

A Resolution

NO. _____

APPROVING A REIMBURSEMENT AGREEMENT FOR IMPROVEMENT AREA #1 OF THE FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 16 (WALSH RANCH/QUAIL VALLEY); AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Fort Worth, Texas (the “**City Council**”), in connection with the Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) (the “**District**”) desires to approve the Improvement Area #1 Reimbursement Agreement (the “**Reimbursement Agreement**”), between the City and QUAIL VALLEY DEVCO I, L.L.C. and WALSH RANCHES LIMITED PARTNERSHIP, (collectively, the “**Developer**”), as lead developers for Improvement Area #1 of the District, which sets forth their understanding and agreement related to the construction, acquisition and financing of the public improvements in Improvement Area #1, including the issuance of special assessment revenue bonds in connection with the same;

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

SECTION 1. The Reimbursement Agreement is hereby authorized and approved in substantially the final form attached hereto as *EXHIBIT A* and incorporated herein as a part hereof for all purposes and the City Manager of the City is hereby authorized and directed to execute and deliver such agreements with such changes as may be required to carry out the purpose of this Resolution.

SECTION 2. This Resolution is effective immediately upon adoption and approval.

Adopted this 2nd day of May, 2017.

ATTEST:

By: _____

Mary Kayser, City Secretary



EXHIBIT A
IMPROVEMENT AREA #1 REIMBURSEMENT AGREEMENT

Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley)
Improvement Area #1 Reimbursement Agreement

This Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Area #1 Reimbursement Agreement (this "Agreement") is entered into by QUAIL VALLEY DEVCO I, L.L.C. ("Quail Valley"), and WALSH RANCHES LIMITED PARTNERSHIP ("Walsh Ranches" and together with Quail Valley,, the "Developer") and the CITY OF FORT WORTH, TEXAS (the "City"), to be effective May 2, 2017 (the "Effective Date"). The Developer and the City are sometimes individually referred to as a "Party" and collectively as the "Parties."

SECTION 1. RECITALS

1.1 **WHEREAS**, capitalized terms used in this Agreement shall have the meanings given to them in Section 2, unless otherwise defined herein or unless the context in which a term is used clearly requires a different meaning; and

1.2 **WHEREAS**, all resolutions, ordinances, agreements, documents, and instruments referenced in this Agreement are incorporated as part of this Agreement; and

1.3 **WHEREAS**, Quail Valley is a Texas limited liability company; and

1.4 **WHEREAS**, Walsh Ranches is a Texas limited partnership; and

1.5 **WHEREAS**, the City is a Texas home-rule municipality; and

1.6 **WHEREAS**, the City Council is authorized by Chapter 372, Texas Local Government Code, as amended (the "PID Act"), to create public improvement districts within the City's corporate limits and extraterritorial jurisdiction; and

1.7 **WHEREAS**, the PID Act authorizes public improvement districts to undertake public improvement projects that confer a special benefit on the property within the districts and to pay for such public improvement projects by levying assessments against benefited property within the districts; and

1.8 **WHEREAS**, Quail Valley and Walsh Ranches filed with the municipal secretary of the City (the "City Secretary") a petition (the "Petition") requesting the creation of a public improvement district covering the Property; and

- 1.9 **WHEREAS**, the Petition satisfied the requirements of the PID Act; and
- 1.10 **WHEREAS**, on August 30, 2016, the City Council approved Resolution No. 4671-08-2016: (1) accepting the Petition; (2) calling a public hearing for September 20, 2016 (the "Public Hearing") to take public testimony on the feasibility and advisability of creating Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) (the "District") and the feasibility and advisability of the public improvement projects proposed by the Petition; and (3) authorizing and directing notices of the Public Hearing be mailed and published as required by the PID Act; and
- 1.11 **WHEREAS**, City staff caused notice of the Public Hearing to be mailed before the 15th day before the date of the Public Hearing as required by the PID Act; and
- 1.12 **WHEREAS**, City staff caused notice of the Public Hearing to be published in a newspaper of general circulation before the 15th day before the date of the Public Hearing as required by the PID Act; and
- 1.13 **WHEREAS**, after publishing, mailing, and otherwise providing all notices required by the PID Act and state law, the City Council conducted the Public Hearing on the date and at the location and time specified in such notices, at which Public Hearing the City Council took public testimony on the feasibility and advisability of creating the District and the feasibility and advisability of undertaking the public improvement projects proposed by the Petition; and
- 1.14 **WHEREAS**, on September 27, 2016, the City Council approved Resolution No. 4686-09-2016 authorizing the creation of the District covering the Property; and
- 1.15 **WHEREAS**, notice of Resolution No. 4686-09-2016 was published in a newspaper of general circulation as required by the PID Act, whereupon the District authorization became effective; and
- 1.16 **WHEREAS**, Resolution No. 4686-09-2016 was filed (1) November 29, 2016, as Instrument No. 201627203, in the real property records of Parker County, Texas and (2) December 6, 2016, as Instrument No. D216284552, in the real property records of Tarrant County, Texas; and
- 1.17 **WHEREAS**, the Property is to be developed in phases, the first area within the District to be developed is Improvement Area #1; and
- 1.18 **WHEREAS**, Improvement Area #1 contains approximately 251.01 acres that is being subdivided into approximately 587 single-family Lots that include the different Lot Types shown in Table IV-C in the SAP; and

1.19 **WHEREAS**, development of Improvement Area #1 requires construction of the Authorized Improvements; and

1.20 **WHEREAS**, the Actual Costs of all of the Authorized Improvements that could be assessed against Lots within Improvement Area #1 based on the special benefit conferred on the Lots by the Authorized Improvements is \$23,168,594, as shown on Table III-A in the SAP; and

1.21 **WHEREAS**, the PID-Funded Actual Costs of the Improvement Area #1 Funded Improvements that are being assessed against Lots within Improvement Area #1 based on the special benefit conferred on the Lots by the Improvement Area #1 Funded Improvements is \$6,350,000.00, which amount is shown in Table III-A in the SAP (the "Total Assessment Amount"); and

1.22 **WHEREAS**, the methodology by which the Total Assessment Amount is apportioned, and the apportionment of the Total Assessment Amount to each Lot Type and Lot within Improvement Area #1 is set forth in the SAP; and

1.23 **WHEREAS**, the apportionment of the Total Assessment Amount to each Lot within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll; and

1.24 **WHEREAS**, on May 2, 2017, the City Council passed and approved Ordinance No. _____ (the "Assessment Ordinance") and in connection therewith approved and authorized the execution of this Agreement; and

1.25 **WHEREAS**, the Assessment Ordinance: (1) approved the SAP; and (2) levied Assessments against each Lot within Improvement Area #1 in accordance with the Improvement Area #1 Assessment Roll; and

1.26 **WHEREAS**, the Assessment Ordinance provides that an Assessment levied against a Lot may be paid in full at any time in accordance with the PID Act; however, if not paid in full, the owner of the Lot shall not be in Default but shall be deemed to have elected to pay the Assessment in Annual Installments in accordance with this Agreement; and

1.27 **WHEREAS**, Annual Installments shall be billed and collected by or on behalf of the City in accordance with the Assessment Ordinance and this Agreement and as authorized by the PID Act; and

1.28 **WHEREAS**, all Assessment Revenue shall be deposited into the District Fund; and

1.29 **WHEREAS**, the District Fund shall only be used to pay the Reimbursement Balance or to pay debt service on Improvement Area #1 PID Bonds; and

1.30 **WHEREAS**, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the PID Act; and

1.31 **WHEREAS**, the foregoing RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; and (3) constitute representations, warranties, and covenants that each Party has relied upon in entering into this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

SECTION 2. DEFINITIONS

2.1 "Actual Costs" are defined in the SAP.

2.2 "Administrative Expenses" are defined in the SAP.

2.3 "Administrator" is defined in the SAP.

2.4 "Agreement" is defined in the Preamble.

2.5 "Annual Installment" is defined in the SAP. As used herein, the term Annual Installment is comprised of two components: (a) Administrative Expenses, and (b) Assessment Revenues. The total Annual Installment for all lots in the District, together with the breakdown of Administrative Expenses and Assessment Revenue, are shown in the table "Improvement Area #1 Annual Installments – All Lots," in Appendix A-1 of the SAP, as updated from time to time (Assessment Revenues are set forth under the column titled "Reimbursement Agreement Cash Flow").

2.6 "Assessment" is defined in the SAP.

2.7 "Assessment Revenue" means: (1) revenue collected from the payment of Improvement Area #1 Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses of collection); and (2) revenue collected from the payment of the Annual Installments (excluding Administrative Expenses) of the Improvement Area #1 Assessments.

2.8 "Authorized Improvements" means the public improvement projects authorized by the PID Act and to be constructed in Improvement Area #1 that confer a special benefit on Improvement Area #1, including, but not limited to, the Improvement Area #1 Funded Improvements.

2.9 "Chief Financial Officer" the Chief Financial Officer of the City of Fort Worth, also known as the Director of Financial Management Services/City Treasurer.

- 2.10 "City" is defined in the Preamble.
- 2.11 "City Council" means the governing body of the City of Fort Worth, Texas.
- 2.12 "City Engineer" means the person designated in writing as the "City Engineer" for purposes of this Agreement by the City Manager of the City.
- 2.13 "City Secretary" is defined in Section 1.8.
- 2.14 "Default" is defined in Section 3.11.
- 2.15 "Delinquent Collection Costs" are defined in the SAP.
- 2.16 "Developer" is defined in the Preamble.
- 2.17 "Developer's Continuing Disclosure Agreement" means a continuing disclosure agreement of the Developer entered into in connection with the issuance of the Improvement Area #1 Bonds, if any, in satisfaction of the requirements of Rule 15c2-12, promulgated by the United States Securities and Exchange Commission.
- 2.18 "Development Agreement" means that certain Economic Development Agreement by and between the City of Fort Worth and Walsh Ranches, the Walsh Children's Trusts, The Walsh Grandchildren's Trust, and F. Howard Walsh, Jr., entered into on May 6, 2003, as the same may be amended from time to time.
- 2.19 "District" is defined in Section 1.10.
- 2.20 "District Fund" means a fund created by the City for the sole benefit of the District that is segregated from all other funds of the City and into which the City shall deposit Assessment Revenue pursuant to Section 3.2 and from which the City will pay the Reimbursement Balance pursuant to Section 3.3.2.
- 2.21 "Effective Date" is defined in the Preamble.
- 2.22 "Failure" is defined in Section 3.11.
- 2.23 "Improvement Area #1" is defined in the SAP.
- 2.24 "Improvement Area #1 Assessments" mean Assessments levied on the property in Improvement Area #1, as shown on the Improvement Area #1 Assessment Roll.
- 2.25 "Improvement Area #1 Assessment Roll" means the assessment roll attached as Appendix A-1 to the SAP that identifies the Assessments against each Lot within Improvement Area #1.

- 2.26 "Improvement Area #1 Funded Improvements" mean the public improvement projects authorized by the PID Act that may be undertaken and will be financed by the District that confer a special benefit on Improvement Area #1, which Improvement Area #1 Funded Improvements are described in the SAP.
- 2.27 "Improvement Area #1 Indenture" means the Indenture relating to the Improvement Area #1 Bonds.
- 2.28 "Improvement Area #1 PID Bonds" means PID Bonds issued to finance Improvement Area #1 Funded Improvements.
- 2.29 "Improvement Area #2 is defined in Section 3.4.2.
- 2.30 "Improvements Completion Date" means the date on which the City Engineer certifies in writing that the Authorized Improvements have been constructed in substantial compliance with the approved plans and specifications for such improvements and are ready to be accepted by the City.
- 2.31 "Indenture" is defined in the SAP.
- 2.32 "Lot" is defined in the SAP.
- 2.33 "Lot Type" is defined in the SAP.
- 2.34 "Master Reimbursement Agreement" means that certain Master Reimbursement Agreement entered into by and between the City and the Developer, dated as of the date hereof, pursuant to which the timing of certain obligations of the City and the Developer with respect to the District is established, including the proposed levy of assessments for Future Improvement Areas (as defined in the SAP) and the issuance of PID Bonds, if any.
- 2.35 "Maturity Date" is defined in Section 3.3.1.
- 2.36 "Net Proceeds" means the proceeds generated from the issuance and sale of public improvement district bonds minus costs of issuance and reserve fund deposits and capitalized interest, if any, required by the Improvement Area #1 Indenture.
- 2.36 "Party" or "Parties" are defined in the Preamble.
- 2.37 "Petition" is defined in Section 1.8.
- 2.38 "PID Act" is defined in Section 1.6.

- 2.39 "PID Bonds" are defined in the SAP.
- 2.40 "PID-Funded Actual Costs" are defined in the SAP.
- 2.41 "Prepayments" are defined in the SAP.
- 2.42 "Property" means the approximately 1,704 acres within the corporate limits and extraterritorial jurisdiction of the City as described in the Petition and the SAP.
- 2.43 "Reimbursement Amount" is defined in Section 3.3.1.
- 2.44 "Reimbursement Balance" is defined in Section 3.3.1.
- 2.45 "SAP" means the *Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Service and Assessment Plan* dated May 2, 2017, approved by Ordinance No. _____ adopted by the City Council on _____, 2017, including updates, modifications, and amendments approved by the City Council from time to time in accordance with the SAP and the PID Act.
- 2.46 "Total Assessment Amount" is defined in Section 1.21.
- 2.47 "Transfer" is defined in Section 3.8
- 2.48 "Transferee" is defined in Section 3.8

SECTION 3. ADDITIONAL PROVISIONS

3.1 Construction of Improvement Area #1 Funded Improvements. The Developer, at its cost and expense, will construct or cause to be constructed all of the Authorized Improvements, including the Improvement Area #1 Funded Improvements, on a schedule determined by the Developer. The Authorized Improvements shall be constructed in accordance with all applicable laws, ordinances, rules, and regulations of the State of Texas, the City, and any other political subdivision or governmental agency that has jurisdiction over the construction of the Authorized Improvements; provided, however, contracts for the construction of such Authorized Improvements shall be exempt from competitive bidding requirements pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. The Developer shall prepare, bid, award, and manage all contracts for the construction of the Authorized Improvements and shall provide to the City Engineer, the City's PID Administrator and the Chief Financial Officer copies of all contracts within ten (10) business days of such contract being entered into, but in no event later than thirty (30) days after the date on which such contracts were awarded. All plans and specifications for the Authorized Improvements must be approved by the City Engineer, and all construction shall be inspected by or on behalf of the City for compliance with the approved plans

and specifications. The Developer shall maintain books and records evidencing the Actual Costs, including the PID-Funded Actual Costs, paid or incurred by the Developer in the construction of the Authorized Improvements, including the Improvement Area #1 Funded Improvements, copies of which books and records shall be provided to the City Engineer, the City's PID Administrator and the Chief Financial Officer. When construction of the Authorized Improvements is complete, and when the completed Authorized Improvements have been inspected by the City Engineer and determined to be in substantial compliance with the approved plans and specifications, the City Engineer shall certify such compliance in writing, including the Actual Costs of the completed Authorized Improvements, and the Developer shall dedicate (and the City shall accept) the Authorized Improvements, lien free, in accordance with standard City policies applicable to such improvements, including maintenance bonds and assignments of warranties, if any.

3.2 District Fund. Until Improvement Area #1 PID Bonds are issued, the City shall bill, collect, and deposit into the District Fund all Assessment Revenue. Annual Installments shall be billed and collected by the City (or by any other person, entity, or governmental agency permitted by law) in the same manner and at the same time as City ad-valorem taxes are billed and collected. Collection of Annual Installments shall be deferred pursuant to Section 372.017 of the PID Act until the first date following the completion of the Authorized Improvements in Improvement Area #1 on which such Annual Installments can be collected in the the manner and at the time described above. Collection of the Annual Installments is anticipated to commence by October 1, 2018, with such Annual Installments being delinquent if not paid on or before January 31, 2019. In the event collection does not commence by such time, the parties shall negotiate in good faith to update the terms of Section 3.3 below accordingly. The District Fund will only be used to pay the Reimbursement Balance or as directed in the Improvement Area #1 Indenture entered into in connection with the issuance of the Improvement Area #1 PID Bonds. After issuance, and for so long as Improvement Area #1 PID Bonds are outstanding under the terms of the Improvement Area #1 Indenture, Assessment Revenue shall be deposited, and payments therefrom shall be applied in accordance with the provisions of the Improvement Area #1 Indenture. Once Improvement Area #1 PID Bonds are issued, the Improvement Area #1 Indenture shall control in the event of any conflicts with this Agreement. For the avoidance of doubt, (1) while any Improvement Area #1 PID Bonds are outstanding under the terms of the Improvement Area #1 Indenture, the right of the Developer to receive payment of the Reimbursement Balance shall be subordinate to the deposits required under the Improvement Area #1 Indenture related to the Improvement Area #1 PID Bonds, and (2) in no event will Developer be entitled to payment of the Reimbursement Balance from Administrative Expenses.

3.3 Payment of Reimbursement Balance.

3.3.1 Subject to the terms and conditions herein, including Section 3.2 above, the City agrees to pay to the Developer from collected Assessment Revenues deposited

to the District Fund, commencing March 15, 2019, and continuing until September 15, 2048 (the "Maturity Date") the principal amount equal to **SIX MILLION THREE HUNDRED FIFTY THOUSAND AND NO/100THS DOLLARS (\$6,350,000.00)** (the "Reimbursement Amount"). The Reimbursement Amount shall bear simple interest per annum on the unpaid balance at the rate of six percent (6%) for years one and two and five percent (5%) for years three through 30 or until Improvement Area #1 PID Bonds are issued. The interest rates have been determined by the City Council in accordance with Section 372.023(e) of the PID Act based on the Bond Buyer Revenue Bond Index published in *The Bond Buyer*, a daily publication that publishes this interest rate index (and on the date of the determination by the City Council, the average index rate was not less than 4.02%). If any portion of the Reimbursement Amount remains unpaid after the City has elected to issue Improvement Area #1 PID Bonds, the interest rate on the unpaid Reimbursement Amount shall be the same as the interest rate on the Improvement Area #1 PID Bonds; provided, however, that such rate shall not exceed five percent (5%). The Reimbursement Amount shall be reduced by the difference, if any, determined by subtracting the Actual Costs of the Authorized Improvements from \$6,350,000.00. The Reimbursement Amount together with interest payable as described above is referred to as the "Reimbursement Balance".

- 3.3.2 The Reimbursement Balance is payable solely from: (1) quarterly payments by the City to the Developer made each March 15, June 15, September 15, and December 15 beginning March 15, 2019 from the Assessment Revenues deposited into the District Fund beginning on March 15, 2019, and continuing each calendar quarter thereafter until the earlier of the Maturity Date or the date on which the Reimbursement Balance is paid in full, (2) the Net Proceeds of the Improvement Area #1 PID Bonds issued by the City and secured by the Assessment Revenue; or (3) a combination of items (1) and (2). ***The Reimbursement Balance shall be further reduced by the costs of issuance associated with the issuance of Improvement Area #1 PID Bonds, including any underwriter's discount, in addition to any reserve fund deposits and capitalized interest, if any, required by the Improvement Area #1 Indenture, notwithstanding that such funds shall not actually be paid to the Developer.*** Each quarterly payment to the Developer from the District Fund shall be accompanied by an accounting from the City's Chief Financial Officer or the City's PID Administrator that certifies the Reimbursement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the District Fund since the last quarterly payment. If there is a dispute over the amount of

any quarterly payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next quarterly payment is due; however, if the Parties are unable to resolve the disputed amount, the determination certified by the City's Chief Financial Officer of the disputed amount shall control.

3.3.3 Beginning in the year in which the Improvement Area #1 PID Bonds are to be paid in full, the City will amortize the outstanding Reimbursement Balance in a manner that is determined by the City's Chief Financial Officer to provide the most expedient payoff of the outstanding Reimbursement Balance while seeking to maintain level reimbursement payments and taking into account Administrative Expenses.

3.4 PID Bonds.

3.4.1 The Parties acknowledge and agree that the District was created with the expectation that the Parties would enter into this Agreement and that the City would issue PID Bonds in satisfaction of the Reimbursement Balance at the time set forth in Section 3.4.2 below. Improvement Area #1 PID Bonds, if issued, shall be secured by and paid solely from the Assessment Revenue in accordance with the Improvement Area #1 Indenture. ***While any Improvement Area #1 PID Bonds are outstanding, subject to the terms of the Improvement Area #1 Indenture, the Developer shall only be entitled to annual payments from the Assessment Revenues to the extent any Assessment Revenues remain available after subtracting any amounts required to be paid, deposited or transferred under the Improvement Area #1 Indenture, including debt service payments on the Improvement Area #1 PID Bonds, and amounts required to be deposited into any reserve fund.*** If the Improvement Area #1 PID Bonds are paid in full prior to the Maturity Date, the City shall thereafter continue to make payments to the Developer from the District Fund until the earlier of the Maturity Date or the date on which the Reimbursement Balance is paid in full. The parties acknowledge that approval of the issuance of any Improvement Area #1 Bonds by the City Council is a governmental function within the City's sole discretion, and is subject to prevailing state and federal law at the time of the proposed issuance. The inability or failure of the City to issue Improvement Area #1 Bonds shall not constitute a Failure by the City or otherwise result in a Default by the City under this Agreement.

3.4.2 Improvement Area #1 PID Bonds will not be issued until a final plat has been recorded for the second improvement area in the District ("Improvement Area

#2”). If no final plat has been recorded with respect to Improvement Area #2 within five (5) years of the date assessments began to be collected for the entire Improvement Area #1, then no Improvement Area #1 PID Bonds will be issued, and the payment of the Reimbursement Balance will be limited to quarterly payments by the City to the Developer from the Assessment Revenues deposited into the District Fund.

3.4.3 Any Prepayments of Assessments while any Improvement Area #1 PID Bonds are outstanding shall be applied pursuant to the term of the Improvement Area #1 Indenture.

3.4.4 The Improvement Area #1 PID Bonds shall have a maximum maturity date of 20 years from the date of their initial issuance.

3.5 Unpaid Reimbursement Balance. If any portion of the Reimbursement Balance remains unpaid on the Maturity Date, such portion of the Reimbursement Balance shall be canceled and for all purposes this Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL, and such portion of the Reimbursement Balance shall no longer be deemed to be payable. The Developer shall not be relieved of its duty to construct or cause to be constructed the Authorized Improvements even if there are insufficient funds payable under this Agreement to pay the PID-Funded Actual Costs of the Improvement Area #1 Funded Improvements.

3.6 City Obligations; Limitations.

3.6.1 The Reimbursement Balance is payable to the Developer and secured under this Agreement solely as described above. NO OTHER CITY FUNDS, REVENUE, TAXES, INCOME OR PROPERTY MAY BE PLEDGED TO THE PAYMENT OF ANY AMOUNTS UNDER THIS AGREEMENT OR SHALL BE USED EVEN IF THE REIMBURSEMENT BALANCE IS NOT PAID IN FULL AT MATURITY. NOTWITHSTANDING ITS COLLECTION EFFORTS, IF THE CITY FAILS TO RECEIVE ALL OR ANY PART OF THE ASSESSMENT REVENUES AND, AS A RESULT, IS UNABLE TO MAKE ANY PAYMENT DESCRIBED HEREIN, SUCH FAILURE SHALL NOT CONSTITUTE A FAILURE OR DEFAULT BY THE CITY UNDER THIS AGREEMENT. THIS AGREEMENT AND ANY IMPROVEMENT AREA #1 PID BONDS ISSUED IN CONNECTION HERewith SHALL NOT AND SHALL NEVER GIVE RISE TO OR CREATE: (1) A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY OR ANY OTHER TAXING UNIT; (2) A DEBT OR OTHER OBLIGATION OF THE CITY PAYABLE FROM ANY SOURCE OF REVENUE, TAXES, INCOME OR PROPERTIES OF THE CITY OTHER THAN FROM (A) ASSESSMENT REVENUE PURSUANT TO THIS AGREEMENT, OR (B) THE NET PROCEEDS OF ANY IMPROVEMENT AREA #1 BONDS PAYABLE FROM ASSESSMENT REVENUE PURSUANT TO THE IMPROVEMENT AREA #1 INDENTURE; (3) ANY OBLIGATION OF THE CITY TO ISSUE PID BONDS OR OTHER OBLIGATIONS; OR (4) ANY OBLIGATION OF THE CITY

TO PAY ANY AMOUNT DUE OR TO BECOME DUE UNDER THIS REIMBURSEMENT AGREEMENT OTHER THAN FROM (A) ASSESSMENT REVENUE PURSUANT TO THIS AGREEMENT, OR (B) THE NET PROCEEDS OF ANY IMPROVEMENT AREA #1 BONDS PAYABLE FROM ASSESSMENT REVENUE PURSUANT TO THE IMPROVEMENT AREA #1 INDENTURE.

3.6.2 None of the City or any of its elected or appointed officials or any of its officers, employees, consultants or representatives shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.6.3 Until Improvement Area #1 PID Bonds are issued, the obligation of the City to deposit Assessment Revenue into the District Fund is subject only to the condition that the Improvements Completion Date has occurred. Upon the issuance of Improvement Area #1 PID Bonds, the City shall deposit Assessment Revenue as required by the Improvement Area #1 Indenture.

3.6.4 Notwithstanding Section 3.6.3 above, the obligation of the City to make payments to the Developer under this Agreement is subject to Section 3.6.1 above and is conditioned upon: (1) the Improvements Completion Date having occurred; (2) the City Engineer having certified that the Total Assessment Amount does not exceed eighty percent (80%) of the Actual Costs of the Authorized Improvements; and (3) the Developer being in compliance with its obligations under the Developer's Continuing Disclosure Agreement, if any, entered into in connection with the issuance of Improvement Area #1 Bonds. From and after the satisfaction of each of the foregoing conditions: (1) the obligations of the City under this Agreement to make payments to the Developer shall be unconditional, and shall continue until the Maturity Date or until the Reimbursement Balance has been paid in full, whichever is earlier; and (2) there shall be no conditions, defenses, or rights of offset to the obligations of the City: (i) to make payments to the Developer from the District Fund in accordance with this Agreement; (ii) if Improvement Area #1 PID Bonds are issued, to use the Net Proceeds thereof to pay all or a portion of the Reimbursement Balance and thereafter to use Assessment Revenue to pay debt service on the Improvement Area #1 PID Bonds in accordance with this Agreement and the Indenture; and (iii) , subject to Section 3.3.3, if Improvement Area #1 PID Bonds have been issued and paid in full prior to the Maturity Date, to resume making payments to the Developer from the District Fund until the Maturity Date or until the Reimbursement Balance is paid in full, whichever is earlier.

3.7 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Balance is paid in full.

3.8 Transfers. Quail Valley and Walsh Ranches each has the right to assign, convey, transfer, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, their respective obligations, rights, title, or interest under this Agreement to any person or entity, including, but not limited to, their respective rights, title, or interest in and to payments of the Reimbursement Balance, whether such payments are made quarterly from the District Fund or from the Net Proceeds of Improvement Area #1 PID Bonds (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding the foregoing, no Transfer shall be effective until five (5) days after written notice of the Transfer is received by the City, including, for each Transferee, the notice information required pursuant to Section 3.10. The City may rely on notice of a Transfer received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the City for any funds paid to a Transferee as a result of a Transfer for which the City received notice. The foregoing notwithstanding, no Transfer of payments of the Reimbursement Balance may be pledged to the payment of debt service on public securities issued by any state of the United States or any political subdivision thereof without the approval of the City Council.

3.9 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Tarrant County, Texas.

3.10 Notice. Any notice required by or contemplated by this Agreement must be in writing and shall be deemed given at the addresses shown below: (1) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (2) seventy-two (72) hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

If to the City:

City of Fort Worth
Jesus Chapa, Assistant City Manager
City of Fort Worth
200 Texas Street
Fort Worth, Texas 76102

If to the Developer:
QUAIL VALLEY DEVCO I, L.L.C.
c/o Republic Property Group, Inc.
Attn: Jake Wagner
8401 North Central Expressway, Suite 350
Dallas, Texas 75225

WALSH RANCHES LIMITED PARTNERSHIP
Attn: G. Malcolm Louden
500 West Seventh Street
Suite 1007
Fort Worth, TX 76102

Any Party may change its address by delivering notice of the change in accordance with this section.

3.11 Default/Remedies.

3.11.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." If a Failure is monetary, the non-performing Party shall have thirty (30) days within which to cure. If the Failure is non-monetary, the non-performing Party shall have forty-five (45) days within which to cure.

3.11.2 If the Developer is in Default, the City's sole and exclusive remedy shall be to compel performance through injunctive relief or specific performance. No Default by the Developer shall entitle the City to terminate this Agreement. No Default by the Developer after the Improvements Completion Date shall entitle the City to withhold payments to the Developer from the District Fund in accordance with this Agreement.

3.11.3 If the City is in Default, the Developer's sole and exclusive remedies shall be to: (1) compel performance through injunctive relief or specific performance; and/or (2) seek specific enforcement of this Reimbursement Agreement. No Default by the City shall entitle the Developer to terminate this Agreement.

3.11.4 The City shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a

cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

3.12 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against any the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations or subdivision requirements relating to the development of property in the PID.

3.13 Entire Agreement; Amendment. This Agreement supersedes all prior agreements (whether written or oral) between the Parties regarding the subject matter hereof and constitutes the only agreement between the Parties with regard to the subject matter hereof. In the event of any conflict between this Agreement and any other instrument, document, or agreement to which either Party is a party or by which either Party is bound, the provisions and intent of this Agreement shall control. This Agreement may only be amended by written agreement of the Parties.

3.14 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

3.15 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

3.16 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City and the Developer (including Developer's Transferees following a transfer) any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City and the Developer (including Developer's Transferees following a Transfer).

3.17 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by electronic mail with a "pdf" copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

3.18 Representations and Warranties.

3.18.1 Quail Valley represents and warrants to the City that: (1) Quail Valley has the authority to enter into and perform its obligations under this Agreement; (2) Quail Valley has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of Quail Valley has been duly authorized to do so; (4) this Agreement is binding upon Quail Valley in accordance with its terms; and (5) the execution of this Agreement and the performance by Quail Valley of its obligations under this Agreement do not constitute a breach or event of default by Quail Valley under any other agreement, instrument, or order to which Quail Valley is a party or by which Quail Valley is bound.

3.18.2 Walsh Ranches represents and warrants to the City that: (1) Walsh Ranches has the authority to enter into and perform its obligations under this Agreement; (2)) Walsh Ranches has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of Walsh Ranches has been duly authorized to do so; (4) this Agreement is binding upon Walsh Ranches in accordance with its terms; and (5) the execution of this Agreement and the performance by Walsh Ranches of its obligations under this Agreement do not constitute a breach or event of default by Walsh Ranches under any other agreement, instrument, or order to which Walsh Ranches is a party or by which Walsh Ranches is bound.

3.18.3 Quail Valley and Walsh Ranches each represent and warrant to the City that with regard to the obligations of the "Developer" under this Agreement, Quail Valley and Walsh Ranches are jointly and severally liable for such obligations unless and until either of them has transferred such obligations, in whole or in part, pursuant to Section 3.8. In the event of a Transfer by either Quail Valley or Walsh Ranches of all or any of its obligations under this Agreement pursuant to Section 3.8, the Transferee shall only be liable to the extent of the obligations that are the subject of the Transfer and shall not be jointly liable with the Developer or with any other Transferee for any o ther obligations under this Agreement.

The City represents and warrants to Quail Valley and Walsh Ranches that: (1) the City has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the City has been duly authorized to do so; (3) this Agreement is binding upon the City in accordance with its terms; and (4) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

[Signature Page Follows]

CITY OF FORT WORTH, TEXAS

By: _____

Name _____

Title _____

Date: _____

ATTEST

[Name], City Secretary

APPROVED AS TO FORM

[Name], City Attorney

QUAIL VALLEY DEVCO I, LLC,
a Texas limited liability company

By: RPG QVR, LLC,
a Texas limited liability company

By: Republic Property Group, Ltd.,
a Texas limited partnership, its Manager

By: RPG, LLC, a Texas limited liability company, its
General Partner

By: _____

Jake Wagner, Co-CEO

WALSH RANCHES LIMITED PARTNERSHIP,
a Texas limited partnership,

By: Walsh North Star Company,
a Texas corporation, its General Partner

By: _____
G. Malcolm Loudon, President