DEVELOPMENT AGREEMENT FOR THE
HAYS COMMONS SUBDIVISION

This Development Agreement for the Hays Commons Subdivision (this "**Agreement**") is made, entered into, and effective, as of September 3, 2013 (the "**Effective Date**") by and between the City of Hays, a Texas general law municipal corporation (the "**City**"), and Lukers, Inc., a Texas corporation dba Walters Southwest (**Developer**"). The City and the Developer are sometimes referred to herein as the "**Parties.**" The Parties hereby contract, covenant and agree as follows.

I. BASIC TERMS

Section 1.01. Property. Developer owns, or has under contract with the right to develop upon closing, approximately 329.69 acres of land, as more particularly depicted or described in Exhibit "A" attached hereto and incorporated herein for all purposes, located primarily within the extraterritorial jurisdiction of the City (the "**Property**"). A portion of the Property (being approximately 50.29 acres) is located in the ETJ of the City of Austin (the "**Austin ETJ Tract**"). Unless specifically provided otherwise herein, or until annexed into the City, the Austin ETJ Tract is not part of the "Property" in this Agreement as that term pertains to land use regulation affecting the Property.

Section 1.02. Conceptual Plan. The Property is proposed for development as a multi-phase mixed-use "**Project**"(herein so called) that could include some or all of parkland, single family and multifamily residential uses, and commercial uses and services as generally and preliminarily shown on the concept plan attached hereto as Exhibit "B" and incorporated herein for all purposes (the "**Conceptual Plan**"). Subject to the terms of this Agreement, Developer will subdivide and develop the Property, which shall be known as the Hays Commons Subdivision (the "**Subdivision**"), and obtain water and wastewater service and other City services for the Subdivision to the extent and as set out in this Agreement.

Section 1.03. Applicable Regulations. The zoning, subdivision, and site planning of the Property shall be subject to the processes, notices, hearings and procedures applicable to all other properties within the City that are or were subject to the Applicable Regulations except as may be specifically provided otherwise in this Agreement. For purposes of this Agreement, the **"Applicable Regulations"** are the City's Subdivision Code, including site development standards, sign ordinance, zoning ordinances, and other rules and regulations adopted by the City Council pertaining to land development as they exist in adopted form as of the Effective Date of this Agreement, subject to Chapter 245 (defined below). Developer may modify and change the Conceptual Plan for the Subdivision at its discretion, prior to initiating the development approval process at a time of its choosing by paying the applicable fees and filing a preliminary plat with the City. It is acknowledged that Developer and the Property are entitled to the benefits of Chapter 245 of the Texas Local Government Code ("**Chapter 245**"). For purposes of Chapter 245, the parties agree that the date of application for the permit or the first in the series of permits required for any development of the Property shall be May 2, 2012.

Section 1.04. Infrastructure; Development. As of the Effective Date of this Agreement, the City does not have the water or wastewater utility infrastructure or capacity to serve all of the intended development of the Property and the City does not have a source of revenue for paying for construction of public infrastructure necessary for development of the Property. The Parties want to work together to obtain water and wastewater utility service to the Property, to annex and zone the Property appropriately, to fund construction of necessary public

infrastructure, and to develop the Property according to mutually acceptable land design standards.

Section 1.05. General Benefits. This Agreement governs land in the extraterritorial jurisdiction of the City, pursuant to Section 212.172 of the Local Government Code. Developer will benefit from the certainty and assurance of the development regulations applicable to the development of the Subdivision and by virtue of the services that will be made available to the Subdivision pursuant to the terms of this Agreement. The City will benefit from this Agreement by virtue of its control over the development standards for the Property.

Section 1.06. Advances for City Expenses. As of the Effective Date, Developer has advanced $30,000 for payment of City engineering and legal consultant fees for review of the Project and this Agreement, and Developer may advance additional money for such fees as the development process moves forward, subject to discussion between the parties regarding any such fees. All such prior (but not prior to May 2, 2012) and future advances shall be reimbursed through tax rebates as part of the Development Incentives, as discussed in Article VI below.

Section 1.07. Term of Agreement. The term of this Agreement shall be five (5) years from the Effective Date plus an automatic additional five (5) year extension unless the Developer elects to terminate at the end of the initial five years, plus two (2) 2-year additional extensions if mutually acceptable to the Parties (the "**Term**"), subject to earlier termination as may be expressly provided in this Agreement, including if the Subdivision is fully developed and built-out by Developer, and subject also to Section 6.04(b) regarding reimbursement payments to be made to Developer hereunder beyond the otherwise applicable Term.

Section 1.08. Consideration. The benefits to the Parties set forth in the foregoing provisions, together with the other mutual promises expressed herein, are good and valuable consideration for this Agreement, the sufficiency of which is hereby acknowledged by both Parties.

Section 1.09. Investment Backed Expectations. The Parties have agreed that Full Development of the Property, as governed by the terms and provisions of this Agreement, with the benefit of the Development Incentive represents the reasonable investment backed expectations of the Developer and the City with respect to the Property.

II. ANNEXATION

Section 2.01. Petition for Annexation. Upon application for annexation filed by Developer for all or an identified portion of the Property (other than the Austin ETJ Tract), the City and Developer will work together to cause the voluntary full purpose annexation of such portion of the Property as set forth in this Agreement. Unless requested to do so by the City and agreed to by Developer, Developer will not ask the City to annex any portion of the Property on which a multifamily, single family, or other residential project is planned to be constructed.

Section 2.02. City Action. The City agrees to post action for final annexation of any such annexation tract on the same City Council agenda for the meeting at which the zoning for such annexation tract is posted for consideration of and possible action for final approval. It is the intent of the Parties that any portion of the Property not be annexed unless such portion will receive final zoning approval at the same City Council meeting.

Section 2.03. Failure to Annex. Notwithstanding any other provision of this Agreement to the contrary, if the City does not annex the first portion of the Property for which Developer requests annexation (other than the Austin ETJ Tract), including if there is a legal

obstacle to such annexation that is not caused by Developer, Developer may elect to declare that this Agreement is no longer in effect, including, without limitation, any provisions hereof relating to site development standards. Developer may also elect not to terminate this Agreement. Any such termination of this Agreement by Developer shall not, in and of itself, affect Developer's or the Property's Chapter 245 rights.

Section 2.04. Additional Property. Developer, at its election, may add the approximately 50.29-acre Austin ETJ Tract shown on the Conceptual Plan to the coverage of this Agreement as part of the Property for land use purposes, provided, however, that (A) in order for Developer to be able to add any of the Austin ETJ Tract, sufficient water and wastewater capacity must be available to serve development thereon, and (B) any of the Austin ETJ Tract annexed into the City and made subject to this Agreement shall be part of the Commercial Area for all purposes hereunder, provided that the City may choose not to annex any portion of the Austin ETJ Tract developed or to be developed as multifamily. The parties hereby agree to cooperate with each other to obtain the consent of the City of Austin to release the Austin ETJ Tract from the City of Austin's ETJ into the ETJ of the City of Hays. In the event that such ETJ release occurs and the Austin ETJ Tract becomes an area within the ETJ of the City of Hays, the Austin ETJ Tract shall immediately be made subject to this Agreement. Developer covenants to begin development of the Project, and to complete the first approximately 351,000 square feet of retail and restaurant space proposed for the Project, on acreage of the Property located either in the City limits or the current ETJ of the City of Hays as shown on the Conceptual Plan.

III. ZONING

Section 3.01. Zoning. In connection with, and as a condition to, annexation of the Property into the City, the parties acknowledge that Developer will file one or more zoning cases to zone the Property as residential, commercial or parkland as appropriate under the City's zoning code and as generally reflected on the Conceptual Plan, and subject to the Applicable Regulations.

Section 3.02. Rural Zoning. There may be up to a maximum of forty (40), minimum one-acre residential lots in the area designated "Rural Residential" on the Conceptual Plan.

Section 3.03. Commercial Zoning. In the areas designated "Commercial" on the Conceptual Plan, all commercial uses allowed in the City's "R" (Retail District) and "O" (Office District) categories as of the Effective Date, as well as multifamily uses, shall be allowed, provided that the City may choose not to annex any area developed or to be developed as multifamily. There shall be no more than two retail uses in excess of 75,000 rentable space in the Commercial area unless otherwise agreed to by the City. Subject to the foregoing limitation, and notwithstanding any provision of the City's Code to the contrary, no "big box" or other size limitation shall apply to retail uses in the Commercial area. Developer covenants that there will be no vertical mixed use in the Project.

Section 3.04. Parkland. The areas designated "Parkland" on the Conceptual Plan shall remain open space, although improvements may be made subject to the impervious cover limits in this Agreement, or as otherwise approved by the City in its sole discretion. The City shall cause any water quality ponds made necessary by City Parkland improvements to be constructed on the Parkland and maintained. The City and Developer will not share ponds made necessary by their respective improvements, unless mutually agreed to by the Parties. The Parkland areas shall be dedicated no later than the later to occur of (i) recording of a plat or plats of the first twenty-five (25) acres (in the aggregate) out of the Property or (ii) finalization of Developer's construction loan for construction of the Project, and will be dedicated to and accepted by the City as is, where is, and subject to all matters of record or visible or apparent on the ground. The area of the Parkland shall be included in the gross site area of the Property for calculation of the impervious cover that the parties may construct on the Property. The dedication and acceptance

of the Parkland described herein shall satisfy any and all parkland dedication or fee requirements now or hereafter required by the City in connection with development of the Property.

Section 3.05. Impervious Cover. (a) The Parties agree that (1) as of the Effective Date there are approximately 279.4 acres of the Property located within the City's limits or extraterritorial jurisdiction upon which these impervious cover calculations are based, (2) the amount of impervious cover that the City may construct on the Parkland is up to and including two percent (2%) of the gross site area of the Property (which at 2% equals 243,428 square feet, or 5.588 acres, of impervious cover), which impervious cover may be used by the City only on the Parkland, and (3) the amount of impervious cover that the Developer may construct on the Property is up to and including twenty-two percent (22%) of the gross site area of the Property (which at 22% equals 2,677,709 square feet, or 61.471 acres, of impervious cover), which impervious cover may be used anywhere on the Project (other than the Parkland). Under no circumstances may the City reduce the forgoing percentages or amounts of aggregate impervious cover. None of the impervious cover that may be used on the Property shall be reduced to provide or account for boundary street impervious cover for SH 45 or any other adjoining road. If the Austin ETJ Tract is added to the coverage of this Agreement pursuant to Section 2.04, then the additional amount of impervious cover that the Developer may construct on the overall Property with the addition of the Austin ETJ Tract is twenty-two percent (22%) of the additional gross site acreage, or such lower amount as the City of Austin may designate as a condition of its release, which additional impervious cover may be used anywhere on the Project (other than the Parkland) as long as the total aggregate amount of allowable impervious cover is not exceeded.

(b) Developer shall allocate to each Rural Residential lot as it is conveyed a maximum amount of impervious cover that may be constructed on that lot. As Developer conveys Rural Residential lots, and conveys or holds back corresponding impervious cover for any such lot, any portion of the impervious cover that is retained by Developer (and not conveyed to the grantee of such lot) may be used by Developer anywhere else on the Property. Impervious cover used and/or conveyed in the Rural Residential area is deducted from the total amount of impervious cover made available to Developer pursuant to the preceding paragraph. Impervious cover that is allotted to but not used by the grantee of such Rural Residential lot may be used elsewhere on the Property, subject to the overall 22% limitation. Any lot or area designated as "Commercial" on the Conceptual Plan may contain in excess of twenty-two percent (22%) impervious cover as long as the total impervious cover ultimately constructed on the Property does not exceed the aggregate total allowable impervious cover on the Property as provided above.

(c) This Agreement shall govern calculations of impervious cover; Developer shall not be required to meet the exemption requirements of Subdivision Code Section 10-6(5). Notwithstanding any Code section that indicates otherwise (e.g., the definition of "impervious cover"), the calculation of impervious cover shall conform to Code Sec. 10-6(5)(c) so that permeable pavement and permeable or interlocking pavers shall not be considered impervious cover. Man-made areas of compacted or uncompacted rock or stone (except for trails) shall be considered impervious cover; trail areas shall be considered pervious. Man-made areas of caliche constitute impervious cover, except that in the Rural Residential area a man-made caliche access drive, other than a primary access drive, shall not constitute impervious cover. Any impervious cover on the Property attributable to City improvements, facilities, or amenities, including without limitation any such improvements located in the Parkland Area, shall not count against the total aggregate amount of impervious cover that Developer may construct in the Commercial and/or Rural Residential areas of the Property.

IV. PLANS AND PLATS; DEVELOPMENT STANDARDS

Section 4.01. Conceptual Plan. On or about May 2, 2012, Developer submitted to the City an application for approval of the Conceptual Plan shown on Exhibit "B". Upon execution of this Agreement, the Conceptual Plan is hereby approved by the City.

Section 4.02. Preliminary Plat. Developer shall prepare and submit for approval by the City a "**Preliminary Plat**" (herein so called) that is materially and substantially consistent with the then current approved Conceptual Plan. The Preliminary Plat may be for a single lot subdivision. Notwithstanding any provision of the Code to the contrary, Developer shall file an application for approval of its Preliminary Plat on or before the date that is two (2) years after the Effective Date.

Section 4.03. Final Plats. Developer shall file an application for a final plat of all or a portion of the Property within three (3) years after the date that the Preliminary Plat is approved by the City. At Developer's election, Developer may process preliminary and final plats simultaneously. Developer shall construct or post fiscal for subdivision infrastructure described on the final plat pursuant to the Applicable Regulations and the regulations of any other applicable Hays County regulatory authority. Developer shall not be required as a condition to approval of any final plat to improve existing public streets adjoining land that is part of the final plat unless required to do so by any other applicable Hays County regulatory authority.

Section 4.04. Construction Plan. A Construction Plan must be submitted and approved for any development on the Property other than single family residential, and no Construction Plan, except for street, drainage, and water construction plan, is required for development of single family residential unless required by other Hays County regulatory authority. Developer may, but is not required to, submit and process its application for approval of Construction Plans simultaneously with the application for approval of the final plat for the portion of the Property to which such Construction Plans apply. Construction Plans shall be approved, if they comply with City construction plan requirements, the applicable construction requirements of any other governmental entity with jurisdiction over the Property, and the terms of this Agreement, by or under the direction of the City Mayor.

Section 4.05. TIA; Curb Cuts; FM 1626. The Property is located along and adjacent to FM 1626, Bliss Spillar Road, and proposed SH 45, and access to and from the Commercial Area shall be primarily by way of those highways, including from the intersection described in Sec. 6.08, below. No access to the Commercial Area from the Parkland shall be permitted, and no vehicular access across the Water Quality Transition Zone or Critical Water Quality Zone shall be permitted in any event. With respect to the City's Code, Developer shall not be required to submit a traffic impact analysis in connection with any application to the City for any approval required for development of the Project unless the primary Property entrance is from FM 1626. The City shall support Developer's applications for curb cuts into the Property from SH 45 and FM 1626. The current primarily rural character of FM 1626 near the Property will be respected, and Developer will not place a pylon sign or bright lights adjacent to FM 1626.

Section 4.06. Permits. All plans and plats for development in the Project shall be applied for, reviewed, and approved in accordance with the Applicable Regulations, unless otherwise specified in this Agreement.

Section 4.07. Tree Preservation; Landscaping.

(a) The existing natural landscape character, especially native oaks, elms, madrone, pear and pecan trees, shall be preserved to the maximum extent reasonable and feasible. For example, in an area of the street yard containing a stand of trees, Developer shall use best good faith efforts to preserve and protect such trees. Celtis Occidentalis (Hackberry) and Juniperus

Virginiana and Juniperus Ashei (Common Cedar) with a caliper of less than twelve inches (12") are excluded from this provision, except for those located within the first twenty-five feet (25') from public street rights-of-way. Indiscriminate clearing or stripping of natural vegetation on a lot is prohibited. Any part of a site not used for impervious cover and City approved construction staging and storage areas shall be retained in a natural state, or reclaimed to its natural state, to the greatest extent feasible, or attractively landscaped in a manner that adds aesthetic value to the development and the area and consistent with the approved plant list attached hereto as Exhibit "C".

(b) At the completion of development, at least sixty (60) percent of the caliper inches of all existing trees over four inches (4") caliper must be retained or replaced after site development. All trees with a minimum four-inch (4") caliper, whether preserved or proposed in a landscape plan, shall count toward this percentage. In order to promote the retention of larger trees, all preserved trees with a caliper equal to or greater than twelve (12) inches may be computed at one hundred fifty (150) percent of their actual caliper in the post-development calculation. Clusters of three or more trees located less than ten feet apart shall be credited at one hundred fifteen (115) percent for each tree in the cluster with a minimum four-inch (4") caliper.

(c) The removal of any tree with a caliper of four inches (4") or larger, or of any specimen tree (i.e., an oak, elm, pear, or madrone of a caliper of at least twelve inches), must be specifically requested by the Developer and approved in writing by the City prior to any action being taken to remove the tree or to damage or disturb the tree in any way. Removal of such trees without this approval is expressly prohibited.

(d) No more than 25% of the new trees to be planted on a platted lot shall be of the same species in order to encourage a diverse landscape that will not be subject to loss to a specific disease or insect.

(e) To the extent, if any, that the Applicable Regulations address preservation of certain categories of trees, whether by kinds, size or otherwise, replacement of caliper inches removed, or other impacts of development on tree cover, and notwithstanding any such Applicable Regulations, Developer shall not be required to seek approval from the City's council or any board or commission for removal of any category of tree. Developer shall not be required to submit a tree survey under the Applicable Regulations, if at all, until such time as a Construction Plan is required to be filed.

Section 4.08. Construction in the Water Quality Transition Zone. Pursuant to Subdivision Code Sec. 10-6(2) (Water Quality Transition Zone), the City agrees that the water quality transition zone located on the Property and outside of the Parkland may be used for construction and maintenance of water quality and/or detention pond(s), utility lines, drainage facilities, and similar infrastructure facilities. Any construction within the Parkland must be approved by the City in writing prior to such construction.

Section 4.09. Removal of Existing Vegetation. The City agrees that, notwithstanding Subdivision Code Sec. 10-6(6), mowing and brush removal may occur in any water quality transition zone, and that the prohibition against clearing of existing vegetation shall apply only to trees and any protected environmental feature. Further, once a construction plan (or, as described in Sec. 10-6(6), a "site plan") is approved, any further vegetation clearing that has been approved pursuant to such plan may occur.

Section 4.10. Lighting and Signage. (a) Notwithstanding any provision of the Applicable Regulations (including the City's sign ordinance) to the contrary, lighting and signage for the Commercial area of the Project shall comply with the criteria attached hereto as Exhibit "D", provided, however, that Developer may request, and the City may approve or

disapprove in its discretion, changes to the attached criteria based on technological developments. Each pad in the Commercial area of the Project shall be allowed one freestanding monument sign conforming to the attached criteria. Notwithstanding the foregoing, each anchor store permitted on the Project pursuant to Section 3.03 may have, in addition to its permitted monument sign, (i) building signage on up to 25% of the surface of each street-facing wall of such building, exclusive of glass area, and (ii) one (1) freestanding pylon sign up to thirty (30) feet in height containing no more than three hundred (300) square feet of sign area on each side of the sign. No pylon signs shall be located along or beside the FM 1626 right of way.

(b) In addition to the signage permitted in the preceding subsection (a), the Commercial area of the Project may contain, in the aggregate, (i) up to two (2) multi-tenant pylon signs, and (ii) two (2) fuel outlet signs. Any such multi-tenant sign may not exceed thirty-five (35) feet in height, and may not exceed three hundred (300) square feet of sign area on each side of such sign. Fuel outlet signs may not exceed thirty (30) feet in height, and may not exceed one hundred twenty (120) square feet of sign area on each side of such signs.

V. UTILITY SERVICE

Section 5.01. City of Austin Utilities. (a) Developer, in cooperation with City representatives, will prepare and negotiate water and wastewater service agreement requests (collectively, a "**WSA**") with the City of Austin for extending water and wastewater services to the Property including the Rural Residential area shown on the Conceptual Plan (the "**Rural Area**" and the Austin ETJ Tract(if annexed into the City's ETJ), provided that the City shall be the named applicant and shall have the right to approve the application prior to its submittal to the City of Austin. If the WSA is approved by the City of Austin, such approved WSA shall be subject to the final acceptance or non-acceptance by the City of Hays in the City's sole discretion. Developer covenants to seek the shortest route from City of Austin facilities to the Property that the City of Austin will allow. Any application to the City of Austin for water and/or wastewater service may, at the City's request, include provisions for additional services to the existing City of Hays service area, provided that Developer shall not be responsible for the costs or construction of any improvements for any such additional services. The City shall be the wholesale customer for any such water or wastewater service, and shall provide such services to the Property on a retail basis.

(b) If the WSA is not issued by the City of Austin by the first anniversary of the Effective Date, then Developer may, but is not required to, elect to seek approval from the Texas Commission on Environmental Quality for the use of any commercially reasonable alternative method of wastewater treatment or removal and/or any available alternative source of water service (collectively, **"Alternate Utility Service"**). The City is not required to support an Alternate Utility Service, but will consider the use thereof and will not oppose Developer's application to the TCEQ for approval of any such Alternate Utility Service that is mutually agreeable to the City and Developer. If Developer proposes an Alternate Utility Service, the feasibility of any such Alternate Utility Service shall be subject to the reasonable review and approval of the City, and shall be subject to a reimbursement cap as described in Section 6.02, below. If the Parties can not agree on a feasible Alternate Utility Service and/or a reimbursement cap for the costs of such service, then either Party may terminate this Agreement by written notice thereof delivered to the other party.

Section 5.02. Rural Area Water. Water service to all of the Rural Residential lots shall be provided by Developer from the Commercial Area. Developer shall pay 100% of additional costs associated with providing water service to and within the Rural Area, provided that any such costs associated with (i) offsite improvements, or (ii) water lines installed between the

western boundary of the Commercial Area and the eastern boundary of the Rural Residential area shall be included within the Eligible Costs.

Section 5.03. Fees. Residential and commercial customers in the Project, which shall become a separate rate district, shall be required to pay water and wastewater service fees (whether the City is a direct provider or is itself a wholesale customer of the City of Austin) as set out in a new tariff for that new district based on the costs of the improvements and facilities necessary for such water and wastewater service and the number of LUEs of service made available by such facilities. Developer and/or customers in the Project shall pay the City's standard rates for water meters.

Section 5.04. Water/Wastewater Impact Fees. The City will not adopt or charge water and/or wastewater impact fees for service provided within the Property through the lines and other facilities constructed by or on behalf of Developer pursuant to this Agreement.

Section 5.05. Level of Service. From and after final approval of each Construction Plan within the Project by the City, the City will provide utility service to customers within that phase of the Project subject to the conditions stated in this Agreement and the City's policies and ordinances, provided, however, that none of such policies or ordinances shall be construed or implemented to reduce the level of water and/or wastewater service to the Project from the level of service necessary to serve the uses indicated on the Construction Plan, except as may be limited or restricted in the WSA with the City of Austin or other provider of water or wastewater service to the Property.

Section 5.06. City Maintenance and Operation of Facilities. (a) Subject to possible Developer maintenance of water quality and/or detention ponds, as described in this Section 5.06, following the completion by Developer of any water, wastewater, or water quality control required hereunder for development of the Property, and following the City's inspection of such facility pursuant to standards applicable to all such facilities in the City under the City's Code, the City shall accept the transfer of such facility from Developer by bill of sale to the City for operation and maintenance. At the time of the City's acceptance of any such facility, Developer shall post fiscal with the City in the amount of the Developer's good faith estimate of one year of maintenance costs for such facility, which fiscal may only be used by the City for actual and necessary costs of maintenance of that facility. At the end of one year after the date of the City's acceptance, all unused portions of Developer's fiscal shall be returned to Developer or otherwise released. Subject to Developer's obligations under Section 6.04(b) of this Agreement, the City hereby expressly agrees that after such time as any water, wastewater, and/or water quality control facility and appurtenances has been transferred to the City, all future operation and maintenance of the facility will be assumed and performed by the City such that none of the Subdivision Code sections pertaining to a developer's obligation to perform or pay for such operation or maintenance, to obtain new or renewal permits for such facilities, to submit documentation regarding the condition of such facilities, to pay 5 years or any other period of estimated maintenance costs, or to take any other action or pay any other amount shall apply. Notwithstanding the foregoing to the contrary, the City may elect not to accept ownership (or the obligation of maintenance and operation) of any water quality and/or detention pond that is used for detaining and/or treating stormwater runoff from the Commercial Area, in which case Developer (or Developer's transferees, assignees, or agents) shall be responsible for such maintenance and operation.

(b) Developer may use up to a maximum of 50 acres of the City's Parkland area for a re-irrigation area to be used in connection with the treated stormwater runoff from the Commercial

Area, and the City hereby grants to Developer, and its successors and assigns, a perpetual, nonexclusive easement for such purpose. In designing and construction any such re-irrigation area in the City's Parkland, Developer will not materially interfere with City improvements in the Parkland. If and to the extent that Developer elects to construct a re-irrigation system in the Parkland, the City and Developer will work together to determine the location of such area, describe it in a legally adequate way, and make such legal description an addendum to the grant of this easement. Developer will be responsible for the construction, maintenance and operation of any such re-irrigation system in the Parkland, provided that after the date on which the "Service Revenues" equal the costs of "City Services" (as those terms are defined in Section 6.04(b) below), the City shall maintain and operate the re-irrigation system located on its Parkland even though the water in the re-irrigation system is wholly or partly runoff from the Commercial Area. Upon acceptance by the City of the maintenance and operation of re-irrigation facilities located within the parkland, the City reserves the right to connect to such facilities for the purpose of re-irrigating stormwater runoff from the City's Parkland improvements; provided, however, that such connections shall not interfere with the operation or maintenance of any portion of the water quality facilities serving the Commercial Area. All stormwater quality facilities, whether serving the City's Parkland improvements or the Commercial Area, or both, shall be designed by a professional engineer licensed in the State of Texas.

VI. PUBLIC IMPROVEMENTS; TAX REBATES

Section 6.01. Public Improvements. The Parties agree that Developer, in connection with development of the Property, may incur the hard and soft costs (including design, construction management, and contingency costs) of: (i) water and wastewater lines (including related facilities, e.g., lift stations) to be brought to the boundary of the Property (including all of the water and wastewater lines between the Property and existing City of Austin facilities); (ii) any Alternate Utility Service made necessary by the City of Austin's non-approval of the WSA (but only if the City did not oppose the Alternative Utility Service, and subject to the reimbursement cap for Alternative Utility Service described in Section 6.02 below); and (iii) funds advanced to the City for the City's expenses as described above and as described in Section 6.04(b) with regard to Developer's payment of the City's Deficit Costs (such items and actions, together with other reimbursable items described below, collectively herein, the "**Public Improvements**"), which Public Improvements are for the benefit of the City. The Public Improvements do not include the costs of dry utilities (e.g., phone, electric, gas, cable, etc.) for the Project and, with regard to water and wastewater costs, and subject to certain oversizing costs as explained below, shall only include those water and wastewater costs for the portion of such facilities that are directly used and useful for servicing the Development at build-out. If water or wastewater service will be provided to the Property by a provider other than the City, then application, subject to the sole approval of the City, for such service may be made in the City's name, the City may become a wholesale customer of such service provider, and, if the City does become a wholesale customer of such service provider, the City shall provide such services to the Property on a retail basis. If provision of wastewater service to the Property will make construction of a wastewater treatment plant necessary, the parties agree that the City shall not own or be responsible for the costs of constructing, operating, and maintaining such plant to the extent that such plant serves the Property; provided that Developer may contract with or cause a third party (e.g., a newly created special district or a property owners' association) to provide such operation and maintenance. The City will, however, own, operate and maintain water and wastewater lines and meters located within the Property. If any water or wastewater line or related facility is required (e.g., by the City of Austin or other provider of wholesale water and/or wastewater services) to be sized larger than the minimum standard size of such line or facility that is necessary to serve the Project at build-out (i.e., "oversized"), then the incremental increase in cost for the oversized portion thereof shall not be considered part of the Public Improvements

hereunder, and any reimbursements under this Agreement shall not include such incremental increased cost for oversizing; provided, however, that if the oversizing is done at the request of the City (e.g., to provide utility service to property in the City other than the Property), then such City-requested oversizing will be considered part of the Public Improvements for which Developer may be reimbursed hereunder.

Section 6.02. Eligible Costs.

(a) The "**Eligible Costs**" (herein so called) shall be all hard and soft costs and expenses paid or incurred by the Developer constituting or incurred in connection with the acquisition, design and/or construction of the Public Improvements including, but not limited to, costs and expenses for: (i) the reasonable costs of acquisition of right-of-way or easements from third parties for any off-site portion of the Public Improvements (including, but not limited to, engineering, environmental, appraisal, and legal fees, and condemnation damages awarded for the value of land taken and for any diminution in value of the remainder); (ii) feasibility, design, engineering, environmental, consulting, survey, and legal; (iii) soils and materials testing; (iv) obtaining governmental and regulatory approvals; (v) construction management, construction, and inspections; (vi) Developer's actual financing costs up to seven percent (7%), and Developer's actual origination fee (if any) up to one percent (1%), for loans necessary for all construction hereunder, provided that such interest shall not begin accruing until the later of the date that Developer receive its first draw from its construction loan or the date that Developer and the City agree on the amount of the Eligible Costs; and (vii) amounts reimbursed by the Developer to the City for third party costs paid or incurred by the City in connection with the design and construction of the Public Improvements (including, but not limited to, inspection, engineering, and legal fees, including the fees described in Section 1.06). Although the interest described in the foregoing clause (vi) is an "Eligible Cost" that is subject to reimbursement from Tax Rebates, the interest due on outstanding Eligible Costs pursuant to that clause (vi) does not run on the interest (or origination fee) component of Eligible Costs, and the parties specifically intend that interest should not be "double counted" by charging interest on the interest component. For purposes of this Agreement, "off-site" wastewater means that portion of a sewer collection system that begins with the line exiting the first lift station required to send wastewater from the Project to (or ultimately to) a wastewater treatment facility, and "on-site" water means either water produced from a well located on the Property or that portion of a water supply system that begins with the City of Austin water meter through which water supplied to the Project is measured for billing. In the event that Developer proposes an Alternate Utility Service, the Parties, in addition to discussing the feasibility of such service, shall negotiate a maximum amount of Eligible Costs to be reimbursed to Developer for hard and soft costs for such Alternate Utility Service that is used and useful for development of the Project within the City.

(b) The Parties agree that the Eligible Costs would not be incurred but for the Project. Because of the enhanced residential, commercial and economic development in the City represented by the Development, and the Parties' intent that the reimbursements hereunder be maximized to the extent appropriate, Developer, upon written notice to the City, may reallocate unused or unnecessary budgeted amounts from one category or line item of Eligible Costs to another, subject to the terms of this Agreement regarding what costs are Eligible Costs.

Section 6.03. Development Incentives. The City has determined that development of the Property, Developer's incurring of the Eligible Costs, and the performance by the City of its duties and obligations under this Agreement, will promote local economic development within the City. The availability of the Tax Rebates is a material inducement for development of the Property, and but for such an incentive, full development of the Property would not be economically feasible. Developer has carefully weighed the benefits of developing within the City limits and has determined that development according to this Agreement will enhance the

value of the Property and enhance the ultimate value of the Project as planned and, therefore, the consideration from the City is sufficient for the costs incurred.

Section 6.04. Tax Rebates. (a) Subject to all of the terms and conditions of this Agreement, the City hereby agrees to make "**Tax Rebates**" (collectively herein so called), to the extent now or hereafter permitted by law, to Developer in an amount equal to (i) thirty percent (30%) of the "**Sales Tax Revenues**", and (ii) seventy-five percent (75%) of the "**Tax Increment**". For purposes of this Agreement: the Sales Tax Revenues are the City's portion of sales taxes collected from tax-generating activities on the Property and remitted to the City by the Comptroller; the Tax Increment is the amount of ad valorem taxes received by the City corresponding to the amount by which the assessed value of the Property located within the City's tax jurisdiction, in any given year, exceeds the assessed value of that Property as of the calendar year in which Developer begins construction (save and except in the Rural Area) of the first commercial phase of the Project. The City represents that the City's sales tax rate, as of the Effective Date, is one (1.0%) percent, and that the City's current mil for ad valorem purposes is 0.11640.

(b) The payment of Tax Rebates by the City to Developer shall commence on the date that is one year after the first day of the first month following the City's receipt of the first of the Sales Tax Revenues or the Tax Increment from the State Comptroller's Office, and shall continue on a quarterly basis until payment in full of all of the Eligible Costs, subject to the terms and conditions stated herein. The City's payments of Tax Rebates to Developer, once begun, shall continue as described in this subsection (b) even if such payments are due and to be paid after the date that is the end of the "Term" pursuant to Section 1.07. Until such time as the Service Revenues equal the costs of City Services (as those terms are defined below), at the end of each calendar quarter, Developer will pay or reimburse the City for the City's monthly Deficit Costs for the City Services according to invoices, bills, receipts or other materials reflecting such Deficit Costs (collectively, "Deficit Costs Bills") that Developer has received from the City at least fifteen (15) days prior to the end of the calendar quarter. Deficit Costs Bills not received by such date shall be paid at the end of the following calendar quarter. Developer may review the City's relevant books and records during mutually agreeable hours for the purpose of checking the accuracy of the Deficit Costs Bills. In the event that Developer fails to pay all or a portion of the Deficit Costs Bills as required hereunder, and such failure to pay is not cured within forty-five (45) days after written notice from the City of Developer's failure to pay, Developer shall be in default. For purposes of this Agreement, the "City Services" are the City's operation and maintenance of any offsite and onsite water or wastewater facilities for the Project that have been constructed since the Effective Date, and the City's "Deficit Costs" are the amount by which the City's actual and reasonable costs to provide the City Services (including, but not limited to, all operation and maintenance costs, costs of parts, replacement, and capital expenditures) exceed the revenue received by the City from the retail sale of the City Services (including water and wastewater tariff revenues and tax revenues) ("Service Revenues"). At such time that the Service Revenues equal (or exceed) the Deficit Costs, so that there are no Deficit Costs, Developer's obligation to pay the Deficit Costs Bills shall automatically terminate, provided that any such Deficit Costs Bills that accrued prior to the date that the Deficit Costs were eliminated shall still be payable by Developer.

(c) The City will provide for the payment of Tax Rebates to be made pursuant to this Agreement by establishing a separate fund, including subaccounts if necessary, or a subaccount of any existing fund or account in the City treasury, into which seventy-five percent (75%) of the Tax Increment shall be deposited. The City covenants and agrees that it will make all such payments without counterclaim or offset within 30 days of receipt of the Sales Tax Revenues from the Comptroller and the Tax Increment from the Hays County Tax Assessor-Collector (or other appropriate payor). Tax Rebates due hereunder that have not been paid to Developer on or before the last day of any month in which they are due to be paid pursuant to the preceding

sentence shall incur a late fee in the amount of WSJ prime plus two percent (2%) of the delinquent amount, calculated on a daily basis and to be paid in arrears as part of the next Tax Rebate.

(d) Tax Rebates to be made by the City pursuant to this Agreement shall be made solely from annual sales tax revenues and ad valorem tax revenues received by the City as described by this Agreement, and shall create no obligation of the City which is payable from taxes or other money of the City other than the Sales Tax Revenues and the Tax Increment payments described above.

Section 6.05. Performance Criteria. The Developer agrees and covenants that it shall perform its obligations as follows, subject to all of the terms and conditions of this Agreement, including, without limitation, subject to Section 6.08 below:

(a) Developer shall construct or cause to be constructed all private infrastructure necessary or useful for the Project as and to the extent the Project is built-out.

(b) Subject to approval of the WSA by the City of Austin, Developer shall substantially construct or cause to be constructed the water and wastewater lines to the Project.

(c) If an Alternate Utility Service becomes necessary, Developer shall construct the necessary facilities for such system.

Section 6.06. Construction, Plans, and Specifications. The plans, specifications and construction of the Public Improvements will be subject to approval by the City, by and through the City Engineer, all in compliance with the Applicable Regulations. The City agrees to cooperate with Developer in the timely review of the plans for the Public Improvements, the timely review of Eligible Costs, and the timely inspection of the Public Improvements as they are being constructed. Upon completion of the Public Improvements, and the inspection and final acceptance of same by the City, the Public Improvements will be dedicated to the City by bill of sale; whereupon, the City shall assume all responsibility for the ownership, use, operation, and maintenance of the Public Improvements. Developer will document to and obtain the concurrence of the City Engineer on the actual and reasonable Eligible Costs according to the terms of this Agreement.

Section 6.07. Right-of-Way and Easements; Eminent Domain. Right-of-way and easements for Public Improvements located within the Property will be provided by the Developer at no cost to the City, and the value of such on-site right-of-way or easements will not be an Eligible Cost. Both parties agree that all onsite and offsite utility facilities to be owned and operated by the City shall be located in 20-foot wide (unless the City agrees to a narrower width) private, dedicated easements, except to the limited extent that such a utility easement might cross a public road or other public facility. The Public Improvements are a necessary and required improvement for the City's water and wastewater system, and a public necessity exists for such Public Improvements. To the extent feasible, the City, at no cost to Developer, will provide use of all necessary City lands, rights-of-way and easements and will provide further required City easements or lands in fee simple as may be necessary for construction of that part or portion of the Public Improvements that are located outside the boundaries of the Property; provided, however, that if for purposes of timing or other considerations Developer elects to acquire one or more of such rights-of-way or easements directly, then the reasonable cost of such acquisition by Developer shall be an Eligible Cost subject to reimbursement hereunder. The City agrees to use its power of eminent domain, if necessary, to acquire such lands or easements as may be necessary for the construction of the Public Improvements.

Section 6.08. No Independent Obligation to Construct. Notwithstanding anything in this Agreement to the contrary, the Parties expressly agree and acknowledge that the Developer has no obligation whatsoever to construct any of the Public Improvements described in this Agreement separately or independently of the Developer's construction of the Project. Further, Developer's obligations under this Agreement are conditioned on the completion of a commercial intersection opening at the intersection of SH 45 and FM 1626, which intersection will provide access to the Property (the date on which such intersection is open for traffic, the "**45/1626 Intersection Date**"). If the Developer does not construct the Project, the Developer will not be required to construct the Public Improvements and any fiscal security posted by the Developer for the construction of the Public Improvements will be returned to the Developer promptly following Developer's request therefor.

VII. DEFAULT; NOTICE

Section 7.01 Default. Except with regard to Developer's obligation to pay the City's Deficit Costs Bills (for which a 45-day notice and cure period is applicable), no party shall be in default for its failure to perform under this Agreement until notice of the alleged failure to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than 90 days after written notice of the alleged failure has been given). In order to accommodate Developer's attempts to cure, the City agrees to hold Council meetings as necessary, provided that such meetings shall not be required more often than two times in one month. In addition, no party shall be in default under this Agreement if within the applicable cure period the party to whom notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured.

Section 7.02. Termination Upon Default. Subject to the notice and cure provision of this Agreement, the nondefaulting party shall have the right to terminate this Agreement if the defaulting party has not cured the named default within the cure period; provided that if Developer is the defaulting party and the reimbursement rights of Developer are terminated along with this Agreement as a result of Developer's material default, in no event shall the City not promptly reimburse Developer for Eligible Costs incurred and Public Improvements constructed as of the date of such termination if there are not otherwise disputes regarding such Eligible Costs and construction. In the event of default by Developer, the City may elect but is not obligated to continue collecting sales tax revenues for Public Improvements.

Section 7.03. Notice. Any notice to be given hereunder, including notice of any alleged failure to perform under this Agreement, shall be in writing and shall be deemed given on the earlier to occur of (a) five business days after deposited in the U.S. Mail, Certified Mail, Return Receipt Requested, (b) when delivered by commercial delivery service (e.g., FedEx or UPS) as evidenced by a signed receipt from such delivery service, or (c) when actually received by the party to whom the notice is sent, including receipt by FAX or E-mail. For purposes of this Agreement, notices shall be sent as follows:

If to the City:

City of Hays, Texas
Attn: Public Works Director
P. O. Box 1285
Hays, Texas 78653
With copy to: Mayor, City of Hays

With a copy to:

McKamey Krueger & Knight, LLP
223 W. Anderson Lane, Suite A105
Austin, Texas 78752
Attn: Jeff Ulmann
jeff@mckamiekrueger.com

If to the Developer:

Walters Southwest
1010 W. Martin Luther King Jr., Blvd.
Austin, Texas 78701
Attn: William S. Walters, III
With copy to: Cindy Kohler
bwalters@waltersw.com
ckohler@waltersw.com

With a copy to:

Law Office of Ken Mills
PO Box 49725
Austin, Texas 78765
Attn: Ken Mills
ken@kenmillslaw.com

Section 7.04. Remedies. In the event of a default by either party to this Agreement, the non-defaulting party shall have available all remedies at law or in equity, including, but not limited to, specific performance and mandamus relief, and the defaulting party shall be liable for the non-defaulting party's reasonable attorneys' fees and court costs, if any, incurred in successful enforcement of its rights hereunder.

VIII. ASSIGNMENT

Section 8.01. Developer Assignment of Agreement. Without the City's prior written consent, Developer's rights and obligations under this Agreement may not be assigned by Developer to a third-party non-affiliate prior to the date on which Developer (or the applicant for such service) has received approval of either the WSA from the City of Austin or the Alternate Utility Service pursuant to Section 5.01 of this Agreement; provided that after such approval date, Developer may assign its rights and obligations hereunder, without the City's prior written consent, (i) to one or more purchasers of all or part of the Property, and/or (ii) to an affiliate; provided that no such assignment shall be effective as against the City unless and until Developer sends notice of such assignment and a complete copy of the assignment document to the City. This Agreement shall run with the land. The City may not assign any of its duties, rights, or obligations under this Agreement without the prior written consent of the Developer, which consent shall not be unreasonably withheld or delayed.

Section 8.02. Binding Obligations. This Agreement shall be binding upon the Parties, their successors and assigns.

IX. ADDITIONAL PROVISIONS

Section 9.01. Authorized to Take Action. The City hereby authorizes its city administrator or his delegated staff to take all actions, and finalize and enter into all documents, necessary to accomplish the purposes of this Agreement on behalf of the City, except and to the extent that applicable law requires such action to be taken or document to be entered into by the Mayor and/or following a separate action of the City Council.

Section 9.02. No Moratorium. In consideration of Developer's agreements hereunder, the City agrees that it will not, during the Term of this Agreement, impose or attempt to impose (i) any moratorium on building or development within the Property, or (ii) any land use or development regulation that limits the rate or timing of land use approvals, whether affecting preliminary plats, final plats, site plans, building permits, certificates of occupancy or other necessary approvals, within the Property; provided, however, that the preceding does not apply to temporary moratoriums uniformly imposed throughout the City due to an emergency constituting imminent threat to the public health or safety, provided that such moratorium will continue only during the duration of the emergency.

Section 9.03. Entire Agreement. This Agreement supersedes any and all other prior or contemporaneous agreements or understandings, whether oral or in writing, between the Parties

with respect to the subject matter of this Agreement, and none of such prior or contemporaneous agreements or understandings shall be valid or binding upon the parties hereto.

Section 9.04. Severability. If any provision of this Agreement shall be determined by a court to be invalid or unenforceable for any reason, such invalid or unenforceable provision shall be deleted from this Agreement, and the remaining provisions of this Agreement shall be interpreted and enforced to give effect to the intent of this Agreement as if such invalid or unenforceable provision had never been contained herein.

Section 9.05. Amendment; Contact Person. (a) This Agreement may be amended only with the written consent of the Parties.

(b) Until the sooner of the time that the named "Developer" either (i) sells the last lot or parcel in the Project, or (ii) notifies the City that a new contact has been appointed (e.g., a property owners' association), the party who may make decisions regarding this Agreement for the Developer party (including with regard to any amendments hereto), and the party to which all City notices shall be sent, is the Developer first named above and listed in Sec. 7.03.

Section 9.06. Recordation. This Agreement or a memorandum, summary or other reference to this Agreement may be filed in the deed records of Hays County, Texas.

Section 9.07. Authority. Each party to this Agreement represents and warrants that it has the authority to enter into and perform its duties and obligations under this Agreement and that the individual executing this Agreement on behalf of such party has full authority to do so. In addition, the City represents and warrants that the governing body of the City has approved this Agreement and authorized its execution, and the approval and authorization by the governing body was in accordance with all laws applicable to the City.

Section 9.08 Force Majeure.

(a) The term "force majeure" as employed herein shall mean and refer to acts of God; strikes, lockouts, or other industrial disturbances: acts of public enemies, orders of any kind of the government of the United States, the State of Texas or any civil or military authority; insurrections; riots; epidemic; landslides; lightning, earthquakes; fires, hurricanes; storms, floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accidents to machinery, pipelines, or canals; or other causes not reasonably within the control of the party claiming such inability.

(b) If, by reason of force majeure, any party hereto shall be rendered wholly or partially unable to carry out its obligations under this Agreement, then such party shall give written notice of the full particulars of such force majeure to the other party within 10 days after the occurrence thereof. The obligations of the party giving such notice, to the extent effected by the force majeure, shall be suspended during the continuance of the inability claimed, except as hereinafter provided, but for no longer period, and the party shall endeavor to remove or overcome such inability with all reasonable dispatch.

Section 9.09. Texas Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and shall be performable in Hays County, TexasVenue shall lie exclusively in Hays County, Texas.

Section 9.10. Time is of the Essence. Time is of the essence in the performance of this Agreement.

EXECUTED in multiple originals and effective as of the 3rd day of September 2013.

Attest:

Kathy Davidson
City Secretary

THE CITY OF HAYS, TEXAS

Michael Warnken
MICHAEL S. WARNKEN
Mayor

STATE OF TEXAS §

COUNTY OF HAYS §

This instrument was acknowledged before me on Sept. 29th, 2013, by Michael Warnken Mayor of the City of Hays, Texas, a Texas general law municipal corporation, on behalf of said municipal corporation.

Notary Public-State of Texas

KATHY DAVIDSON NOTARY PUBLIC STATE OF TEXAS EXPIRES 4-12-2014

LUKERS, INC.,
dba WALTERS SOUTHWEST,
a Texas corporation

William S. Walters, III, President

STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on September 20, 2013, by William S. Walters, III, President of Lukers, Inc., a Texas corporation, on behalf of said corporation.

CINDY GAIL ROBERTSON
Notary Public, State of Texas
My Commission Expires
November 09, 2016

Notary Public-State of Texas

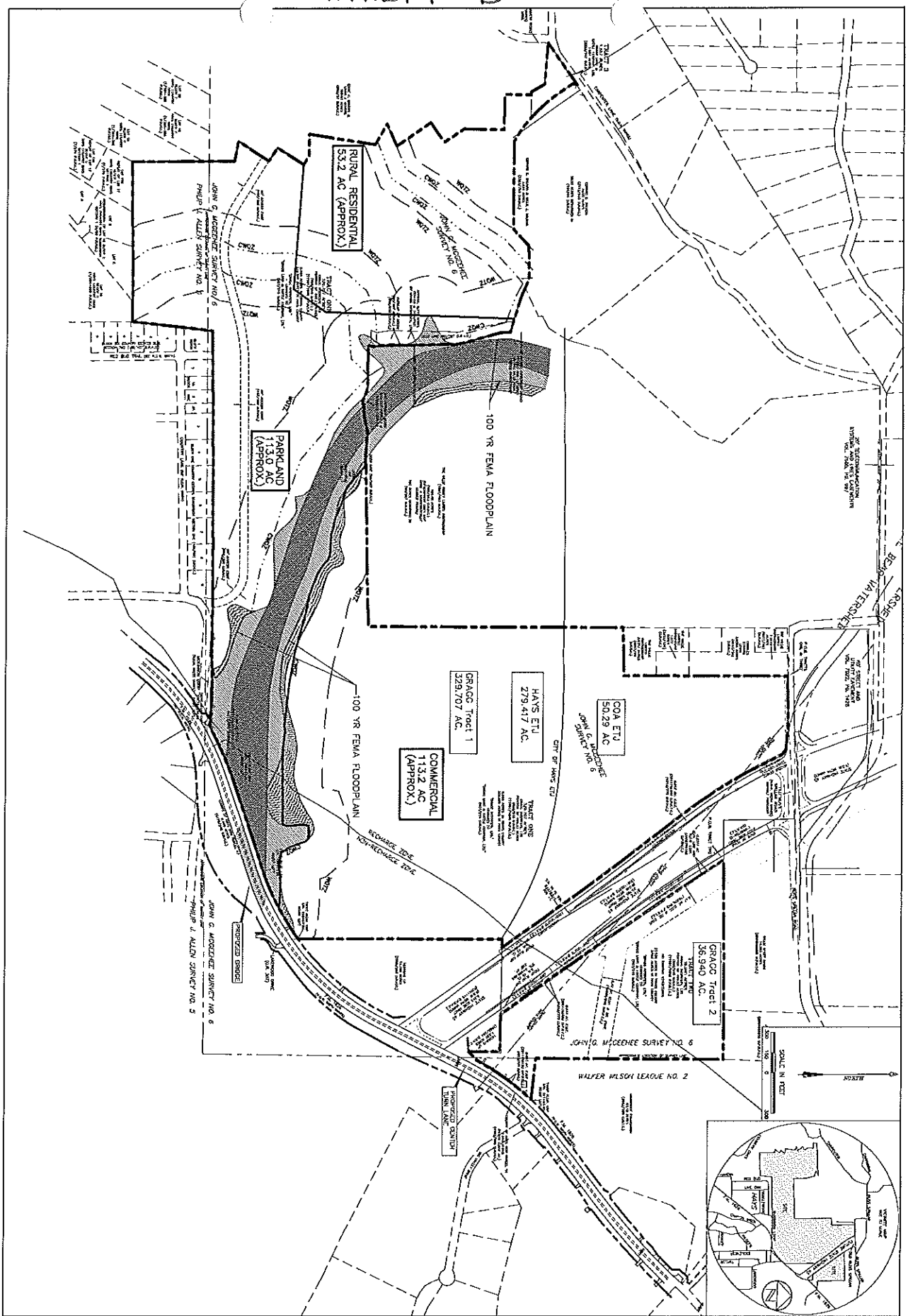
Exhibit "A"

Property Descriptions

"279.4 ACRES, MORE OR LESS, IN THE JOHN G. MCGEEHEE SURVEY NO. 6, AND THE PHILIP J. ALLEN SURVEY NO. 5 IN HAYS COUNTY, TEXAS, BEING A PORTION OF A 499.23 ACRE TRACT OF LAND CONVEYED TO GRAGG INTERESTS, LTD IN A SPECIAL WARRANTY DEED DATED NOVEMBER 01, 1991 AND RECORDED IN VOLUME 899, PAGE 616 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS AND VOLUME 11561, PAGE 1645 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY."

"50.29 ACRES, MORE OR LESS, IN THE JOHN G. MCGEEHEE SURVEY NO. 6, AND THE PHILIP J. ALLEN SURVEY NO. 5 IN HAYS COUNTY, TEXAS, BEING A PORTION OF A 499.23 ACRE TRACT OF LAND CONVEYED TO GRAGG INTERESTS, LTD IN A SPECIAL WARRANTY DEED DATED NOVEMBER 01, 1991 AND RECORDED IN VOLUME 899, PAGE 616 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS AND VOLUME 11561, PAGE 1645 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY."

EXHIBIT "B"



File: Projects/ Gragg/Dwg/HPE-Base 072312		
Job No. 119-01	Snapshot: Concept Plan	
Scale (Horz): 1"=300'	Scale (Vert):	
Date: 7/23/12	Checked By:	Drawn By: LMH
Revision 1:		
Revision 2:		
Revision 3:		
Revision 4:		

SHEET 01 of 01

GRAGG TRACT
WALTERS SOUTHWEST
CONCEPTUAL PLAN

HANRAHAN • PRITCHARD ENGINEERING, INC.
CONSULTING ENGINEERS
(TX. PE FIRM REG. 6416)
8333 Cross Park Drive
AUSTIN, TEXAS 78754
OFFICE: 512.459.4734 FAX: 512.459.4752
info@hpe-eng.com
HPE

Exhibit C
Suggested Plant List

Canopy Trees	
Cedar Elm	Umus crassifolia
Live Oak	Quercas virginiana
Bur Oak	Quercas macrocarpa
Chinquapin Oak	Quercas muhlenbergii
Texas Red Oak	Quercas texana
Ornamental Trees	
Texas Redbud	Cercis canadensis "texensis"
Tree Yaupon	Ilex vomitoria
Possumhaw Holly	Ilex decidua
Texas Mt Laurel	Sophora secundiflora
Wax Myrtle	Myrica cerifera
Mexican Buckeye	Ungnadia speciosa
Shrubs	
Texas Sage	Leucophylum frutescens
Cherry Sage	Lavia greggii
Dwarf Wax Myrtle	Myrica pusilla
Big Muhly	Muhlenbergia lindeimeri
Pine Muhly	M. dubia
Flame Acanthus	Aniscanthus wrightii
Grass/Ground Covers	
Buffalo grass	Buchloe dactyloides
Bermuda grass	Cynodon dactylon
Side Oats Gramma	Bouteloua curtipendula
Little Bluestem	Schizachyrium scopanium
Curly Mesquite	Hilaria berlangeri
Zoysia	Zoysia matrella
Turffalo	

Exhibit D
Lighting and Signage Regulations

Lighting Criteria

1. Exterior lighting shall be designed to minimize glare and light trespass to surrounding neighborhoods. Illumination levels for driveway, parking lot, and security lighting should not exceed 3 foot-candles, average maintained, measured horizontally at finished ground/pavement level. Illumination levels at the boundary of the Property may not exceed 1 foot-candle, except that the foregoing limitation shall not apply to those portions of the Property boundary that adjoin either SH 45 or FM 1626.

2. Exterior lights shall not be permitted to shine directly into the eyes of any occupant of any vehicle on any public or private road, onto adjacent property, or where the illumination interferes with the visibility or readability of any traffic signs or devices. Lighting levels shall conform to Illumination Engineering Society (IES) standards and Federal/State requirements. Commercial lighting other than that necessary for security should be turned off at the later of closing time or 11:00 PM. Lighted commercial signs should be turned off or reduced to half their original illumination after the later of closing time or 11:00 PM.

3. Artificial lighting for parking areas should not exceed the following requirements:

   (a) Free standing light fixtures should not exceed a height of 30 feet measured from the ground/pavement to the bottom base of the fixture.

   (b) Fixture wattage shall not exceed 250 lamp watts.

   (c) Fixtures shall be limited to 2 per pole, shall have no uplight, nor lamps/light-refracting lenses extending below the plane of the lowest point of the fixture housing, and be of an IES controlled distribution of type 2, 3, 4 or 5. Fixtures will provide a cutoff not to exceed 90 degrees from nadir so that light is not emitted above the horizontal plane.

   (d) Building-mounted wall packs shall not exceed a lamp wattage of 200 watts, shall be mounted no higher than 28 feet from the ground/pavement to the bottom of the fixture. Wall packs shall be configured with a full front metal shield with a sharp cutoff of 85 degrees or better to block the lamp source from line of sight view. Open faced wall packs of any wattage or size are prohibited.

   (e) Floodlights, not to exceed a lamp wattage of 100 watts, may be used if ground mounted and shielded/hooded. Other floodlights and dusk to dawn fixtures of any wattage or size are prohibited.

4. Landscaping Lighting.

(a) Landscape lighting such as tree lighting shall be achieved using the "moon lighting" method whereby the light source is located above and not on the ground. Uplighting using flood/well lights is prohibited except as provided in paragraph (b) below. Fixtures shall be no higher than 28 feet measured from the ground to the bottom of the fixture. Fixture wattage shall not exceed 175 lamp watts. Lamps shall be housed in bullet style enclosures with an extending truncated shield to maximize cutoff.

(b) Floodlights, not to exceed a lamp wattage of 100 watts, may be used if ground mounted and shielded/hooded. Other floodlights and dusk to dawn fixtures of any wattage or size are prohibited.

5. Fixture lamps shall be quartz halogen, fluorescent, metal halide, mercury vapor, or high pressure sodium.

Building Signage Criteria

1. Over 13,000 square feet space:

(a) All signs are to be in the form of individual reverse channel letters (backlighting) with translucent plex sign face.

(b) Letter height: If one (1) horizontal line of lettering is used, individual letters shall not to exceed 48 inches in height. A maximum of two (2) lines of lettering may be used provided the maximum height, as measured from the upper most point of the first line to the lower most point of the second line, shall not exceed 48 inches with minimum 4-inch space between letters.

2. Less than 13,000 square feet space:

(a) All signs are to be in the form of individual reverse channel letters (backlighting) with opaque metal sign face.

(b) Letter height: Only one horizontal line of lettering shall be used and letters shall not to exceed 28 inches in height.

3. Letter spread: Not to exceed length of 75% of storefront (Example: a storefront measuring 40 feet can have a sign length not to exceed 30 feet) and centered on the store-front.

4. Sign area: For business occupants with frontage of 66.5 linear feet or less sign area shall not to exceed the following formula: Linear frontage of space minus 4 feet x 2.4.

For business occupants with frontage greater than 66.5 linear feet sign area shall not have an aggregate area exceeding that calculated by multiplying the frontage by two (2) feet and in no event exceeding 150 square feet aggregate total sign area.

5. Letter depth: 5 inch returns.

6. Materials of Construction:

(a) Lettering Channels (Returns) - Minimum thickness: .063 inches. Depth of channels shall be 5 inches, all interior surfaces must have a splash coat of white for reflective purposes. Finish on returns shall match letter face color.

(b) Letter Faces - All letter faces are to be painted aluminum, minimum .080 inch thickness. Armorply, plymetal, foam, styrene, or any other flammable material shall not be used under any circumstances. All faces are to be spot welded from the inside to the letter return, with all seams filled and smooth sanded.

7. Letter Mounting: Sign letters will be fastened with 3-inch stand-off non-corrosive fasteners to the wall surface.

8. Electrical Requirements:

(a) Letters must be internally illuminated, with double stroke neon not less than 15-millimeter thickness. Neon color may be either white or red.

(b) All wiring and transformers are to be contained inside the wall cavity. Exposed electrical conduit is not permitted. All wiring must be UL approved and meet all building code standards. No exposed wiring will be permitted along the back of the parapet.

9. Emblems or logos may be used in conjunction with sign letters provided they are not as "box" signs but in a contour form and are dimensioned within the limits as stated herein (i.e., 24 inches high maximum) and conform with materials specified.

10. Quantity of Signs: Only one sign per business occupant storefront. If a space affronts more than one elevation (corner stores and freestanding buildings), two signs will be allowed as long as the combined measurement does not exceed maximum square footage of one sign.

Freestanding Monument Signage Criteria

1. Any freestanding monument sign identifying a business or organization shall not exceed a maximum sign area of twelve (12) square feet per side, with a horizontal dimension of no greater than ten (10) feet.

2. No part of a freestanding monument sign shall extend above eight (8) feet above the average grade.

3. All lighting on freestanding monument signs shall be indirect.