIII

### ADDITIONAL PROVISIONS

#### A Non-Bank Qualified Debt.

1. If in any calendar year (including 2016) the Town issues debt obligations that would be qualified tax-exempt obligations but for the issuance of the PID Bonds or other bonds supporting public improvements for non-Town owned development projects, including bonds authorized by the Act, then the Owner shall pay to the Town a fee (the "PID Bond Fee") to compensate the Town for the interest savings the Town would have achieved had the debt issued by the Town been qualified tax-exempt obligations, provided that all other developers or owners benefitting from the Town issuing debt for non-Town owned development projects are similarly burdened with an obligation to compensate the Town proportionately based on the original principal amount of such PID Bonds or other Town debt supporting public improvements for non-Town owned development projects. The Town and the Owner shall approve an estimate of the PID Bond Fee for all series of PID Bonds at least 10 business days prior to pricing the first series of PID Bonds. The Owner agrees to pay the approved estimated PID Bond Fee to the Town on the later of (1) five business days prior to the closing of any series of PID Bonds or other Town-issued debt, or (2) five business days after the Town and the Owner approve the estimated PID Bond Fee. The Town shall not be required to sell any series of PID Bonds until the Owner has paid the approved estimated PID Bond Fee.

2. To the extent any developer or owner (including the Owner, as applicable) has paid all or part of a PID Bond Fee estimate for any particular calendar year, any such PID Bond Fee estimate paid subsequently by a developer or owner (including the Owner, as applicable) to the Town applicable to the same calendar year shall be reimbursed by the Town to the developer or owner (including the Owner, as applicable) as necessary so as to put all developers and owners so paying for the same calendar year in the required payment proportion as set forth above, said reimbursement to be made by the Town within 10 business days after its receipt of such subsequent payments of the estimated PID Bond Fee. The Town will deposit all payments of a PID Bond Fee estimate received from a developer or owner (including the Owner, as applicable) into a segregated account until such time as (1) the Town transfers funds from the segregated account to a capital improvement project fund in conjunction with issuing Town debt; and/or (2) the Town refunds a portion of the estimated PID Bond Fee consistent with the pro rata formula described above within 10 days of issuing the PID Bonds. On or before January 15<sup>th</sup> of the following calendar year, the final PID Bond Fee shall be agreed to by the Town and the Owner. By January 31<sup>st</sup> of such year, any funds in excess of the final PID Bond Fee that remain in such segregated account on December 31<sup>st</sup> of the preceding calendar year shall be refunded to the developers or owners (including the Owner as applicable), and any deficiencies in the estimated PID Bond Fee paid to the Town by any developer or owner (including the Owner, as applicable) shall be remitted to the Town by the

respective developer or owner (including the Owner, as applicable).

**B** **Calculation Errors.** An owner of Assessed Property claiming that an error has been made in calculating the Assessment Roll or Annual Installments must send written notice of the alleged error to the Administrator within 30 days after the date the Assessment Roll or Annual Installments were made available for public inspection with the Town Secretary. If the owner fails to give such notice, the owner shall be deemed to have accepted the calculations and to have waived any objections. The Administrator shall meet with the owner alleging the error, consider evidence regarding the alleged error, and decide whether an error has been made.

1. If the Administrator determines that no error has occurred, the owner may appeal the determination to the Town Council within 30 days after notice of the determination is given to the owner. If the owner fails to appeal within such 30-day period, the owner shall be deemed to have accepted the determination of Administrator and to have waived any objections. If an appeal is timely taken, the Town Council shall determine whether or not an error has occurred. If the Town Council determines that an error has occurred, the Assessment Roll and Annual Installments shall be revised to correct the error.

2. If the Administrator determines that an error has occurred, notice of the error shall be given to the Town Council, and the Administrator shall revise the Assessment Roll and Annual Installments accordingly.

3. Overpayments of Annual Installments shall reduce Annual Installments for following years as determined by the Administrator. Cash refunds shall not be allowed except in the final year that Annual Installments are collected. Except as provided in this Section, determinations by the Administrator shall be final and binding on the owner of the Assessed Property and on the successors and assigns of the owner. Determinations by the Town Council shall be final and binding on the owner of the Assessed Property and on the successors and assigns of the owner.

**B** **Amendments.** Amendments to this SAP must be made by the Town Council in accordance with the Act. To the extent permitted by the Act, this SAP may be amended without notice to owners of Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this SAP.

**C** **Administration and Interpretation.** The Administrator shall: (1) perform the obligations of the Administrator as set forth in this SAP; (2) administer the PID for and on behalf of and at the direction of the Town Council; and (3) interpret the provisions of this SAP. Interpretations of this SAP by the Administrator shall be in writing and shall be appealable to the Town Council by owners or developers adversely affected by the interpretation. Appeals shall be decided by the Town Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the Town Council shall be final and binding on the owners and developers and their successors and

assigns.

**D Severability.** If any provision of this SAP is determined by a court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

**E Exhibits.** The following Exhibits are attached to and made a part of this SAP for all purposes:

- Exhibit A** Legal Description of the Property.
- Exhibit B** Depiction of the Property
- Exhibit C** Site Plan
- Exhibit D** Authorized Improvement Costs
- Exhibit E** Illustration of Authorized Improvements
- Exhibit F** Sources and Uses of Funds
- Exhibit G** Service Plan
- Exhibit H** Assessment Roll
- Exhibit I** TIRZ Annual Credit Amount Methodology

## Exhibit A

### Legal Description of the Property

#### LEGAL DESCRIPTION 101.350 ACRES

BEING a tract of land situated in the S. CHAMBER SURVEY, ABSTRACT NO. 308, Town of Argyle, Denton County, Texas and being all of Lot 1-R, Block 1 of SHADY OAKS ESTATES, REVISED, an Addition to the Town of Argyle, Denton County, Texas according to the Plat thereof recorded in Cabinet C, Page 9, Plat Records, Denton County, Texas and being all of Lot 1 & Lot 2, Block A of CHANEY ADDITION, an Addition to the Town of Argyle, Denton County, Texas according to the Plat thereof recorded in Cabinet I, Page 18, Plat Records, Denton County, Texas and being all of that tract of land described in Deed to Champion Investments, L.L.C., as recorded in Document No. 1998-98594, Deed Records, Denton County, Texas and being all of that tract of land described in Deed to Argyle Church of Christ, Inc., as recorded in Document No. 1999-93369, Deed Records, Denton County, Texas and being part of that tract of land described as Exhibit "B" in Deed to EM Land Holdings, LLC, as recorded in Document No. 2015-45233, Deed Records, Denton County, Texas and being all of those tracts of land described as Exhibit "C" and Exhibit "D" in Deed to EM Land Holdings, LLC, as recorded in Document No. 2015-45233, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a 3/8 inch iron rod found in the south line of Farm to Market Road No. 407, a variable width right-of-way, for the common northeast corner of that tract of land described in Deed to John P. Stafford and Karen Sue Stafford, as recorded in Document No. 2008-98622, Deed Records, Denton County, Texas and an exterior ell corner of said Exhibit "B" tract;

THENCE North 89 degrees 33 minutes 36 seconds East, with said south line, a distance of 60.02 feet to a point for the most northerly northeast corner of said Exhibit "B" tract;

THENCE Southerly, with the east line of said Exhibit "B" tract, the following three (3) courses and distances:

South 00 degrees 36 minutes 53 seconds East, leaving said south line, a distance of 1,663.70 feet to a point for the common southwest corner of Lot 12 of FRENCHTOWN MANOR, an Addition to the Town of Argyle, Denton County, Texas according to the Plat thereof recorded in Cabinet U, Page 135, Plat Records, Denton County, Texas and northwest corner of Lot 3 of LYNCH'S WHIPPOORWILL ESTATES, an Addition to the Town of Argyle, Denton County, Texas according to the Plat thereof recorded in Cabinet B, Page 198, Plat Records, Denton County, Texas;

South 89 degrees 26 minutes 04 seconds West, a distance of 67.49 feet to a point for corner;

South 00 degrees 42 minutes 54 seconds East, a distance of 619.14 feet to a point for corner in the north line of Frenchtown Road, a variable width right-of-way, from which point a 1/2 inch iron rod with a yellow plastic cap stamped "G&A CONSULTANTS" found bears North 60 degrees 24 minutes 42 seconds West, 0.28 feet;

THENCE South 89 degrees 26 minutes 15 seconds West, leaving said east line and with said north line, a distance of 1,686.43 feet to a point for corner;

THENCE North 00 degrees 31 minutes 43 seconds West, leaving said north line, a distance of 259.85 feet to a point for corner;

THENCE North 85 degrees 00 minutes 32 seconds West, a distance of 332.03 feet to a point for corner;

THENCE North 77 degrees 52 minutes 14 seconds West, a distance of 131.98 feet to a point for corner;

THENCE North 87 degrees 51 minutes 37 seconds West, a distance of 126.51 feet to a point for corner in the east line of State Highway No. 377, a variable width right-of-way;

THENCE Northerly, with said east line, the following four (4) courses and distances:

North 13 degrees 52 minutes 24 seconds East, a distance of 748.43 feet to a point for the southwest corner of the above mentioned Lot 1-R;

North 13 degrees 46 minutes 23 seconds East, a distance of 481.88 feet to a point for the northwest corner of said Lot 1-R;

North 89 degrees 10 minutes 51 seconds East, a distance of 2.70 feet to a point for the most westerly southwest corner of the above mentioned Lot 2, Block A;

North 13 degrees 46 minutes 18 seconds East, a distance of 346.96 feet to a point for the southwest corner of that tract of land described in Deed to Lone Star Gas Company, as recorded in Volume 540, Page 404, Deed Records, Denton County, Texas;

THENCE North 89 degrees 42 minutes 17 seconds East, leaving said east line, a distance of 46.39 feet to a t-post with aluminum cap stamped "LONE STAR GAS" found for the southeast corner of said Lone Star Gas Company tract;

THENCE North 12 degrees 56 minutes 26 seconds East, a distance of 50.03 feet to a point in the south line of the above mentioned Exhibit "D" tract for the northeast corner of said Lone Star Gas Company tract;

THENCE South 89 degrees 20 minutes 45 seconds West, with said south line, a distance of 49.75 feet to a point in the east line of the above mentioned State Highway No. 377 for the southwest corner of said Exhibit "D" tract;

THENCE North 11 degrees 44 minutes 46 seconds East, with said east line, a distance of 287.56 feet to a point for corner;

THENCE North 35 degrees 44 minutes 20 seconds East, continuing with said east line, a distance of 127.31 feet to a point for the northwest corner of said Exhibit "D" tract and the intersection of said east line with the south line of the above mentioned Farm to Market Road No. 407;

THENCE North 89 degrees 33 minutes 36 seconds East, leaving said east line and with said south line, a distance of 1,416.06 feet to a point for the common northeast corner of the above mentioned Champion Investments, L.L.C. tract and northwest corner of the above mentioned John P. Stafford and Karen Sue Stafford tract;

THENCE South 00 degrees 34 minutes 25 seconds East, leaving said south line, a distance of 679.30 feet to a 1/2 inch iron rod found for the common southeast corner of said Champion Investments, L.L.C. tract and southwest corner of said John P. Stafford and Karen Sue Stafford tract;

THENCE North 89 degrees 34 minutes 43 seconds East, a distance of 320.15 feet to a point for the southeast corner of said John P. Stafford and Karen Sue Stafford tract;

THENCE North 00 degrees 31 minutes 55 seconds West, a distance of 679.41 feet to the POINT OF BEGINNING and containing 101.350 acres of land, more or less.

Exhibit B

Depiction of the Property

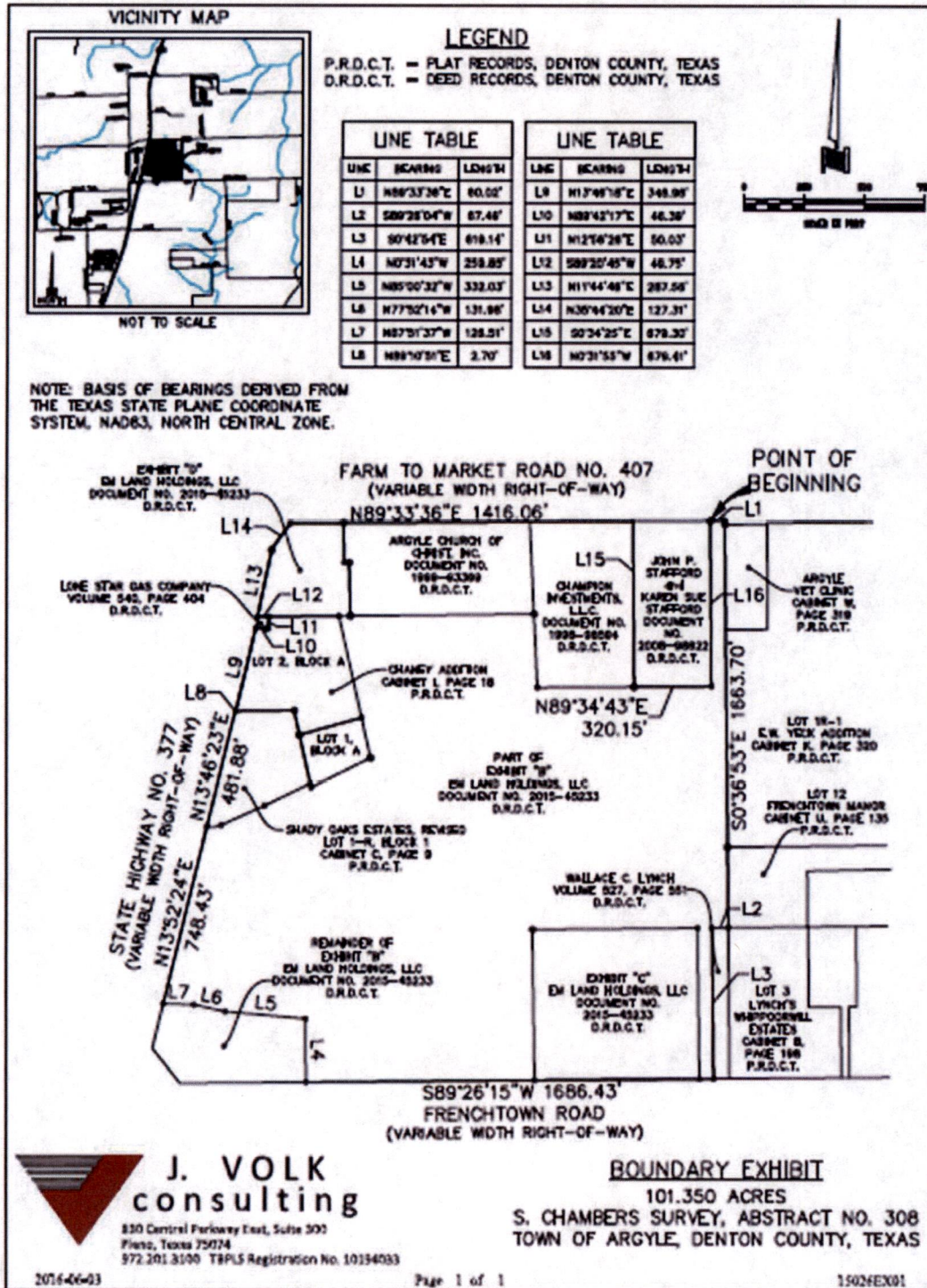
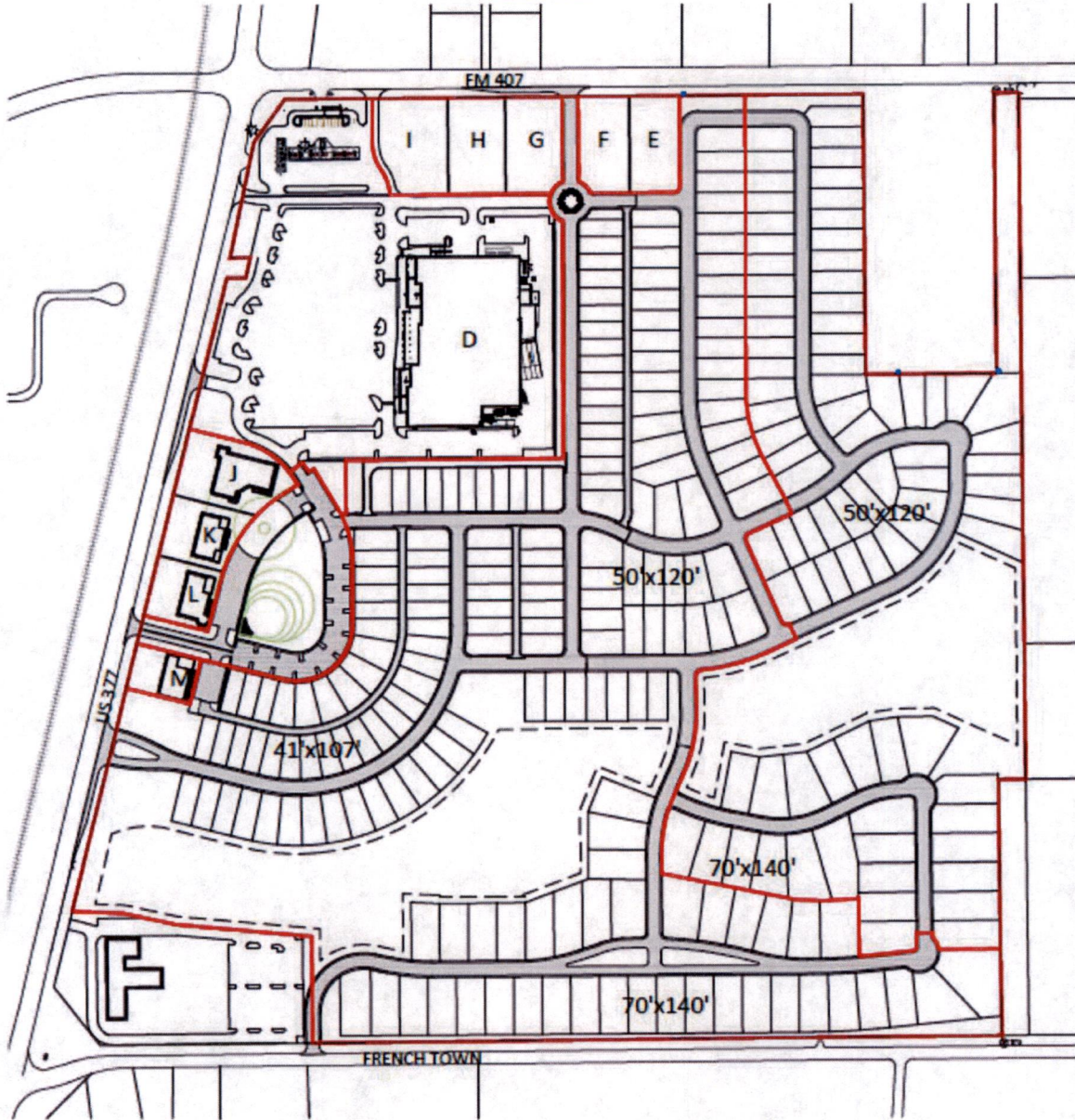


Exhibit C

Site Plan



**J. VOLK**  
consulting

830 Central Parkway East, Suite 300  
Piano, Texas 75074  
972.201.3100 Texas Registration No. F-11962

**SITE PLAN**  
**WATERBROOK**

ARGYLE, TEXAS

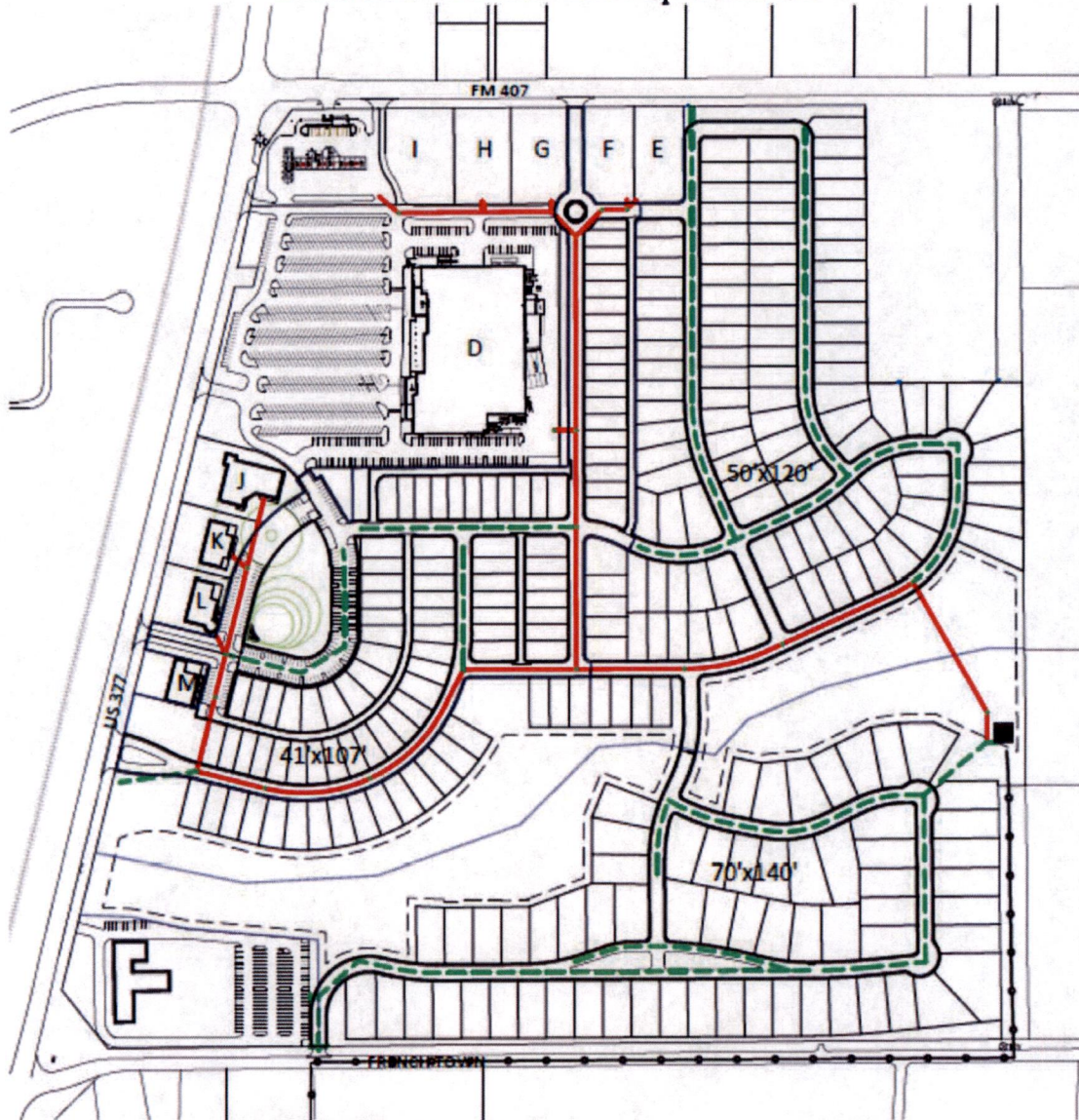
**Exhibit D**

**Authorized Improvement Costs**

<b>EXHIBIT D AUTHORIZED IMPROVEMENT COSTS</b>	
Road Improvements	\$3,635,100
Drainage Improvements	\$2,136,600
Sewer Improvements	\$3,090,670
Landscape/Open Space Improvements	\$864,600
Soft Costs (Including PID Creation)	\$2,291,110
Financing Cost (CAP I, Reserve Fund)	\$3,060,800
<b>TOTAL</b>	<b>\$15,078,880</b>

Exhibit E

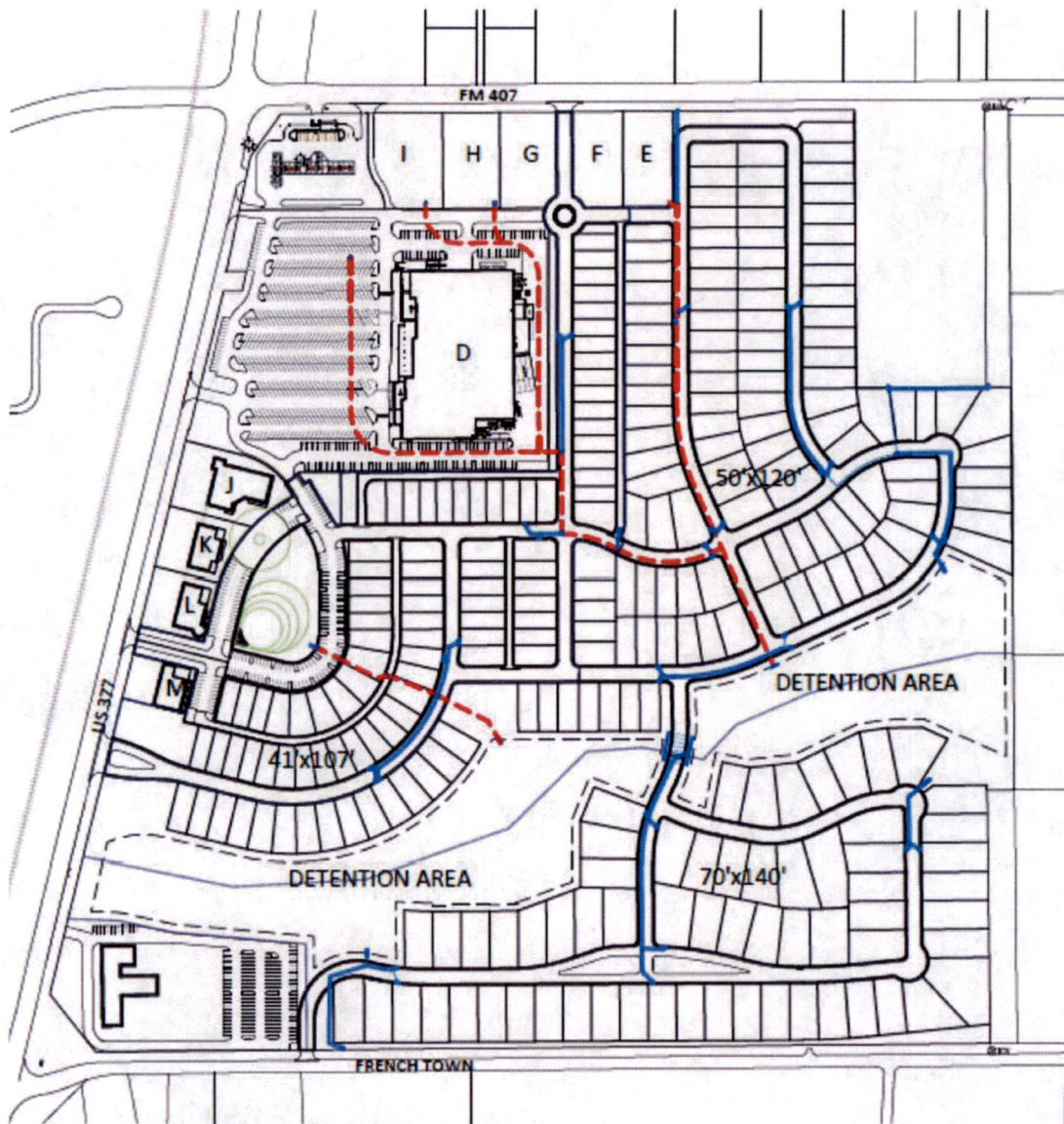
Illustration of Authorized Improvements



- SANITARY SEWER - SINGLE-FAMILY ONLY
- SANITARY SEWER - SINGLE-FAMILY/COMMERCIAL
- - - SANITARY SEWER - FORCE MAIN

**J. VOLK**  
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830 Central Parkway East, Suite 300  
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EXHIBIT E-1  
SANITARY SEWER  
IMPROVEMENTS  
**WATERBROOK**  
ARGYLE, TEXAS

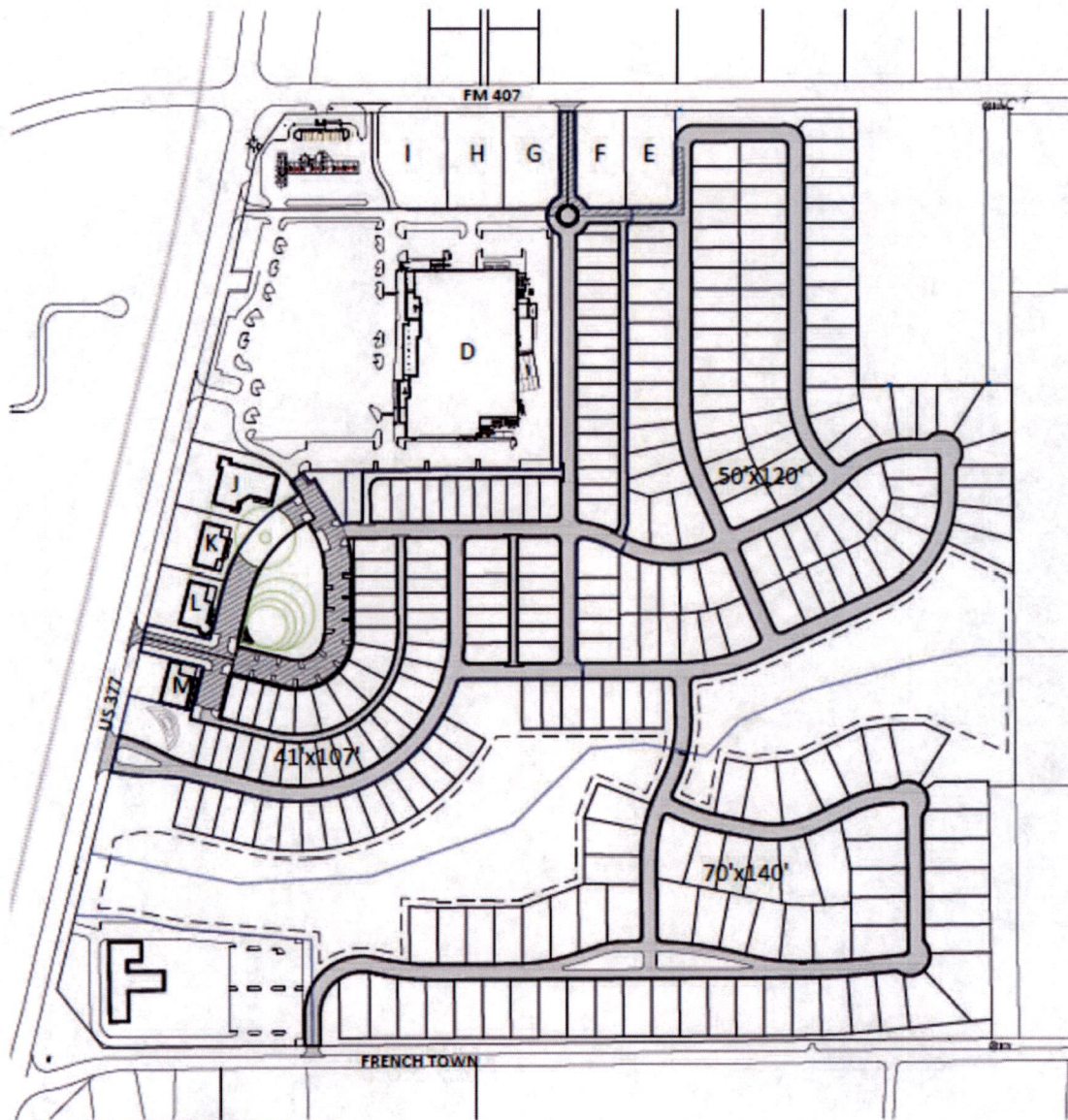




——— STORM DRAIN - SINGLE-FAMILY ONLY  
- - - - STORM DRAIN - SINGLE-FAMILY/COMMERCIAL



**J. VOLK**  
 consulting  
 830 Central Parkway East, Suite 300  
 Plano, Texas 75074  
 972.201.3100 Texas Registration No. F-11962

EXHIBIT E-2  
 STORM DRAIN/DETENTION  
 IMPROVEMENTS  
**WATERBROOK**  
 ARGYLE, TEXAS



 PAVING - SINGLE-FAMILY  
 PAVING - COMMERCIAL



**J. VOLK**  
 consulting

830 Central Parkway East, Suite 300  
 Plano, Texas 75074  
 972.301.3200 Texas Registration No. F-11962

EXHIBIT E-3  
 PAVING IMPROVEMENTS  
**WATERBROOK**

ARGYLE, TEXAS

**Exhibit F**  
**Sources and Uses of Funds**

<b>EXHIBIT F</b> <b>SOURCES AND USES OF FUNDS</b>	
<b>SOURCES OF FUNDS</b>	
PID Bond Par Amount	\$13,955,000
Developer Contribution	\$1,123,880
	\$15,078,880
<b>USES OF FUNDS</b>	
Road Improvements	\$3,635,100
Drainage Improvements	\$2,136,600
Sewer Improvements	\$3,090,670
Landscape/Open Space Improvements	\$864,600
Soft Costs (Including PID Creation)	\$2,291,110
Financing Cost (CAP I, Reserve Fund)	<u>\$3,060,800</u>
	\$15,078,880
Note: In the event PID Bonds are not issued, the developer contribution will be increased to \$15,078,880, subject to a \$13,955,000 reimbursement agreement obligation.	

**Exhibit G**  
**Service Plan**

<b>EXHIBIT G SERVICE PLAN</b>				
<b>Year</b>	<b>Projected Annual Costs</b>	<b>Projected Bond Issue</b>	<b>Projected Reimbursement Agreement Obligation</b>	<b>Projected Annual Installment due 1/31</b>
2017	\$10,215,395	\$10,395,000	\$0	\$0
2018	\$4,863,485	\$0	\$3,560,000	\$81,975
2019	\$0	\$0	\$0	\$904,238
2020	\$0	\$0	\$0	\$906,150
2021	<u>\$0</u>	<u>\$3,560,000</u>	<u>\$(3,560,000)</u>	<u>\$965,199</u>
	\$15,078,880	\$13,955,000	\$0	\$2,857,561

Note: In the event PID Bonds are not issued, the reimbursement agreement obligation will be increased to \$13,955,000.

**Exhibit H**  
**Assessment Roll**

<b>EXHIBIT H ASSESSMENT ROLL</b>	
<b>Parcel</b>	<b>Assessment</b>
Initial Parcel (a)	<u>\$13,955,000.00</u>
<b>Total</b>	<b>\$13,955,000.00</b>
<i>(a) Contains tax parcel ID #s 67141, 696473, 67182, 67143, 696472, 67175, 75616, 696471, 696431, 67140, 67173, 67144, 696432, 696469, 696470, and 67172.</i>	

**Exhibit H  
Assessment Roll**

EXHIBIT H ESTIMATED ANNUAL INSTALLMENTS - INITIAL PARCEL						
Installment Due 1/31	Principal	Interest	Additional Interest	Admin Expenses	Total Annual Installment	
2018	\$ -	\$ -	\$ 51,975.00	\$ 30,000	\$ 81,975	
2019	\$ 120,000.00	\$ 701,662.50	\$ 51,975.00	\$ 30,600	\$ 904,238	
2020	\$ 130,000.00	\$ 693,562.50	\$ 51,375.00	\$ 31,212	\$ 906,150	
2021	\$ 140,000.00	\$ 724,837.50	\$ 68,525.00	\$ 31,836	\$ 965,199	
2022	\$ 200,000.00	\$ 915,637.50	\$ 67,825.00	\$ 32,473	\$ 1,215,935	
2023	\$ 210,000.00	\$ 902,137.50	\$ 66,825.00	\$ 33,122	\$ 1,212,085	
2024	\$ 225,000.00	\$ 887,962.50	\$ 65,775.00	\$ 33,785	\$ 1,212,522	
2025	\$ 240,000.00	\$ 872,775.00	\$ 64,650.00	\$ 34,461	\$ 1,211,886	
2026	\$ 260,000.00	\$ 856,575.00	\$ 63,450.00	\$ 35,150	\$ 1,215,175	
2027	\$ 275,000.00	\$ 839,025.00	\$ 62,150.00	\$ 35,853	\$ 1,212,028	
2028	\$ 295,000.00	\$ 820,462.50	\$ 60,775.00	\$ 36,570	\$ 1,212,807	
2029	\$ 315,000.00	\$ 800,550.00	\$ 59,300.00	\$ 37,301	\$ 1,212,151	
2030	\$ 340,000.00	\$ 779,287.50	\$ 57,725.00	\$ 38,047	\$ 1,215,060	
2031	\$ 360,000.00	\$ 756,337.50	\$ 56,025.00	\$ 38,808	\$ 1,211,171	
2032	\$ 390,000.00	\$ 732,037.50	\$ 54,225.00	\$ 39,584	\$ 1,215,847	
2033	\$ 415,000.00	\$ 705,712.50	\$ 52,275.00	\$ 40,376	\$ 1,213,364	
2034	\$ 445,000.00	\$ 677,700.00	\$ 50,200.00	\$ 41,184	\$ 1,214,084	
2035	\$ 475,000.00	\$ 647,662.50	\$ 47,975.00	\$ 42,007	\$ 1,212,645	
2036	\$ 510,000.00	\$ 615,600.00	\$ 45,600.00	\$ 42,847	\$ 1,214,047	
2037	\$ 545,000.00	\$ 581,175.00	\$ 43,050.00	\$ 43,704	\$ 1,212,929	
2038	\$ 585,000.00	\$ 544,387.50	\$ 40,325.00	\$ 44,578	\$ 1,214,291	
2039	\$ 625,000.00	\$ 504,900.00	\$ 37,400.00	\$ 45,470	\$ 1,212,770	
2040	\$ 670,000.00	\$ 462,712.50	\$ 34,275.00	\$ 46,379	\$ 1,213,367	
2041	\$ 720,000.00	\$ 417,487.50	\$ 30,925.00	\$ 47,307	\$ 1,215,719	
2042	\$ 770,000.00	\$ 368,887.50	\$ 27,325.00	\$ 48,253	\$ 1,214,466	
2043	\$ 825,000.00	\$ 316,912.50	\$ 23,475.00	\$ 49,218	\$ 1,214,606	
2044	\$ 885,000.00	\$ 261,225.00	\$ 19,350.00	\$ 50,203	\$ 1,215,778	
2045	\$ 945,000.00	\$ 201,487.50	\$ 14,925.00	\$ 51,207	\$ 1,212,619	
2046	\$ 1,015,000.00	\$ 137,700.00	\$ 10,200.00	\$ 52,231	\$ 1,215,131	
2047	\$ 1,025,000.00	\$ 69,187.50	\$ 5,125.00	\$ 53,275	\$ 1,152,588	
<b>Total</b>	<b>\$ 13,955,000.00</b>	<b>\$ 17,795,587.50</b>	<b>\$ 1,385,000.00</b>	<b>\$ 1,217,042.38</b>	<b>\$ 34,352,629.88</b>	

*Note: Preliminary estimate only. Interest is calculated at 6.75%, and will be adjusted in Annual Service Plan Updates to reflect the interest rate on the PID Bonds or the interest rate due under an applicable reimbursement agreement. The debt service schedule will be adjusted during Annual Service Plan Updates. Administration expenses will be adjusted annually based on actual Administrative Expenses.*

**Exhibit I**  
**TIRZ Annual Credit Amount Methodology**

Exhibit I  
TIRZ Annual Credit Amount Methodology

Waterbrook PID  
Town of Argyle, Texas  
TAX INCREMENT REINVESTMENT ZONE CASH FLOW

Preliminary subject to change

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Tax Year	Fiscal Year	Estimated Taxable Value <sup>(1)</sup>	0.2484 County TIRZ Tax Rate Participation	0.3975 City TIRZ Tax Rate Participation	Projected City TIRZ Cashflow	10% Haircut Projected City TIRZ Cashflow	Projected County TIRZ Cashflow	Effective County Participation With \$2.4 Mil Cap	Total Projected TIRZ Cash Flow <sup>(2)</sup>	TIRZ Cash Flow Available	TIRZ Annual Credit Amount	TIRZ Cash Flow Necessary for Commercial TR Buydown	Annual Balance	Cumulative Balance
2016	2017	\$ -	\$ 0.1242	\$ 0.1590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
2017	2018	19,632,655	0.1242	0.1590	24,384	21,945	31,216	31,216	53,161	-				
2018	2019	82,678,473	0.1242	0.1590	102,687	92,418	131,459	85,000	177,418	53,161	118,376		(65,215)	(65,215)
2019	2020	133,316,127	0.1242	0.1590	165,579	149,021	211,973	85,000	234,021	177,418	118,376		59,042	(6,173)
2020	2021	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	234,021	118,376		115,645	109,472
2021	2022	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	253,129
2022	2023	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	396,785
2023	2024	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	540,442
2024	2025	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	684,099
2025	2026	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	827,756
2026	2027	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	971,412
2027	2028	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,115,069
2028	2029	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,258,726
2029	2030	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,402,382
2030	2031	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,546,039
2031	2032	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,689,696
2032	2033	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,833,352
2033	2034	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	1,977,009
2034	2035	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,120,666
2035	2036	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,264,322
2036	2037	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,407,979
2037	2038	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,551,636
2038	2039	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,695,293
2039	2040	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,838,949
2040	2041	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	2,982,606
2041	2042	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	3,126,263
2042	2043	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	3,269,919
2043	2044	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	3,413,576
2044	2045	158,376,000	0.1242	0.1590	196,703	177,033	251,818	85,000	262,033	262,033	118,376		143,657	3,557,233
2045	2046	158,376,000	0.1242	0.1590	196,703	177,033	251,818	73,784	250,817	262,033	118,376		143,657	3,700,889
2046	2047					\$ 4,866,234		\$ 2,400,000	\$ 7,266,234	\$ 7,266,234	\$ 3,432,904	\$ -	132,441	3,833,330

- (1) Excludes Paper Lots Value.
- (2) Preliminary, subject to change.
- (3) Funds Necessary to buy down residential assessment to \$0.65 tax rate equivalent.
- (4) The Cumulative Balance in the TIRZ Fund will be used to pay Development Agreement obligations, including the \$1.5 million in Section 6.02.
- (5) The TIRZ Annual Credit Amount is illustrative and may be adjusted with each Annual Service Plan Update.

After filing, please return to:

Argyle Town Hall  
Attn: Town Secretary  
PO Box 609  
Argyle, Texas 76226



\*VG-373-2017-48882\*

Denton County  
Juli Luke  
County Clerk

**Instrument Number:** 48882

Real Property Recordings

ORDINANCE

Recorded On: April 27, 2017 09:38 AM

Number of Pages: 40

**" Examined and Charged as Follows: "**

Total Recording: \$182.00

**\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\***

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 48882  
Receipt Number: 20170427000147  
Recorded Date/Time: April 27, 2017 09:38 AM  
User: Carmen R  
Station: Station 1

**Record and Return To:**

ARGYLE TOWN HALL  
PO BOX 609  
  
ARGYLE TX 76226



STATE OF TEXAS  
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke  
County Clerk  
Denton County, TX