

**ORDINANCE NO. 2014-70**

**AN ORDINANCE GRANTING THE CONSENT OF THE CITY OF SAN MARCOS, TEXAS, TO THE CREATION OF COTTON CENTER MUNICIPAL UTILITY DISTRICT NO. 1 WITHIN THE CITY'S EXTRATERRITORIAL JURISDICTION; APPROVING A CONSENT AGREEMENT; AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONSENT AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.**

**RECITALS:**

1. The City of San Marcos (the "City") received a Petition for Consent to the Creation of a Municipal Utility District for 2,358 acres currently located in the City's extraterritorial jurisdiction, a copy of which petition is attached as Exhibit A; and
2. Section 54.016 of the Texas Water Code provides that land within a municipality's extraterritorial jurisdiction may not be included within a municipal utility district without the municipality's written consent;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:**

**SECTION 1.** That the City Council of the City of San Marcos, Texas, gives its written consent to the creation of the Cotton Center Municipal Utility District No. 1 on 2,358 acres of land, as described in the attached petition, provided, however, that said consent is expressly subject to the conditions set forth in the Consent Agreement which is hereby approved and attached hereto as Exhibit B and incorporated herein to this Ordinance.

**SECTION 2.** The City Council approves and the City Manager is authorized to execute the Consent Agreement.

**SECTION 3.** If any word, phrase, clause, sentence, or paragraph of this ordinance is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this ordinance will continue in force if they can be given effect without the invalid portion.

**SECTION 4.** All ordinances and resolutions or parts of ordinances and resolutions in conflict with this ordinance are repealed.

**SECTION 5.** This ordinance will take effect after its passage, approval and adoption on second reading.

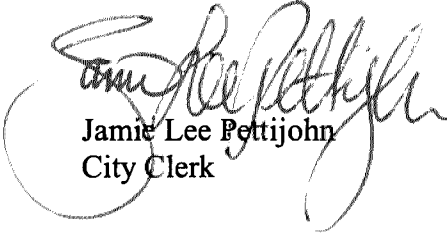
**PASSED AND APPROVED** on first reading on November 18, 2014.

**PASSED, APPROVED AND ADOPTED** on second reading on December 2, 2014.




Daniel Guerrero  
Mayor

Attest:



Jamie Lee Pettijohn  
City Clerk

Approved:



Michael J. Cosentino  
City Attorney

PETITION FOR CONSENT TO THE CREATION OF MUNICIPAL UTILITY DISTRICT  
TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF SAN  
MARCOS, TEXAS:

The undersigned ("Petitioners"), acting pursuant to the provision of Chapters 49 and 54, Texas Water Code, respectfully petitions the City Council of the City of San Marcos, Texas (the "City"), for its written consent to the creation of a municipal utility district over the land described by the metes and bounds on Exhibit A, which is attached hereto and incorporated herein for all purposes (the "Land"), and, in support thereof, would show the following:

I. Name of District

The name of the proposed district is Cotton Center Municipal Utility District No. 1 (the "District")

II. Organization and Authority of District

The District is proposed to be created and organized under the terms and provisions of Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54, Texas Water Code

III. Land in District

The District will contain approximately 2,358 acres of land, more or less, situated in Caldwell County. All of the land proposed to be included in the District is located within the extraterritorial jurisdiction of the City. All of the Land proposed to be included may be properly included in the District.

IV. Title to Land

Petitioners are the owners or are acting on behalf of the owners of a majority in value of the holders of title to the Land as indicated by the tax rolls of Caldwell County, Texas.

V. Nature of Work

The general nature of the work to be done by the District at the present time is the design, construction, acquisition, maintenance and operation of a waterworks and sanitary sewer system for domestic and commercial purposes; the construction, acquisition, improvement, extension, maintenance and operation of works, improvements, facilities, plants, equipment and appliances helpful or necessary to provide more adequate drainage for the District and to control, abate and amend local storm waters or other harmful excesses of waters; the construction of roadways and related appurtenances; the provision of and construction, acquisition, maintenance and operation of parks and recreational facilities and the construction, acquisition, improvement, maintenance and operation of such other and additional facilities, systems, plants and enterprises as may be consonant with any or all of the purposes for which the District is created.

## VI. Necessity

There is a necessity for the above described work, because there is not now available within the area, which will be developed for single family residential and commercial uses, an adequate waterworks system, sanitary sewer system, drainage and storm sewer system, or parks and recreational facilities. The health and welfare of the present and future inhabitants of the area and adjacent areas require the purchase, design, construction, acquisition, ownership, operation, repair, improvement and extension of an adequate waterworks system, sanitary sewer system, drainage and storm sewer system, parks and recreational facilities and other facilities and systems. A public necessity, therefore, exists for the creation of the District in order to provide for the purchase, design, construction, acquisition, ownership, operation, repair, improvement and extension of a waterworks system, sanitary sewer system, drainage and storm sewer system, roadways, parks and recreational facilities and other systems to promote the purity and sanitary condition of the State's waters and the public health and welfare of the community.

## VII. Costs

A preliminary investigation has been made to determine the cost of the proposed District's project, and it is now estimated by Petitioner, from such information as it has available at this time, that such cost will be approximately \$268,455,000.00.

## VIII. Request for Consent

Petitioners, by submission of this Petition, request the City's consent to the creation of the District and to the inclusion of the Land within the District.

WHEREFORE, Petitioner prays that this petition be heard and that your honorable Body duly pass and approve an ordinance or resolution granting consent to the creation of the District and authorizing the inclusion of the Land within the District.

RESPECTFULLY SUBMITTED this \_\_\_\_ day of \_\_\_\_\_, 2014



WALTON TEXAS, LP. , a Texas limited partnership, on behalf of itself in its capacity as an Owner of the Property and on behalf of the Individual Owners in its capacity as operator and manager of the interests of the Individual Owners of the Property

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

By: WALTON INTERNATIONAL GROUP, INC, a Nevada corporation, its Manager

By: Wayne G. Souza  
Name: WAYNE G. SOUZA  
Its: AUTHORIZED SIGNATORY

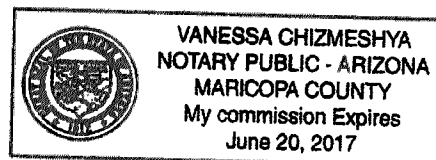
By: Gordon A. Price  
Name: GORDON A. PRICE  
Its: AUTHORIZED SIGNATORY

STATE OF ARIZONA           §  
  §  
COUNTY OF MARICOPA   §

This instrument was acknowledged before me on August 15, 2014, by Wayne G. Souza and Gordon A. Price, each an Authorized Signatory of Walton International Group, Inc., a Nevada corporation, Manager of Walton Texas GP, LLC, a Texas limited liability company, General Partner of Walton Texas, LP, a Texas limited partnership, on behalf of such partnership.

[Seal]

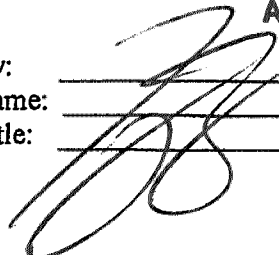
Vanessa Chizmeshya  
Notary Public, State of Arizona



**WALTON SILVER CROSSING LP,**  
Alberta (Canada) limited partnership

By: Walton Silver Crossing Corporation,  
an Alberta (Canada) corporation,  
its General Partner

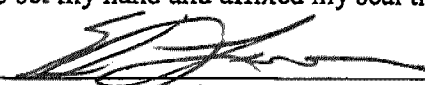
By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**Clara Chong**  
**Authorized Signatory**

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**TONY DEEGAN**  
**Authorized Signatory**

PROVINCE OF ALBERTA                     )  
  ) ss.  
CITY OF CALGARY                         )

On this 15 day of AUGUST, 2014, before me, a Notary Public in and for said Province of Alberta, personal appeared CLARA CHONG and TONY DEEGAN to me personally known, who by me duly sworn (or affirmed), did say that each of them is an Authorized Signatory of Walton Silver Crossing Corporation, an Alberta (Canada) corporation, the General Partner of Walton Silver Crossing LP, an Alberta (Canada) limited partnership, and that said instrument was signed on behalf of said limited partnership by authority of its partners, and said acknowledged said instrument to be the free act and deed of said General Partner for an behalf of the said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year last above written.

  
\_\_\_\_\_  
Notary Public in and for the Province of Alberta

**EVAN D. LOW**  
My Commission Expires at  
the pleasure of the  
Lieutenant Governor

**WALTON TX AUSTIN LAND LP,**  
an Alberta (Canada) limited partnership

By: Walton TX Austin Land Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

  
**Clara Chong**  
Authorized Signatory


By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

  
**TONY DEEGAN**  
Authorized Signatory

PROVINCE OF ALBERTA                     )  
  ) ss.  
CITY OF CALGARY                         )

On this 15 day of AUGUST, 2014, before me, a Notary Public in and for said Province of Alberta, personal appeared CLARA CHONG and TONY DEEGAN to me personally known, who by me duly sworn (or affirmed), did say that each of them is an Authorized Signatory of Walton TX Austin Land Corporation, an Alberta (Canada) corporation, the General Partner of Walton TX Austin Land Limited Partnership, an Alberta (Canada) limited partnership, and that said instrument was signed on behalf of said limited partnership by authority of its partners, and said acknowledged said instrument to be the free act and deed of said General Partner for and on behalf of the said limited partnership.

IN WITNESS WHEREOF, I have hereunto set by hand and affixed my seal the day and year last above written.

  
\_\_\_\_\_  
Notary Public in and for the Province of Alberta

**EVAN D. LOW**  
My Commission Expires at  
the pleasure of the  
Lieutenant Governor

**WALTON TX MARTINDALE LP,**  
an Alberta (Canada) limited partnership

By: Walton TX Martindale Corporation,  
an Alberta (Canada) corporation,  
its General Partner


By:   
Name: Clara Chong  
Title: Authorized Signatory

By:   
Name: TONY DEEGAN  
Title: Authorized Signatory

PROVINCE OF ALBERTA                    )  
  ) ss.  
CITY OF CALGARY                         )

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IN WITNESS WHEREOF, I have hereunto set by hand and affixed my seal the day and year last above written.

  
\_\_\_\_\_  
Notary Public in and for the Province of Alberta

**EVAN D. LOW**  
My Commission Expires at  
the pleasure of the  
Lieutenant Governor

WALTON TX MARTINDALE LP 2,  
an Alberta (Canada) limited partnership

By: Walton TX Martindale Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

  
**Clara Chong**  
Authorized Signatory

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

  
**TONY DEEGAN**  
Authorized Signatory


PROVINCE OF ALBERTA )

) ss.

CITY OF CALGARY )

On this 15 day of AUGUST, 2014, before me, a Notary Public in and for said Province of Alberta, personal appeared CLARA CHONG and TONY DEEGAN to me personally known, who by me duly sworn (or affirmed), did say that each of them is an Authorized Signatory of Walton TX Martindale Corporation, an Alberta (Canada) corporation, the General Partner of Walton TX Martindale LP, an Alberta (Canada) limited partnership, and that said instrument was signed on behalf of said limited partnership by authority of its partners, and said acknowledged said instrument to be the free act and deed of said General Partner for and on behalf of the said limited partnership.

IN WITNESS WHEREOF, I have hereunto set by hand and affixed my seal the day and year last above written.

  
\_\_\_\_\_  
Notary Public in and for the Province of Alberta

**EVAN D. LOW**  
My Commission Expires at  
the pleasure of the  
Lieutenant Governor

Exhibit A  
Land Description

2357.9 ACRES  
COTTON CENTER MUD # 1

FN. NO. 14-206 (MJR)  
JUNE 12, 2014  
BURY NO. RO10393210030

### DESCRIPTION

OF A 2357.9 ACRE TRACT OF LAND OUT OF THE WILLIAM PETTUS LEAGUE, ABSTRACT NO. 21, THE THOMAS MAXWELL LEAGUE, ABSTRACT NO. 188, AND THE THOMAS YATES LEAGUE, ABSTRACT NO. 313, SITUATED IN CALDWELL COUNTY, TEXAS, BEING ALL OF THOSE CERTAIN TRACTS OF LAND CONVEYED TO WALTON TEXAS, LP. BY THE FOLLOWING DEEDS OF RECORD IN THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS:

- A) 91.99 ACRES (PARCEL 1) AND 4.56 ACRES (PARCEL 2) OF RECORD IN VOLUME 643, PAGE 69;
- B) 87.92 ACRES OF RECORD IN DOCUMENT NO. 113576;
- C) 99.03 ACRES OF RECORD IN DOCUMENT NO. 122695;
- D) 358.07 ACRES PORTION OF 573.65 ACRES (TRACT 1) OF RECORD IN VOLUME 524, PAGE 599;
- E) 224.83 ACRES OF RECORD IN VOLUME 556, PAGE 729,
- F) 339.31 ACRES OF RECORD IN VOLUME 556, PAGE 246;
- G) 120.75 ACRES OF RECORD IN DOCUMENT NO. 123755;
- H) 69.19 ACRES OF RECORD IN DOCUMENT NO. 132453;
- I) 47.271 ACRES, 49.330 ACRES, AND 49.325 ACRES OF RECORD IN DOCUMENT NO. 126556;
- J) 70.540 ACRES OF RECORD IN DOCUMENT NO. 131493;
- K) 55.669 ACRES OF RECORD IN DOCUMENT NO. 131492;
- L) 239.035 ACRES OF RECORD IN DOCUMENT NO. 125890;
- M) 59.828 ACRES OF RECORD IN DOCUMENT NO. 126555;
- N) 252.85 ACRES OF RECORD IN DOCUMENT NO. 124324;
- O) 133.84 ACRES OF RECORD IN DOCUMENT NO. 132453;

SAID 2357.9 ACRES OF LAND ALSO INCLUDES ALL THE AREA WITHIN THE EXISTING RIGHTS-OF-WAY OF CALDWELL COUNTY ROAD NO. 238 (VALLEY WAY DRIVE) AND FARM TO MARKET ROAD 1984 AS USED ON-THE-GROUND WHICH ARE CONTAINED WITHIN THE FOLLOWING METES AND BOUNDS DESCRIPTION; **SAVE AND EXCEPT THEREFROM** THAT CERTAIN 1.790 ACRE TRACT OF LAND CONVEYED TO BARBARA KINKADE BY DEED OF RECORD IN VOLUME 206, PAGE 238 AND THAT CERTAIN 15.354 ACRE REMAINDER OF A 129 ACRE (FIRST TRACT) AND 120 ACRE (SECOND TRACT) OF LAND CONVEYED TO ROBERT W. SHANNON, KAREN S. MORELAND, DONNA S. ANDREW AND PAUL B. SHANNON BY DEEDS OF RECORD IN VOLUME 255, PAGE 169, VOLUME 256, PAGE 261, VOLUME 335, PAGE 768, AND VOLUME 371, PAGE 837, ALL OF SAID OFFICIAL PUBLIC RECORDS; SAID 2357.9 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED IN TWO (2) PARTS BY METES AND BOUNDS AS FOLLOWS:

#### PART 1 - 1206.6 ACRES

**BEGINNING**, at a 5/8 in iron rod at the intersection of the southerly right-of-way line of the Union Pacific Railroad and the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies), being the northeasterly corner of said 91.99 acre tract, for the northeasterly corner hereof;

**THENCE**, S41°17'23"E, leaving the southerly right-of-way line of the Union Pacific Railroad, along the southwesterly right-of-way line of Valley Way Drive, being the northeasterly line of said 91.99 acre tract, for the northeasterly line hereof, a distance of 2788.12 feet to a 5/8 inch iron rod in the northwesterly line of a 130.59 acre tract of land, conveyed to David Matthew Best by Deed of record in Volume 269, Page 127 of said Official Public Records, being the easterly corner of said 91.99 acre tract and hereof;

**THENCE**, S48°21'22"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the northwesterly line of said 130.59 acre tract, being the southeasterly line of said 91.99 acre tract, for a portion of the southeasterly line hereof, a distance of 1361.88 feet to the southerly corner of said 91.99 acre tract and the northerly corner of said 4.56 acre tract, for an angle point hereof;

**THENCE**, leaving the southerly corner of said 91.99 acre tract, along the northeasterly and southeasterly lines of said 4.56 acre tract, for a portion of the southeasterly line hereof, the following two (2) courses and distances:

- 1) S41°07'40"E, a distance of 322.45 feet to a 5/8 inch iron rod for the easterly corner of said 4.56 acre tract, and an angle point hereof;
- 2) S48°22'55"W, a distance of 616.59 feet to the southerly corner of said 4.56 acre tract, being a northwesterly corner of said 130.59 acre tract, in the northeasterly line of an eight (8) yard by one-hundred ten (110) yard Strip of land reserved to O.M. Hoffman by Deed of record in Volume 229, Page 244 of said Official Public Records, said Strip also being described as part of Tract II, in a Deed to Hoffman Family Trust 1994, of record in Volume 127, Page 436 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the northeasterly, northwesterly, and southwesterly lines of said Strip, being a portion of the southwesterly line of said 4.56 acre tract, and a portion of the southeasterly line of said 87.92 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) N41°10'09"W, a distance of 11.86 feet to the northerly corner of said Strip, for an angle point hereof;
- 2) S48°19'26"W, a distance of 23.99 feet to the westerly corner of said Strip, for an angle point hereof;



- 3) S41°19'42"E, a distance of 329.93 feet to an iron rod with "UDG" cap in the northwesterly line of a 111.482 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 504, Page 634 of said Official Public Records, being the southerly corner of said Strip and the most southeasterly corner of said 87.92 acre tract, for an angle point hereof;

**THENCE**, S48°20'39"W, leaving the southwesterly line of said Strip, along a portion of the southeasterly line of said 87.92 acre tract, and the southeasterly line of said 99.03 acre tract, being a portion of the northwesterly line of said 111.482 acre tract and a portion of the northwesterly line of a 9.41 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 511, Page 13 of said Official Public Records, for a portion of the southeasterly line hereof, a distance of 3046.71 feet to the southerly corner of said 99.03 acre tract being in the northeasterly line of said 573.65 acre tract, and the northwesterly corner of said 9.41 acre tract, for an angle point hereof;

**THENCE**, leaving the southeasterly line of said 99.03 acre tract, along a portion of the northwesterly and southwesterly lines of said 9.41 acre tract, and a portion of the northeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) S41°34'50"E, a distance of 19.14 feet to an angle point hereof;
- 2) S48°56'20"W, a distance of 161.89 feet to an iron rod with "carter & burgess" cap for an angle point hereof;
- 3) S41°36'05"E, a distance of 1522.35 feet to the southerly corner of said 9.41 acre tract in the northwesterly right-of-way line of State Highway 142 (R.O.W. varies), for the easterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, leaving the southwesterly line of said 9.41 acre tract, along the northwesterly right-of-way line of State Highway 142, along a portion of the southeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following six (6) courses and distances:

- 1) S48°50'36"W, a distance of 1342.09 feet to the point of curvature of a non-tangent curve to the left;
- 2) Along said curve, having a radius of 11535.16 feet, a central angle of 02°03'00", an arc length of 412.72 feet and a chord which bears, S47°48'06"W, a distance of 412.70 feet to the end of said curve;

- 3) S46°50'18"W, a distance of 148.55 feet to the point of curvature of a non-tangent curve to the right;
- 4) Along said curve, having a radius of 11393.65 feet, a central angle of 02°03'02", an arc length of 407.78 feet and a chord which bears, S47°48'07"W, a distance of 407.76 feet to the end of said curve;
- 5) S48°51'00"W, a distance of 1315.11 feet to the point of curvature of a non-tangent curve to the right;
- 6) Along said curve, having a radius of 11,389.16 feet, a central angle of 00°37'29", an arc length of 124.18 feet and a chord which bears, S49°09'26"W, a distance of 124.18 feet to the point of curvature of a non-tangent curve to the left, for the most southerly corner hereof;

**THENCE**, leaving said northwesterly right-of-way line of State Highway 142, over and across said 573.65 acre tract, for a portion of the southwesterly line hereof, along the approximate Martindale City Limit Line, the following four (4) courses and distances:

- 1) Along said curve, having a radius of 2746.11 feet, a central angle of 26°52'25", an arc length of 1288.01 feet and a chord which bears, N53°46'19"W, a distance of 1276.24 feet to the end of said curve;
- 2) N69°22'30"W, a distance of 631.48 feet to an angle point hereof;
- 3) S69°38'20"W, a distance of 374.12 feet to an angle point hereof;
- 4) N65°05'35"W, a distance of 871.31 feet to a point in the southeasterly line of a 137 acre tract of land conveyed to John Mac Mauldin by Deed of record in Volume 359, Page 673 of said Official Public Records, and the northwesterly line of said 573.65 acre tract, for an angle point hereof;

**THENCE**, along a portion of the southeasterly line and the northeasterly line of said 137 acre tract, and the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N49°05'19"E, a distance of 1820.68 feet to an iron pipe for the easterly corner of said 137 acre tract, the westerly corner of said 573.65 acre tract, and an angle point hereof;

- 2) N40°56'06"W, a distance of 1177.53 feet to a point in the southeasterly line of a 167.96 acre tract of land conveyed to Conrads Herbert Inc. by Deed of record in Volume 346, Page 76 of said Official Public Records, being the northerly corner of said 137 acre tract, the northwesterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, N48°54'41"E, leaving the northeasterly line of said 137 acre tract, along a portion of the common southeasterly line of said 167.96 acre tract and a portion of the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, a distance of 42.46 feet to the most easterly corner of said 167.96 acre tract, and the southerly corner of said 224.83 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 573.65 acre tract, along the common line of said 167.96 acre tract and said 224.83 acre tract, for a portion of the southwesterly line hereof, the following eight (8) courses and distances:

- 1) N12°19'50"W, a distance of 294.36 feet to an angle point;
- 2) N00°34'24"E, a distance of 227.61 feet to an angle point;
- 3) N36°30'21"W, a distance of 285.03 feet to an angle point;
- 4) N56°28'57"W, a distance of 234.92 feet to an angle point;
- 5) N50°20'48"W, a distance of 99.62 feet to an angle point;
- 6) N27°15'48"W, a distance of 102.46 feet to an angle point;
- 7) N22°50'14"W, a distance of 255.49 feet to the westerly corner of said 224.83 acre tract, for an angle point hereof;
- 8) N43°45'31"E, a distance of 190.62 feet to the southerly corner of said 339.31 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 224.83 acre tract, along the common line of said 167.96 acre tract and said 339.31 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N39°23'33"W, a distance of 241.44 feet to an angle point;
- 2) N26°29'00"W, a distance of 668.42 feet to the easterly corner of a 213.451 acre tract of land conveyed to Curby Ohnheiser by Deed of record in Volume 178, Page 184 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the common northeasterly line of said 213.451 acre tract and the southwesterly line of said 339.31 acre tract, for a portion of the southwesterly line hereof, the following three (3) courses and distances:

- 1) N16°07'11"W, a distance of 819.56 feet to an angle point;
- 2) N13°49'18"W, a distance of 655.20 feet to an angle point;
- 3) N09°25'58"W, a distance of 163.84 feet to the southerly corner of a 49.82 acre tract of land conveyed to David J. Huffman by Deed of record in Volume 527, Page 292 of said Official Public Records, for the most westerly corner of said 339.31 acre tract and hereof;

**THENCE**, along the southeasterly and northeasterly lines of said 49.82 acre tract and the northwesterly line of said 339.31 acre tract, for the northwesterly line hereof, the following four (4) courses and distances:

- 1) N48°42'42"E, a distance of 1780.59 feet to a pk nail in a fence post;
- 2) N41°04'53"W, a distance of 664.10 feet to a pk nail in a fence post;
- 3) N48°44'06"E, a distance of 1261.08 feet to the most easterly corner of said 49.82 acre tract;
- 4) N42°14'20"W, a distance of 275.49 feet to the northeasterly corner of said 49.82 acre tract and northwesterly corner of said 339.31 acre tract, in the southerly right-of-way line of the Union Pacific Railroad, for the northwesterly corner hereof;

**THENCE**, leaving the northeasterly line of said 49.82 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, and a portion of the northerly line and northeasterly line of said 339.31 acre tract, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 1) S87°55'54"E, a distance of 3775.29 feet to an iron rod for the northeasterly corner of said 339.31 acre tract, and an angle point hereof;
- 2) S41°18'02"E, a distance of 62.32 feet to an iron rod for the northwesterly corner of said 91.99 acre tract, and an angle point hereof;

**THENCE**, leaving the northeasterly line of said 339.31 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, the southerly right-of-way line of said Valley Way Drive, and the northerly line of said 91.99 acre tract, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S88°18'23"E, a distance of 870.54 feet to an iron rod for an angle point hereof;
- 2) N82°39'41"E, a distance of 454.88 feet to an angle point hereof;
- 3) N81°46'58"E, a distance of 126.52 feet to the **POINT OF BEGINNING**, and containing an area of 1206.6 acres of land, more or less, within these metes and bounds.

**PART 2 - 1151.3 ACRES**

**BEGINNING**, at an iron rod with "UDG" cap found in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies) for the northerly corner of a 1.82 acre tract of land conveyed to Jethery Bohannon Et. Ux. By deed of record in Volume 240, Page 435 of said Official Public Records, the southeasterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, S49°38'37"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the common line of said 1.82 acre tract and said 133.84 acre tract, a distance of 409.77 feet to a point in the northerly right-of-way line of the Union Pacific Railroad (100' R.O.W.);

**THENCE**, N87°55'45"W, along the northerly right-of-way of said Railroad, a distance of 1952.56 feet to a point for the southwesterly corner of said 133.84 acre tract and the southeasterly corner of a 22.1 acre tract of land conveyed to Abel Garza Et. Ux. By deed of record in Volume 96, Page 683 of said Official Public Records;

**THENCE**, leaving the northerly right-of-way of said Railroad, along the common line of said 133.84 acre tract and said 22.1 acre tract, the following two (2) courses and distances:

- 1) N01°23'47"E, a distance of 217.61 feet to and iron rod for an angle point hereof;
- 2) N41°22'34"W, a distance of 2440.88 feet to a fence corner post in the southeasterly right-of-way line of F.M. 1984 (80' R.O.W.) for the northerly corner of said 22.1 acre tract, the easterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, N41°36'44"W, leaving the northerly corner of said 22.1 acre tract, over and across F.M. 1984, a distance of 80.09 feet to a point in the northwesterly right-of-way line of F.M. 1984, and the southeasterly line of said 252.85 acre tract, for an angle point hereof;

**THENCE**, S48°23'16"W, a distance of 1345.17 feet to an iron rod with "LENZ" cap in the southeasterly line of said 252.85 acre tract and the easterly corner of a 40.0 acre tract of land conveyed to Myrna Lopez by deed of record in Document No. 122023 of said Official Public Records, for an angle point hereof;

**THENCE**, leaving the northerly right-of-way line of F.M. 1984, along the common line of said 252.85 acre tract and said 40.0 acre tract, the following sixteen (16) courses and distances:

- 1) N34°21'01"W, a distance of 110.36 feet to an iron rod with "LENZ" cap;
- 2) N19°39'31"W, a distance of 293.22 feet to an iron rod with "LENZ" cap;
- 3) N03°15'11"W, a distance of 82.66 feet to an angle point;
- 4) N36°52'22"E, a distance of 33.25 feet to an angle point;
- 5) N03°46'05"W, a distance of 515.85 feet to an angle point;
- 6) N09°53'30"W, a distance of 29.53 feet to an angle point;
- 7) N42°29'18"E, a distance of 23.22 feet to an angle point;
- 8) N09°28'01"E, a distance of 66.25 feet to an angle point;
- 9) N07°00'01"W, a distance of 164.91 feet to an angle point;
- 10) N13°52'24"W, a distance of 144.68 feet to an angle point;
- 11) N21°57'50"W, a distance of 90.39 feet to an angle point;
- 12) N10°37'25"W, a distance of 153.12 feet to an angle point;
- 13) N23°21'47"W, a distance of 161.89 feet to an iron rod with "LENZ" cap;
- 14) N41°34'57"W, a distance of 172.18 feet to an iron rod with "LENZ" cap for the northerly corner of said 40.0 acre tract;
- 15) S48°21'01"W, a distance of 1431.20 feet to an iron rod with "LENZ" cap for the westerly corner of said 40.0 acre tract;

- 16) S41°38'18"E, a distance of 1735.64 feet to an iron rod with "LENZ" cap for the southerly corner of said 40.0 acre tract, in the northwesterly right-of-way line of F.M. 1984 for an angle point of said 252.85 acre tract and hereof;

**THENCE**, S48°21'42"W, leaving the southerly corner of said 40.0 acre tract, along the northwesterly right-of-way line of F.M. 1984, a distance of 592.58 feet to the southerly corner of said 252.85 acre tract, in the northeasterly line of Fehlis Revised Addition to Reedville, of record in Volume 27, Page 368, of the Deed Records of said County, for an angle point;

**THENCE**, N41°22'43"W, leaving the northwesterly right-of-way line of F.M. 1984, along the southwesterly line of said 252.85 acre tract, a portion of the northeasterly line of said Fehlis Revised Addition, and a portion of the northeasterly line of a 56.52 acre tract of land conveyed to Southern Pecan Plantation Mobile Home Park, Inc., by deed of record in Volume 79, Page 369, of said Official Public Records, a distance of 3152.26 feet to an aluminum disk in concrete for the northerly corner of said 56.52 acre tract, the westerly corner of said 252.85 acre tract and hereof;

**THENCE**, N48°46'59"E, along the northwesterly line of said 252.85 acre tract, a distance of 4120.83 feet to point in the southwesterly right-of-way line of William Pettus Road (R.O.W. varies) for the northerly corner of said 252.85 acre tract;

**THENCE**, S40°53'44"E, along the southwesterly right-of-way line of William Pettus Road and northeasterly line of said 252.85 acre tract, a distance of 2659.70 feet to the point of curvature of a non-tangent curve to the left at the intersection of the southwesterly right-of-way line of William Pettus Road and the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the southwesterly right-of-way line of William Pettus Road, along the curving northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 252.85 acre tract, the following three (3) courses and distances:

- 1) Along said curve to the left having a radius of 756.20 feet, a central angle of 22°14'32", an arc length of 293.56 feet, and a chord which bears, S09°41'28"W, a distance of 291.72 feet to the end of said curve;
- 2) S01°25'48"E, a distance of 53.10 feet to the point of curvature of a non-tangent curve to the right;
- 3) Along said non-tangent curve to the right having a radius of 676.20 feet, a central angle of 49°28'14", an arc length of 583.85 feet, and a chord which bears, S23°18'19"W, a distance of 565.88 feet to a TxDOT concrete monument at the end of said curve;

**THENCE**, S41°36'44"E, leaving the southeasterly line of said 252.85 acre tract and northwesterly right-of-way line of F.M. 1984, over and across F.M. 1984, a distance of 79.92 feet to an angle point in the southeasterly right-of-way line of F.M. 1984, and the northwesterly line of said 133.84 acre tract;

**THENCE**, N48°22'36"E, along the northwesterly line of said 133.84 acre tract, being a portion of the southeasterly right-of-way line of F.M. 1984 and a portion of the southeasterly right-of-way line of Valley Way Drive (50' R.O.W.), a distance of 765.39 feet to northerly corner of said 133.84 acre tract in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies);

**THENCE**, N48°53'36"E, leaving the northerly corner of said 133.84 acre tract, over and across said Valley Way Drive, a distance of 51.66 feet to an angle point in the northeasterly right-of-way line of Valley Way Drive and the southwesterly line of said 69.19 acre tract;

**THENCE**, N41°06'24"W, along the northeasterly right-of-way line of Valley Way Drive, a distance of 477.14 feet to an angle point at the intersection of the northeasterly right-of-way line of Valley Way Drive and the southeasterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northeasterly right-of-way line of Valley Way Drive, along a portion of southeasterly right-of-way line of F.M. 1984 and northwesterly line of said 69.19 acre tract, the following two (2) courses and distances:

- 1) Along a non-tangent curve to the right having a radius of 676.09 feet, a central angle of 26°42'34", an arc length of 315.17 feet, and a chord which bears, N35°06'01"E, a distance of 312.33 feet to the end of said curve;
- 2) N48°30'35"E, a distance of 2278.26 feet to an angle point hereof;

**THENCE**, N41°29'25"W, leaving the northwesterly line of said 69.19 acre tract, over and across F.M. 1984, a distance of 80.30 feet to the southerly corner of said 120.75 acre tract in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northwesterly right-of-way line of F.M. 1984, along the irregular southwesterly line of said 120.75 acre tract, the following seven (7) courses and distances:

- 1) N41°29'56"W, a distance of 1298.87 feet to an angle point of said 120.75 acre tract and hereof;



- 2) S48°31'19"W, a distance of 1130.21 feet to an iron rod found for angle point of said 120.75 acre tract and the northerly corner of a 13.02 acre tract of land conveyed to Kristin Kocurek by deed of record in Volume 515, Page 161 of said Official Public Records;
- 3) N41°26'45"W, a distance of 376.48 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 4) N41°04'25"W, a distance of 250.72 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 5) N41°11'04"W, a distance of 250.71 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 6) N41°09'44"W, a distance of 386.22 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 7) N40°53'52"W, a distance of 222.60 feet to a fence post found in the southeasterly line of a 10 acre tract of land conveyed to Tanya Moran by deed of record in Volume 287, Page 564 of said Official Public Records, for the northerly corner of a 1.001 acre tract of land conveyed to Vincent J. Bustos by deed of record in Volume 574, Page 1 of said Official Public Records, and the westerly corner of said 120.75 acre tract;

**THENCE**, N48°47'31"E, along the northwesterly line of said 120.75 acre tract, a distance of 2437.59 feet to an iron rod for the easterly corner of a 90.014 acre tract of land conveyed to Kenneth R. Kent by deed of record in Volume 428, Page 79 of the Deed Records of said County, the northerly corner of said 120.75 acre tract, and in the southwesterly line of Lot 9, Block B, Koeglar Hills, a subdivision of record in Cabinet A, Slide 50 of the Plat Records of said County;

**THENCE**, S42°00'07"E, along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 895.37 feet to an iron rod for an angle point of said 120.75 acre tract and hereof;

**THENCE**, S41°15'14"E, continuing along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 1663.51 feet to the easterly corner of said 120.75 acre tract, in the southwesterly line of Lot 3C of the Replat of Lots 3 and 4, Block B Koeglar Hills Subdivision, of record in Cabinet B, Slide 19 of the Plat Records of said County and the northerly corner of an old cemetery (no recording information found);

**THENCE**, leaving said Lot 3C, along the common line of said 120.75 acre tract and said old cemetery, the following four (4) courses and distances:

- 1) S48°44'49"W, a distance of 59.99 feet to an angle point;
- 2) S41°15'11"E, a distance of 29.00 feet to an angle point;
- 3) S48°44'49"W, a distance of 355.50 feet to an angle point;
- 4) S41°15'11"E, a distance of 189.19 feet to the southerly corner of said old cemetery for an angle point of said 120.75 acre tract and hereof in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, S48°36'20"W, along the northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 120.75 acre tract, a distance of 592.28 feet to an angle point;

**THENCE**, S41°23'40"E, leaving the southeasterly line of said 120.75 acre tract, over and across F.M. 1984, a distance of 79.79 feet to an iron rod for the northerly corner of said 69.19 acre tract and the westerly corner of a 3.67 acre tract of land conveyed to Arthur D. Ehrlich and Mary L Ehrlich by deed of record in Volume 179, Page 507 of said Official Public Records;

**THENCE**, leaving the southeasterly right-of-way line of F.M. 1984, along the common line of said 69.19 acre tract and said 3.67 acre tract, the following two (2) courses and distances:

- 1) S41°22'11"E, a distance of 399.75 feet to steel fence corner post;
- 2) N48°31'55"E, a distance of 397.74 feet to an iron rod for the easterly corner of said 3.67 acre tract;

**THENCE**, S41°27'50"E, along the northeasterly line of said 69.19 acre tract, a distance of 568.68 feet to a steel fence post in the southwesterly line of Lot 6, Block 1 of Castle Hill Subdivision Phase I, a subdivision of record in Book A, Page 181 of the Plat Records of said County;

**THENCE**, leaving the southeasterly line of said Castle Hill Subdivision, along the southeasterly line of said 69.19 acre tract, the following eight (8) courses and distances:

- 1) S48°41'00"W, a distance of 786.26 feet to an angle point;
- 2) S47°55'14"W, a distance of 85.90 feet to an angle point;
- 3) S49°18'20"W, a distance of 589.25 feet to an angle point;
- 4) S48°01'10"W, a distance of 232.56 feet to a fence post;
- 5) S47°58'05"W, a distance of 345.92 feet to an angle point;

- 6) S47°46'45"W, a distance of 446.89 feet to an angle point;
- 7) S48°19'28"W, a distance of 438.49 feet to an angle point;
- 8) S48°07'05"W, a distance of 367.04 feet to fence corner post for the southerly corner of said 69.19 acre tract in the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, S48°38'56"W, leaving the southerly corner of said 69.19 acre tract, over and across Valley View Drive, a distance of 49.85 feet to a point in the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive;

**THENCE**, along the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive, the following two (2) courses and distances;

- 1) S41°21'04"E, a distance of 1129.59 feet to a fence post;
- 2) S41°40'38"E, a distance of 1273.02 feet to an angle point;

**THENCE**, N48°19'22"E, leaving the northeasterly line of said 133.84 acre tract, over and across Valley View Drive, a distance of 61.02 feet to the easterly corner of said 239.035 acre tract in the northeasterly right-of-way line of Valley View Drive;

**THENCE**, along a portion of the northwesterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) N48°15'16"E, a distance of 2761.12 feet to an angle point;
- 2) S41°47'43"E, a distance of 274.43 feet to a fence corner post;
- 3) N48°40'03"E, a distance of 976.49 feet to an iron rod for the southerly corner of said 70.540 acre tract;

**THENCE**, N40°19'04"W, leaving the northwesterly line of said 239.035 acre tract, along the southwesterly line of said 70.540 acre tract, a distance of 904.98 feet to an iron rod with "RL Surveying" cap for the easterly corner of said 70.540 acre tract, in the southeasterly line of said 49.325 acre tract;

**THENCE**, S49°05'23"W, leaving the southwesterly line of said 70.540 acre tract, along the southeasterly line of said 49.325 acre tract, a distance of 500.65 feet to an iron rod with "UDG 2433" cap for the southerly corner of said 49.325 acre tract;

**THENCE**, along the southwesterly line of said 49.325 acre tract, the following two (2) courses and distances:

- 1) N40°38'48"W, a distance of 400.80 feet to an iron rod with "UDG 2433" cap;
- 2) N40°43'42"W, a distance of 1287.69 feet to an iron rod for the southerly corner of Lot 6 of said Castle Hill Subdivision;

**THENCE**, N48°32'31"E, along the northwesterly lines of said 49.325 acre tract, said 49.330 acre tract, and said 47.271 acre tract, a distance of 3425.74 feet to an iron rod for the northwesterly corner of said 47.271 acre tract;

**THENCE**, along a portion of the northerly line of said 47.271 acre tract, the following three (3) courses and distances:

- 1) S41°01'56"E, a distance of 227.58 feet to an iron rod;
- 2) S85°53'10"E, a distance of 183.60 feet to an angle point;
- 3) N43°11'02"E, a distance of 271.56 feet to the northeasterly corner of said 47.271 acre tract in the southwesterly right-of-way line of F.M. 1966 (80' R.O.W.);

**THENCE**, S40°51'42"E, along the southwesterly right-of-way line of F.M. 1966, a distance of 1367.14 feet to the easterly corner of said 47.271 acre tract and northerly corner of a 1.0 acre tract of land conveyed to John M. Salazar Et. Ux. By deed of record in Volume 424, Page 100 of the Deed Records of said County;

**THENCE**, S48°43'20"W, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the southeasterly line of said 47.271 acre tract, a distance of 348.84 feet to an iron rod for the northwesterly corner of said 70.540 acre tract and the westerly corner of a 1.041 acre tract conveyed to Kelly J. Cansler Et. Ux. By deed of record in Volume 64, Page 782 of said Official Public Records;

**THENCE**, along the southerly lines of said 1.041 acre tract and the northerly lines of said 70.540 acre tract, the following two (2) courses and distances:

- 1) S41°01'59"E, a distance of 256.81 feet to an iron rod;
- 2) N47°37'30"E, a distance of 350.89 feet to an iron rod for the easterly corner of said 1.041 acre tract and the northeasterly corner of said 70.540 acre tract in the southwesterly right-of-way line of F.M. 1966;

**THENCE**, S41°14'17"E, along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 742.57 feet to an iron rod for the easterly corner of said 70.540 acre tract and the northerly corner of said 55.669 acre tract;

**THENCE**, S41°23'23"E, continuing along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 644.74 feet to the easterly corner of said 55.669 acre tract and the northerly corner of the remaining 2.437 acre tract of land conveyed to Barbara Kinkade and Life Estate reserved by Margaret Ann Wackerhagen by deed of record in Volume 507, Page 721 of said Official Public Records;

**THENCE**, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the irregular easterly line of said 55.669 acre tract and the westerly line of said 2.437 acre tract, the following seven (7) courses and distances:

- 1) S54°55'11"W, a distance of 457.51 feet to an angle point;
- 2) S39°04'07"E, a distance of 26.01 feet to an angle point;
- 3) S21°40'50"E, a distance of 95.81 feet to an angle point;
- 4) S80°14'00"W, a distance of 44.90 feet to an angle point;
- 5) S15°41'02"E, a distance of 84.10 feet to an angle point;
- 6) S27°21'59"E, a distance of 112.74 feet to a 1/2 inch iron rod;
- 7) S28°12'49"E, a distance of 210.26 feet to an 1/2 inch iron rod for the southerly corner of a 3.569 acre tract of land described in a deed to Barbara K. Warrens of record in Volume 232, Page 423 of said Official Public records;

**THENCE**, S48°42'23"W, along the southeasterly line of said 55.669 acre tract, a distance of 1852.73 feet to an iron rod in the northeasterly line of said 239.035 acre tract;

**THENCE**, along a portion of the northeasterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) S41°02'56"E, a distance of 387.22 feet to an iron rod;
- 2) S41°06'40"E, a distance of 312.60 feet to an iron rod;
- 3) S40°42'48"E, a distance of 542.32 feet to a fence corner post for the easterly corner of said 239.035 acre tract and an angle point in the westerly line of said 59.828 acre tract;

**THENCE**, leaving the easterly corner of said 239.035 acre tract, along a portion of the westerly and northerly lines of said 59.828 acre tract, the following three (3) courses and distances:

- 1) S41°34'25"E, a distance of 151.16 feet to an iron rod;
- 2) N48°34'31"E, a distance of 610.04 feet to an iron rod for the northerly corner of said 59.828 acre tract;
- 3) S41°33'19"E, a distance of 1565.45 feet to the easterly corner of said 59.828 acre tract, in the curving northerly right-of-way line of the Union Pacific Railroad;

**THENCE**, along the easterly line of said 59.828 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following three (3) courses and distances:

- 1) Along a non-tangent curve to the left having a radius of 2786.27 feet, a central angle of 17°52'26", an arc length of 869.20 feet, and a chord which bears, S86°07'28"W, a distance of 865.68 feet to the end of said curve;
- 2) Along a non-tangent curve to the left having a radius of 3832.81 feet, a central angle of 06°04'35", an arc length of 406.47 feet, and a chord which bears, S73°32'28"W, a distance of 406.28 feet to the end of said curve;
- 3) S69°58'41"W, a distance of 2776.15 feet to an iron rod for the southerly corner of said 59.828 acre tract and an angle point in the easterly line of said 239.035 acre tract;

**THENCE**, along the easterly line of said 239.035 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following four (4) courses and distances:

- 1) S69°58'41"W, a distance of 92.94 feet to an angle point;
- 2) Along a non-tangent curve to the right having a radius of 3336.89 feet, a central angle of 06°13'09", an arc length of 362.21 feet, and a chord which bears, S72°55'53"W, a distance of 362.03 feet to the end of said curve;
- 3) Along a non-tangent curve to the right having a radius of 2825.30 feet, a central angle of 14°00'59", an arc length of 691.16 feet, and a chord which bears, S83°18'28"W, a distance of 689.44 feet to the end of said curve;
- 4) Along a non-tangent curve to the right having a radius of 55687.93 feet, a central angle of 00°48'17", an arc length of 782.17 feet, and a chord which bears, N88°10'00"W, a distance of 782.15 feet to the end of said curve at the intersection of the northerly right-of-way line of the Union Pacific Railroad and the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, N41°20'20"W, leaving the northerly right-of-way line of the Union Pacific Railroad, along the northeasterly right-of-way line of Valley Way Drive and southerly line of said 239.035 acre tract, a distance of 429.48 feet to an angle point;

**THENCE**, S48°39'40"W, leaving southerly line of said 239.035 acre tract, over and across Valley Way Drive a distance of 51.67 feet to the **POINT OF BEGINNING**, containing an area of 1168.438 acres (50,897,146 square feet) of land, more or less, within these metes and bounds, **SAVE AND EXCEPT THEREFROM** the aforementioned 15.354 acre tract of land described as follows:

**COMMENCING**, at a 1/2 inch iron rod found in northerly right-of-way line of the Union Pacific Railroad for the southerly corner of said 59.828 acre tract and being in the easterly line of said 239.035 acre tract;

**THENCE**, N45°14'35"W, leaving the northerly right-of-way line of the Union Pacific Railroad and the southerly corner of said 59.828 acre tract, over and across said 239.035 acre tract, a distance of 944.36 feet to the **POINT OF BEGINNING**, being the southerly corner of said 15.354 acre tract and hereof;

**THENCE**, along the common lines of said 239.035 acre tract, said 15.354 acre tract and hereof, the following four (4) courses and distances:

- 1) N41°44'44"W, a distance of 760.00 feet to a point for the westerly corner of said 15.354 acre tract and hereof;
- 2) N48°15'16"E, a distance of 880.00 feet to a point for the northerly corner of said 15.354 acre tract and hereof;
- 3) S41°44'44"E, a distance of 760.00 feet to a point for the easterly corner of said 15.354 acre tract and hereof;
- 4) N48°15'16"E, a distance of 880.00 feet to the **POINT OF BEGINNING**, containing an area of 15.354 acres (668,800 square feet) of land, more or less, within these metes and bounds and **FURTHER SAVE AND EXCEPT THEREFROM** the aforementioned the 1.790 acre tract of land described as follows;;

**COMMENCING**, at a fence corner post for the northerly corner of said 239.035 acre tract, being an angle point in the easterly line of said 70.540 acre tract;

**THENCE**, N31°58'37"W, leaving the northerly corner of said 239.035 acre tract, over and across said 70.540 acre tract, a distance of 176.88 feet to a fence corner post for the **POINT OF BEGINNING**, being the easterly corner of said 1.790 acre tract and hereof;


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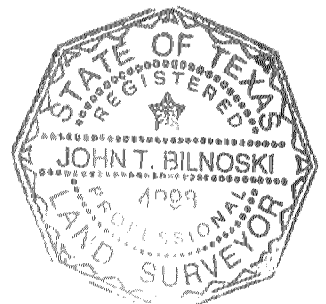
**THENCE**, along the common lines of said 70.540 acre tract, said 1.790 acre tract and hereof, the following four (4) courses and distances:

- 1) S60°20'34"W, a distance of 237.04 to a fence corner post for the southerly corner of said 1.790 acre tract and hereof;
- 2) N32°55'40"W, a distance of 267.87 feet to a 1/2 inch iron rod for the westerly corner of said 1.790 acre tract and hereof;
- 3) N49°02'47"E, a distance of 297.06 feet to a 1/2 inch iron rod for the northerly corner of said 1.790 acre tract and hereof;
- 4) S22°49'48"E, a distance of 327.95 feet to the **POINT OF BEGINNING**, containing an area of 1.790 acres (77,991 square feet) of land, more or less, within these metes and bounds, leaving a **TOTAL NET AREA** of 1151.3 acres of land, more or less, within these metes and bounds.

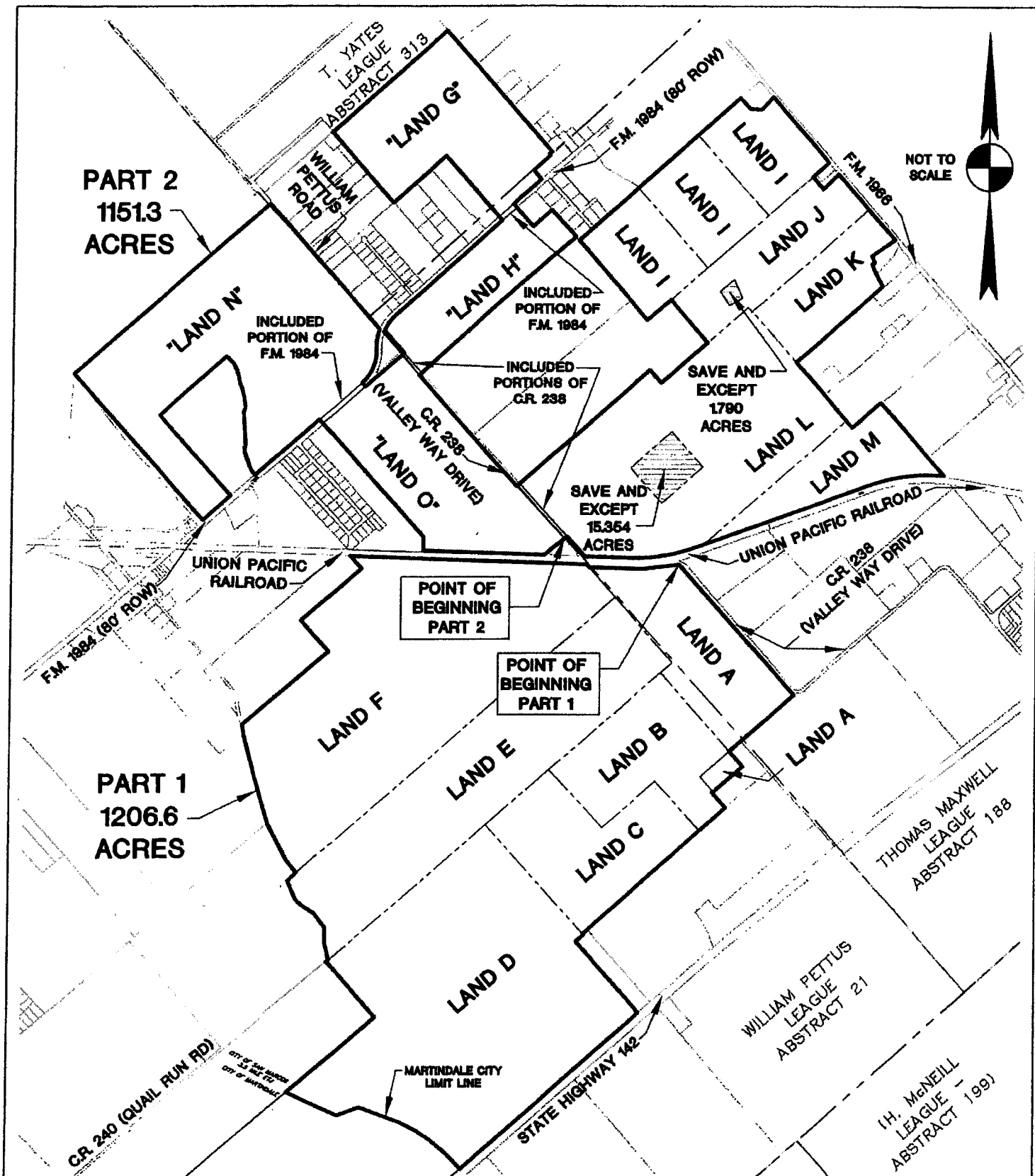
THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

BURY-AUS, INC.  
221 WEST SIXTH STREET  
SUITE 600  
AUSTIN, TEXAS 78701

  
6/17/14  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # F-10107500







# BURY

221 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F 1046 TBPLS # F 10107500  
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## EXHIBIT OF COTTON CENTER MUNICIPAL UTILITY DISTRICT #1 SITUATED IN CALDWELL COUNTY, TEXAS

WALTON  
TEXAS, LP

**SHEET 1 OF 2**

DATE: 06/12/14

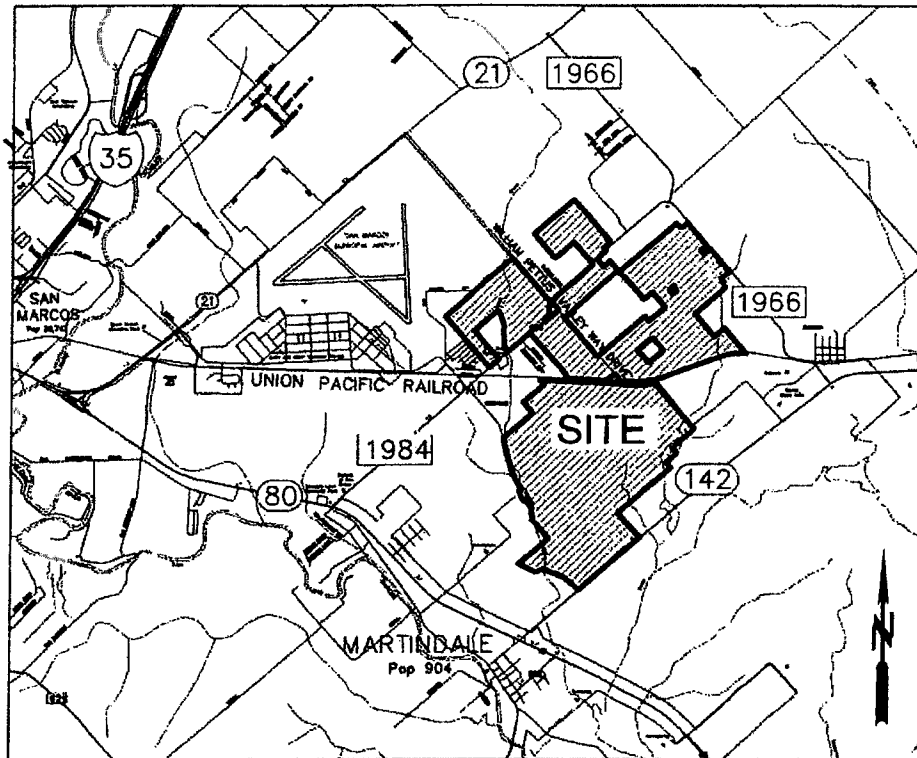
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PLN No.: FN14-206(MJR)

DRAWN BY: MJR

PROJ. No: R0103932-10030

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**VICINITY MAP**

**AREA SUMMARY**

<b>LAND A</b>	<b>96.5 ACRES</b>
<b>LAND B</b>	<b>87.9 ACRES</b>
<b>LAND C</b>	<b>99.8 ACRES</b>
<b>LAND D</b>	<b>358.1 ACRES</b>
<b>LAND E</b>	<b>224.8 ACRES</b>
<b>LAND F</b>	<b>339.3 ACRES</b>
<b>LAND G</b>	<b>120.7 ACRES</b>
<b>LAND H</b>	<b>69.2 ACRES</b>
<b>LAND I</b>	<b>145.9 ACRES</b>
<b>LAND J</b>	<b>70.5 ACRES</b>
<b>LAND K</b>	<b>55.7 ACRES</b>
<b>LAND L</b>	<b>239.0 ACRES</b>
<b>LAND M</b>	<b>59.8 ACRES</b>
<b>LAND N</b>	<b>252.8 ACRES</b>
<b>LAND O</b>	<b>133.8 ACRES</b>
<b>FARM TO MARKET ROAD 1984</b>	<b>2.2 ACRES</b>
<b>CR 238 (VALLEY WAY DRIVE)</b>	<b>1.9 ACRES</b>
<b>TOTAL ACREAGE</b>	<b>2357.9 ACRES</b>

**BURY**

221 West Sixth Street, Suite 800  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F-1048 TBPLS # F-10107500  
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**EXHIBIT OF COTTON CENTER  
MUNICIPAL UTILITY DISTRICT #1  
SITUATED IN CALDWELL COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 2 OF 2**

DATE: 06/12/14 FILE: H:\103932\030-COTTON CENTER\103932030EX2.DWG No.: FN14-206(MJR) DRAWN BY: MJR PROJ. No: R0103932-10030

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2014-0061441

## CONSENT AGREEMENT

FILED this 29<sup>th</sup> day of Dec 2014  
11:10 A. M  
CAROL HOLCOMB  
COUNTY CLERK, CALDWELL COUNTY, TEXAS  
By [Signature] Deputy

THE STATE OF TEXAS       §  
  §  
COUNTY OF HAYS       §

This Consent Agreement (the "Agreement") is between the CITY OF SAN MARCOS, TEXAS, a home rule city located in Hays, County, Texas (the "City"), and WALTON TEXAS, LP, a Texas limited partnership ("Primary Owner"), in its capacity as a property owner and in its capacity as an operator and manager authorized to enter into and sign this Agreement on behalf of the Individual Owners (as hereinafter defined), WALTON SILVER CROSSING LP, an Alberta (Canada) limited partnership ("Walton Silver Crossing"), WALTON TX AUSTIN LAND LP, an Alberta (Canada) limited partnership ("Walton Austin"), WALTON TX MARTINDALE LP, an Alberta (Canada) limited partnership ("Walton Martindale"), WALTON TX MARTINDALE LP 2, an Alberta (Canada) limited partnership ("Walton Martindale 2") (Primary Owner, Walton Silver Crossing, Walton Austin, Walton Martindale and Walton Martindale 2 are collectively referred to herein as "Owner"). The City and Owner are sometimes collectively herein referenced as the "Parties," and individually, as a "Party". Upon final creation of COTTON CENTER MUNICIPAL UTILITY DISTRICT No. 1 (the "District"), a district to be created pursuant to state law and by Special Act of the Texas Legislature (the "Enabling Act"), the District will join in this Agreement and be bound by certain of the provisions as identified herein.

## INTRODUCTION

Owner owns approximately 2,358 acres of land located in the extraterritorial jurisdiction of the City (the "Land" or the "Property"). The Land is more particularly described by metes and bounds on the attached Exhibit "A". Owner desires to have the City's consent to the creation of a municipal utility district on the Land that will be later divided into sub-districts in accordance with Section 2.02 herein.

The City has adopted an ordinance that regulates the creation and review of special districts within the City's corporate limits and its extraterritorial jurisdiction ("ETJ").

The City has determined, pursuant to the terms of this Agreement and the requirements of Chapter 70 of the City Code of Ordinances (the "Code"), to consent to the creation and operation of the District. The City will benefit from (i) the quality of the development that will result from the plan set forth in the Development Agreement; and (ii) the creation of the District to finance the water and wastewater and drainage infrastructure and the construction of roadways under the terms of this Agreement.

The City hereby makes the following findings:

- a. The City is not likely to annex the District or serve the District within three (3) years from the date of the approval of this Agreement.
- b. The City is not likely to provide water services to the District;

- c. The District is adjacent to the City's preferred growth area;
- d. The District is entirely within the city's extraterritorial jurisdiction;
- e. The development supported by the District provides public benefits including but not limited to the following:
  - i. The City's land use controls will apply within the District pursuant to a development agreement providing for a high quality residential and commercial development;
  - ii. The District or another provider will provide water, wastewater and drainage infrastructure allowing the potential for city capital improvement program funds to be redirected to other high priority City needs;
  - iii. The development will include certain amenities such as parks and green space, the accommodation of schools and certain public facilities;
  - iv. The development will provide connectivity to the City's existing transportation systems.
  - v. The development is not located in or over an environmentally sensitive aquifer recharge zone.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the agreements set forth below, the parties contract as follows.

## ARTICLE I DEFINITIONS

### Section 1.01 Definitions.

In addition to the terms defined elsewhere in this Agreement or in the City's ordinances, the following terms and phrases used in this Agreement will have the meanings set out below:

- a. "Additional Land" means any of the approximately 63 acres and of land, more particularly described in Exhibit "B," that the Primary Owner desires to add to the Project boundaries and that may be included in the District.
- b. "Agreement" means this Consent Agreement between the City of San Marcos, Texas and Owner.
- c. "Bonds" means the bonds, notes and other obligations of a Sub-District.
- d. "City" means the City of San Marcos, Texas, a home-rule city located in Hays County, Texas.
- e. "Industrial and Regional Commercial Land" means those portions of the Land within the boundaries of the District that may be developed for industrial, regional commercial or office development as defined in the City Code.

- f. “Commission” means the Texas Commission on Environmental Quality or its successor state agency.
- g. “Development Agreement” means the development agreement to be entered into concerning the District as amended from time to time by the Parties.
- h. “District” means the Cotton Center Municipal Utility District No. 1 to be created as a special district through special act of the Texas Legislature and as a political subdivision of the State of Texas pursuant to Article III Section 52 and Article XVI, Section 59 of the Texas Constitution and authorized under Chapters 49 and 54 of the Texas Water Code with the authority to construct, operate, manage and maintain water and wastewater systems, drainage and water quality systems, roadways, parks and related facilities, and authorized to levy an ad valorem tax and issue bonds.
- i. “Effective Date” means the date of approval by the City of San Marcos City Council.
- j. “Individual Owners” means, collectively, all persons, entities, and trusts (other than Walton Texas, LP, Walton Silver Crossing, Walton Austin, Walton Martindale and Walton Martindale 2) that own an interest in the Property, including an undivided, tenant-in-common interest, and that have granted to Walton Texas, LP, full power and authority to operate, administer and act for and on their behalf with respect to their interests in the Property.
- k. “Land” means the approximately 2,358 acres of land located in the City's extraterritorial jurisdiction, described by metes and bounds on Exhibit “A”.
- l. “Owner” means the Primary Owner, Walton Silver Crossing, Walton Austin, Walton Martindale, Walton Martindale 2, the Individual Owners or any subsequent owner of Property that is a successor or assignee of rights from Owner in accordance with Section 7.02 of this Agreement.
- m. “owner”, when spelled with lower case, means Primary Owner, the Individual Owners and any future owners of any portion of the Property.
- n. “Primary Owner” means initially, Walton Texas, LP, and any entity to which Walton Texas, LP, may assign its rights and obligations as Primary Owner in accordance with Section 7.02 of this Agreement. It is hereby acknowledged that the Primary Owner owns various portions of the Property in common with or as a manager for the Individual Owners and various Tenants in Common agreements and CCRs and has the right and authority to act on behalf of the Individual Owners.
- o. “Property” means the Land.
- p. “Sub-District” means a municipal utility district created through the sub-division of the District pursuant to the District’s Enabling Act and vested with the same authority as the District and with total land and boundaries established in accordance with Section 2.02.

## ARTICLE II DISTRICT

## **CREATION**

### **Section 2.01 Consent to Creation of District.**

City acknowledges receipt of Primary Owner's request, in accordance with Section 54.016 of the Texas Water Code, for creation of the District that may exercise all powers granted by Chapters 49 and 54 of the Texas Water Code. On the Effective Date of this Agreement, City has approved an ordinance (a form of which is attached as **Exhibit "C"**), consenting to the inclusion of the Land within the District. City agrees that the Ordinance and this Agreement constitute the City's consent to the creation of the District within its ETJ. No further action will be required on the part of City to evidence its consent; however, City agrees to promptly provide any reasonable additional confirmation of its consent that may be required by Owner or the District if requested to do so.

### **Section 2.02 Division of District.**

- a. City and Owner agree that the District will be divided in accordance with the Enabling Act into separate Sub-Districts comprised of a minimum of 200 and a maximum of 550 acres of land, in no event, will the District and/or a Sub-District comprised of more than 550 acres be allowed to issue bonds unless the City consents and approves such bond issue.

Any request for a Sub-District that does not meet the size limitations in subpart (a) above requires the approval of the City Council. The City shall consider a size adjustment request so as to afford the Owner the flexibility to create economically viable district and marketable development. Notwithstanding the limitations established above, the City agrees that the District, initially comprised of 2,358 acres is not subject to these acreage limitations.

- b. This Agreement specifically grants the City's consent to the Sub-Districts provided that the District has no outstanding bond indebtedness and has not levied an ad valorem tax. The District and any Sub-District created by the division of the District shall provide the City a copy of the Order completing the division and creating the Sub-District.
- c. Each resulting Sub-District created by the division of the District shall be bound by the terms of this Agreement.
- d. Notwithstanding anything to the contrary contained herein, only a Sub-District created in accordance with the parameters of this Section 2.02 shall be able to issue bonds and otherwise operate in accordance with the Enabling Act and state law.

### **Section 2.03 Annexation by the City.**

The City and Owner agree that the District or Sub-Districts will be annexed in accordance with the terms of the Development Agreement and the Strategic Partnership Agreement.

### **Section 2.04 Annexation by the District; Additional Land.**

- a. The District or a Sub-District may annex the Additional Land without further consent from the City. The City agrees that the Additional Land shall become part of the Project which shall be subject to the terms of this Agreement and the Development Agreement.
- b. Except as provided in subpart (a) above, the District may not annex any land into its

boundaries without the prior written consent of the City as required by Section 54.0165 of the Texas Water Code. The City may not place any conditions or other restrictions on the expansion of the District other than those expressly permitted by Section 54.016(e) of the Texas Water Code. Any land annexed into the District must comply with Chapter 70 of the City Code and this Agreement.

- c. It is agreed that the annexation of the Additional Land or any land into the District or a Sub-District will comply with acreage limits, subject to administrative approval provisions detailed in Section 2.02(a).
- d. With respect to the Industrial and Regional Commercial Land, the City and Owner agree to the following:
  - i. The Industrial and Regional Commercial Land shall be included in the boundaries of the District pursuant to the Enabling Act;
  - ii. The Owner agrees that no election authorizing the issuance of debt will be held that includes a portion of the Industrial and Regional Commercial Land unless and until a revised Concept Land Plan is approved pursuant to the Development Agreement that identifies the lands as residential, or final plat is approved by the City which provides for residential use of such portion of the Industrial and Regional Commercial Land; and
  - iii. If any Industrial and Regional Commercial Land is platted or otherwise issued a permit for a commercial or industrial use, the District shall take action to remove such land from the District, in accordance with Chapter 70 of the City Code and the procedures of Chapters 49 and 54 of the Texas Water Code, prior to final plat approval by the City.
- e. The District and Owner, on behalf of itself and respective successors and assignees, covenant and agree that, except upon written consent of the City, neither the District nor Owner will: (1) seek or support any effort to incorporate the Land or any part thereof; or (2) sign, join in, associate with, or direct to be signed any petition seeking to incorporate the Land or seeking to include the Land within the boundaries of any other special district, assessment jurisdiction, other municipality, or any other incorporated entity other than the City.

#### **Section 2.05 Strategic Partnership Agreement.**

- a. The Board of Directors of the District (the "Board") or a Sub-District created by the division of the District shall authorize the negotiation and execution of a Strategic Partnership Agreement, substantially in the form attached here as **Exhibit "D"**, which will set forth the terms and conditions for the City's annexation of commercial areas of the Land for limited purposes in accordance with Section 43.0751 Texas Local Government Code and Section 2.04 of the City Charter.
- b. The Strategic Partnership Agreement shall permit the City to impose a sales and use tax on all eligible commercial and retail activities in areas annexed for limited purposes at the same rate it is imposed by the City, and that the City shall pay the District or Sub-District an amount equal to forty percent (40%) of the Sales and Use Tax revenues collected and paid to the City as reflected in sales tax reports provided by the Comptroller to the City and the City will retain the remainder sixty percent (60%).



- c. A Sub-District may not issue bonds until a Strategic Partnership Agreement is negotiated and approved by the City and the District or a Sub-District, and a fully executed original Strategic Partnership Agreement is provided to the City.

#### **Section 2.06    Withdrawal of City Consent.**

The City's consent to the creation of the District shall be deemed withdrawn if:

- a. The District is not created by the state within thirty six (36) months from the date of the ordinance granting the City's consent; or
- b. The District has not held a confirmation election within twenty four (24) months from the date of its creation by the legislature; or
- c. The District has not created a Sub-District within twenty four (24) months of the confirmation election of the District; or
- d. The construction of public improvements, in accordance with a Public Improvements Construction Plan approved by the City, has not started on the property in a Sub-District within twenty four (24) months of the Sub-District's confirmation election. It being specifically acknowledged that the construction of any public improvements within any Sub-district created by the division of the District or any portion of the Land shall be deemed to meet this requirement for all of the Land; and upon the commencement of said construction on the property in the Sub-District, the withdrawal of City consent shall not occur.

#### **Section 2.07    Fees.**

- a. As additional consideration for this Agreement the Owner shall pay the City an Administrative Fee and a Master Development Fee, which is in addition to any other applicable City fees and sums due under the Development Agreement.
- b. Administrative Fee. An administrative fee of one-hundred and seventy thousand (\$170,000) dollars shall be paid to the City by the Owner on or before the Effective Date of this Agreement. This fee shall be for the sole use and benefit of the City for any purpose as the City in its discretion may decide.
- c. Master Development Fee. A Master Development fee of approximately one million seven hundred thousand (\$1,700,000) dollars shall be paid to the City out of the net Owner reimbursement from the proceeds from the issuance of bonds by the Sub-District at the rate \$700 per acre of each Sub-District.
- d. The City, Owner, District and resulting Sub-District agree that the payment of the Master Development Fee is to be paid from the net Developer reimbursement from the proceeds of bonds issued by the Sub-District in conjunction with the closing of each such series of bonds but in any event not later than thirty (30) days from the date of closing on a series of bonds. After the 10<sup>th</sup> anniversary of the Effective Date of this Agreement, the per acre fee out of the net Owner reimbursement from each series of bonds is subject to increase at a rate equal to the percentage increase in the City's ad valorem tax rate over that same period.

- e. The Owner hereby makes a partial assignment of its reimbursement rights to the City as evidenced by Exhibit "E" attached hereto and made a part hereof for all purposes. No assignment of Owner's reimbursement rights shall be effective unless and until the City receives notice of such assignment accompanied by a fully executed Partial Assignment of Reimbursement Rights pursuant to which the city has a right to receive the Master Development Fee payable out of owner reimbursements as bonds are issued in accordance with this Agreement.

**Section 2.08 Records.**

- a. The District or Sub-District shall submit its annual audit to the City when such audit is required by the Commission.
- b. All public information of the District and Sub-District shall be available to the public in accordance with the Texas Public Information Act.

**Section 2.09 Authority of Consent Agreement.**

- a. The City and Owner acknowledge that this Agreement is authorized under state law and Chapter 70 of the City's Code of Ordinances. The City and Owner further agree; however, that certain provisions of Chapter 70 shall be adjusted as provided below with respect to the District:
  - i. 70.053 (a) -- The provisions in Texas Administrative Code, Title 30, Chapter 293.47 and any other applicable rule allowing for exceptions to the requirement that the Developer pay a portion of the costs associated with the construction of the District improvements shall be applicable to the Owner and District.
  - ii. 70.053(b) -- The City agrees to allow reimbursement of soft costs up to fifteen (15%) percent of total construction costs per bond issuance.
  - iii. 70.053(c) and (d) -- The provisions of 6.01(b) of this Agreement will apply with respect to the amenities and/or road improvements that may be constructed with bonds.
  - iv. 70.054(3) -- The City agrees that the Owner may be required to comply with the specifications and standards of the service provider for water service.
  - v. 70.054(7) -- The City agrees that compliance with Section 6.03 of this Agreement will meet this requirement.
  - vi. 70.054(14) -- The City agrees that Owner will dedicate easements and/or improvements to both public and private entities subject to the nature and purpose of such easements and improvements.
- b. The City and Owner acknowledge that to the extent that there is any conflict between this Agreement and Chapter 70, the terms of this Agreement shall prevail. Further, in the event of any conflict between this Agreement or Chapter 70 and TCEQ Rules, the TCEQ Rules will prevail.

**Section 2.10 Deferred Submittal of Required Materials under Chapter 70.**

Notwithstanding the terms of Chapter 70, the Owner will provide the information listed below prior to the Bond election for each Sub-District:

- a. Market Study;

- b. Transportation impact statement;
- c. Bond Issue Requirements;
- d. Proposed Tax Rates;
- e. Oversize construction participation agreements (if any); and
- f. Utility district annexations (if applicable).

### **ARTICLE III DEVELOPMENT PLAN, PARKS AND ROADWAYS**

#### **Section 3.01 Land Use.**

Owner agrees to enter into a Development Agreement with the City to delay annexation of the District by the City, establish certain restrictions and commitments imposed and made in connection with the development of the District in order to provide increased certainty to Owner and City for a period of years' and to identify land uses and other aspects of the development of the District under the authority granted by Section 212.172 of the Texas Local Government Code. The Development Agreement must be executed by Owner, approved by the City and filed in the Caldwell County Deed Records prior to any Sub-District bond election. The Land will be developed in accordance with the standards and requirements set forth in the Development Agreement. The Conceptual Land Use Plan attached hereto as Exhibit "F" is for illustrative purposes only. The Development Agreement and land plan attached to such Development Agreement will provide the land use regulations for the District.

#### **Section 3.02 Parks and Open Space.**

The parks and open space will be constructed and dedicated in accordance with the Development Agreement.

#### **Section 3.03 Roadway Improvements, right-of-way, easements and other land dedications.**

The roadway improvements, right-of-way, easements and other land dedications will be constructed and dedicated in accordance with the Development Agreement.

### **ARTICLE IV WATER AND WASTEWATER SERVICES**

#### **Section 4.01 Water Services.**

The water service to the District will be provided by a third party provider that holds the CCN to serve the area and in accordance with an agreement between the third party provider, the Owner and the District or Sub-District.

#### **Section 4.02 Wastewater Services.**

- a. The wastewater service to the District will be provided by the City in accordance with a wastewater service agreement, the form of which will be attached as an exhibit to the Development Agreement.
- b. The City hereby agrees to allow the extension, improvement of, and connection to City wastewater facilities to provide service to the District up to a maximum of 7,530 service units equivalent. Owner anticipates that the District will require 7,530 service units of

wastewater from the City. At the time of execution of this Agreement City agrees that it will have sufficient wastewater capacity to serve the District. Upon completion of the improvements necessary to connect the District to the City's wastewater facilities, which improvements will be described in the wastewater service agreement referred to in sub-part (a) above; the City agrees that it will serve the District. City further acknowledges that its approval of any preliminary or final subdivision plat of property within the District shall constitute a representation by the City that it has sufficient wastewater capacity available to serve the platted lots at the time of plat approval.

## **ARTICLE V AUTHORITY**

### **Section 5.01 Authority.**

This Agreement is entered into under the statutory authority of Section 54.016 of the Texas Water Code and Section 212.172 of the Texas Local Government Code. The Parties intend that this Agreement guarantee the continuation of the extraterritorial status of the Land; authorize certain general uses and development on the Land; provide for infrastructure for the Land; specify the uses and development of the Land after annexation; and provide other lawful terms and considerations relating to the Land. Except as modified by this Agreement or an approved Development Agreement, Chapter 70 of the City's Code of Ordinances effective at the time this Agreement is executed shall apply.

### **Section 5.02 Vested Rights.**

Execution of this agreement, under Section 212.172 of the Texas Local Government Code, constitutes a permit under Chapter 245.

## **ARTICLE VI ISSUANCE OF BONDS, TAX RATE**

### **Section 6.01 Bonds.**

- a. The Sub-District may issues bonds as authorized under applicable state law, the Enabling Act, Section 70.053 of the Code and this Agreement as authorized by the City.
- b. A The Sub-District shall have authority to issue bonds for the purposes and projects identified in the District's Enabling Act, in Chapter 54 of the Texas Water Code, as amended, and any and all other applicable state law applicable to the District's authority to operate and manage its system. Bond financing may be utilized for the construction of water infrastructure, wastewater infrastructure, drainage and storm sewer infrastructure, water quality, roads – including sidewalks built at the time of the road construction, fire-fighting services, and parks and recreation facilities, if applicable, in the future.
- c. Bonds issued by the Sub-District shall comply with the following requirements:
  - i. Maximum maturity of 25 years;
  - ii. Except for refunding bonds, the net effective interest rate of the bonds, taking into account any discount or premium, will not exceed two percent above the highest

- average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period preceding the date notice of sale is given;
- iii. The bonds shall expressly provide that the issuing Sub-District reserves the right to redeem the bonds at any time subsequent to the tenth anniversary of the date of issuance, without premium;
  - iv. The bonds will have a fixed interest rate, not a variable rate, unless the issuing Sub-District secures the prior approval of City; and
  - v. Any refunding bonds must provide for a minimum of three percent (3%) value savings, and the latest maturity of the refunding bonds may not extend beyond the latest maturity of the refunded bonds, unless the issuing Sub-District secures the prior approval of City.

**Section 6.02 Economic Feasibility.**

At least 30 days before issuance of bonds, except refunding bonds, the issuing Sub-District's financial advisor shall certify in writing that the bonds are being issued within the existing economic feasibility guidelines established by the Commission for Sub-Districts issuing bonds for water, sewer or drainage facilities in the county in which the issuing district is located. The Sub-District shall deliver certification to the city clerk, the city manager and the director of finance.

**Section 6.03 Notice of Bond Issues.**

- a. At least thirty (30) days before the issuance of bonds, the Sub-District shall deliver to the City Manager and City Attorney the notice as to:
  - i. The amount of the bonds being proposed for issuance;
  - ii. The projects to be funded by such bonds; and
  - iii. The proposed debt service tax rate after issuance of the bonds.
- b. Within thirty (30) days after the issuing Sub-District closes the sale of a series of bonds, the issuing Sub-District shall deliver to the city manager a copy of the final official statement for such series of bonds. If the City requests additional information regarding such issuance, the Sub-District shall promptly provide such information at no cost to City.

**Section 6.04 Compliance with Agreements.**

At least thirty (30) days before issuance of bonds, the Sub-District shall certify to City in writing that the Sub-District is in substantial compliance with the Consent Ordinance approved by the City, with this Agreement, the Strategic Partnership Agreement and all other agreements between City, the District or Sub-Districts.

**Section 6.05 Tax Rate.**

The Sub-Districts' ad valorem tax rate will approximate or exceed the City's tax rate.

**Section 6.06 Notice of Tax Rate and Material Events.**

The Sub-District shall:

- a. Send a copy of each order levying an ad valorem tax rate to the City within thirty (30) days after the adoption;
- b. Send a copy of each annual audit to City pursuant to 2.08(b) of this Agreement;
- c. Provide a copy to City of each material event notice filed under applicable federal securities laws or regulations within thirty (30) days after filing;
- d. Notify the City of the date for the confirmation election; and
- e. Provide notice to the City of the creation of any Sub-District.

**ARTICLE VII  
TERM, ASSIGNMENT AND REMEDIES**

**Section 7.01 Term.**

The term of this Agreement will commence on the Effective Date and continue for twenty (20) years thereafter, unless terminated on an earlier date under other provisions of this Agreement or by written agreement of the City, Owner and District. Upon the expiration of twenty (20) years, this agreement may be extended, at the Owner's request and with City Council approval, for up to two additional successive ten year periods.

**Section 7.02 Assignment.**

- a. Owner may assign this Agreement with respect to all or part of such Owner's ownership portion of Property from time to time to a purchaser of all or a portion of the Property. Any assignment must be in writing, must set forth the assigned rights and obligations without modification or amendment, and must be executed by Owner and the proposed assignee. Owner shall provide City and Primary Owner notice of each such assignment, including a copy of the assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Agreement and shall have no further liability with respect to the part of the Property so assigned, except as to a default that occurred prior to the date of the assignment, provided that the assignee assumes any and all obligations under this Agreement applicable to the part of Property included in the assignment. A default by any subsequent assignee shall not constitute a default by Owner under this Agreement, but only under such partial assignment.
- b. Primary Owner may assign, in whole but not in part, its rights and obligations as Primary Owner so long as it owns any portion of the Property (the "Ownership Threshold"), provided that the assignee assumes any and all obligations under this Agreement applicable to the part of Property included in the assignment. Notice of all assignments of the rights and obligations of the Primary Owner shall be given to the City within fifteen (15) days after execution, and thereafter such Notice shall be recorded in the real property records of the County. When Primary Owner, together with its affiliates, does not satisfy the Ownership Threshold, the rights and obligations of the Primary Owner shall automatically

terminate; and from and after such termination, this Agreement shall be interpreted without regard to such rights and obligations.

**Section 7.03 Remedies.**

- a. In the event of default by any party, a non-defaulting party may give the defaulting party written notice specifying the default (the "Notice"). If the defaulting party fails to fully cure any default that can be cured by the payment of money ("Monetary Default") within thirty (30) days after receipt of the Notice, or fails to commence the cure of any default specified in the Notice that is not a Monetary Default within thirty (30) days of the date of the Notice, and thereafter to diligently pursue such cure to completion, then the other party shall be entitled to a proper writ issued by a court of competent jurisdiction compelling and requiring the defaulting party to observe and perform the covenants, obligations and conditions described in this Agreement. The non-defaulting party may employ attorneys to pursue its legal rights and if it prevails before any court or agency of competent jurisdiction, the defaulting party shall be obligated to pay all expenses incurred by the non-defaulting party, including reasonable attorneys' fees not to exceed the usual and customary rate charged by the City Attorney.
- b. No bonds shall be issued during any period in which Owner is not in compliance with any consent requirements contained in this Agreement or any court order compelling performance under this Agreement. Further, during the cure period and continuing until the default or breach is cured, the District is prohibited from taking any affirmative act to issue Bonds until the default or breach has been cured. The City shall have all rights to enjoin the issuance of Bonds during any period during which a default or breach remains uncured under this Section. If Owner fails to cause the District to cure any default or breach, Owner shall not enter into any agreements with the District or seek reimbursement from the District for any expenses incurred in connection with the District or the development of the Land until the default or breach has been cured.

**7.04 Cooperation.**

- a. The City, Owner, and the District each agree to execute any further documents or instruments as may be necessary to evidence their respective agreements.
- b. In the event of any third party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, the City, Owner, and the District agree to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution in their respective rights and obligations under this Agreement.

**ARTICLE VIII  
MISCELLANEOUS PROVISIONS**

**Section 8.01 Notice.**

Any notice given under this Agreement must be in writing and may be given: (i) by depositing it in the United States mail, certified, with return receipt requested, addressed to the party to be notified

and with all charges prepaid; or (ii) by depositing it with Federal Express or another service guaranteeing "next day delivery", addressed to the party to be notified and with all charges prepaid; (iii) by personally delivering it to the party, or any agent of the party listed in this Agreement, or (iv) by facsimile with confirming copy sent by one of the other described methods of notice set forth. Notice by United States mail will be effective on the earlier of the date of receipt or three (3) days after the date of mailing. Notice given in any other manner will be effective only when received. For purposes of notice, the addresses of the parties will, until changed as provided below, be as follows:

City:	City of San Marcos 630 East Hopkins San Marcos, Texas 78666 Attention: City Manager
With Required Copy to:	City Attorney, Legal Department 630 East Hopkins San Marcos, Texas 78666
Owner:	Walton Texas, LP c/o Walton Development and Management TX, LLC 1445 Ross Avenue, Suite 4775 Dallas, Texas 75202 Attention: John Vick
With a Copy to:	Walton Texas, LP c/o Walton Development and Management TX, LLC 515 Congress Avenue, Suite 1620 Austin, Texas 78701 Attention: Becky Collins
With a Copy to:	Walton International Group (USA), Inc. 4800 N. Scottsdale Road, Suite 4400 Scottsdale, AZ 85251 Attn: Wayne G. Souza, General Counsel
With a Copy to:	Steven Metcalfe Metcalfe Wolff Stewart & Williams 221 W. 6th Street Suite 1300 Austin, Texas 78701
District:	Trey Lary Allen Boone Humphries Robinson, LLP 1108 Lavaca Street Suite 510 Austin, Texas 78701

The parties may change their respective addresses to any other address within the United States of America by giving at least five (5) days written notice to the other party. Owner and the District



may, by giving at least five (5) days written notice to the City, designate additional parties to receive copies of notices under this Agreement.

**Section 8.02 Severability; Waiver.**

- a. If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected, and, in lieu of each illegal, invalid, or unenforceable provision, that a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid or enforceable provision as is possible.
- b. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver thereof or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

**Section 8.03 Applicable Law and Venue.**

The interpretation, performance, enforcement and validity of this Agreement is governed by the laws of the State of Texas. Venue will be in a court of appropriate jurisdiction in Caldwell County, Texas.

**Section 8.04 Entire Agreement.**

This Agreement contains the entire agreement of the Parties. With the exception of the Development Agreement and the Strategic Partnership Agreement, there are no other agreements or promises, oral or written, between the Parties regarding the subject matter of this Agreement. This Agreement can be amended only by written agreement signed by Owner, City and District (after its creation).

**Section 8.05 Exhibits, Headings, Construction and Counterparts.**

All schedules and exhibits referred to in or attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The paragraph headings contained in this Agreement are for convenience only and do not enlarge or limit the scope or meaning of the paragraphs. Wherever appropriate, words of the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice-versa. The Parties acknowledge that each of them have been actively and equally involved in the negotiation of this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement or any exhibits hereto. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument. This Agreement will become effective only when one or more counterparts, individually or taken together, bear the signatures of all of the parties.

**Section 8.06 Time.**

Time is of the essence of this Agreement. In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays and legal holidays observed by banks in Hays County; however, if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday or

legal holiday.

**Section 8.07 Authority for Execution.**

The City certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with its City Charter and City ordinances. Owner hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the articles of incorporation and bylaws or partnership agreement of each entity executing on behalf of Owner.

**Section 8.08 Exhibits.**

The following exhibits are attached to this Agreement, and made a part hereof for all purposes:

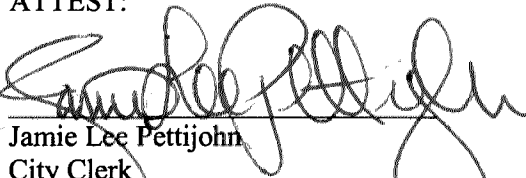
- Exhibit "A" – Metes and Bounds Description of the Land
- Exhibit "B" – Map depicting Additional Land
- Exhibit "C" – Form of Consent Ordinance
- Exhibit "D" – Form of Strategic Partnership Agreement
- Exhibit "E" – Assignment and Assumption Agreement
- Exhibit "F" – Conceptual Land Use Plan

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the dates indicated below.

CITY OF SAN MARCOS, TEXAS

By:   
Daniel Guerrero, Mayor

ATTEST:

  
Jamie Lee Pettijohn  
City Clerk

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

This instrument was acknowledged before me the 11<sup>th</sup> day of December 2014 by Daniel Guerrero Mayor of City of San Marcos, Texas, a home-rule city, on behalf of the City.



  
Notary Public Signature

Printed Name: Elizabeth Trevino

WALTON TEXAS, LP, a Texas limited partnership,  
on behalf of itself in its capacity as an Owner of the Property,  
and on behalf of the Individual Owners in its capacity as  
operator and manager of the interests of the Individual Owners of the Property

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

By: Walton International Group, Inc.,  
a Nevada corporation, its Manager

By: Wayne G. Souza  
Name: WAYNE G. SOUZA  
Its: AUTHORIZED SIGNATORY

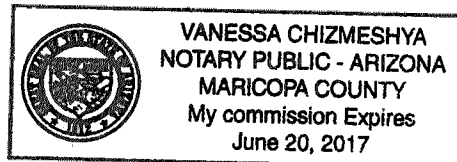
By: Gordon A. Price  
Name: GORDON A. PRICE  
Its: AUTHORIZED SIGNATORY

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Wayne G. Souza and Gordon A. Price, each an Authorized  
Signatory of Walton International Group, Inc., a Nevada corporation, Manager of Walton Texas GP,  
LLC, a Texas limited liability company, General Partner of Walton Texas, LP, a Texas limited  
partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]



WALTON SILVER CROSSING LP,  
an Alberta (Canada) limited partnership

By: Walton Silver Crossing Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Doherty  
Its: Authorized Signatory

By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA

§

COUNTY OF MARICOPA

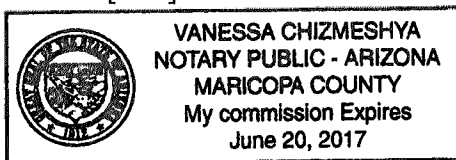
§

§

This instrument was acknowledged before me on December 9, 2014, by  
Bill Doherty and Don Berglund, each an Authorized  
Signatory of Walton Silver Crossing Corporation, an Alberta (Canada) corporation, General Partner of  
Walton Silver Crossing LP, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]



WALTON TX AUSTIN LAND LP,  
an Alberta (Canada) limited partnership

By: Walton TX Austin Land Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Donerty  
Its: Authorized Signatory

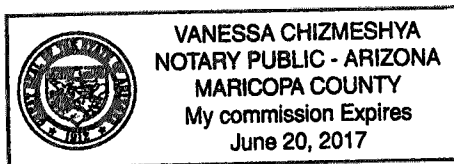
By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA           §  
   §  
COUNTY OF MARICOPA   §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Donerty and Don Berglund, each an Authorized  
Signatory of Walton TX Austin Land Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Austin Land, an Alberta (Canada) limited partnership, on behalf of such partnership.

\_\_\_\_\_  
Notary Public, State of Arizona

[Seal]



WALTON TX MARTINDALE LP,  
an Alberta (Canada) limited partnership

By: Walton TX Martindale Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Doherty  
Its: Authorized Signatory

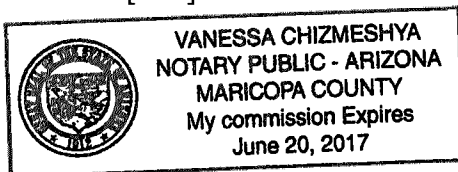
By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Doherty and Don Berglund, each an Authorized  
Signatory of Walton TX Martindale Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Martindale LP, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]



WALTON TX MARTINDALE LP 2,  
an Alberta (Canada) limited partnership

By: WALTON TX MARTINDALE 2 CORPORATION,  
an Alberta (Canada) corporation,  
its General Partner

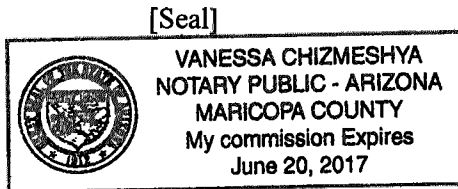
By: \_\_\_\_\_  
Name: Bill Doherty  
Its: Authorized Signatory

By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Doherty and Don Berglund, each an Authorized  
Signatory of Walton TX Martindale 2 Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Martindale LP 2, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona





By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

This instrument was acknowledged before me the \_ day of \_\_\_\_\_, 2014\_\_\_\_\_,  
President of Cotton Center Municipal Utility District No.1, a district operating under Chapters 49  
and 54 of the Texas Water Code, on behalf of said District.

22

**EXHIBIT “A”**

**Metes and Bounds Description of the Land**

2357.9 ACRES  
COTTON CENTER MUD # 1

FN. NO. 14-206 (MJR)  
JUNE 12, 2014  
BURY NO. RO10393210030

### DESCRIPTION

OF A 2357.9 ACRE TRACT OF LAND OUT OF THE WILLIAM PETTUS LEAGUE, ABSTRACT NO. 21, THE THOMAS MAXWELL LEAGUE, ABSTRACT NO. 188, AND THE THOMAS YATES LEAGUE, ABSTRACT NO. 313, SITUATED IN CALDWELL COUNTY, TEXAS, BEING ALL OF THOSE CERTAIN TRACTS OF LAND CONVEYED TO WALTON TEXAS, LP. BY THE FOLLOWING DEEDS OF RECORD IN THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS:

- A) 91.99 ACRES (PARCEL 1) AND 4.56 ACRES (PARCEL 2) OF RECORD IN VOLUME 643, PAGE 69;
- B) 87.92 ACRES OF RECORD IN DOCUMENT NO. 113576;
- C) 99.03 ACRES OF RECORD IN DOCUMENT NO. 122695;
- D) 358.07 ACRES PORTION OF 573.65 ACRES (TRACT 1) OF RECORD IN VOLUME 524, PAGE 599;
- E) 224.83 ACRES OF RECORD IN VOLUME 556, PAGE 729,
- F) 339.31 ACRES OF RECORD IN VOLUME 556, PAGE 246;
- G) 120.75 ACRES OF RECORD IN DOCUMENT NO. 123755;
- H) 69.19 ACRES OF RECORD IN DOCUMENT NO. 132453;
- I) 47.271 ACRES, 49.330 ACRES, AND 49.325 ACRES OF RECORD IN DOCUMENT NO. 126556;
- J) 70.540 ACRES OF RECORD IN DOCUMENT NO. 131493;
- K) 55.669 ACRES OF RECORD IN DOCUMENT NO. 131492;
- L) 239.035 ACRES OF RECORD IN DOCUMENT NO. 125890;
- M) 59.828 ACRES OF RECORD IN DOCUMENT NO. 126555;
- N) 252.85 ACRES OF RECORD IN DOCUMENT NO. 124324;
- O) 133.84 ACRES OF RECORD IN DOCUMENT NO. 132453;

SAID 2357.9 ACRES OF LAND ALSO INCLUDES ALL THE AREA WITHIN THE EXISTING RIGHTS-OF-WAY OF CALDWELL COUNTY ROAD NO. 238 (VALLEY WAY DRIVE) AND FARM TO MARKET ROAD 1984 AS USED ON-THE-GROUND WHICH ARE CONTAINED WITHIN THE FOLLOWING METES AND BOUNDS DESCRIPTION; **SAVE AND EXCEPT THEREFROM** THAT CERTAIN 1.790 ACRE TRACT OF LAND CONVEYED TO BARBARA KINKADE BY DEED OF RECORD IN VOLUME 206, PAGE 238 AND THAT CERTAIN 15.354 ACRE REMAINDER OF A 129 ACRE (FIRST TRACT) AND 120 ACRE (SECOND TRACT) OF LAND CONVEYED TO ROBERT W. SHANNON, KAREN S. MORELAND, DONNA S. ANDREW AND PAUL B. SHANNON BY DEEDS OF RECORD IN VOLUME 255, PAGE 169, VOLUME 256, PAGE 261, VOLUME 335, PAGE 768, AND VOLUME 371, PAGE 837, ALL OF SAID OFFICIAL PUBLIC RECORDS; SAID 2357.9 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED IN TWO (2) PARTS BY METES AND BOUNDS AS FOLLOWS:

#### PART 1 - 1206.6 ACRES

**BEGINNING**, at a 5/8 in iron rod at the intersection of the southerly right-of-way line of the Union Pacific Railroad and the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies), being the northeasterly corner of said 91.99 acre tract, for the northeasterly corner hereof;

**THENCE**, S41°17'23"E, leaving the southerly right-of-way line of the Union Pacific Railroad, along the southwesterly right-of-way line of Valley Way Drive, being the northeasterly line of said 91.99 acre tract, for the northeasterly line hereof, a distance of 2788.12 feet to a 5/8 inch iron rod in the northwesterly line of a 130.59 acre tract of land, conveyed to David Matthew Best by Deed of record in Volume 269, Page 127 of said Official Public Records, being the easterly corner of said 91.99 acre tract and hereof;

**THENCE**, S48°21'22"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the northwesterly line of said 130.59 acre tract, being the southeasterly line of said 91.99 acre tract, for a portion of the southeasterly line hereof, a distance of 1361.88 feet to the southerly corner of said 91.99 acre tract and the northerly corner of said 4.56 acre tract, for an angle point hereof;

**THENCE**, leaving the southerly corner of said 91.99 acre tract, along the northeasterly and southeasterly lines of said 4.56 acre tract, for a portion of the southeasterly line hereof, the following two (2) courses and distances:

- 1) S41°07'40"E, a distance of 322.45 feet to a 5/8 inch iron rod for the easterly corner of said 4.56 acre tract, and an angle point hereof;
- 2) S48°22'55"W, a distance of 616.59 feet to the southerly corner of said 4.56 acre tract, being a northwesterly corner of said 130.59 acre tract, in the northeasterly line of an eight (8) yard by one-hundred ten (110) yard Strip of land reserved to O.M. Hoffman by Deed of record in Volume 229, Page 244 of said Official Public Records, said Strip also being described as part of Tract II, in a Deed to Hoffman Family Trust 1994, of record in Volume 127, Page 436 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the northeasterly, northwesterly, and southwesterly lines of said Strip, being a portion of the southwesterly line of said 4.56 acre tract, and a portion of the southeasterly line of said 87.92 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) N41°10'09"W, a distance of 11.86 feet to the northerly corner of said Strip, for an angle point hereof;
- 2) S48°19'26"W, a distance of 23.99 feet to the westerly corner of said Strip, for an angle point hereof;

- 3) S41°19'42"E, a distance of 329.93 feet to an iron rod with "UDG" cap in the northwesterly line of a 111.482 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 504, Page 634 of said Official Public Records, being the southerly corner of said Strip and the most southeasterly corner of said 87.92 acre tract, for an angle point hereof;

**THENCE**, S48°20'39"W, leaving the southwesterly line of said Strip, along a portion of the southeasterly line of said 87.92 acre tract, and the southeasterly line of said 99.03 acre tract, being a portion of the northwesterly line of said 111.482 acre tract and a portion of the northwesterly line of a 9.41 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 511, Page 13 of said Official Public Records, for a portion of the southeasterly line hereof, a distance of 3046.71 feet to the southerly corner of said 99.03 acre tract being in the northeasterly line of said 573.65 acre tract, and the northwesterly corner of said 9.41 acre tract, for an angle point hereof;

**THENCE**, leaving the southeasterly line of said 99.03 acre tract, along a portion of the northwesterly and southwesterly lines of said 9.41 acre tract, and a portion of the northeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) S41°34'50"E, a distance of 19.14 feet to an angle point hereof;
- 2) S48°56'20"W, a distance of 161.89 feet to an iron rod with "carter & burgess" cap for an angle point hereof;
- 3) S41°36'05"E, a distance of 1522.35 feet to the southerly corner of said 9.41 acre tract in the northwesterly right-of-way line of State Highway 142 (R.O.W. varies), for the easterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, leaving the southwesterly line of said 9.41 acre tract, along the northwesterly right-of-way line of State Highway 142, along a portion of the southeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following six (6) courses and distances:

- 1) S48°50'36"W, a distance of 1342.09 feet to the point of curvature of a non-tangent curve to the left;
- 2) Along said curve, having a radius of 11535.16 feet, a central angle of 02°03'00", an arc length of 412.72 feet and a chord which bears, S47°48'06"W, a distance of 412.70 feet to the end of said curve;

- 3) S46°50'18"W, a distance of 148.55 feet to the point of curvature of a non-tangent curve to the right;
- 4) Along said curve, having a radius of 11393.65 feet, a central angle of 02°03'02", an arc length of 407.78 feet and a chord which bears, S47°48'07'W, a distance of 407.76 feet to the end of said curve;
- 5) S48°51'00"W, a distance of 1315.11 feet to the point of curvature of a non-tangent curve to the right;
- 6) Along said curve, having a radius of 11,389.16 feet, a central angle of 00°37'29", an arc length of 124.18 feet and a chord which bears, S49°09'26'W, a distance of 124.18 feet to the point of curvature of a non-tangent curve to the left, for the most southerly corner hereof;

**THENCE**, leaving said northwesterly right-of-way line of State Highway 142, over and across said 573.65 acre tract, for a portion of the southwesterly line hereof, along the approximate Martindale City Limit Line, the following four (4) courses and distances:

- 1) Along said curve, having a radius of 2746.11 feet, a central angle of 26°52'25", an arc length of 1288.01 feet and a chord which bears, N53°46'19'W, a distance of 1276.24 feet to the end of said curve;
- 2) N69°22'30"W, a distance of 631.48 feet to an angle point hereof;
- 3) S69°38'20"W, a distance of 374.12 feet to an angle point hereof;
- 4) N65°05'35"W, a distance of 871.31 feet to a point in the southeasterly line of a 137 acre tract of land conveyed to John Mac Mauldin by Deed of record in Volume 359, Page 673 of said Official Public Records, and the northwesterly line of said 573.65 acre tract, for an angle point hereof;

**THENCE**, along a portion of the southeasterly line and the northeasterly line of said 137 acre tract, and the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N49°05'19"E, a distance of 1820.68 feet to an iron pipe for the easterly corner of said 137 acre tract, the westerly corner of said 573.65 acre tract, and an angle point hereof;

- 2) N40°56'06"W, a distance of 1177.53 feet to a point in the southeasterly line of a 167.96 acre tract of land conveyed to Conrads Herbert Inc. by Deed of record in Volume 346, Page 76 of said Official Public Records, being the northerly corner of said 137 acre tract, the northwesterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, N48°54'41"E, leaving the northeasterly line of said 137 acre tract, along a portion of the common southeasterly line of said 167.96 acre tract and a portion of the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, a distance of 42.46 feet to the most easterly corner of said 167.96 acre tract, and the southerly corner of said 224.83 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 573.65 acre tract, along the common line of said 167.96 acre tract and said 224.83 acre tract, for a portion of the southwesterly line hereof, the following eight (8) courses and distances:

- 1) N12°19'50"W, a distance of 294.36 feet to an angle point;
- 2) N00°34'24"E, a distance of 227.61 feet to an angle point;
- 3) N36°30'21"W, a distance of 285.03 feet to an angle point;
- 4) N56°28'57"W, a distance of 234.92 feet to an angle point;
- 5) N50°20'48"W, a distance of 99.62 feet to an angle point;
- 6) N27°15'48"W, a distance of 102.46 feet to an angle point;
- 7) N22°50'14"W, a distance of 255.49 feet to the westerly corner of said 224.83 acre tract, for an angle point hereof;
- 8) N43°45'31"E, a distance of 190.62 feet to the southerly corner of said 339.31 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 224.83 acre tract, along the common line of said 167.96 acre tract and said 339.31 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N39°23'33"W, a distance of 241.44 feet to an angle point;
- 2) N26°29'00"W, a distance of 668.42 feet to the easterly corner of a 213.451 acre tract of land conveyed to Curby Ohnheiser by Deed of record in Volume 178, Page 184 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the common northeasterly line of said 213.451 acre tract and the southwesterly line of said 339.31 acre tract, for a portion of the southwesterly line hereof, the following three (3) courses and distances:

- 1) N16°07'11"W, a distance of 819.56 feet to an angle point;
- 2) N13°49'18"W, a distance of 655.20 feet to an angle point;
- 3) N09°25'58"W, a distance of 163.84 feet to the southerly corner of a 49.82 acre tract of land conveyed to David J. Huffman by Deed of record in Volume 527, Page 292 of said Official Public Records, for the most westerly corner of said 339.31 acre tract and hereof;

**THENCE**, along the southeasterly and northeasterly lines of said 49.82 acre tract and the northwesterly line of said 339.31 acre tract, for the northwesterly line hereof, the following four (4) courses and distances:

- 1) N48°42'42"E, a distance of 1780.59 feet to a pk nail in a fence post;
- 2) N41°04'53"W, a distance of 664.10 feet to a pk nail in a fence post;
- 3) N48°44'06"E, a distance of 1261.08 feet to the most easterly corner of said 49.82 acre tract;
- 4) N42°14'20"W, a distance of 275.49 feet to the northeasterly corner of said 49.82 acre tract and northwesterly corner of said 339.31 acre tract, in the southerly right-of-way line of the Union Pacific Railroad, for the northwesterly corner hereof;

**THENCE**, leaving the northeasterly line of said 49.82 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, and a portion of the northerly line and northeasterly line of said 339.31 acre tract, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 1) S87°55'54"E, a distance of 3775.29 feet to an iron rod for the northeasterly corner of said 339.31 acre tract, and an angle point hereof;
- 2) S41°18'02"E, a distance of 62.32 feet to an iron rod for the northwesterly corner of said 91.99 acre tract, and an angle point hereof;



**THENCE**, leaving the northeasterly line of said 339.31 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, the southerly right-of-way line of said Valley Way Drive, and the northerly line of said 91.99 acre tract, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S88°18'23"E, a distance of 870.54 feet to an iron rod for an angle point hereof;
- 2) N82°39'41"E, a distance of 454.88 feet to an angle point hereof;
- 3) N81°46'58"E, a distance of 126.52 feet to the **POINT OF BEGINNING**, and containing an area of 1206.6 acres of land, more or less, within these metes and bounds.

**PART 2 - 1151.3 ACRES**

**BEGINNING**, at an iron rod with "UDG" cap found in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies) for the northerly corner of a 1.82 acre tract of land conveyed to Jethery Bohannon Et. Ux. By deed of record in Volume 240, Page 435 of said Official Public Records, the southeasterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, S49°38'37"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the common line of said 1.82 acre tract and said 133.84 acre tract, a distance of 409.77 feet to a point in the northerly right-of-way line of the Union Pacific Railroad (100' R.O.W.);

**THENCE**, N87°55'45"W, along the northerly right-of-way of said Railroad, a distance of 1952.56 feet to a point for the southwesterly corner of said 133.84 acre tract and the southeasterly corner of a 22.1 acre tract of land conveyed to Abel Garza Et. Ux. By deed of record in Volume 96, Page 683 of said Official Public Records;

**THENCE**, leaving the northerly right-of-way of said Railroad, along the common line of said 133.84 acre tract and said 22.1 acre tract, the following two (2) courses and distances:

- 1) N01°23'47"E, a distance of 217.61 feet to and iron rod for an angle point hereof;
- 2) N41°22'34"W, a distance of 2440.88 feet to a fence corner post in the southeasterly right-of-way line of F.M. 1984 (80' R.O.W.) for the northerly corner of said 22.1 acre tract, the easterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, N41°36'44"W, leaving the northerly corner of said 22.1 acre tract, over and across F.M. 1984, a distance of 80.09 feet to a point in the northwesterly right-of-way line of F.M. 1984, and the southeasterly line of said 252.85 acre tract, for an angle point hereof;

**THENCE**, S48°23'16"W, a distance of 1345.17 feet to an iron rod with "LENZ" cap in the southeasterly line of said 252.85 acre tract and the easterly corner of a 40.0 acre tract of land conveyed to Myrna Lopez by deed of record in Document No. 122023 of said Official Public Records, for an angle point hereof;

**THENCE**, leaving the northerly right-of-way line of F.M. 1984, along the common line of said 252.85 acre tract and said 40.0 acre tract, the following sixteen (16) courses and distances:

- 1) N34°21'01"W, a distance of 110.36 feet to an iron rod with "LENZ" cap;
- 2) N19°39'31"W, a distance of 293.22 feet to an iron rod with "LENZ" cap;
- 3) N03°15'11"W, a distance of 82.66 feet to an angle point;
- 4) N36°52'22"E, a distance of 33.25 feet to an angle point;
- 5) N03°46'05"W, a distance of 515.85 feet to an angle point;
- 6) N09°53'30"W, a distance of 29.53 feet to an angle point;
- 7) N42°29'18"E, a distance of 23.22 feet to an angle point;
- 8) N09°28'01"E, a distance of 66.25 feet to an angle point;
- 9) N07°00'01"W, a distance of 164.91 feet to an angle point;
- 10) N13°52'24"W, a distance of 144.68 feet to an angle point;
- 11) N21°57'50"W, a distance of 90.39 feet to an angle point;
- 12) N10°37'25"W, a distance of 153.12 feet to an angle point;
- 13) N23°21'47"W, a distance of 161.89 feet to an iron rod with "LENZ" cap;
- 14) N41°34'57"W, a distance of 172.18 feet to an iron rod with "LENZ" cap for the northerly corner of said 40.0 acre tract;
- 15) S48°21'01"W, a distance of 1431.20 feet to an iron rod with "LENZ" cap for the westerly corner of said 40.0 acre tract;

- 16) S41°38'18"E, a distance of 1735.64 feet to an iron rod with "LENZ" cap for the southerly corner of said 40.0 acre tract, in the northwesterly right-of-way line of F.M. 1984 for an angle point of said 252.85 acre tract and hereof;

**THENCE**, S48°21'42"W, leaving the southerly corner of said 40.0 acre tract, along the northwesterly right-of-way line of F.M. 1984, a distance of 592.58 feet to the southerly corner of said 252.85 acre tract, in the northeasterly line of Fehlis Revised Addition to Reedville, of record in Volume 27, Page 368, of the Deed Records of said County, for an angle point;

**THENCE**, N41°22'43"W, leaving the northwesterly right-of-way line of F.M. 1984, along the southwesterly line of said 252.85 acre tract, a portion of the northeasterly line of said Fehlis Revised Addition, and a portion of the northeasterly line of a 56.52 acre tract of land conveyed to Southern Pecan Plantation Mobile Home Park, Inc., by deed of record in Volume 79, Page 369, of said Official Public Records, a distance of 3152.26 feet to an aluminum disk in concrete for the northerly corner of said 56.52 acre tract, the westerly corner of said 252.85 acre tract and hereof;

**THENCE**, N48°46'59"E, along the northwesterly line of said 252.85 acre tract, a distance of 4120.83 feet to point in the southwesterly right-of-way line of William Pettus Road (R.O.W. varies) for the northerly corner of said 252.85 acre tract;

**THENCE**, S40°53'44"E, along the southwesterly right-of-way line of William Pettus Road and northeasterly line of said 252.85 acre tract, a distance of 2659.70 feet to the point of curvature of a non-tangent curve to the left at the intersection of the southwesterly right-of-way line of William Pettus Road and the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the southwesterly right-of-way line of William Pettus Road, along the curving northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 252.85 acre tract, the following three (3) courses and distances:

- 1) Along said curve to the left having a radius of 756.20 feet, a central angle of 22°14'32", an arc length of 293.56 feet, and a chord which bears, S09°41'28"W, a distance of 291.72 feet to the end of said curve;
- 2) S01°25'48"E, a distance of 53.10 feet to the point of curvature of a non-tangent curve to the right;
- 3) Along said non-tangent curve to the right having a radius of 676.20 feet, a central angle of 49°28'14", an arc length of 583.85 feet, and a chord which bears, S23°18'19"W, a distance of 565.88 feet to a TxDOT concrete monument at the end of said curve;

**THENCE**, S41°36'44"E, leaving the southeasterly line of said 252.85 acre tract and northwesterly right-of-way line of F.M. 1984, over and across F.M. 1984, a distance of 79.92 feet to an angle point in the southeasterly right-of-way line of F.M. 1984, and the northwesterly line of said 133.84 acre tract;

**THENCE**, N48°22'36"E, along the northwesterly line of said 133.84 acre tract, being a portion of the southeasterly right-of-way line of F.M. 1984 and a portion of the southeasterly right-of-way line of Valley Way Drive (50' R.O.W.), a distance of 765.39 feet to northerly corner of said 133.84 acre tract in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies);

**THENCE**, N48°53'36"E, leaving the northerly corner of said 133.84 acre tract, over and across said Valley Way Drive, a distance of 51.66 feet to an angle point in the northeasterly right-of-way line of Valley Way Drive and the southwesterly line of said 69.19 acre tract;

**THENCE**, N41°06'24"W, along the northeasterly right-of-way line of Valley Way Drive, a distance of 477.14 feet to an angle point at the intersection of the northeasterly right-of-way line of Valley Way Drive and the southeasterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northeasterly right-of-way line of Valley Way Drive, along a portion of southeasterly right-of-way line of F.M. 1984 and northwesterly line of said 69.19 acre tract, the following two (2) courses and distances:

- 1) Along a non-tangent curve to the right having a radius of 676.09 feet, a central angle of 26°42'34", an arc length of 315.17 feet, and a chord which bears, N35°06'01"E, a distance of 312.33 feet to the end of said curve;
- 2) N48°30'35"E, a distance of 2278.26 feet to an angle point hereof;

**THENCE**, N41°29'25"W, leaving the northwesterly line of said 69.19 acre tract, over and across F.M. 1984, a distance of 80.30 feet to the southerly corner of said 120.75 acre tract in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northwesterly right-of-way line of F.M. 1984, along the irregular southwesterly line of said 120.75 acre tract, the following seven (7) courses and distances:

- 1) N41°29'56"W, a distance of 1298.87 feet to an angle point of said 120.75 acre tract and hereof;

- 2) S48°31'19"W, a distance of 1130.21 feet to an iron rod found for angle point of said 120.75 acre tract and the northerly corner of a 13.02 acre tract of land conveyed to Kristin Kocurek by deed of record in Volume 515, Page 161 of said Official Public Records;
- 3) N41°26'45"W, a distance of 376.48 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 4) N41°04'25"W, a distance of 250.72 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 5) N41°11'04"W, a distance of 250.71 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 6) N41°09'44"W, a distance of 386.22 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 7) N40°53'52"W, a distance of 222.60 feet to a fence post found in the southeasterly line of a 10 acre tract of land conveyed to Tanya Moran by deed of record in Volume 287, Page 564 of said Official Public Records, for the northerly corner of a 1.001 acre tract of land conveyed to Vincent J. Bustos by deed of record in Volume 574, Page 1 of said Official Public Records, and the westerly corner of said 120.75 acre tract;

**THENCE**, N48°47'31"E, along the northwesterly line of said 120.75 acre tract, a distance of 2437.59 feet to an iron rod for the easterly corner of a 90.014 acre tract of land conveyed to Kenneth R. Kent by deed of record in Volume 428, Page 79 of the Deed Records of said County, the northerly corner of said 120.75 acre tract, and in the southwesterly line of Lot 9, Block B, Koeglar Hills, a subdivision of record in Cabinet A, Slide 50 of the Plat Records of said County;

**THENCE**, S42°00'07"E, along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 895.37 feet to an iron rod for an angle point of said 120.75 acre tract and hereof;

**THENCE**, S41°15'14"E, continuing along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 1663.51 feet to the easterly corner of said 120.75 acre tract, in the southwesterly line of Lot 3C of the Replat of Lots 3 and 4, Block B Koeglar Hills Subdivision, of record in Cabinet B, Slide 19 of the Plat Records of said County and the northerly corner of an old cemetery (no recording information found);

**THENCE**, leaving said Lot 3C, along the common line of said 120.75 acre tract and said old cemetery, the following four (4) courses and distances:

- 1) S48°44'49"W, a distance of 59.99 feet to an angle point;
- 2) S41°15'11"E, a distance of 29.00 feet to an angle point;
- 3) S48°44'49"W, a distance of 355.50 feet to an angle point;
- 4) S41°15'11"E, a distance of 189.19 feet to the southerly corner of said old cemetery for an angle point of said 120.75 acre tract and hereof in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, S48°36'20"W, along the northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 120.75 acre tract, a distance of 592.28 feet to an angle point;

**THENCE**, S41°23'40"E, leaving the southeasterly line of said 120.75 acre tract, over and across F.M. 1984, a distance of 79.79 feet to an iron rod for the northerly corner of said 69.19 acre tract and the westerly corner of a 3.67 acre tract of land conveyed to Arthur D. Ehrlich and Mary L Ehrlich by deed of record in Volume 179, Page 507 of said Official Public Records;

**THENCE**, leaving the southeasterly right-of-way line of F.M. 1984, along the common line of said 69.19 acre tract and said 3.67 acre tract, the following two (2) courses and distances:

- 1) S41°22'11"E, a distance of 399.75 feet to steel fence corner post;
- 2) N48°31'55"E, a distance of 397.74 feet to an iron rod for the easterly corner of said 3.67 acre tract;

**THENCE**, S41°27'50"E, along the northeasterly line of said 69.19 acre tract, a distance of 568.68 feet to a steel fence post in the southwesterly line of Lot 6, Block 1 of Castle Hill Subdivision Phase I, a subdivision of record in Book A, Page 181 of the Plat Records of said County;

**THENCE**, leaving the southeasterly line of said Castle Hill Subdivision, along the southeasterly line of said 69.19 acre tract, the following eight (8) courses and distances:

- 1) S48°41'00"W, a distance of 786.26 feet to an angle point;
- 2) S47°55'14"W, a distance of 85.90 feet to an angle point;
- 3) S49°18'20"W, a distance of 589.25 feet to an angle point;
- 4) S48°01'10"W, a distance of 232.56 feet to a fence post;
- 5) S47°58'05"W, a distance of 345.92 feet to an angle point;

- 6) S47°46'45"W, a distance of 446.89 feet to an angle point;
- 7) S48°19'28"W, a distance of 438.49 feet to an angle point;
- 8) S48°07'05"W, a distance of 367.04 feet to fence corner post for the southerly corner of said 69.19 acre tract in the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, S48°38'56"W, leaving the southerly corner of said 69.19 acre tract, over and across Valley View Drive, a distance of 49.85 feet to a point in the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive;

**THENCE**, along the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive, the following two (2) courses and distances;

- 1) S41°21'04"E, a distance of 1129.59 feet to a fence post;
- 2) S41°40'38"E, a distance of 1273.02 feet to an angle point;

**THENCE**, N48°19'22"E, leaving the northeasterly line of said 133.84 acre tract, over and across Valley View Drive, a distance of 61.02 feet to the easterly corner of said 239.035 acre tract in the northeasterly right-of-way line of Valley View Drive;

**THENCE**, along a portion of the northwesterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) N48°15'16"E, a distance of 2761.12 feet to an angle point;
- 2) S41°47'43"E, a distance of 274.43 feet to a fence corner post;
- 3) N48°40'03"E, a distance of 976.49 feet to an iron rod for the southerly corner of said 70.540 acre tract;

**THENCE**, N40°19'04"W, leaving the northwesterly line of said 239.035 acre tract, along the southwesterly line of said 70.540 acre tract, a distance of 904.98 feet to an iron rod with "RL Surveying" cap for the easterly corner of said 70.540 acre tract, in the southeasterly line of said 49.325 acre tract;

**THENCE**, S49°05'23"W, leaving the southwesterly line of said 70.540 acre tract, along the southeasterly line of said 49.325 acre tract, a distance of 500.65 feet to an iron rod with "UDG 2433" cap for the southerly corner of said 49.325 acre tract;

**THENCE**, along the southwesterly line of said 49.325 acre tract, the following two (2) courses and distances:

- 1) N40°38'48"W, a distance of 400.80 feet to an iron rod with "UDG 2433" cap;
- 2) N40°43'42"W, a distance of 1287.69 feet to an iron rod for the southerly corner of Lot 6 of said Castle Hill Subdivision;

**THENCE**, N48°32'31"E, along the northwesterly lines of said 49.325 acre tract, said 49.330 acre tract, and said 47.271 acre tract, a distance of 3425.74 feet to an iron rod for the northwesterly corner of said 47.271 acre tract;

**THENCE**, along a portion of the northerly line of said 47.271 acre tract, the following three (3) courses and distances:

- 1) S41°01'56"E, a distance of 227.58 feet to an iron rod;
- 2) S85°53'10"E, a distance of 183.60 feet to an angle point;
- 3) N43°11'02"E, a distance of 271.56 feet to the northeasterly corner of said 47.271 acre tract in the southwesterly right-of-way line of F.M. 1966 (80' R.O.W.);

**THENCE**, S40°51'42"E, along the southwesterly right-of-way line of F.M. 1966, a distance of 1367.14 feet to the easterly corner of said 47.271 acre tract and northerly corner of a 1.0 acre tract of land conveyed to John M. Salazar Et. Ux. By deed of record in Volume 424, Page 100 of the Deed Records of said County;

**THENCE**, S48°43'20"W, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the southeasterly line of said 47.271 acre tract, a distance of 348.84 feet to an iron rod for the northwesterly corner of said 70.540 acre tract and the westerly corner of a 1.041 acre tract conveyed to Kelly J. Cansler Et. Ux. By deed of record in Volume 64, Page 782 of said Official Public Records;

**THENCE**, along the southerly lines of said 1.041 acre tract and the northerly lines of said 70.540 acre tract, the following two (2) courses and distances:

- 1) S41°01'59"E, a distance of 256.81 feet to an iron rod;
- 2) N47°37'30"E, a distance of 350.89 feet to an iron rod for the easterly corner of said 1.041 acre tract and the northeasterly corner of said 70.540 acre tract in the southwesterly right-of-way line of F.M. 1966;

**THENCE**, S41°14'17"E, along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 742.57 feet to an iron rod for the easterly corner of said 70.540 acre tract and the northerly corner of said 55.669 acre tract;



**THENCE**, S41°23'23"E, continuing along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 644.74 feet to the easterly corner of said 55.669 acre tract and the northerly corner of the remaining 2.437 acre tract of land conveyed to Barbara Kinkade and Life Estate reserved by Margaret Ann Wackerhagen by deed of record in Volume 507, Page 721 of said Official Public Records;

**THENCE**, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the irregular easterly line of said 55.669 acre tract and the westerly line of said 2.437 acre tract, the following seven (7) courses and distances:

- 1) S54°55'11"W, a distance of 457.51 feet to an angle point;
- 2) S39°04'07"E, a distance of 26.01 feet to an angle point;
- 3) S21°40'50"E, a distance of 95.81 feet to an angle point;
- 4) S80°14'00"W, a distance of 44.90 feet to an angle point;
- 5) S15°41'02"E, a distance of 84.10 feet to an angle point;
- 6) S27°21'59"E, a distance of 112.74 feet to a 1/2 inch iron rod;
- 7) S28°12'49"E, a distance of 210.26 feet to an 1/2 inch iron rod for the southerly corner of a 3.569 acre tract of land described in a deed to Barbara K. Warrens of record in Volume 232, Page 423 of said Official Public records;

**THENCE**, S48°42'23"W, along the southeasterly line of said 55.669 acre tract, a distance of 1852.73 feet to an iron rod in the northeasterly line of said 239.035 acre tract;

**THENCE**, along a portion of the northeasterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) S41°02'56"E, a distance of 387.22 feet to an iron rod;
- 2) S41°06'40"E, a distance of 312.60 feet to an iron rod;
- 3) S40°42'48"E, a distance of 542.32 feet to a fence corner post for the easterly corner of said 239.035 acre tract and an angle point in the westerly line of said 59.828 acre tract;

**THENCE**, leaving the easterly corner of said 239.035 acre tract, along a portion of the westerly and northerly lines of said 59.828 acre tract, the following three (3) courses and distances:

- 1) S41°34'25"E, a distance of 151.16 feet to an iron rod;
- 2) N48°34'31"E, a distance of 610.04 feet to an iron rod for the northerly corner of said 59.828 acre tract;
- 3) S41°33'19"E, a distance of 1565.45 feet to the easterly corner of said 59.828 acre tract, in the curving northerly right-of-way line of the Union Pacific Railroad;

**THENCE**, along the easterly line of said 59.828 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following three (3) courses and distances:

- 1) Along a non-tangent curve to the left having a radius of 2786.27 feet, a central angle of 17°52'26", an arc length of 869.20 feet, and a chord which bears, S86°07'28"W, a distance of 865.68 feet to the end of said curve;
- 2) Along a non-tangent curve to the left having a radius of 3832.81 feet, a central angle of 06°04'35", an arc length of 406.47 feet, and a chord which bears, S73°32'28"W, a distance of 406.28 feet to the end of said curve;
- 3) S69°58'41"W, a distance of 2776.15 feet to an iron rod for the southerly corner of said 59.828 acre tract and an angle point in the easterly line of said 239.035 acre tract;

**THENCE**, along the easterly line of said 239.035 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following four (4) courses and distances:

- 1) S69°58'41"W, a distance of 92.94 feet to an angle point;
- 2) Along a non-tangent curve to the right having a radius of 3336.89 feet, a central angle of 06°13'09", an arc length of 362.21 feet, and a chord which bears, S72°55'53"W, a distance of 362.03 feet to the end of said curve;
- 3) Along a non-tangent curve to the right having a radius of 2825.30 feet, a central angle of 14°00'59", an arc length of 691.16 feet, and a chord which bears, S83°18'28"W, a distance of 689.44 feet to the end of said curve;
- 4) Along a non-tangent curve to the right having a radius of 55687.93 feet, a central angle of 00°48'17", an arc length of 782.17 feet, and a chord which bears, N88°10'00"W, a distance of 782.15 feet to the end of said curve at the intersection of the northerly right-of-way line of the Union Pacific Railroad and the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, N41°20'20"W, leaving the northerly right-of-way line of the Union Pacific Railroad, along the northeasterly right-of-way line of Valley Way Drive and southerly line of said 239.035 acre tract, a distance of 429.48 feet to an angle point;

**THENCE**, S48°39'40"W, leaving southerly line of said 239.035 acre tract, over and across Valley Way Drive a distance of 51.67 feet to the **POINT OF BEGINNING**, containing an area of 1168.438 acres (50,897,146 square feet) of land, more or less; within these metes and bounds, **SAVE AND EXCEPT THEREFROM** the aforementioned 15.354 acre tract of land described as follows:

**COMMENCING**, at a 1/2 inch iron rod found in northerly right-of-way line of the Union Pacific Railroad for the southerly corner of said 59.828 acre tract and being in the easterly line of said 239.035 acre tract;

**THENCE**, N45°14'35"W, leaving the northerly right-of-way line of the Union Pacific Railroad and the southerly corner of said 59.828 acre tract, over and across said 239.035 acre tract, a distance of 944.36 feet to the **POINT OF BEGINNING**, being the southerly corner of said 15.354 acre tract and hereof;

**THENCE**, along the common lines of said 239.035 acre tract, said 15.354 acre tract and hereof, the following four (4) courses and distances:

- 1) N41°44'44"W, a distance of 760.00 feet to a point for the westerly corner of said 15.354 acre tract and hereof;
- 2) N48°15'16"E, a distance of 880.00 feet to a point for the northerly corner of said 15.354 acre tract and hereof;
- 3) S41°44'44"E, a distance of 760.00 feet to a point for the easterly corner of said 15.354 acre tract and hereof;
- 4) N48°15'16"E, a distance of 880.00 feet to the **POINT OF BEGINNING**, containing an area of 15.354 acres (668,800 square feet) of land, more or less, within these metes and bounds and **FURTHER SAVE AND EXCEPT THEREFROM** the aforementioned the 1.790 acre tract of land described as follows;;

**COMMENCING**, at a fence corner post for the northerly corner of said 239.035 acre tract, being an angle point in the easterly line of said 70.540 acre tract;


**THENCE**, N31°58'37"W, leaving the northerly corner of said 239.035 acre tract, over and across said 70.540 acre tract, a distance of 176.88 feet to a fence corner post for the **POINT OF BEGINNING**, being the easterly corner of said 1.790 acre tract and hereof;

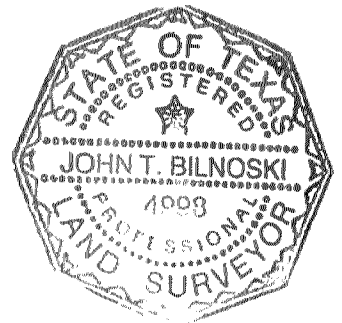
**THENCE**, along the common lines of said 70.540 acre tract, said 1.790 acre tract and hereof, the following four (4) courses and distances:

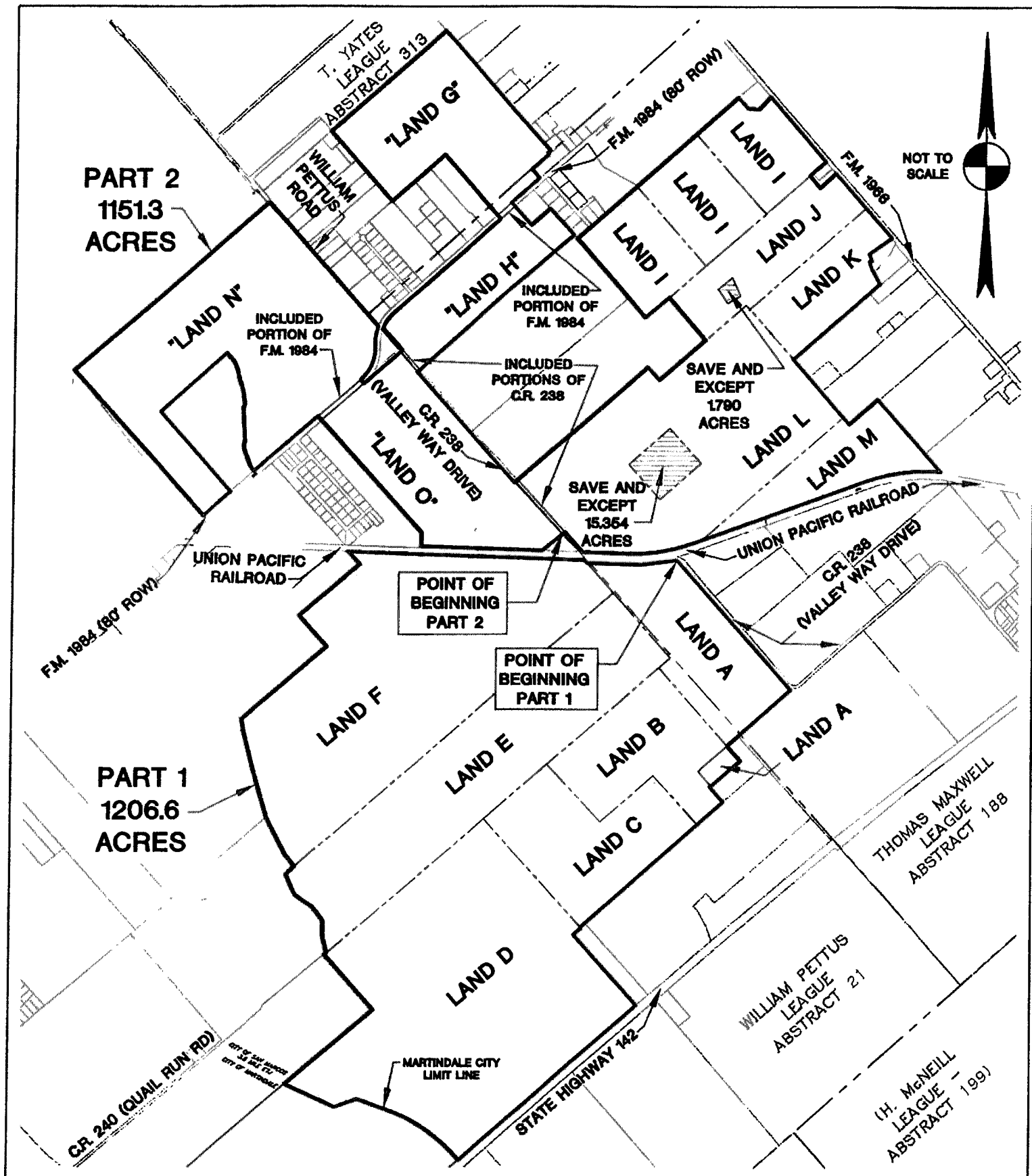
- 1) S60°20'34"W, a distance of 237.04 to a fence corner post for the southerly corner of said 1.790 acre tract and hereof;
- 2) N32°55'40"W, a distance of 267.87 feet to a 1/2 inch iron rod for the westerly corner of said 1.790 acre tract and hereof;
- 3) N49°02'47"E, a distance of 297.06 feet to a 1/2 inch iron rod for the northerly corner of said 1.790 acre tract and hereof;
- 4) S22°49'48"E, a distance of 327.95 feet to the **POINT OF BEGINNING**, containing an area of 1.790 acres (77,991 square feet) of land, more or less, within these metes and bounds, leaving a **TOTAL NET AREA** of 1151.3 acres of land, more or less, within these metes and bounds.

THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

BURY-AUS, INC.  
221 WEST SIXTH STREET  
SUITE 600  
AUSTIN, TEXAS 78701

  
6/17/14  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # F-10107500





# BURY

221 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F. 1048 TBPLS # F. 10107500  
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## EXHIBIT OF COTTON CENTER MUNICIPAL UTILITY DISTRICT #1 SITUATED IN CALDWELL COUNTY, TEXAS

WALTON  
TEXAS, LP

SHEET 1 OF 2

DATE: 06/12/14

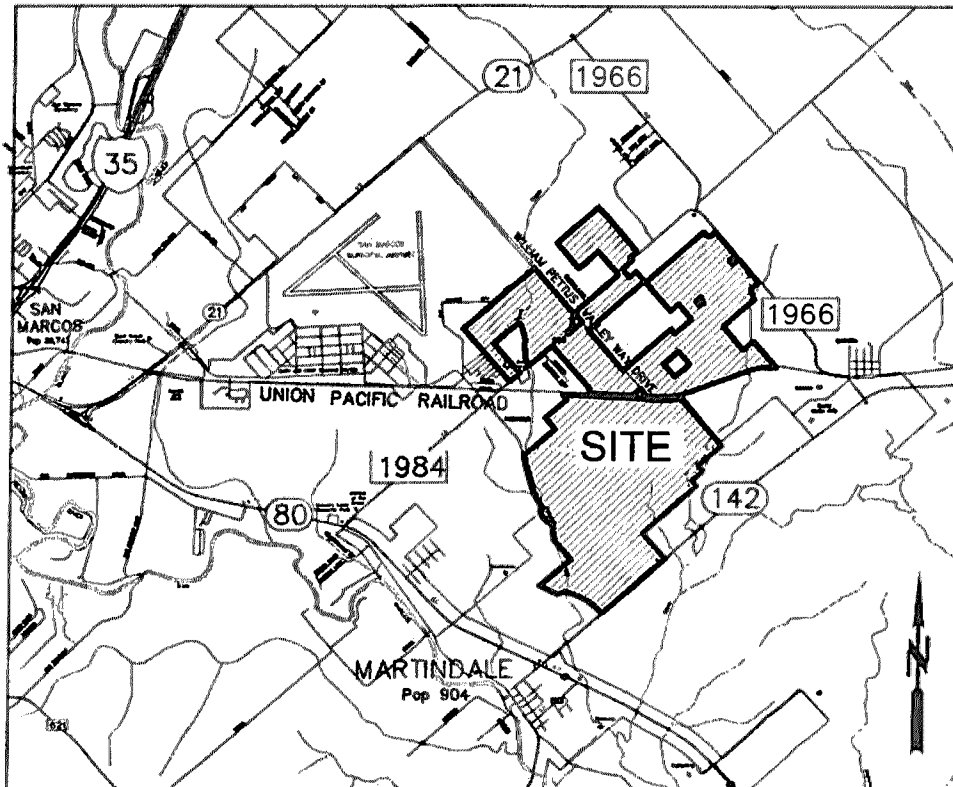
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No.: FN14-206(MJR)

DRAWN BY: MJR

PROJ. No: R0103932-10030

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**VICINITY MAP**

**AREA SUMMARY**

<b>LAND A</b>	<b>96.5 ACRES</b>
<b>LAND B</b>	<b>87.9 ACRES</b>
<b>LAND C</b>	<b>99.8 ACRES</b>
<b>LAND D</b>	<b>358.1 ACRES</b>
<b>LAND E</b>	<b>224.8 ACRES</b>
<b>LAND F</b>	<b>339.3 ACRES</b>
<b>LAND G</b>	<b>120.7 ACRES</b>
<b>LAND H</b>	<b>69.2 ACRES</b>
<b>LAND I</b>	<b>145.9 ACRES</b>
<b>LAND J</b>	<b>70.5 ACRES</b>
<b>LAND K</b>	<b>55.7 ACRES</b>
<b>LAND L</b>	<b>239.0 ACRES</b>
<b>LAND M</b>	<b>59.8 ACRES</b>
<b>LAND N</b>	<b>252.8 ACRES</b>
<b>LAND O</b>	<b>133.8 ACRES</b>
<b>FARM TO MARKET ROAD 1984</b>	<b>2.2 ACRES</b>
<b>CR 238 (VALLEY WAY DRIVE)</b>	<b>1.9 ACRES</b>
<b>TOTAL ACREAGE</b>	<b>2357.9 ACRES</b>

**BURY**

221 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F-1048 TBPLS # F-10107500  
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**EXHIBIT OF COTTON CENTER  
MUNICIPAL UTILITY DISTRICT #1  
SITUATED IN CALDWELL COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 2 OF 2**

DATE: 06/12/14

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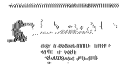
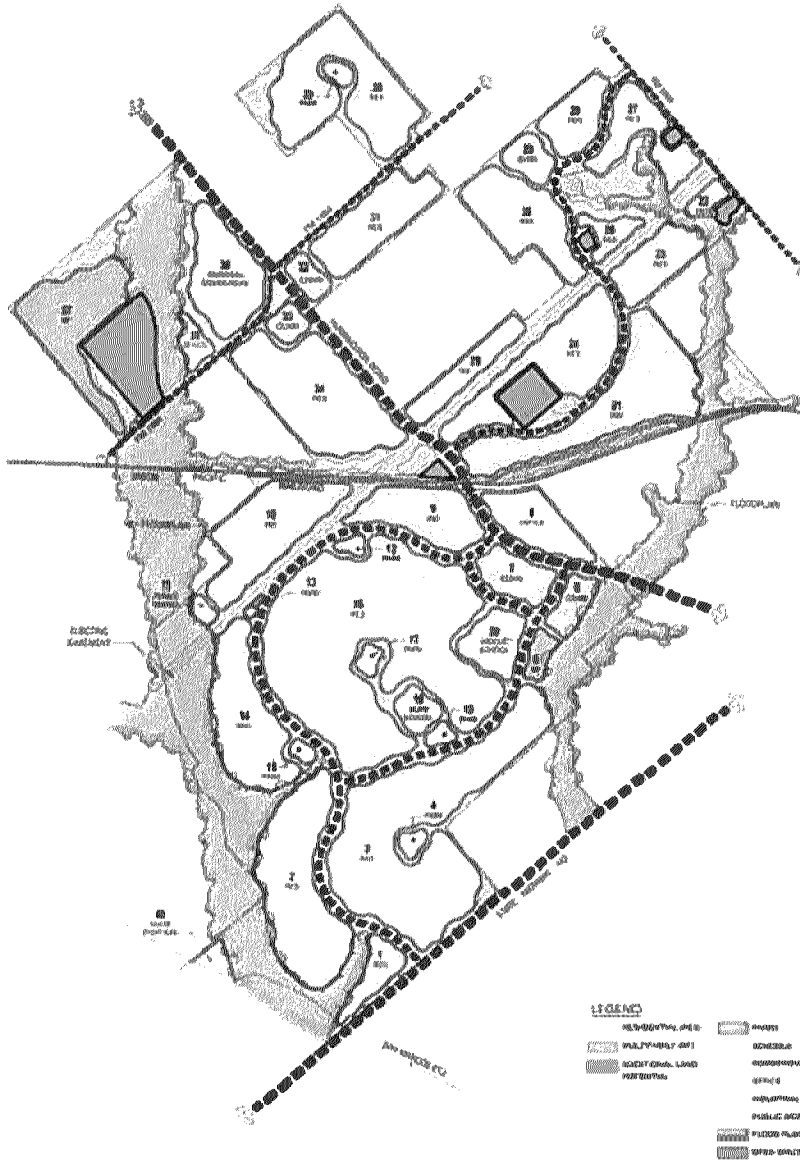
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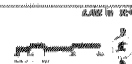
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# **COTTON CENTER MUD 1** **POTENTIAL CUT PARCELS TO BE** **ADDED TO COTTON CENTER**





**EXHIBIT "C"**

**FORM OF CONSENT ORDINANCE**

**ORDINANCE NO. \_\_\_\_**

**AN ORDINANCE GRANTING THE CONSENT OF THE CITY OF SAN MARCOS, TEXAS, TO THE CREATION OF COTTON CENTER MUNICIPAL UTILITY DISTRICT NO. 1 WITHIN THE CITY'S EXTRATERRITORIAL JURISDICTION**

WHEREAS, the City of San Marcos (the "City") received a Petition for Consent to the Creation of a MUNICIPAL UTILITY DISTRICT for 2,358 acres currently located in the City's extraterritorial jurisdiction, a copy of which petition is attached as Exhibit A; and

WHEREAS, Section 54.016 of the Texas Water Code and Section 42.042 of the Local Government Code provide that land within a municipality's extraterritorial jurisdiction may not be included within a district without the municipality's written consent;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

That the City Council of the City of San Marcos, Texas, gives its written consent to the creation of the Cotton Center Municipal Utility District No. 1 on 2,358 acres of land, as described in the attached petition.

PASSED AND APPROVED on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Secretary

**EXHIBIT “D”**

**FORM OF STRATEGIC PARTNERSHIP AGREEMENT**

**STRATEGIC PARTNERSHIP AGREEMENT BETWEEN  
THE CITY OF SAN MARCOS AND  
COTTON CENTER MUNICIPAL UTILITY DISTRICT NO. 1  
OF CALDWELL COUNTY, TEXAS**

**THE STATE OF TEXAS   §**

**COUNTY OF HAYS           §       KNOW ALL MEN BY THESE PRESENTS**

This Strategic Partnership Agreement (“Agreement”) is made and entered into by the City of San Marcos, a home rule municipal corporation, acting through its governing body, the City Council of the City of San Marcos (“City”); and the Cotton Center Municipal Utility District No.1 (“District”), a municipal utility district and political subdivision of the State created under Chapter \_\_\_\_\_, Texas Special District Laws (the “**Enabling Legislation**”) acting by and through its duly authorized Board of Directors.

**RECITALS**

1. The District is a municipal utility district created under the authority of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to the Enabling Legislation and currently contains 2,358 acres of land as more fully described on the attached **Exhibit “A”** (the “Property”) and depicted on **Exhibit “B”** attached to this Agreement.
2. The City consented to the creation of the District by Ordinance \_\_\_\_ adopted on \_\_\_\_\_, 2014 (the “Consent Agreement”).
3. The City and the District are authorized to negotiate and enter into a Strategic Partnership Agreement by mutual consent pursuant to Chapter 43.0751 of the Texas Local Government Code, as amended (the “Act”).
4. The City desires to enter into this Agreement with the District which would provide for eventual annexation and dissolution of the District by the City, and address issues related to administration of the district, provision of services, and other regulatory and financial matters.
5. The City and Walton Texas, LP (an Owner, as such term is defined in the Development Agreement) entered into a Development Agreement, dated \_\_\_\_\_, 2014, regarding the development of the Property in the District.
6. The District and its residents and property owners desire to postpone City’s annexation of the District in accordance with the terms of this Agreement, the Development Agreement and Consent Agreement and to provide for the construction and financing of water, wastewater, drainage and road projects and future division of District which benefit residents of the District and the City.

7. By this Agreement, the Parties desire to establish, among other things, terms and conditions of the City's limited purpose annexation of certain lands comprising the community commercial portion of the District, as described in this Agreement and in accordance with the Act.
8. The District provided notice of two public hearings concerning the adoption of this Agreement in accordance with the procedural requirements of Section 43.0751 of the Local Government Code.
9. The District conducted two public hearings regarding this Agreement in accordance with procedural requirements of Section 43.0751 of the Local Government Code on \_\_\_\_\_, 201\_, at \_\_\_\_\_ o'clock p.m., at \_\_\_\_\_ and on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m. at \_\_\_\_\_.
10. The City provided notice of two public hearings concerning the adoption of this Agreement in accordance with the procedural requirements of Section 43.0751 of the Local Government Code.
11. The City conducted two public hearings regarding this Agreement in accordance with procedural requirements of Section 43.0751 of the Local Government Code on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m., at the City Council Chambers and on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m., at the City Council Chambers.
12. The District has, by formal action, after public hearings, approved this Agreement on \_\_\_\_\_, 201\_ in open session at a meeting held in accordance with the Open Meetings Act.
13. The City has, by formal action, after public hearings, approved this Agreement on \_\_\_\_\_ in open session at a meeting held in accordance with the Open Meetings Act.
14. All procedural requirements imposed by state law for the adoption of this Agreement have been met.

**NOW, THEREFORE**, for and in consideration of the mutual agreements, covenants, and conditions contained in this Agreement, and other good and valuable consideration, the City and the District agree as follows:

**ARTICLE I**  
**DEFINITIONS, PURPOSE, AND LEGAL AUTHORITY**

**Section 1.01 Terms Defined in this Agreement.** In this Agreement, each of the following terms shall have the meaning indicated:

1. "Agreement" means this Strategic Partnership Agreement between the City of San Marcos and the Cotton Center Municipal Utility District No.1.
2. "City" means the City of San Marcos, Texas.
3. "City Council" means the elected body of the City of San Marcos, as such term is defined in Section 1.02 of the Charter.
4. "Consent Agreement" the Agreement between the City of San Marcos and Walton Texas, LP consenting to the creation of the Cotton Center Municipal Utility District No. 1 dated November \_\_, 2014.
5. "Developer" means the Walton Texas, LP as an Owner, as such term is defined in the Development Agreement dated \_\_\_\_\_, 2014, and any designated successors and assigns that acquire and develop the Property.
6. "Development Agreement" means the Development Agreement between the City and Walton Texas, LP (on behalf of the Cotton Center Development, including any assignments as authorized therein and future amendments thereto).
7. "District" means the Cotton Center Municipal Utility District No.1, Caldwell County, Texas.
8. "District Boundaries" means the boundaries of District as they now exist, including property that may hereafter be annexed by the District, as such boundaries are more particularly described in Exhibit "A" and depicted on Exhibit "B" attached to this Agreement.
9. "District Facilities" means the water, wastewater, drainage, road and park property, facilities, services or contract rights and other property or rights to serve the District.
10. "Limited Purpose Annexation" means annexation for the limited purpose of collecting Sales and Use Tax as provided for in Chapter 43.0751 of Texas Local Government Code, as amended.
11. "Limited Purpose Tracts" means any tract located within the District and in Caldwell County, Texas that is designated as community commercial use upon the filing of initial plat, and subject to limited purpose annexation under Section 2.03.
12. "Notice" means any formal notice or communication required or authorized to be given by one Party to another by this Agreement.
13. "Parties" means City and District.
14. "Party" means City, or District, as the case may be.

15. "Period of Limited Purpose Annexation" means that period commencing on the effective date of the limited purpose annexation of the Limited Purpose Tracts, and ending upon the effective date of the full purpose annexation by the City in accordance with the terms of this Agreement, the Consent Agreement and the Development Agreement.
16. "Project" means the Cotton Center master-planned mixed- use community that includes the District.
17. "Sales and Use Tax Revenues" means those revenues received by the City from the sales and use tax authorized to be imposed by the City on sales consummated at locations within the Limited Purpose Tracts pursuant to the Act and Chapter 321 of the Tax Code, and to the extent not otherwise controlled or regulated, in whole or in part, by another governmental entity, authority, or applicable law, ordinance, rule, or regulation.
18. "State" shall mean the State of Texas.
19. "Tax Code" means the Texas Tax Code, as amended.

**Section 1.02 Purpose of the Agreement.** The purposes of this Agreement are to: i) define and clarify, through contractual agreement, the terms and conditions of Limited Purpose Annexation by the City of certain Limited Purpose Tracts comprising the community commercial portion of land in the District and the relationship between City and the District, including matters related to the collection of sales and use taxes by City, and ii) postpone City's annexation of the District to provide for the construction and financing of water, wastewater, drainage and road projects of the District which benefit residents of the District and the City.

**Section 1.03 General Location and Description of the District.** The District is a municipal utility district created pursuant to the Enabling Act and State law and operating pursuant to Chapters 49 and 54 of the Texas Water Code. All of the territory within the District is located within the extraterritorial jurisdiction of the City in Caldwell County, Texas. The District encompasses approximately 2,358 acres, more or less, within the District Boundaries.

## **ARTICLE II**

### **ADOPTION OF THE AGREEMENT AND ANNEXATION OF THE DISTRICT**

**Section 2.01 Conduct of Public Hearings.** District and City acknowledge and agree that prior to the execution of this Agreement, District and City have conducted public hearings for the purpose of considering the adoption of this Agreement and the annexation of the District in accordance with the terms of this Agreement, and applicable law.

**Section 2.02 Effective Date of Agreement.** Under the provisions of Section 43.0751(c) of the Local Government Code, this Agreement shall become effective when adopted and fully executed by the City and the District. Upon adoption, the Agreement shall be filed by City in the Real Property Records of Caldwell County, Texas, if applicable.

### **Section 2.03 Annexation of Limited Purpose Tracts for Limited Purposes.**

a. The Limited Purpose Tracts may be annexed by City for limited purposes under Section 43.0751 of the Local Government Code. The boundaries of the Limited Purpose Tracts may be modified by City in connection with the designation under the Development Agreement of areas in which community commercial uses are permitted uses. The Parties agree that all of Limited Purpose Tracts upon limited purpose annexation of the same by City shall continue to be a part of the District following such annexation and shall continue to receive the same services from the District that the property now receives. District may levy an ad valorem tax in all of the areas within the District Boundaries as long as the District continues to exist. City shall not levy an ad valorem tax on the Limited Purpose Tracts during the Period of Limited Purpose Annexation. Notwithstanding any limited purpose annexation, the Limited Purpose Tracts shall continue to be located within the ETJ of City for purposes of this Agreement and shall be subject to the Development Agreement.

b. District on behalf of all present and future owners of land within District Boundaries hereby consents to City's annexation of the Limited Purpose Tracts for limited purposes as provided in this Agreement, and the imposition of sales and use tax by City in the Limited Purpose Tracts within the District pursuant to the terms of this Agreement; and consents to the conversion of the property within the District to full purpose jurisdiction in accordance with this Agreement, the Development Agreement and the Consent Agreement. It is the intent of the Parties that the consent granted in this Agreement shall bind the District and each owner and future owner of land within the District Boundaries.

**Section 2.04 Taxation Authority of the City in the District During Period of Limited Purpose Annexation.** City may impose and collect sales and use tax in the Limited Purpose Tracts upon the limited purpose annexation of such tracts as provided in subsection (k) of Section 43.0751 of the Local Government Code. City shall have no authority to levy any other taxes within the District prior to full purpose annexation.

**Section 2.05 Full Purpose Annexation.** In accordance with Section 43.0751 of the Local Government Code, District and City agree that City may commence a full purpose annexation of the District under this Agreement no sooner than the date on which (i) at least ninety percent (90%) of the water, wastewater, drainage and road facilities of the District have been constructed, and accepted by the applicable governmental entity, and (ii) the developer in the District has been reimbursed by the District for the cost of the District facilities to the extent allowed in accordance with the rules of the Texas Commission on Environmental Quality. City may effect an annexation by adoption of an ordinance including the area of the District within the full purpose City limits, and dissolving the District.

#### **Section 2.06 District Residents' Rights.**

- a. Qualified Voters. The qualified voters, if any, residing within the Limited Purpose Tract may vote in City elections pursuant to Local Government Code Sections 43.0751 (q) and 43.130. Voting rights are subject to all federal and state laws and regulations.
- b. City Citizen. A resident of an area of the District that is annexed for full purposes becomes a citizen of the City for all purposes and shall have all the rights, privileges, and responsibilities accorded to the citizens residing in all other areas that City has annexed for full purposes.

#### **Section 2.07 Notice to Landowners of Full Purpose and Limited Purpose Annexation of Land Within the District.** District agrees to file the following notice concerning this Agreement in the Official Records of Caldwell County for the property within the District:

The property within the boundaries of Cotton Center Municipal Utility District No.1 of Caldwell County, Texas (the "District"), as depicted on the map attached hereto, is subject to the terms and conditions of a Strategic Partnership Agreement ("Agreement") between the District and the City of San Marcos (the "City"), dated \_\_\_\_\_ 20\_\_\_. The Agreement establishes a timetable for the annexation by City of the property in the District, a portion of which will be annexed initially for limited purposes and subsequently for full purposes. The annexation for full purposes may occur at any time after at least ninety percent (90%) of the water, wastewater, drainage and road facilities have been constructed, and the developer in the District has been reimbursed by the District for the cost of the District facilities to the extent allowed in accordance with the rules of the Texas Commission on Environmental Quality. A copy of the Agreement may be obtained by contacting the offices of the District, and questions concerning the Agreement may be directed to District or the City of San Marcos.

This notice with appropriate modifications shall also be included in the notice to purchasers of real property in the District in each future edition of the District's Information Form required to be recorded in the Official Records of Caldwell County, Texas, pursuant to Section 49.455 of the Texas Water Code.

**Section 2.08 Regulatory and Taxation Authority of the City and the District Upon Full Purpose Annexation of the District.** Upon full purpose annexation of the District, City shall have all the authority and power, including taxation authority, within the District that City enjoys in all other areas that City has annexed or does annex for full purposes. Prior to full purpose annexation by City, District shall have all of the authority and power, including taxation authority, of a municipal utility district, except as modified by the terms and provisions of this Agreement and applicable law, so long as the District exists.

### **ARTICLE III** **SERVICES TO THE DISTRICT**

#### **Section 3.01 Municipal Services During the Period of Limited Purpose Annexation.**



a. Except for review of development activities and land uses for compliance with the Development Agreement and the provision of wastewater services pursuant to the Consent Agreement and a Service Agreement, no other City services will be provided in any area within the District Boundaries prior to the full purpose annexation of the District, unless otherwise agreed in writing between City and District at a later time.

b. City services not now being provided within the District Boundaries shall commence upon the full purpose annexation of District by City, and dissolution of the District; provided, however, water services will be provided by the service provider holding the CCN and legally authorized to provide such services to the District.

**ARTICLE IV**  
**DISTRICT ASSETS, LIABILITIES, OBLIGATIONS, DEBT**  
**AND DEBT SERVICE**

**Section 4.01 Assets, Liabilities, Indebtedness, and Obligations During the Period of Limited Purpose Annexation.**

a. District shall be dissolved and abolished on or about the date of full purpose annexation, except to the extent that the parties agree that it may remain in existence for the purposes of winding down the District's business.

b. District's contracts, assets, liabilities, indebtedness, and obligations will all remain the responsibility of the District until full purpose annexation.

**Section 4.02 Assumption of the District's Outstanding Obligations, Assets, Debts, and Liabilities by the City.**

a. City shall assume none of the District's obligations or assets during the Period of Limited Purpose Annexation.

b. Upon full purpose annexation of the District, and dissolution of District, all of the obligations, liabilities, indebtedness, and assets of the District shall be assumed by City except those obligations, liabilities, indebtedness, and assets incurred or acquired by the District in violation of the Consent Agreement, this Agreement, or state law.

**Section 4.03 Capital Improvements During the Period of Limited Purpose Annexation.**  
During the Period of Limited Purpose Annexation the District shall be responsible for making all capital improvements to District Facilities.

**Section 4.04 District Bonds and Tax.**

a. District will levy an ad valorem tax to pay debt service on the District's Bonds in accordance with the terms thereof and to pay operation and maintenance expenses of District, as appropriate, and will continue to do so pending full purpose annexation of District. Upon full purpose annexation of the District by City, City will assume the District's outstanding bonds. Any funds in the District's debt service account which have not been applied toward the District's bonds

will be transferred to City in full to be applied toward debt service of the District's bonds being assumed by City upon the full purpose annexation of the District.

With regard to these funds, District shall i) maintain separate accounts for its debt service fund and for its general fund reflecting the source of these funds; and ii) provide City with a copy of its annual audit as set forth below in Article V.

b. District agrees to report the annual debt service tax rate and operations and maintenance tax rate set by the District to the Caldwell County Tax Assessor/Collector, and to do and perform all acts required by law for the tax rates to be effective.

#### **Section 4.06 Powers and Functions Retained by the District.**

After Limited Purpose Annexation of the Limited Purpose Tracts under this Agreement, the District shall continue to be authorized to exercise all powers and functions of the District, and to provide the services authorized by those powers within its boundaries, pursuant to existing law or any amendments or additions thereto. The District's assets, liabilities, indebtedness and obligations will remain the responsibility of the District.

### **ARTICLE V** **DISTRICT AUDIT; TRANSFER TO CITY OF DISTRICT PROPERTY**

**Section 5.01 District Audit.** Once required by the provisions of Subchapter G, Chapter 49, Water Code, District shall conduct an annual audit each year, at its sole expense, to be performed by an independent certified public accountant. The District shall file a copy of each completed audit with City. District shall make its financial records available to City for inspection during normal business hours upon reasonable prior written notice.

#### **Section 5.02 Transfer of District Facilities to City.**

Upon full purpose annexation of District by City, District shall grant to City fee simple title or utility easements (to the extent City does not already hold an easement to such District Facilities) to all real property containing District Facilities then owned by District that are to be transferred to City on the date of conversion to full purpose jurisdiction of District. In addition, any Developers who have constructed District Facilities for the District pursuant to reimbursement agreements with District but for which the District has not yet acquired same shall convey such District Facilities to the City free and clear of any liens, claims or encumbrances. District shall provide for appropriate provisions in any such reimbursement agreements requiring the Developers to make the conveyances required by this Section. The conveyances shall be by appropriate instrument, acceptable in form and substance to the District and the City, and District and the Developers shall perform all acts necessary prior to the effective date of the conversion to accomplish the transfer of title or easement effective on the date of conversion. However, should the transfer of title to all such properties not be accomplished for any reason by the effective date of the full purpose annexation of the District, the District and such Developers shall proceed promptly to conclude the transfer following conversion, for a period not to exceed ninety (90) days, and District shall remain in effect for such purposes.

**ARTICLE VI**  
**CITY'S SALES TAX REVENUE**

**Section 6.01 City Sales Taxes.**

- a. **Imposition of Sales and Use Tax.** The City shall impose a sales and use tax within the Limited Purpose Tracts upon the limited purpose annexation of such tracts pursuant to Subsection (k) of the Act. The sales and use tax shall be imposed on all eligible commercial activities at the rate of 1.5%, or such other maximum rate allowed under Chapter 321 of the Tax Code or otherwise permitted under the laws of the State of Texas and imposed by the City within its City limits. Collection of the Sales and Use Tax Revenues shall take effect on the date described in Tax Code Section 321.102.
- b. **Payment of Sales and Use Tax to the District.** In return for the benefits received by the City pursuant to this Agreement, the City shall pay to the District an amount equal to forty percent (40%) of the Sales and Use Tax Revenues reported on the "Confidential Local Tax Information Report" for the Limited Purpose Tract provided by the Comptroller and received by the City from the Comptroller. The City shall deliver the District's portion of the Sales and Use Tax revenues to the District within thirty (30) days of the City's receipt of that Report from the Comptroller, by regular U.S. Mail or other method of delivery mutually acceptable to the Parties. Government Code Chapter 2251 shall govern and provide the penalty if the City fails to deliver the District's portion in a timely manner. For the purposes of determining the applicable overdue date under Chapter 2251, the City is deemed to have received an invoice from the District on the date the City receives the Sales and Use Tax Revenues from the Comptroller without further action from the District.
- c. **Amended and Supplemental Reports.** If and when the Comptroller adjusts its calculations of Sales and Use Tax Revenues generated within the boundaries of the Limited Purpose Tract or issues supplemental tax reports, then any revenues reflected in such adjusted calculations or supplemental reports will be divided and paid as provided above, and the District and the City agree to pay the other any sums necessary to correct any prior over or under distributions. The City and the District agree that, for purposes of Section 321.3022 of the Tax Code, this Agreement qualifies also as a revenue sharing agreement.

**Section 6.02 Sales Tax Information Disclosure.** Developer covenants and agrees to require landowners in the District at the time this Agreement is executed to include as a condition or covenant filed as a deed restriction, language which requires such landowners, their successors or assigns, to sign, or cause to be signed, any documentation necessary to authorize the Texas State Comptroller's Office (the "Comptroller") to release and disclose to the City any and all sales tax information relating to any businesses generating sales and use tax within the Limited Purpose Annexed Property.

**Section 6.03 Use of City Sales Tax Revenues.** City may use the Sales and Use Tax revenues for any lawful purpose. District may use the Sales and Use Tax revenues for any lawful purpose.

**ARTICLE VII**  
**MISCELLANEOUS PROVISIONS**

**Section 7.01 Duplicate Counterparts.**

This Agreement may be executed in duplicate counterparts and shall be effective when executed by both City and District.

**Section 7.02 Entire Agreement.**

a. This Agreement is not intended to waive or limit the applicability of laws, regulations and ordinances to District or City, nor does it waive the jurisdiction or sovereignty of any governmental body with respect to District or City.

b. As of this date there are no agreements, oral or written, between the Parties which are in conflict with this Agreement. Except as expressly provided by this Agreement, this Agreement, together with all of the attachments to this Agreement, constitutes the entire agreement between the Parties with respect to the terms and conditions governing the annexation of District. Except as expressly provided by this Agreement, no representations or agreements other than those specifically included in this Agreement shall be binding on either City or District.

**Section 7.03 Notice.**

a. It is contemplated that the Parties will contact each other concerning the subject matter of this Agreement. However, any Notice shall be given at the addresses below for each of the Parties.

b. Notice may be given by any of the following means i) delivering the Notice to the Party to be notified; ii) by depositing the Notice in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified; or iii) by sending the Notice by telefax or electronic mail with confirming copy sent by mail to the Party to be notified.

c. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the earlier of the date of actual receipt or three days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified.

d. For purposes of Notice, the addresses of the Parties shall, until changed as provided in this Section, be as follows:

**City of San Marcos**  
630 E. Hopkins  
San Marcos, Texas 78666

**Cotton Center Municipal Utility District No.1**  
c/o Trey Lary  
Allen Boone Humphries Robinson, LLP  
1108 Lavaca Street  
Suite 510  
Austin, Texas 78701

e. The Parties may change their addresses for Notice purposes by providing five days written notice of the changed address to the other Party.

f. If any date or period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating Notice is extended to the first business day following the Saturday, Sunday, or legal holiday.

#### **Section 7.04 Time.**

Time is of the essence in all matters pertaining to the performance of this Agreement.

#### **Section 7.05 Severability or Modification of Agreement as a Result of Modification of the State Code and Statutory Authority for the Agreement.**

a. If any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application of the word, phrase, clause, sentence, paragraph, section or other part of this Agreement to any person or circumstance is held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the Parties agree that they will amend or revise this Agreement to accomplish to the greatest degree practical the same purpose and objective of the part determined to be invalid or unconstitutional, including without limitation amendments or revisions to the terms and conditions of this Agreement pertaining to or affecting the rights and authority of the Parties in areas of the District annexed by the City pursuant to this Agreement, whether for limited or full purposes.

b. If any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement is modified in whole or in part as a result of amendments to the underlying state code and statutory authority for this Agreement, the Parties agree and understand that such modification may frustrate the purpose of this Agreement. The parties agree that they will attempt to amend or revise this Agreement to accomplish to the greatest degree practical (i) the same purpose and objective of the part of this Agreement affected by the modification of the underlying state code and statutory authority and (ii) the original intent and purpose of this Agreement.

**Section 7.06 Waiver.**

Any failure by a Party to the Agreement to insist upon strict performance by the other Party of any provision of this Agreement shall not be deemed a waiver of the provision or of any other provision of the Agreement. The Party has the right at any time to insist upon strict performance of any of the provisions of the Agreement.

**Section 7.07 Applicable Law and Venue.**

The construction and validity of the Agreement shall be governed by the laws of the State of Texas (without regard to conflict of laws principles). Venue shall be in Hays County, Texas.

**Section 7.08 Reservation of Rights.**

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges and immunities under applicable law.

**Section 7.09 Further Agreement and Documents.**

Both Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, exchange any other documents necessary to effectuate the terms of this Agreement. Both Parties also agree that they will do any further acts or things as the other Party may reasonably request to effectuate the terms of this Agreement.

**Section 7.10 Incorporation of Exhibits and Other Documents by Reference.**

All Exhibits and other Documents attached to or referred to in this Agreement are incorporated into this Agreement by reference for the purposes set forth in this Agreement.

**Section 7.11 Assignability, Successors, and Assigns.**

This Agreement shall not be assignable by the either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, successors and assigns.

Notwithstanding the foregoing, it is understood and agreed that if the District is divided into two or more districts as permitted by law, this Agreement shall inure to the benefit or, and be binding upon, each of the succeeding districts.

**Section 7.12 Amendment.**

This Agreement may only be amended in writing upon the approval of the governing bodies of the City and the District.

**ARTICLE VIII**  
**DEFAULT AND REMEDIES FOR DEFAULT**

**Section 8.01 Default.**

- a. Upon the occurrence, or alleged occurrence, of an event of default under or violation of this Agreement, the non-defaulting Party shall send the defaulting Party Notice of its default or violation or alleged default or violation. Except as otherwise specifically provided in this Agreement, the defaulting Party must cure its default or violation within (i) ten (10) days for a monetary default or (ii) thirty (30) days for a non-monetary default or such longer period as may be necessary to cure so long as such cure is being diligently pursued following receipt of the Notice of default or violation.
- b. If the default or violation is not cured within the period prescribed in subpart (a) above, the non-defaulting Party may sue for enforcement of this Agreement. However, prior to bringing any proceeding in a court of law or before a court of competent jurisdiction, the Parties may resolve the issue through mediation. If the Parties agree to seek mediation, they must participate in good faith. However, none of the Parties shall be obligated to pursue mediation that does not resolve the issue in dispute within seven days after the mediation is initiated or within fourteen days after the mediation is requested. The Parties shall share the costs of the mediation equally.
- c. If the Parties are unable to resolve their dispute through mediation, the non-defaulting Party shall have the right to enforce the terms and provisions of this Agreement by specific performance or by such other legal or equitable relief to which the non-defaulting Party may be entitled. Any remedy or relief described in this Agreement shall be cumulative of, and in addition to, any other remedies and relief available at law or in equity.
- d. If the defaulting Party fails to abide by these deadlines, the non-defaulting Party shall have all rights and remedies available in law and equity and all rights and remedies provided in this Agreement. The Parties acknowledge that the City's remedies shall include the right, in the City's sole discretion, to proceed with full purpose annexation of the District, or any portion thereof.
- e. All of these rights and remedies shall be cumulative.

**Section 8.02 Dissolution of the District.**

- a. If the District is dissolved without the prior written approval of the City, this Agreement shall automatically terminate and the City shall have the right to annex all of the territory within the District for full purposes in accordance with applicable laws.
- b. If the District is dissolved, the Board of Directors for the District shall continue to exist after the dissolution for the sole purpose of doing any and all acts or things necessary to transfer the assets, obligations, indebtedness, and liabilities to the City. Upon completion of the transfer of all assets, obligations, indebtedness, and liabilities to the City, the District shall cease to exist.

*FORM OF STRATEGIC PARTNERSHIP AGREEMENT  
EXHIBIT D TO CONSENT AGREEMENT*

**IN WITNESS WHEREOF**, this Agreement consisting of \_\_\_\_ pages and **Exhibits "A"-“D”** is executed in duplicate counterparts.

**CITY OF SAN MARCOS, TEXAS**

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

THE STATE OF TEXAS

COUNTY OF HAYS

This instrument was acknowledged before me on the \_\_ day of \_\_\_\_\_, 2013, by \_\_\_\_\_, Mayor of the City of San Marcos, Texas, for and on behalf of the City of San Marcos, Texas.

\_\_\_\_\_  
Notary Public in and for the State of Texas

My Commission Expires:\_\_\_\_\_



**COTTON CENTER MUNICIPAL UTILITY  
DISTRICT NO. 1**

\_\_\_\_\_  
President, Board of Directors

THE STATE OF TEXAS

COUNTY OF CALDWELL

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2013, by  
\_\_\_\_\_, President of the Board of Directors of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas

My Commission Expires: \_\_\_\_\_

**STRATEGIC PARTNERSHIP AGREEMENT BETWEEN  
THE CITY OF SAN MARCOS AND  
THE COTTON CENTER MUNICIPAL UTILITY DISTRICT No.1  
OF CALDWELL COUNTY, TEXAS**

**LIST OF EXHIBITS**

The following are the exhibits for this Agreement:

Exhibit "A"	District Boundaries – Legal Description
Exhibit "B"	Map of District

**EXHIBIT “A” TO STRATEGIC PARTNERSHIP AGREEMENT**

**DISTRICT BOUNDARIES – LEGAL DESCRIPTION**

2357.9 ACRES  
COTTON CENTER MUD # 1

FN. NO. 14-206 (MJR)  
JUNE 12, 2014  
BURY NO. RO10393210030

### DESCRIPTION

OF A 2357.9 ACRE TRACT OF LAND OUT OF THE WILLIAM PETTUS LEAGUE, ABSTRACT NO. 21, THE THOMAS MAXWELL LEAGUE, ABSTRACT NO. 188, AND THE THOMAS YATES LEAGUE, ABSTRACT NO. 313, SITUATED IN CALDWELL COUNTY, TEXAS, BEING ALL OF THOSE CERTAIN TRACTS OF LAND CONVEYED TO WALTON TEXAS, LP. BY THE FOLLOWING DEEDS OF RECORD IN THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS:

- A) 91.99 ACRES (PARCEL 1) AND 4.56 ACRES (PARCEL 2) OF RECORD IN VOLUME 643, PAGE 69;
- B) 87.92 ACRES OF RECORD IN DOCUMENT NO. 113576;
- C) 99.03 ACRES OF RECORD IN DOCUMENT NO. 122695;
- D) 358.07 ACRES PORTION OF 573.65 ACRES (TRACT 1) OF RECORD IN VOLUME 524, PAGE 599;
- E) 224.83 ACRES OF RECORD IN VOLUME 556, PAGE 729,
- F) 339.31 ACRES OF RECORD IN VOLUME 556, PAGE 246;
- G) 120.75 ACRES OF RECORD IN DOCUMENT NO. 123755;
- H) 69.19 ACRES OF RECORD IN DOCUMENT NO. 132453;
- I) 47.271 ACRES, 49.330 ACRES, AND 49.325 ACRES OF RECORD IN DOCUMENT NO. 126556;
- J) 70.540 ACRES OF RECORD IN DOCUMENT NO. 131493;
- K) 55.669 ACRES OF RECORD IN DOCUMENT NO. 131492;
- L) 239.035 ACRES OF RECORD IN DOCUMENT NO. 125890;
- M) 59.828 ACRES OF RECORD IN DOCUMENT NO. 126555;
- N) 252.85 ACRES OF RECORD IN DOCUMENT NO. 124324;
- O) 133.84 ACRES OF RECORD IN DOCUMENT NO. 132453;

SAID 2357.9 ACRES OF LAND ALSO INCLUDES ALL THE AREA WITHIN THE EXISTING RIGHTS-OF-WAY OF CALDWELL COUNTY ROAD NO. 238 (VALLEY WAY DRIVE) AND FARM TO MARKET ROAD 1984 AS USED ON-THE-GROUND WHICH ARE CONTAINED WITHIN THE FOLLOWING METES AND BOUNDS DESCRIPTION; **SAVE AND EXCEPT THEREFROM** THAT CERTAIN 1.790 ACRE TRACT OF LAND CONVEYED TO BARBARA KINKADE BY DEED OF RECORD IN VOLUME 206, PAGE 238 AND THAT CERTAIN 15.354 ACRE REMAINDER OF A 129 ACRE (FIRST TRACT) AND 120 ACRE (SECOND TRACT) OF LAND CONVEYED TO ROBERT W. SHANNON, KAREN S. MORELAND, DONNA S. ANDREW AND PAUL B. SHANNON BY DEEDS OF RECORD IN VOLUME 255, PAGE 169, VOLUME 256, PAGE 261, VOLUME 335, PAGE 768, AND VOLUME 371, PAGE 837, ALL OF SAID OFFICIAL PUBLIC RECORDS; SAID 2357.9 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED IN TWO (2) PARTS BY METES AND BOUNDS AS FOLLOWS:

#### PART 1 - 1206.6 ACRES

**BEGINNING**, at a 5/8 in iron rod at the intersection of the southerly right-of-way line of the Union Pacific Railroad and the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies), being the northeasterly corner of said 91.99 acre tract, for the northeasterly corner hereof;

**THENCE**, S41°17'23"E, leaving the southerly right-of-way line of the Union Pacific Railroad, along the southwesterly right-of-way line of Valley Way Drive, being the northeasterly line of said 91.99 acre tract, for the northeasterly line hereof, a distance of 2788.12 feet to a 5/8 inch iron rod in the northwesterly line of a 130.59 acre tract of land, conveyed to David Matthew Best by Deed of record in Volume 269, Page 127 of said Official Public Records, being the easterly corner of said 91.99 acre tract and hereof;

**THENCE**, S48°21'22"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the northwesterly line of said 130.59 acre tract, being the southeasterly line of said 91.99 acre tract, for a portion of the southeasterly line hereof, a distance of 1361.88 feet to the southerly corner of said 91.99 acre tract and the northerly corner of said 4.56 acre tract, for an angle point hereof;

**THENCE**, leaving the southerly corner of said 91.99 acre tract, along the northeasterly and southeasterly lines of said 4.56 acre tract, for a portion of the southeasterly line hereof, the following two (2) courses and distances:

- 1) S41°07'40"E, a distance of 322.45 feet to a 5/8 inch iron rod for the easterly corner of said 4.56 acre tract, and an angle point hereof;
- 2) S48°22'55"W, a distance of 616.59 feet to the southerly corner of said 4.56 acre tract, being a northwesterly corner of said 130.59 acre tract, in the northeasterly line of an eight (8) yard by one-hundred ten (110) yard Strip of land reserved to O.M. Hoffman by Deed of record in Volume 229, Page 244 of said Official Public Records, said Strip also being described as part of Tract II, in a Deed to Hoffman Family Trust 1994, of record in Volume 127, Page 436 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the northeasterly, northwesterly, and southwesterly lines of said Strip, being a portion of the southwesterly line of said 4.56 acre tract, and a portion of the southeasterly line of said 87.92 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) N41°10'09"W, a distance of 11.86 feet to the northerly corner of said Strip, for an angle point hereof;
- 2) S48°19'26"W, a distance of 23.99 feet to the westerly corner of said Strip, for an angle point hereof;

- 3) S41°19'42"E, a distance of 329.93 feet to an iron rod with "UDG" cap in the northwesterly line of a 111.482 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 504, Page 634 of said Official Public Records, being the southerly corner of said Strip and the most southeasterly corner of said 87.92 acre tract, for an angle point hereof;

**THENCE**, S48°20'39"W, leaving the southwesterly line of said Strip, along a portion of the southeasterly line of said 87.92 acre tract, and the southeasterly line of said 99.03 acre tract, being a portion of the northwesterly line of said 111.482 acre tract and a portion of the northwesterly line of a 9.41 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 511, Page 13 of said Official Public Records, for a portion of the southeasterly line hereof, a distance of 3046.71 feet to the southerly corner of said 99.03 acre tract being in the northeasterly line of said 573.65 acre tract, and the northwesterly corner of said 9.41 acre tract, for an angle point hereof;

**THENCE**, leaving the southeasterly line of said 99.03 acre tract, along a portion of the northwesterly and southwesterly lines of said 9.41 acre tract, and a portion of the northeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) S41°34'50"E, a distance of 19.14 feet to an angle point hereof;
- 2) S48°56'20"W, a distance of 161.89 feet to an iron rod with "carter & burgess" cap for an angle point hereof;
- 3) S41°36'05"E, a distance of 1522.35 feet to the southerly corner of said 9.41 acre tract in the northwesterly right-of-way line of State Highway 142 (R.O.W. varies), for the easterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, leaving the southwesterly line of said 9.41 acre tract, along the northwesterly right-of-way line of State Highway 142, along a portion of the southeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following six (6) courses and distances:

- 1) S48°50'36"W, a distance of 1342.09 feet to the point of curvature of a non-tangent curve to the left;
- 2) Along said curve, having a radius of 11535.16 feet, a central angle of 02°03'00", an arc length of 412.72 feet and a chord which bears, S47°48'06'W, a distance of 412.70 feet to the end of said curve;

- 3) S46°50'18"W, a distance of 148.55 feet to the point of curvature of a non-tangent curve to the right;
- 4) Along said curve, having a radius of 11393.65 feet, a central angle of 02°03'02", an arc length of 407.78 feet and a chord which bears, S47°48'07"W, a distance of 407.76 feet to the end of said curve;
- 5) S48°51'00"W, a distance of 1315.11 feet to the point of curvature of a non-tangent curve to the right;
- 6) Along said curve, having a radius of 11,389.16 feet, a central angle of 00°37'29", an arc length of 124.18 feet and a chord which bears, S49°09'26"W, a distance of 124.18 feet to the point of curvature of a non-tangent curve to the left, for the most southerly corner hereof;

**THENCE**, leaving said northwesterly right-of-way line of State Highway 142, over and across said 573.65 acre tract, for a portion of the southwesterly line hereof, along the approximate Martindale City Limit Line, the following four (4) courses and distances:

- 1) Along said curve, having a radius of 2746.11 feet, a central angle of 26°52'25", an arc length of 1288.01 feet and a chord which bears, N53°46'19"W, a distance of 1276.24 feet to the end of said curve;
- 2) N69°22'30"W, a distance of 631.48 feet to an angle point hereof;
- 3) S69°38'20"W, a distance of 374.12 feet to an angle point hereof;
- 4) N65°05'35"W, a distance of 871.31 feet to a point in the southeasterly line of a 137 acre tract of land conveyed to John Mac Mauldin by Deed of record in Volume 359, Page 673 of said Official Public Records, and the northwesterly line of said 573.65 acre tract, for an angle point hereof;

**THENCE**, along a portion of the southeasterly line and the northeasterly line of said 137 acre tract, and the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N49°05'19"E, a distance of 1820.68 feet to an iron pipe for the easterly corner of said 137 acre tract, the westerly corner of said 573.65 acre tract, and an angle point hereof;

- 2) N40°56'06"W, a distance of 1177.53 feet to a point in the southeasterly line of a 167.96 acre tract of land conveyed to Conrads Herbert Inc. by Deed of record in Volume 346, Page 76 of said Official Public Records, being the northerly corner of said 137 acre tract, the northwesterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, N48°54'41"E, leaving the northeasterly line of said 137 acre tract, along a portion of the common southeasterly line of said 167.96 acre tract and a portion of the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, a distance of 42.46 feet to the most easterly corner of said 167.96 acre tract, and the southerly corner of said 224.83 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 573.65 acre tract, along the common line of said 167.96 acre tract and said 224.83 acre tract, for a portion of the southwesterly line hereof, the following eight (8) courses and distances:

- 1) N12°19'50"W, a distance of 294.36 feet to an angle point;
- 2) N00°34'24"E, a distance of 227.61 feet to an angle point;
- 3) N36°30'21"W, a distance of 285.03 feet to an angle point;
- 4) N56°28'57"W, a distance of 234.92 feet to an angle point;
- 5) N50°20'48"W, a distance of 99.62 feet to an angle point;
- 6) N27°15'48"W, a distance of 102.46 feet to an angle point;
- 7) N22°50'14"W, a distance of 255.49 feet to the westerly corner of said 224.83 acre tract, for an angle point hereof;
- 8) N43°45'31"E, a distance of 190.62 feet to the southerly corner of said 339.31 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 224.83 acre tract, along the common line of said 167.96 acre tract and said 339.31 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N39°23'33"W, a distance of 241.44 feet to an angle point;
- 2) N26°29'00"W, a distance of 668.42 feet to the easterly corner of a 213.451 acre tract of land conveyed to Curby Ohnheiser by Deed of record in Volume 178, Page 184 of said Official Public Records, for an angle point hereof;



**THENCE**, along a portion of the common northeasterly line of said 213.451 acre tract and the southwesterly line of said 339.31 acre tract, for a portion of the southwesterly line hereof, the following three (3) courses and distances:

- 1) N16°07'11"W, a distance of 819.56 feet to an angle point;
- 2) N13°49'18"W, a distance of 655.20 feet to an angle point;
- 3) N09°25'58"W, a distance of 163.84 feet to the southerly corner of a 49.82 acre tract of land conveyed to David J. Huffman by Deed of record in Volume 527, Page 292 of said Official Public Records, for the most westerly corner of said 339.31 acre tract and hereof;

**THENCE**, along the southeasterly and northeasterly lines of said 49.82 acre tract and the northwesterly line of said 339.31 acre tract, for the northwesterly line hereof, the following four (4) courses and distances:

- 1) N48°42'42"E, a distance of 1780.59 feet to a pk nail in a fence post;
- 2) N41°04'53"W, a distance of 664.10 feet to a pk nail in a fence post;
- 3) N48°44'06"E, a distance of 1261.08 feet to the most easterly corner of said 49.82 acre tract;
- 4) N42°14'20"W, a distance of 275.49 feet to the northeasterly corner of said 49.82 acre tract and northwesterly corner of said 339.31 acre tract, in the southerly right-of-way line of the Union Pacific Railroad, for the northwesterly corner hereof;

**THENCE**, leaving the northeasterly line of said 49.82 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, and a portion of the northerly line and northeasterly line of said 339.31 acre tract, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 1) S87°55'54"E, a distance of 3775.29 feet to an iron rod for the northeasterly corner of said 339.31 acre tract, and an angle point hereof;
- 2) S41°18'02"E, a distance of 62.32 feet to an iron rod for the northwesterly corner of said 91.99 acre tract, and an angle point hereof;

**THENCE**, leaving the northeasterly line of said 339.31 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, the southerly right-of-way line of said Valley Way Drive, and the northerly line of said 91.99 acre tract, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S88°18'23"E, a distance of 870.54 feet to an iron rod for an angle point hereof;
- 2) N82°39'41"E, a distance of 454.88 feet to an angle point hereof;
- 3) N81°46'58"E, a distance of 126.52 feet to the **POINT OF BEGINNING**, and containing an area of 1206.6 acres of land, more or less, within these metes and bounds.

**PART 2 - 1151.3 ACRES**

**BEGINNING**, at an iron rod with "UDG" cap found in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies) for the northerly corner of a 1.82 acre tract of land conveyed to Jethery Bohannon Et. Ux. By deed of record in Volume 240, Page 435 of said Official Public Records, the southeasterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, S49°38'37"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the common line of said 1.82 acre tract and said 133.84 acre tract, a distance of 409.77 feet to a point in the northerly right-of-way line of the Union Pacific Railroad (100' R.O.W.);

**THENCE**, N87°55'45"W, along the northerly right-of-way of said Railroad, a distance of 1952.56 feet to a point for the southwesterly corner of said 133.84 acre tract and the southeasterly corner of a 22.1 acre tract of land conveyed to Abel Garza Et. Ux. By deed of record in Volume 96, Page 683 of said Official Public Records;

**THENCE**, leaving the northerly right-of-way of said Railroad, along the common line of said 133.84 acre tract and said 22.1 acre tract, the following two (2) courses and distances:

- 1) N01°23'47"E, a distance of 217.61 feet to and iron rod for an angle point hereof;
- 2) N41°22'34"W, a distance of 2440.88 feet to a fence corner post in the southeasterly right-of-way line of F.M. 1984 (80' R.O.W.) for the northerly corner of said 22.1 acre tract, the easterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, N41°36'44"W, leaving the northerly corner of said 22.1 acre tract, over and across F.M. 1984, a distance of 80.09 feet to a point in the northwesterly right-of-way line of F.M. 1984, and the southeasterly line of said 252.85 acre tract, for an angle point hereof;

**THENCE**, S48°23'16"W, a distance of 1345.17 feet to an iron rod with "LENZ" cap in the southeasterly line of said 252.85 acre tract and the easterly corner of a 40.0 acre tract of land conveyed to Myrna Lopez by deed of record in Document No. 122023 of said Official Public Records, for an angle point hereof;

**THENCE**, leaving the northerly right-of-way line of F.M. 1984, along the common line of said 252.85 acre tract and said 40.0 acre tract, the following sixteen (16) courses and distances:

- 1) N34°21'01"W, a distance of 110.36 feet to an iron rod with "LENZ" cap;
- 2) N19°39'31"W, a distance of 293.22 feet to an iron rod with "LENZ" cap;
- 3) N03°15'11"W, a distance of 82.66 feet to an angle point;
- 4) N36°52'22"E, a distance of 33.25 feet to an angle point;
- 5) N03°46'05"W, a distance of 515.85 feet to an angle point;
- 6) N09°53'30"W, a distance of 29.53 feet to an angle point;
- 7) N42°29'18"E, a distance of 23.22 feet to an angle point;
- 8) N09°28'01"E, a distance of 66.25 feet to an angle point;
- 9) N07°00'01"W, a distance of 164.91 feet to an angle point;
- 10) N13°52'24"W, a distance of 144.68 feet to an angle point;
- 11) N21°57'50"W, a distance of 90.39 feet to an angle point;
- 12) N10°37'25"W, a distance of 153.12 feet to an angle point;
- 13) N23°21'47"W, a distance of 161.89 feet to an iron rod with "LENZ" cap;
- 14) N41°34'57"W, a distance of 172.18 feet to an iron rod with "LENZ" cap for the northerly corner of said 40.0 acre tract;
- 15) S48°21'01"W, a distance of 1431.20 feet to an iron rod with "LENZ" cap for the westerly corner of said 40.0 acre tract;

- 16) S41°38'18"E, a distance of 1735.64 feet to an iron rod with "LENZ" cap for the southerly corner of said 40.0 acre tract, in the northwesterly right-of-way line of F.M. 1984 for an angle point of said 252.85 acre tract and hereof;

**THENCE**, S48°21'42"W, leaving the southerly corner of said 40.0 acre tract, along the northwesterly right-of-way line of F.M. 1984, a distance of 592.58 feet to the southerly corner of said 252.85 acre tract, in the northeasterly line of Fehlis Revised Addition to Reedville, of record in Volume 27, Page 368, of the Deed Records of said County, for an angle point;

**THENCE**, N41°22'43"W, leaving the northwesterly right-of-way line of F.M. 1984, along the southwesterly line of said 252.85 acre tract, a portion of the northeasterly line of said Fehlis Revised Addition, and a portion of the northeasterly line of a 56.52 acre tract of land conveyed to Southern Pecan Plantation Mobile Home Park, Inc., by deed of record in Volume 79, Page 369, of said Official Public Records, a distance of 3152.26 feet to an aluminum disk in concrete for the northerly corner of said 56.52 acre tract, the westerly corner of said 252.85 acre tract and hereof;

**THENCE**, N48°46'59"E, along the northwesterly line of said 252.85 acre tract, a distance of 4120.83 feet to point in the southwesterly right-of-way line of William Pettus Road (R.O.W. varies) for the northerly corner of said 252.85 acre tract;

**THENCE**, S40°53'44"E, along the southwesterly right-of-way line of William Pettus Road and northeasterly line of said 252.85 acre tract, a distance of 2659.70 feet to the point of curvature of a non-tangent curve to the left at the intersection of the southwesterly right-of-way line of William Pettus Road and the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the southwesterly right-of-way line of William Pettus Road, along the curving northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 252.85 acre tract, the following three (3) courses and distances:

- 1) Along said curve to the left having a radius of 756.20 feet, a central angle of 22°14'32", an arc length of 293.56 feet, and a chord which bears, S09°41'28"W, a distance of 291.72 feet to the end of said curve;
- 2) S01°25'48"E, a distance of 53.10 feet to the point of curvature of a non-tangent curve to the right;
- 3) Along said non-tangent curve to the right having a radius of 676.20 feet, a central angle of 49°28'14", an arc length of 583.85 feet, and a chord which bears, S23°18'19"W, a distance of 565.88 feet to a TxDOT concrete monument at the end of said curve;

**THENCE**, S41°36'44"E, leaving the southeasterly line of said 252.85 acre tract and northwesterly right-of-way line of F.M. 1984, over and across F.M. 1984, a distance of 79.92 feet to an angle point in the southeasterly right-of-way line of F.M. 1984, and the northwesterly line of said 133.84 acre tract;

**THENCE**, N48°22'36"E, along the northwesterly line of said 133.84 acre tract, being a portion of the southeasterly right-of-way line of F.M. 1984 and a portion of the southeasterly right-of-way line of Valley Way Drive (50' R.O.W.), a distance of 765.39 feet to northerly corner of said 133.84 acre tract in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies);

**THENCE**, N48°53'36"E, leaving the northerly corner of said 133.84 acre tract, over and across said Valley Way Drive, a distance of 51.66 feet to an angle point in the northeasterly right-of-way line of Valley Way Drive and the southwesterly line of said 69.19 acre tract;

**THENCE**, N41°06'24"W, along the northeasterly right-of-way line of Valley Way Drive, a distance of 477.14 feet to an angle point at the intersection of the northeasterly right-of-way line of Valley Way Drive and the southeasterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northeasterly right-of-way line of Valley Way Drive, along a portion of southeasterly right-of-way line of F.M. 1984 and northwesterly line of said 69.19 acre tract, the following two (2) courses and distances:

- 1) Along a non-tangent curve to the right having a radius of 676.09 feet, a central angle of 26°42'34", an arc length of 315.17 feet, and a chord which bears, N35°06'01"E, a distance of 312.33 feet to the end of said curve;
- 2) N48°30'35"E, a distance of 2278.26 feet to an angle point hereof;

**THENCE**, N41°29'25"W, leaving the northwesterly line of said 69.19 acre tract, over and across F.M. 1984, a distance of 80.30 feet to the southerly corner of said 120.75 acre tract in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northwesterly right-of-way line of F.M. 1984, along the irregular southwesterly line of said 120.75 acre tract, the following seven (7) courses and distances:

- 1) N41°29'56"W, a distance of 1298.87 feet to an angle point of said 120.75 acre tract and hereof;

- 2) S48°31'19"W, a distance of 1130.21 feet to an iron rod found for angle point of said 120.75 acre tract and the northerly corner of a 13.02 acre tract of land conveyed to Kristin Kocurek by deed of record in Volume 515, Page 161 of said Official Public Records;
- 3) N41°26'45"W, a distance of 376.48 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 4) N41°04'25"W, a distance of 250.72 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 5) N41°11'04"W, a distance of 250.71 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 6) N41°09'44"W, a distance of 386.22 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 7) N40°53'52"W, a distance of 222.60 feet to a fence post found in the southeasterly line of a 10 acre tract of land conveyed to Tanya Moran by deed of record in Volume 287, Page 564 of said Official Public Records, for the northerly corner of a 1.001 acre tract of land conveyed to Vincent J. Bustos by deed of record in Volume 574, Page 1 of said Official Public Records, and the westerly corner of said 120.75 acre tract;

**THENCE**, N48°47'31"E, along the northwesterly line of said 120.75 acre tract, a distance of 2437.59 feet to an iron rod for the easterly corner of a 90.014 acre tract of land conveyed to Kenneth R. Kent by deed of record in Volume 428, Page 79 of the Deed Records of said County, the northerly corner of said 120.75 acre tract, and in the southwesterly line of Lot 9, Block B, Koeglar Hills, a subdivision of record in Cabinet A, Slide 50 of the Plat Records of said County;

**THENCE**, S42°00'07"E, along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 895.37 feet to an iron rod for an angle point of said 120.75 acre tract and hereof;

**THENCE**, S41°15'14"E, continuing along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 1663.51 feet to the easterly corner of said 120.75 acre tract, in the southwesterly line of Lot 3C of the Replat of Lots 3 and 4, Block B Koeglar Hills Subdivision, of record in Cabinet B, Slide 19 of the Plat Records of said County and the northerly corner of an old cemetery (no recording information found);

**THENCE**, leaving said Lot 3C, along the common line of said 120.75 acre tract and said old cemetery, the following four (4) courses and distances:

- 1) S48°44'49"W, a distance of 59.99 feet to an angle point;
- 2) S41°15'11"E, a distance of 29.00 feet to an angle point;
- 3) S48°44'49"W, a distance of 355.50 feet to an angle point;
- 4) S41°15'11"E, a distance of 189.19 feet to the southerly corner of said old cemetery for an angle point of said 120.75 acre tract and hereof in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, S48°36'20"W, along the northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 120.75 acre tract, a distance of 592.28 feet to an angle point;

**THENCE**, S41°23'40"E, leaving the southeasterly line of said 120.75 acre tract, over and across F.M. 1984, a distance of 79.79 feet to an iron rod for the northerly corner of said 69.19 acre tract and the westerly corner of a 3.67 acre tract of land conveyed to Arthur D. Ehrlich and Mary L Ehrlich by deed of record in Volume 179, Page 507 of said Official Public Records;

**THENCE**, leaving the southeasterly right-of-way line of F.M. 1984, along the common line of said 69.19 acre tract and said 3.67 acre tract, the following two (2) courses and distances:

- 1) S41°22'11"E, a distance of 399.75 feet to steel fence corner post;
- 2) N48°31'55"E, a distance of 397.74 feet to an iron rod for the easterly corner of said 3.67 acre tract;

**THENCE**, S41°27'50"E, along the northeasterly line of said 69.19 acre tract, a distance of 568.68 feet to a steel fence post in the southwesterly line of Lot 6, Block 1 of Castle Hill Subdivision Phase I, a subdivision of record in Book A, Page 181 of the Plat Records of said County;

**THENCE**, leaving the southeasterly line of said Castle Hill Subdivision, along the southeasterly line of said 69.19 acre tract, the following eight (8) courses and distances:

- 1) S48°41'00"W, a distance of 786.26 feet to an angle point;
- 2) S47°55'14"W, a distance of 85.90 feet to an angle point;
- 3) S49°18'20"W, a distance of 589.25 feet to an angle point;
- 4) S48°01'10"W, a distance of 232.56 feet to a fence post;
- 5) S47°58'05"W, a distance of 345.92 feet to an angle point;

- 6) S47°46'45"W, a distance of 446.89 feet to an angle point;
- 7) S48°19'28"W, a distance of 438.49 feet to an angle point;
- 8) S48°07'05"W, a distance of 367.04 feet to fence corner post for the southerly corner of said 69.19 acre tract in the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, S48°38'56"W, leaving the southerly corner of said 69.19 acre tract, over and across Valley View Drive, a distance of 49.85 feet to a point in the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive;

**THENCE**, along the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive, the following two (2) courses and distances;

- 1) S41°21'04"E, a distance of 1129.59 feet to a fence post;
- 2) S41°40'38"E, a distance of 1273.02 feet to an angle point;

**THENCE**, N48°19'22"E, leaving the northeasterly line of said 133.84 acre tract, over and across Valley View Drive, a distance of 61.02 feet to the easterly corner of said 239.035 acre tract in the northeasterly right-of-way line of Valley View Drive;

**THENCE**, along a portion of the northwesterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) N48°15'16"E, a distance of 2761.12 feet to an angle point;
- 2) S41°47'43"E, a distance of 274.43 feet to a fence corner post;
- 3) N48°40'03"E, a distance of 976.49 feet to an iron rod for the southerly corner of said 70.540 acre tract;

**THENCE**, N40°19'04"W, leaving the northwesterly line of said 239.035 acre tract, along the southwesterly line of said 70.540 acre tract, a distance of 904.98 feet to an iron rod with "RL Surveying" cap for the easterly corner of said 70.540 acre tract, in the southeasterly line of said 49.325 acre tract;

**THENCE**, S49°05'23"W, leaving the southwesterly line of said 70.540 acre tract, along the southeasterly line of said 49.325 acre tract, a distance of 500.65 feet to an iron rod with "UDG 2433" cap for the southerly corner of said 49.325 acre tract;

**THENCE**, along the southwesterly line of said 49.325 acre tract, the following two (2) courses and distances:



- 1) N40°38'48"W, a distance of 400.80 feet to an iron rod with "UDG 2433" cap;
- 2) N40°43'42"W, a distance of 1287.69 feet to an iron rod for the southerly corner of Lot 6 of said Castle Hill Subdivision;

**THENCE**, N48°32'31"E, along the northwesterly lines of said 49.325 acre tract, said 49.330 acre tract, and said 47.271 acre tract, a distance of 3425.74 feet to an iron rod for the northwesterly corner of said 47.271 acre tract;

**THENCE**, along a portion of the northerly line of said 47.271 acre tract, the following three (3) courses and distances:

- 1) S41°01'56"E, a distance of 227.58 feet to an iron rod;
- 2) S85°53'10"E, a distance of 183.60 feet to an angle point;
- 3) N43°11'02"E, a distance of 271.56 feet to the northeasterly corner of said 47.271 acre tract in the southwesterly right-of-way line of F.M. 1966 (80' R.O.W.);

**THENCE**, S40°51'42"E, along the southwesterly right-of-way line of F.M. 1966, a distance of 1367.14 feet to the easterly corner of said 47.271 acre tract and northerly corner of a 1.0 acre tract of land conveyed to John M. Salazar Et. Ux. By deed of record in Volume 424, Page 100 of the Deed Records of said County;

**THENCE**, S48°43'20"W, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the southeasterly line of said 47.271 acre tract, a distance of 348.84 feet to an iron rod for the northwesterly corner of said 70.540 acre tract and the westerly corner of a 1.041 acre tract conveyed to Kelly J. Cansler Et. Ux. By deed of record in Volume 64, Page 782 of said Official Public Records;

**THENCE**, along the southerly lines of said 1.041 acre tract and the northerly lines of said 70.540 acre tract, the following two (2) courses and distances:

- 1) S41°01'59"E, a distance of 256.81 feet to an iron rod;
- 2) N47°37'30"E, a distance of 350.89 feet to an iron rod for the easterly corner of said 1.041 acre tract and the northeasterly corner of said 70.540 acre tract in the southwesterly right-of-way line of F.M. 1966;

**THENCE**, S41°14'17"E, along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 742.57 feet to an iron rod for the easterly corner of said 70.540 acre tract and the northerly corner of said 55.669 acre tract;

**THENCE**, S41°23'23"E, continuing along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 644.74 feet to the easterly corner of said 55.669 acre tract and the northerly corner of the remaining 2.437 acre tract of land conveyed to Barbara Kinkade and Life Estate reserved by Margaret Ann Wackerhagen by deed of record in Volume 507, Page 721 of said Official Public Records;

**THENCE**, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the irregular easterly line of said 55.669 acre tract and the westerly line of said 2.437 acre tract, the following seven (7) courses and distances:

- 1) S54°55'11"W, a distance of 457.51 feet to an angle point;
- 2) S39°04'07"E, a distance of 26.01 feet to an angle point;
- 3) S21°40'50"E, a distance of 95.81 feet to an angle point;
- 4) S80°14'00"W, a distance of 44.90 feet to an angle point;
- 5) S15°41'02"E, a distance of 84.10 feet to an angle point;
- 6) S27°21'59"E, a distance of 112.74 feet to a 1/2 inch iron rod;
- 7) S28°12'49"E, a distance of 210.26 feet to an 1/2 inch iron rod for the southerly corner of a 3.569 acre tract of land described in a deed to Barbara K. Warrens of record in Volume 232, Page 423 of said Official Public records;

**THENCE**, S48°42'23"W, along the southeasterly line of said 55.669 acre tract, a distance of 1852.73 feet to an iron rod in the northeasterly line of said 239.035 acre tract;

**THENCE**, along a portion of the northeasterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) S41°02'56"E, a distance of 387.22 feet to an iron rod;
- 2) S41°06'40"E, a distance of 312.60 feet to an iron rod;
- 3) S40°42'48"E, a distance of 542.32 feet to a fence corner post for the easterly corner of said 239.035 acre tract and an angle point in the westerly line of said 59.828 acre tract;

**THENCE**, leaving the easterly corner of said 239.035 acre tract, along a portion of the westerly and northerly lines of said 59.828 acre tract, the following three (3) courses and distances:

- 1) S41°34'25"E, a distance of 151.16 feet to an iron rod;
- 2) N48°34'31"E, a distance of 610.04 feet to an iron rod for the northerly corner of said 59.828 acre tract;
- 3) S41°33'19"E, a distance of 1565.45 feet to the easterly corner of said 59.828 acre tract, in the curving northerly right-of-way line of the Union Pacific Railroad;

**THENCE**, along the easterly line of said 59.828 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following three (3) courses and distances:

- 1) Along a non-tangent curve to the left having a radius of 2786.27 feet, a central angle of 17°52'26", an arc length of 869.20 feet, and a chord which bears, S86°07'28"W, a distance of 865.68 feet to the end of said curve;
- 2) Along a non-tangent curve to the left having a radius of 3832.81 feet, a central angle of 06°04'35", an arc length of 406.47 feet, and a chord which bears, S73°32'28"W, a distance of 406.28 feet to the end of said curve;
- 3) S69°58'41"W, a distance of 2776.15 feet to an iron rod for the southerly corner of said 59.828 acre tract and an angle point in the easterly line of said 239.035 acre tract;

**THENCE**, along the easterly line of said 239.035 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following four (4) courses and distances:

- 1) S69°58'41"W, a distance of 92.94 feet to an angle point;
- 2) Along a non-tangent curve to the right having a radius of 3336.89 feet, a central angle of 06°13'09", an arc length of 362.21 feet, and a chord which bears, S72°55'53"W, a distance of 362.03 feet to the end of said curve;
- 3) Along a non-tangent curve to the right having a radius of 2825.30 feet, a central angle of 14°00'59", an arc length of 691.16 feet, and a chord which bears, S83°18'28"W, a distance of 689.44 feet to the end of said curve;
- 4) Along a non-tangent curve to the right having a radius of 55687.93 feet, a central angle of 00°48'17", an arc length of 782.17 feet, and a chord which bears, N88°10'00"W, a distance of 782.15 feet to the end of said curve at the intersection of the northerly right-of-way line of the Union Pacific Railroad and the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, N41°20'20"W, leaving the northerly right-of-way line of the Union Pacific Railroad, along the northeasterly right-of-way line of Valley Way Drive and southerly line of said 239.035 acre tract, a distance of 429.48 feet to an angle point;

**THENCE**, S48°39'40"W, leaving southerly line of said 239.035 acre tract, over and across Valley Way Drive a distance of 51.67 feet to the **POINT OF BEGINNING**, containing an area of 1168.438 acres (50,897,146 square feet) of land, more or less; within these metes and bounds, **SAVE AND EXCEPT THEREFROM** the aforementioned 15.354 acre tract of land described as follows:

**COMMENCING**, at a 1/2 inch iron rod found in northerly right-of-way line of the Union Pacific Railroad for the southerly corner of said 59.828 acre tract and being in the easterly line of said 239.035 acre tract;

**THENCE**, N45°14'35"W, leaving the northerly right-of-way line of the Union Pacific Railroad and the southerly corner of said 59.828 acre tract, over and across said 239.035 acre tract, a distance of 944.36 feet to the **POINT OF BEGINNING**, being the southerly corner of said 15.354 acre tract and hereof;

**THENCE**, along the common lines of said 239.035 acre tract, said 15.354 acre tract and hereof, the following four (4) courses and distances:

- 1) N41°44'44"W, a distance of 760.00 feet to a point for the westerly corner of said 15.354 acre tract and hereof;
- 2) N48°15'16"E, a distance of 880.00 feet to a point for the northerly corner of said 15.354 acre tract and hereof;
- 3) S41°44'44"E, a distance of 760.00 feet to a point for the easterly corner of said 15.354 acre tract and hereof;
- 4) N48°15'16"E, a distance of 880.00 feet to the **POINT OF BEGINNING**, containing an area of 15.354 acres (668,800 square feet) of land, more or less, within these metes and bounds and **FURTHER SAVE AND EXCEPT THEREFROM** the aforementioned the 1.790 acre tract of land described as follows;

**COMMENCING**, at a fence corner post for the northerly corner of said 239.035 acre tract, being an angle point in the easterly line of said 70.540 acre tract;


**THENCE**, N31°58'37"W, leaving the northerly corner of said 239.035 acre tract, over and across said 70.540 acre tract, a distance of 176.88 feet to a fence corner post for the **POINT OF BEGINNING**, being the easterly corner of said 1.790 acre tract and hereof;

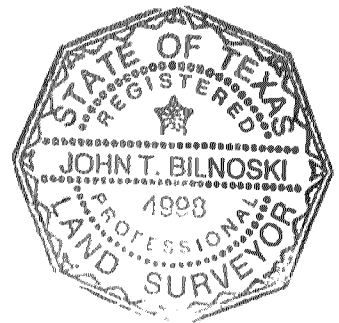
**THENCE**, along the common lines of said 70.540 acre tract, said 1.790 acre tract and hereof, the following four (4) courses and distances:

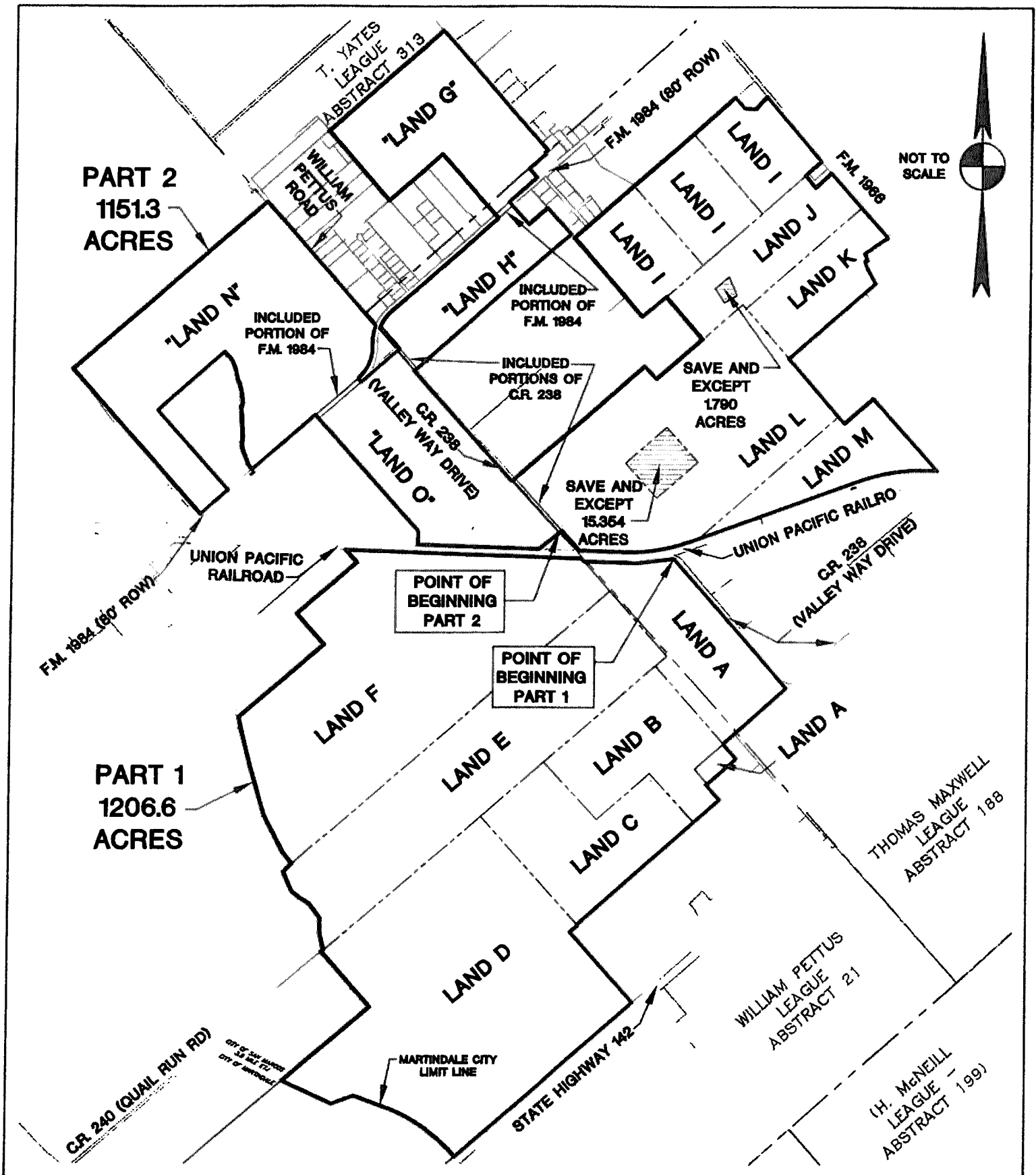
- 1) S60°20'34"W, a distance of 237.04 to a fence corner post for the southerly corner of said 1.790 acre tract and hereof;
- 2) N32°55'40"W, a distance of 267.87 feet to a 1/2 inch iron rod for the westerly corner of said 1.790 acre tract and hereof;
- 3) N49°02'47"E, a distance of 297.06 feet to a 1/2 inch iron rod for the northerly corner of said 1.790 acre tract and hereof;
- 4) S22°49'48"E, a distance of 327.95 feet to the **POINT OF BEGINNING**, containing an area of 1.790 acres (77,991 square feet) of land, more or less, within these metes and bounds, leaving a **TOTAL NET AREA** of 1151.3 acres of land, more or less, within these metes and bounds.

THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

BURY-AUS, INC.  
221 WEST SIXTH STREET  
SUITE 600  
AUSTIN, TEXAS 78701

  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # F-10107500





# BURY

221 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F-1048 TBPLS # F 10107500  
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**EXHIBIT OF COTTON CENTER  
MUNICIPAL UTILITY DISTRICT #1  
SITUATED IN CALDWELL COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 1 OF 2**

DATE: 06/12/14

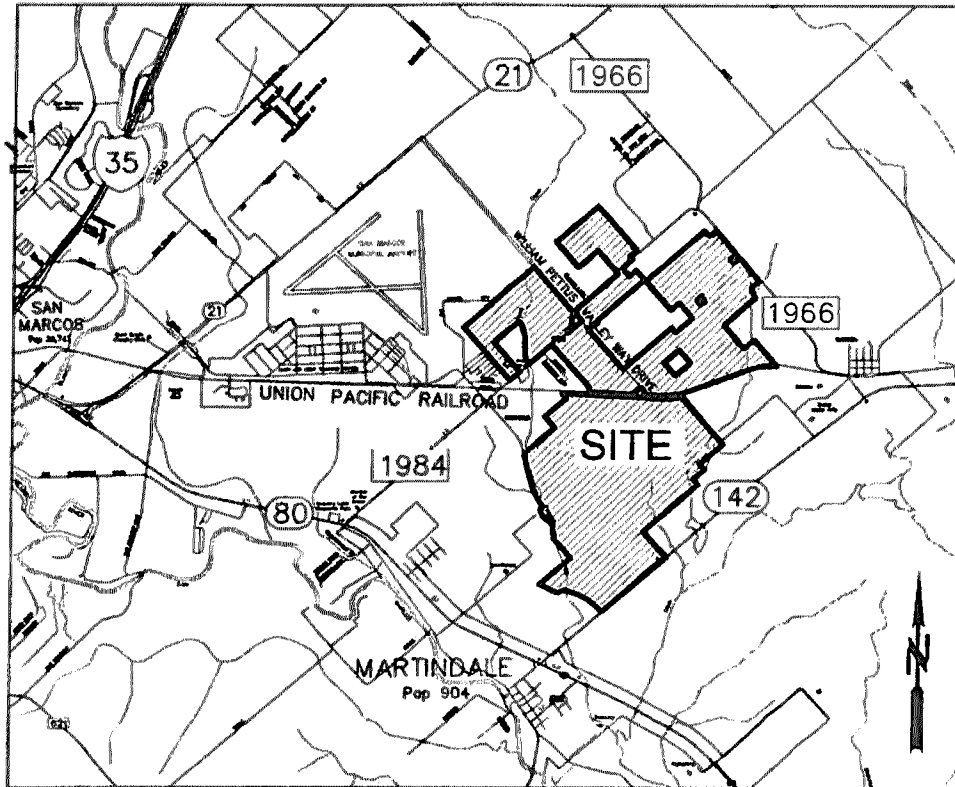
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DRAWN BY: MJR

PROJ. No: R0103932-10030

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**VICINITY MAP**

**AREA SUMMARY**

<b>LAND A</b>	<b>96.5 ACRES</b>
<b>LAND B</b>	<b>87.9 ACRES</b>
<b>LAND C</b>	<b>99.8 ACRES</b>
<b>LAND D</b>	<b>358.1 ACRES</b>
<b>LAND E</b>	<b>224.8 ACRES</b>
<b>LAND F</b>	<b>339.3 ACRES</b>
<b>LAND G</b>	<b>120.7 ACRES</b>
<b>LAND H</b>	<b>69.2 ACRES</b>
<b>LAND I</b>	<b>145.9 ACRES</b>
<b>LAND J</b>	<b>70.5 ACRES</b>
<b>LAND K</b>	<b>55.7 ACRES</b>
<b>LAND L</b>	<b>239.0 ACRES</b>
<b>LAND M</b>	<b>59.8 ACRES</b>
<b>LAND N</b>	<b>252.8 ACRES</b>
<b>LAND O</b>	<b>133.8 ACRES</b>
<b>FARM TO MARKET ROAD 1984</b>	<b>2.2 ACRES</b>
<b>CR 238 (VALLEY WAY DRIVE)</b>	<b>1.9 ACRES</b>
<b>TOTAL ACREAGE</b>	<b>2357.9 ACRES</b>

**BURY**

221 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512) 328-0011 Fax (512) 328-0325  
TBPE # F-1048 TBPLS # F-10107500  
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**EXHIBIT OF COTTON CENTER  
MUNICIPAL UTILITY DISTRICT #1  
SITUATED IN CALDWELL COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 2 OF 2**

DATE: 06/12/14

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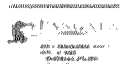
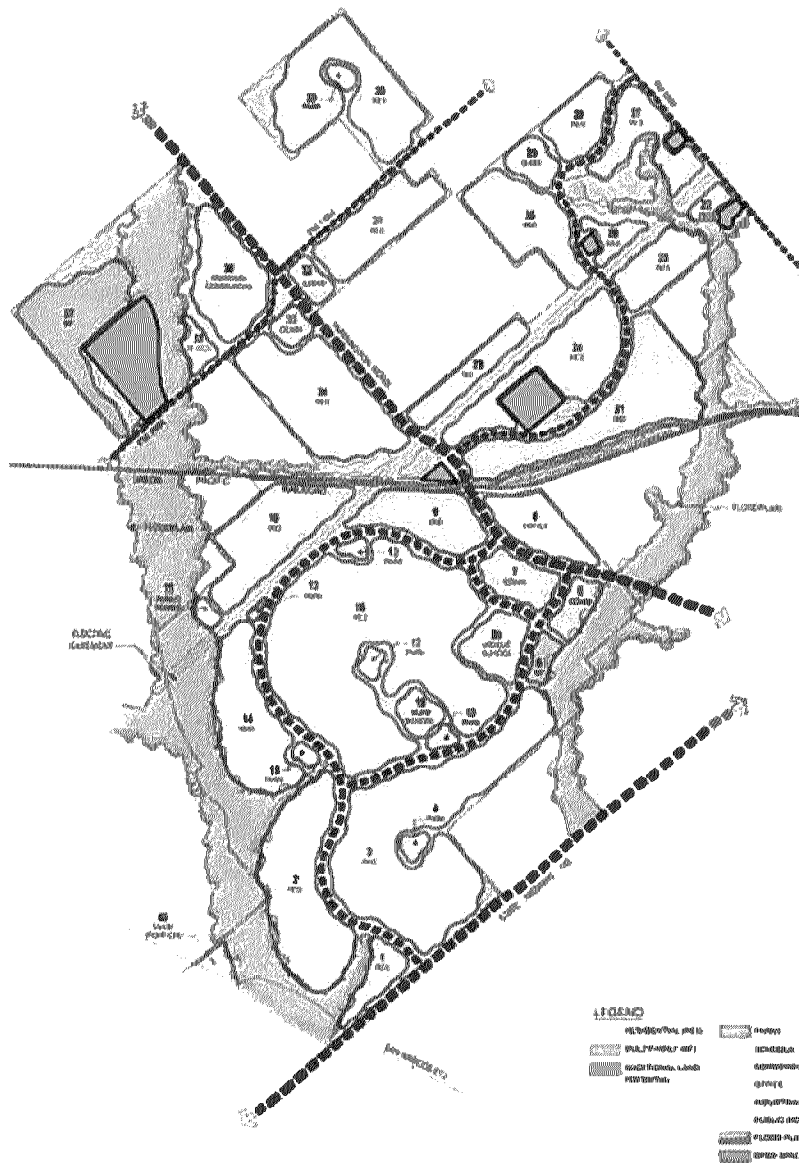
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**EXHIBIT “B” TO STRATEGIC PARTNERSHIP AGREEMENT**

**MAP OF DISTRICT**





# **COTTON CENTER MUD 1** POTENTIAL OUT PARCELS TO BE ADDED TO COTTON CENTER



**EXHIBIT “E”**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**ASSIGNMENT AND ASSUMPTION  
AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ between \_\_\_\_\_ a \_\_\_\_\_ ("Assignor"), and \_\_\_\_\_ a \_\_\_\_\_ ("Assignee") (Assignor and Assignee are hereinafter sometimes collectively referred to as the "Parties" and singularly as a "Party").

**RECITALS:**

A. Assignor is the owner of the rights of the Owner under that certain "Consent Agreement" (the "Agreement") effective as of \_\_\_\_\_, among **LaSalle, Holdings, Ltd.**, a Texas limited partnership, its successors and assigns, collectively as Owner, the City of San Marcos, Texas, as the City, and LaSalle Municipal Utility District No. 1, as the District, relating to the creation and operation of the District, to the extent that the Agreement covers, affects, and relates to the lands described on Exhibit A attached to and made a part hereof of this Assignment for all purposes (the "Transferred Premises").

B. Assignor desires to assign certain of its rights under the Agreement as it relates to the Transferred Premises to Assignee, and Assignee desires to acquire such rights, on and subject to the terms and conditions of this Assignment.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and obligations set forth herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereby agree and act as follows:

1. **Certain Defined Terms.** Unless indicated otherwise herein, capitalized terms in this Assignment shall have the same respective meanings as are ascribed to them in the Agreement.

2. **Assignment.** Subject to all of the terms and conditions of this Assignment, Assignor hereby assigns all [**or describe specifically assigned rights if partial**] of its rights under the Agreement, insofar as the Agreement covers, affects, and relates to the Transferred Premises.

3. **Assumption.** Assignee hereby assumes all obligations of Assignor and any liability that may result from acts or omissions by Assignee under the Agreement as it relates to the Transferred Premises that may arise or accrue from and after the effective date of this Assignment, and Assignor is hereby released from all such obligations and liabilities from and after the effective date of this Assignment; provided, however, this Assignment does not release Assignor from any liability that resulted from an act or omission by Assignor that occurred prior to the effective date of this Assignment unless the City approves the release in writing.

4. **Governing: Law.** This Assignment must be construed and enforced in accordance with the laws of the State of Texas, as they apply to contracts performed within the State of Texas and without regard to any choice of law rules or principles to the contrary.

5. **Counterpart/Facsimile Execution.** This Assignment has been prepared in multiple counterparts, each of which shall constitute an original hereof, and the execution of any one of such counterparts by any signatory shall have the same force and effect and shall be binding upon such signatory to the same extent as if the same counterpart were executed by all of the signatories. Facsimile copies of signatures may be appended hereto with the same force and effect as legally delivered original signatures.

6. **Notice to City.** A copy of this Assignment shall be provided to the City within fifteen (15) days after execution.

7. **Binding Effect.** This Assignment, when accompanied by a Partial Assignment of Reimbursement Rights in favor of the City for the Master Development Fee described in the Agreement, shall be binding upon and shall inure to the benefit of Assignor and Assignees and their respective heirs, personal representatives, successors, and assigns.

8. **Partial Assignment of Reimbursement Rights.** Assignee hereby assigns to the City of San Marcos Texas its right to reimbursements from bond proceeds in the amount equal to the Engineer's Cost Estimate (as that term is defined in the Agreement and in the Amended and Restated Development Agreement).

EXECUTED as of the day and year first above written.

ASSIGNOR:

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ASSIGNEE:

\_\_\_\_\_

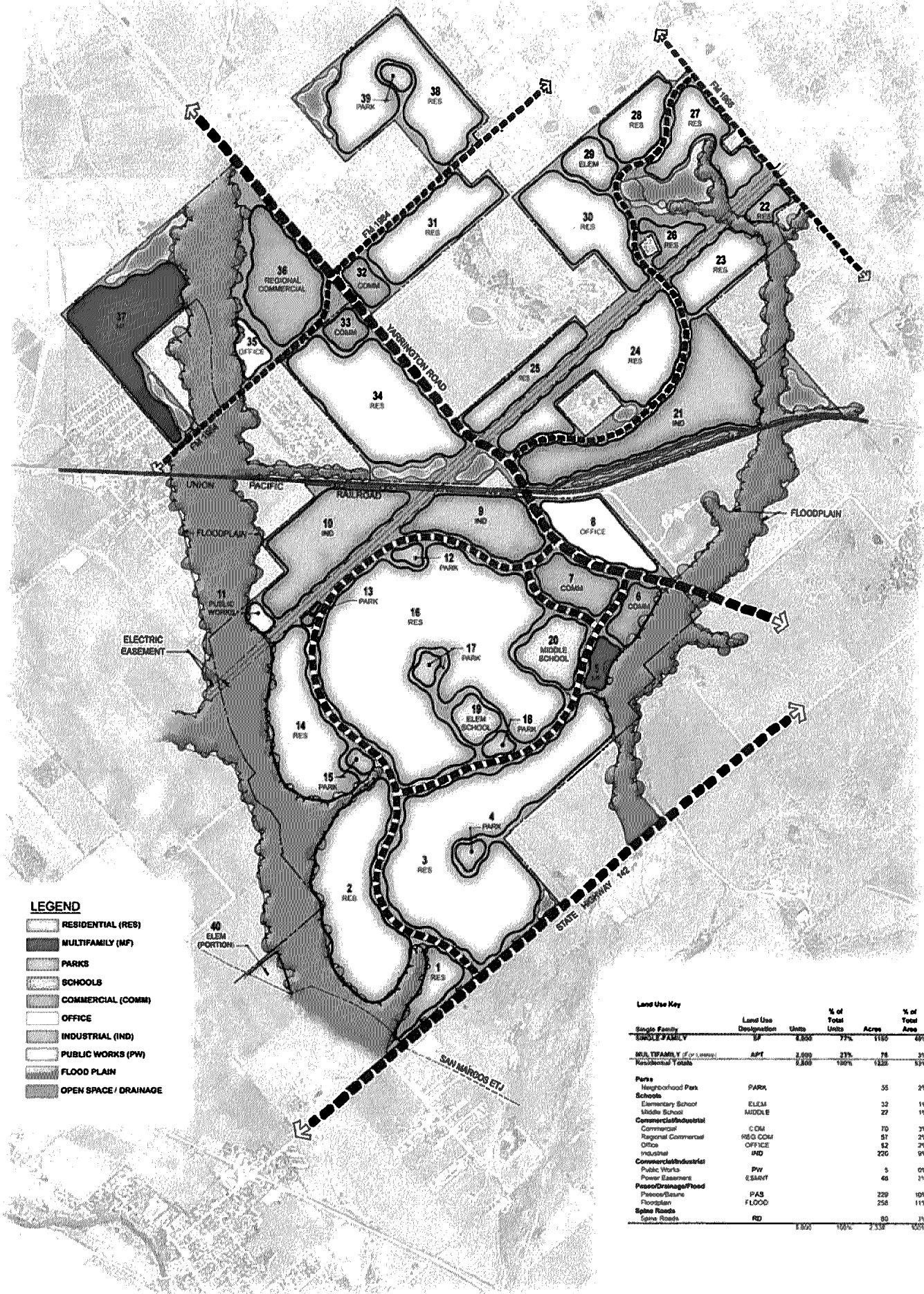
By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT “F”**

**CONCEPTUAL LAND USE PLAN**



## CONSENT AGREEMENT

THE STATE OF TEXAS           §  
  §  
COUNTY OF HAYS           §

This Consent Agreement (the “Agreement”) is between the CITY OF SAN MARCOS, TEXAS, a home rule city located in Hays, County, Texas (the “City”), and WALTON TEXAS, LP, a Texas limited partnership (“Primary Owner”), in its capacity as a property owner and in its capacity as an operator and manager authorized to enter into and sign this Agreement on behalf of the Individual Owners (as hereinafter defined), WALTON SILVER CROSSING LP, an Alberta (Canada) limited partnership (“Walton Silver Crossing”), WALTON TX AUSTIN LAND LP, an Alberta (Canada) limited partnership (“Walton Austin”), WALTON TX MARTINDALE LP, an Alberta (Canada) limited partnership (“Walton Martindale”), WALTON TX MARTINDALE LP 2, an Alberta (Canada) limited partnership (“Walton Martindale 2”) (Primary Owner, Walton Silver Crossing, Walton Austin, Walton Martindale and Walton Martindale 2 are collectively referred to herein as “Owner”). The City and Owner are sometimes collectively herein referenced as the “Parties,” and individually, as a “Party”. Upon final creation of COTTON CENTER MUNICIPAL UTILITY DISTRICT No. 1 (the “District”), a district to be created pursuant to state law and by Special Act of the Texas Legislature (the “Enabling Act”), the District will join in this Agreement and be bound by certain of the provisions as identified herein.

## INTRODUCTION

Owner owns approximately 2,358 acres of land located in the extraterritorial jurisdiction of the City (the “Land” or the “Property”). The Land is more particularly described by metes and bounds on the attached **Exhibit “A”**. Owner desires to have the City's consent to the creation of a municipal utility district on the Land that will be later divided into sub-districts in accordance with Section 2.02 herein.

The City has adopted an ordinance that regulates the creation and review of special districts within the City's corporate limits and its extraterritorial jurisdiction (“ETJ”).

The City has determined, pursuant to the terms of this Agreement and the requirements of Chapter 70 of the City Code of Ordinances (the “Code”), to consent to the creation and operation of the District. The City will benefit from (i) the quality of the development that will result from the plan set forth in the Development Agreement; and (ii) the creation of the District to finance the water and wastewater and drainage infrastructure and the construction of roadways under the terms of this Agreement.

The City hereby makes the following findings:

- a. The City is not likely to annex the District or serve the District within three (3) years from the date of the approval of this Agreement.
- b. The City is not likely to provide water services to the District;



- c. The District is adjacent to the City's preferred growth area;
- d. The District is entirely within the city's extraterritorial jurisdiction;
- e. The development supported by the District provides public benefits including but not limited to the following:
  - i. The City's land use controls will apply within the District pursuant to a development agreement providing for a high quality residential and commercial development;
  - ii. The District or another provider will provide water, wastewater and drainage infrastructure allowing the potential for city capital improvement program funds to be redirected to other high priority City needs;
  - iii. The development will include certain amenities such as parks and green space, the accommodation of schools and certain public facilities;
  - iv. The development will provide connectivity to the City's existing transportation systems.
  - v. The development is not located in or over an environmentally sensitive aquifer recharge zone.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the agreements set forth below, the parties contract as follows.

## **ARTICLE I DEFINITIONS**

### **Section 1.01 Definitions.**

In addition to the terms defined elsewhere in this Agreement or in the City's ordinances, the following terms and phrases used in this Agreement will have the meanings set out below:

- a. "Additional Land" means any of the approximately 63 acres and of land, more particularly described in **Exhibit "B,"** that the Primary Owner desires to add to the Project boundaries and that may be included in the District.
- b. "Agreement" means this Consent Agreement between the City of San Marcos, Texas and Owner.
- c. "Bonds" means the bonds, notes and other obligations of a Sub-District.
- d. "City" means the City of San Marcos, Texas, a home-rule city located in Hays County, Texas.
- e. "Industrial and Regional Commercial Land" means those portions of the Land within the boundaries of the District that may be developed for industrial, regional commercial or office development as defined in the City Code.

- f. “Commission” means the Texas Commission on Environmental Quality or its successor state agency.
- g. “Development Agreement” means the development agreement to be entered into concerning the District as amended from time to time by the Parties.
- h. “District” means the Cotton Center Municipal Utility District No. 1 to be created as a special district through special act of the Texas Legislature and as a political subdivision of the State of Texas pursuant to Article III Section 52 and Article XVI, Section 59 of the Texas Constitution and authorized under Chapters 49 and 54 of the Texas Water Code with the authority to construct, operate, manage and maintain water and wastewater systems, drainage and water quality systems, roadways, parks and related facilities, and authorized to levy an ad valorem tax and issue bonds.
- i. “Effective Date” means the date of approval by the City of San Marcos City Council.
- j. “Individual Owners” means, collectively, all persons, entities, and trusts (other than Walton Texas, LP, Walton Silver Crossing, Walton Austin, Walton Martindale and Walton Martindale 2) that own an interest in the Property, including an undivided, tenant-in-common interest, and that have granted to Walton Texas, LP, full power and authority to operate, administer and act for and on their behalf with respect to their interests in the Property.
- k. “Land” means the approximately 2,358 acres of land located in the City's extraterritorial jurisdiction, described by metes and bounds on **Exhibit “A”**.
- l. “Owner” means the Primary Owner, Walton Silver Crossing, Walton Austin, Walton Martindale, Walton Martindale 2, the Individual Owners or any subsequent owner of Property that is a successor or assignee of rights from Owner in accordance with Section 7.02 of this Agreement.
- m. “owner”, when spelled with lower case, means Primary Owner, the Individual Owners and any future owners of any portion of the Property.
- n. “Primary Owner” means initially, Walton Texas, LP, and any entity to which Walton Texas, LP, may assign its rights and obligations as Primary Owner in accordance with Section 7.02 of this Agreement. It is hereby acknowledged that the Primary Owner owns various portions of the Property in common with or as a manager for the Individual Owners and various Tenants in Common agreements and CCRs and has the right and authority to act on behalf of the Individual Owners.
- o. “Property” means the Land.
- p. “Sub-District” means a municipal utility district created through the sub-division of the District pursuant to the District’s Enabling Act and vested with the same authority as the District and with total land and boundaries established in accordance with Section 2.02.

## ARTICLE II DISTRICT

## **CREATION**

### **Section 2.01 Consent to Creation of District.**

City acknowledges receipt of Primary Owner's request, in accordance with Section 54.016 of the Texas Water Code, for creation of the District that may exercise all powers granted by Chapters 49 and 54 of the Texas Water Code. On the Effective Date of this Agreement, City has approved an ordinance (a form of which is attached as **Exhibit "C"**), consenting to the inclusion of the Land within the District. City agrees that the Ordinance and this Agreement constitute the City's consent to the creation of the District within its ETJ. No further action will be required on the part of City to evidence its consent; however, City agrees to promptly provide any reasonable additional confirmation of its consent that may be required by Owner or the District if requested to do so.

### **Section 2.02 Division of District.**

- a. City and Owner agree that the District will be divided in accordance with the Enabling Act into separate Sub-Districts comprised of a minimum of 200 and a maximum of 550 acres of land, in no event, will the District and/or a Sub-District comprised of more than 550 acres be allowed to issue bonds unless the City consents and approves such bond issue.

Any request for a Sub-District that does not meet the size limitations in subpart (a) above requires the approval of the City Council. The City shall consider a size adjustment request so as to afford the Owner the flexibility to create economically viable district and marketable development. Notwithstanding the limitations established above, the City agrees that the District, initially comprised of 2,358 acres is not subject to these acreage limitations.

- b. This Agreement specifically grants the City's consent to the Sub-Districts provided that the District has no outstanding bond indebtedness and has not levied an ad valorem tax. The District and any Sub-District created by the division of the District shall provide the City a copy of the Order completing the division and creating the Sub-District.
- c. Each resulting Sub-District created by the division of the District shall be bound by the terms of this Agreement.
- d. Notwithstanding anything to the contrary contained herein, only a Sub-District created in accordance with the parameters of this Section 2.02 shall be able to issue bonds and otherwise operate in accordance with the Enabling Act and state law.

### **Section 2.03 Annexation by the City.**

The City and Owner agree that the District or Sub-Districts will be annexed in accordance with the terms of the Development Agreement and the Strategic Partnership Agreement.

### **Section 2.04 Annexation by the District; Additional Land.**

- a. The District or a Sub-District may annex the Additional Land without further consent from the City. The City agrees that the Additional Land shall become part of the Project which shall be subject to the terms of this Agreement and the Development Agreement.
- b. Except as provided in subpart (a) above, the District may not annex any land into its

boundaries without the prior written consent of the City as required by Section 54.0165 of the Texas Water Code. The City may not place any conditions or other restrictions on the expansion of the District other than those expressly permitted by Section 54.016(e) of the Texas Water Code. Any land annexed into the District must comply with Chapter 70 of the City Code and this Agreement.

- c. It is agreed that the annexation of the Additional Land or any land into the District or a Sub-District will comply with acreage limits, subject to administrative approval provisions detailed in Section 2.02(a).
- d. With respect to the Industrial and Regional Commercial Land, the City and Owner agree to the following:
  - i. The Industrial and Regional Commercial Land shall be included in the boundaries of the District pursuant to the Enabling Act;
  - ii. The Owner agrees that no election authorizing the issuance of debt will be held that includes a portion of the Industrial and Regional Commercial Land unless and until a revised Concept Land Plan is approved pursuant to the Development Agreement that identifies the lands as residential, or final plat is approved by the City which provides for residential use of such portion of the Industrial and Regional Commercial Land; and
  - iii. If any Industrial and Regional Commercial Land is platted or otherwise issued a permit for a commercial or industrial use, the District shall take action to remove such land from the District, in accordance with Chapter 70 of the City Code and the procedures of Chapters 49 and 54 of the Texas Water Code, prior to final plat approval by the City.
- c. The District and Owner, on behalf of itself and respective successors and assignees, covenant and agree that, except upon written consent of the City, neither the District nor Owner will: (1) seek or support any effort to incorporate the Land or any part thereof; or (2) sign, join in, associate with, or direct to be signed any petition seeking to incorporate the Land or seeking to include the Land within the boundaries of any other special district, assessment jurisdiction, other municipality, or any other incorporated entity other than the City.

#### **Section 2.05 Strategic Partnership Agreement.**

- a. The Board of Directors of the District (the “Board”) or a Sub-District created by the division of the District shall authorize the negotiation and execution of a Strategic Partnership Agreement, substantially in the form attached here as **Exhibit “D”**, which will set forth the terms and conditions for the City’s annexation of commercial areas of the Land for limited purposes in accordance with Section 43.0751 Texas Local Government Code and Section 2.04 of the City Charter.
- b. The Strategic Partnership Agreement shall permit the City to impose a sales and use tax on all eligible commercial and retail activities in areas annexed for limited purposes at the same rate it is imposed by the City, and that the City shall pay the District or Sub-District an amount equal to forty percent (40%) of the Sales and Use Tax revenues collected and paid to the City as reflected in sales tax reports provided by the Comptroller to the City and the City will retain the remainder sixty percent (60%).

- c. A Sub-District may not issue bonds until a Strategic Partnership Agreement is negotiated and approved by the City and the District or a Sub-District, and a fully executed original Strategic Partnership Agreement is provided to the City.

#### **Section 2.06    Withdrawal of City Consent.**

The City's consent to the creation of the District shall be deemed withdrawn if:

- a. The District is not created by the state within thirty six (36) months from the date of the ordinance granting the City's consent; or
- b. The District has not held a confirmation election within twenty four (24) months from the date of its creation by the legislature; or
- c. The District has not created a Sub-District within twenty four (24) months of the confirmation election of the District; or
- d. The construction of public improvements, in accordance with a Public Improvements Construction Plan approved by the City, has not started on the property in a Sub-District within twenty four (24) months of the Sub-District's confirmation election. It being specifically acknowledged that the construction of any public improvements within any Sub-district created by the division of the District or any portion of the Land shall be deemed to meet this requirement for all of the Land; and upon the commencement of said construction on the property in the Sub-District, the withdrawal of City consent shall not occur.

#### **Section 2.07    Fees.**

- a. As additional consideration for this Agreement the Owner shall pay the City an Administrative Fee and a Master Development Fee, which is in addition to any other applicable City fees and sums due under the Development Agreement.
- b. Administrative Fee. An administrative fee of one-hundred and seventy thousand (\$170,000) dollars shall be paid to the City by the Owner on or before the Effective Date of this Agreement. This fee shall be for the sole use and benefit of the City for any purpose as the City in its discretion may decide.
- c. Master Development Fee. A Master Development fee of approximately one million seven hundred thousand (\$1,700,000) dollars shall be paid to the City out of the net Owner reimbursement from the proceeds from the issuance of bonds by the Sub-District at the rate \$700 per acre of each Sub-District.
- d. The City, Owner, District and resulting Sub-District agree that the payment of the Master Development Fee is to be paid from the net Developer reimbursement from the proceeds of bonds issued by the Sub-District in conjunction with the closing of each such series of bonds but in any event not later than thirty (30) days from the date of closing on a series of bonds. After the 10<sup>th</sup> anniversary of the Effective Date of this Agreement, the per acre fee out of the net Owner reimbursement from each series of bonds is subject to increase at a rate equal to the percentage increase in the City's ad valorem tax rate over that same period.

- e. The Owner hereby makes a partial assignment of its reimbursement rights to the City as evidenced by **Exhibit “E”** attached hereto and made a part hereof for all purposes. No assignment of Owner’s reimbursement rights shall be effective unless and until the City receives notice of such assignment accompanied by a fully executed Partial Assignment of Reimbursement Rights pursuant to which the city has a right to receive the Master Development Fee payable out of owner reimbursements as bonds are issued in accordance with this Agreement.

**Section 2.08    Records.**

- a. The District or Sub-District shall submit its annual audit to the City when such audit is required by the Commission.
- b. All public information of the District and Sub-District shall be available to the public in accordance with the Texas Public Information Act.

**Section 2.09    Authority of Consent Agreement.**

- a. The City and Owner acknowledge that this Agreement is authorized under state law and Chapter 70 of the City’s Code of Ordinances. The City and Owner further agree; however, that certain provisions of Chapter 70 shall be adjusted as provided below with respect to the District:
  - i. 70.053 (a) -- The provisions in Texas Administrative Code, Title 30, Chapter 293.47 and any other applicable rule allowing for exceptions to the requirement that the Developer pay a portion of the costs associated with the construction of the District improvements shall be applicable to the Owner and District.
  - ii. 70.053(b) – The City agrees to allow reimbursement of soft costs up to fifteen (15%) percent of total construction costs per bond issuance.
  - iii. 70.053(c) and (d) – The provisions of 6.01(b) of this Agreement will apply with respect to the amenities and/or road improvements that may be constructed with bonds.
  - iv. 70.054(3) -- The City agrees that the Owner may be required to comply with the specifications and standards of the service provider for water service.
  - v. 70.054(7) – The City agrees that compliance with Section 6.03 of this Agreement will meet this requirement.
  - vi. 70.054(14) – The City agrees that Owner will dedicate easements and/or improvements to both public and private entities subject to the nature and purpose of such easements and improvements.
- b. The City and Owner acknowledge that to the extent that there is any conflict between this Agreement and Chapter 70, the terms of this Agreement shall prevail. Further, in the event of any conflict between this Agreement or Chapter 70 and TCEQ Rules, the TCEQ Rules will prevail.

**Section 2.10    Deferred Submittal of Required Materials under Chapter 70.**

Notwithstanding the terms of Chapter 70, the Owner will provide the information listed below prior to the Bond election for each Sub-District:

- a. Market Study;

- b. Transportation impact statement;
- c. Bond Issue Requirements;
- d. Proposed Tax Rates;
- e. Oversize construction participation agreements (if any); and
- f. Utility district annexations (if applicable).

### **ARTICLE III DEVELOPMENT PLAN, PARKS AND ROADWAYS**

#### **Section 3.01 Land Use.**

Owner agrees to enter into a Development Agreement with the City to delay annexation of the District by the City, establish certain restrictions and commitments imposed and made in connection with the development of the District in order to provide increased certainty to Owner and City for a period of years' and to identify land uses and other aspects of the development of the District under the authority granted by Section 212.172 of the Texas Local Government Code. The Development Agreement must be executed by Owner, approved by the City and filed in the Caldwell County Deed Records prior to any Sub-District bond election. The Land will be developed in accordance with the standards and requirements set forth in the Development Agreement. The Conceptual Land Use Plan attached hereto as **Exhibit "F"** is for illustrative purposes only. The Development Agreement and land plan attached to such Development Agreement will provide the land use regulations for the District.

#### **Section 3.02 Parks and Open Space.**

The parks and open space will be constructed and dedicated in accordance with the Development Agreement.

#### **Section 3.03 Roadway Improvements, right-of-way, easements and other land dedications.**

The roadway improvements, right-of-way, easements and other land dedications will be constructed and dedicated in accordance with the Development Agreement.

### **ARTICLE IV WATER AND WASTEWATER SERVICES**

#### **Section 4.01 Water Services.**

The water service to the District will be provided by a third party provider that holds the CCN to serve the area and in accordance with an agreement between the third party provider, the Owner and the District or Sub-District.

#### **Section 4.02 Wastewater Services.**

- a. The wastewater service to the District will be provided by the City in accordance with a wastewater service agreement, the form of which will be attached as an exhibit to the Development Agreement.
- b. The City hereby agrees to allow the extension, improvement of, and connection to City wastewater facilities to provide service to the District up to a maximum of 7,530 service units equivalent. Owner anticipates that the District will require 7,530 service units of

wastewater from the City. At the time of execution of this Agreement City agrees that it will have sufficient wastewater capacity to serve the District. Upon completion of the improvements necessary to connect the District to the City's wastewater facilities, which improvements will be described in the wastewater service agreement referred to in sub-part (a) above; the City agrees that it will serve the District. City further acknowledges that its approval of any preliminary or final subdivision plat of property within the District shall constitute a representation by the City that it has sufficient wastewater capacity available to serve the platted lots at the time of plat approval.

## **ARTICLE V AUTHORITY**

### **Section 5.01 Authority.**

This Agreement is entered into under the statutory authority of Section 54.016 of the Texas Water Code and Section 212.172 of the Texas Local Government Code. The Parties intend that this Agreement guarantee the continuation of the extraterritorial status of the Land; authorize certain general uses and development on the Land; provide for infrastructure for the Land; specify the uses and development of the Land after annexation; and provide other lawful terms and considerations relating to the Land. Except as modified by this Agreement or an approved Development Agreement, Chapter 70 of the City's Code of Ordinances effective at the time this Agreement is executed shall apply.

### **Section 5.02 Vested Rights.**

Execution of this agreement, under Section 212.172 of the Texas Local Government Code, constitutes a permit under Chapter 245.

## **ARTICLE VI ISSUANCE OF BONDS, TAX RATE**

### **Section 6.01 Bonds.**

- a. The Sub-District may issues bonds as authorized under applicable state law, the Enabling Act, Section 70.053 of the Code and this Agreement as authorized by the City.
- b. A The Sub-District shall have authority to issue bonds for the purposes and projects identified in the District's Enabling Act, in Chapter 54 of the Texas Water Code, as amended, and any and all other applicable state law applicable to the District's authority to operate and manage its system. Bond financing may be utilized for the construction of water infrastructure, wastewater infrastructure, drainage and storm sewer infrastructure, water quality, roads – including sidewalks built at the time of the road construction, fire-fighting services, and parks and recreation facilities, if applicable, in the future.
- c. Bonds issued by the Sub-District shall comply with the following requirements:
  - i. Maximum maturity of 25 years;
  - ii. Except for refunding bonds, the net effective interest rate of the bonds, taking into account any discount or premium, will not exceed two percent above the highest



- average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period preceding the date notice of sale is given;
- iii. The bonds shall expressly provide that the issuing Sub-District reserves the right to redeem the bonds at any time subsequent to the tenth anniversary of the date of issuance, without premium;
- iv. The bonds will have a fixed interest rate, not a variable rate, unless the issuing Sub-District secures the prior approval of City; and
- v. Any refunding bonds must provide for a minimum of three percent (3%) value savings, and the latest maturity of the refunding bonds may not extend beyond the latest maturity of the refunded bonds, unless the issuing Sub-District secures the prior approval of City.

#### **Section 6.02 Economic Feasibility.**

At least 30 days before issuance of bonds, except refunding bonds, the issuing Sub-District's financial advisor shall certify in writing that the bonds are being issued within the existing economic feasibility guidelines established by the Commission for Sub-Districts issuing bonds for water, sewer or drainage facilities in the county in which the issuing district is located. The Sub-District shall deliver certification to the city clerk, the city manager and the director of finance.

#### **Section 6.03 Notice of Bond Issues.**

- a. At least thirty (30) days before the issuance of bonds, the Sub - District shall deliver to the City Manager and City Attorney the notice as to:
  - i. The amount of the bonds being proposed for issuance;
  - ii. The projects to be funded by such bonds; and
  - iii. The proposed debt service tax rate after issuance of the bonds.
- b. Within thirty (30) days after the issuing Sub-District closes the sale of a series of bonds, the issuing Sub-District shall deliver to the city manager a copy of the final official statement for such series of bonds. If the City requests additional information regarding such issuance, the Sub-District shall promptly provide such information at no cost to City.

#### **Section 6.04 Compliance with Agreements.**

At least thirty (30) days before issuance of bonds, the Sub-District shall certify to City in writing that the Sub-District is in substantial compliance with the Consent Ordinance approved by the City, with this Agreement, the Strategic Partnership Agreement and all other agreements between City, the District or Sub-Districts.

#### **Section 6.05 Tax Rate.**

The Sub-Districts' ad valorem tax rate will approximate or exceed the City's tax rate.

**Section 6.06 Notice of Tax Rate and Material Events.**

The Sub-District shall:

- a. Send a copy of each order levying an ad valorem tax rate to the City within thirty (30) days after the adoption;
- b. Send a copy of each annual audit to City pursuant to 2.08(b) of this Agreement;
- c. Provide a copy to City of each material event notice filed under applicable federal securities laws or regulations within thirty (30) days after filing;
- d. Notify the City of the date for the confirmation election; and
- e. Provide notice to the City of the creation of any Sub-District.

**ARTICLE VII  
TERM, ASSIGNMENT AND REMEDIES**

**Section 7.01 Term.**

The term of this Agreement will commence on the Effective Date and continue for twenty (20) years thereafter, unless terminated on an earlier date under other provisions of this Agreement or by written agreement of the City, Owner and District. Upon the expiration of twenty (20) years, this agreement may be extended, at the Owner's request and with City Council approval, for up to two additional successive ten year periods.

**Section 7.02 Assignment.**

- a. Owner may assign this Agreement with respect to all or part of such Owner's ownership portion of Property from time to time to a purchaser of all or a portion of the Property. Any assignment must be in writing, must set forth the assigned rights and obligations without modification or amendment, and must be executed by Owner and the proposed assignee. Owner shall provide City and Primary Owner notice of each such assignment, including a copy of the assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Agreement and shall have no further liability with respect to the part of the Property so assigned, except as to a default that occurred prior to the date of the assignment, provided that the assignee assumes any and all obligations under this Agreement applicable to the part of Property included in the assignment. A default by any subsequent assignee shall not constitute a default by Owner under this Agreement, but only under such partial assignment.
- b. Primary Owner may assign, in whole but not in part, its rights and obligations as Primary Owner so long as it owns any portion of the Property (the "Ownership Threshold"), provided that the assignee assumes any and all obligations under this Agreement applicable to the part of Property included in the assignment. Notice of all assignments of the rights and obligations of the Primary Owner shall be given to the City within fifteen (15) days after execution, and thereafter such Notice shall be recorded in the real property records of the County. When Primary Owner, together with its affiliates, does not satisfy the Ownership Threshold, the rights and obligations of the Primary Owner shall automatically

terminate; and from and after such termination, this Agreement shall be interpreted without regard to such rights and obligations.

**Section 7.03 Remedies.**

- a. In the event of default by any party, a non-defaulting party may give the defaulting party written notice specifying the default (the "Notice"). If the defaulting party fails to fully cure any default that can be cured by the payment of money ("Monetary Default") within thirty (30) days after receipt of the Notice, or fails to commence the cure of any default specified in the Notice that is not a Monetary Default within thirty (30) days of the date of the Notice, and thereafter to diligently pursue such cure to completion, then the other party shall be entitled to a proper writ issued by a court of competent jurisdiction compelling and requiring the defaulting party to observe and perform the covenants, obligations and conditions described in this Agreement. The non-defaulting party may employ attorneys to pursue its legal rights and if it prevails before any court or agency of competent jurisdiction, the defaulting party shall be obligated to pay all expenses incurred by the non-defaulting party, including reasonable attorneys' fees not to exceed the usual and customary rate charged by the City Attorney.
- b. No bonds shall be issued during any period in which Owner is not in compliance with any consent requirements contained in this Agreement or any court order compelling performance under this Agreement. Further, during the cure period and continuing until the default or breach is cured, the District is prohibited from taking any affirmative act to issue Bonds until the default or breach has been cured. The City shall have all rights to enjoin the issuance of Bonds during any period during which a default or breach remains uncured under this Section. If Owner fails to cause the District to cure any default or breach, Owner shall not enter into any agreements with the District or seek reimbursement from the District for any expenses incurred in connection with the District or the development of the Land until the default or breach has been cured.

**7.04 Cooperation.**

- a. The City, Owner, and the District each agree to execute any further documents or instruments as may be necessary to evidence their respective agreements.
- b. In the event of any third party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, the City, Owner, and the District agree to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution in their respective rights and obligations under this Agreement.

**ARTICLE VIII  
MISCELLANEOUS PROVISIONS**

**Section 8.01 Notice.**

Any notice given under this Agreement must be in writing and may be given: (i) by depositing it in the United States mail, certified, with return receipt requested, addressed to the party to be notified

and with all charges prepaid; or (ii) by depositing it with Federal Express or another service guaranteeing "next day delivery", addressed to the party to be notified and with all charges prepaid; (iii) by personally delivering it to the party, or any agent of the party listed in this Agreement, or (iv) by facsimile with confirming copy sent by one of the other described methods of notice set forth. Notice by United States mail will be effective on the earlier of the date of receipt or three (3) days after the date of mailing. Notice given in any other manner will be effective only when received. For purposes of notice, the addresses of the parties will, until changed as provided below, be as follows:

City:	City of San Marcos 630 East Hopkins San Marcos, Texas 78666 Attention: City Manager
With Required Copy to:	City Attorney, Legal Department 630 East Hopkins San Marcos, Texas 78666
Owner:	Walton Texas, LP c/o Walton Development and Management TX, LLC 1445 Ross Avenue, Suite 4775 Dallas, Texas 75202 Attention: John Vick
With a Copy to:	Walton Texas, LP c/o Walton Development and Management TX, LLC 515 Congress Avenue, Suite 1620 Austin, Texas 78701 Attention: Becky Collins
With a Copy to:	Walton International Group (USA), Inc. 4800 N. Scottsdale Road, Suite 4400 Scottsdale, AZ 85251 Attn: Wayne G. Souza, General Counsel
With a Copy to:	Steven Metcalfe Metcalfe Wolff Stewart & Williams 221 W. 6th Street Suite 1300 Austin, Texas 78701
District:	Trey Lary Allen Boone Humphries Robinson, LLP 1108 Lavaca Street Suite 510 Austin, Texas 78701

The parties may change their respective addresses to any other address within the United States of America by giving at least five (5) days written notice to the other party. Owner and the District

may, by giving at least five (5) days written notice to the City, designate additional parties to receive copies of notices under this Agreement.

**Section 8.02 Severability; Waiver.**

- a. If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected, and, in lieu of each illegal, invalid, or unenforceable provision, that a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid or enforceable provision as is possible.
- b. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver thereof or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

**Section 8.03 Applicable Law and Venue.**

The interpretation, performance, enforcement and validity of this Agreement is governed by the laws of the State of Texas. Venue will be in a court of appropriate jurisdiction in Caldwell County, Texas.

**Section 8.04 Entire Agreement.**

This Agreement contains the entire agreement of the Parties. With the exception of the Development Agreement and the Strategic Partnership Agreement, there are no other agreements or promises, oral or written, between the Parties regarding the subject matter of this Agreement. This Agreement can be amended only by written agreement signed by Owner, City and District (after its creation).

**Section 8.05 Exhibits, Headings, Construction and Counterparts.**

All schedules and exhibits referred to in or attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The paragraph headings contained in this Agreement are for convenience only and do not enlarge or limit the scope or meaning of the paragraphs. Wherever appropriate, words of the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice-versa. The Parties acknowledge that each of them have been actively and equally involved in the negotiation of this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement or any exhibits hereto. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument. This Agreement will become effective only when one or more counterparts, individually or taken together, bear the signatures of all of the parties.

**Section 8.06 Time.**

Time is of the essence of this Agreement. In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays and legal holidays observed by banks in Hays County; however, if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday or

legal holiday.

**Section 8.07 Authority for Execution.**

The City certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with its City Charter and City ordinances. Owner hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the articles of incorporation and bylaws or partnership agreement of each entity executing on behalf of Owner.

**Section 8.08 Exhibits.**

The following exhibits are attached to this Agreement, and made a part hereof for all purposes:

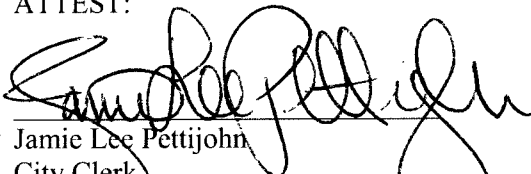
- Exhibit "A" – Metes and Bounds Description of the Land
- Exhibit "B" – Map depicting Additional Land
- Exhibit "C" – Form of Consent Ordinance
- Exhibit "D" – Form of Strategic Partnership Agreement
- Exhibit "E" – Assignment and Assumption Agreement
- Exhibit "F" – Conceptual Land Use Plan

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the dates indicated below.

CITY OF SAN MARCOS, TEXAS

By:   
Daniel Guerrero, Mayor

ATTEST:

  
Jamie Lee Pettijohn  
City Clerk

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

This instrument was acknowledged before me the 11<sup>th</sup> day of December 2014 by Daniel Guerrero Mayor of City of San Marcos, Texas, a home-rule city, on behalf of the City.



  
Notary Public Signature

Printed Name: Elizabeth Trevino

WALTON TEXAS, LP, a Texas limited partnership,  
on behalf of itself in its capacity as an Owner of the Property,  
and on behalf of the Individual Owners in its capacity as  
operator and manager of the interests of the Individual Owners of the Property

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

By: Walton International Group, Inc.,  
a Nevada corporation, its Manager

By: Wayne G. Souza  
Name: WAYNE G. SOUZA  
Its: AUTHORIZED SIGNATORY

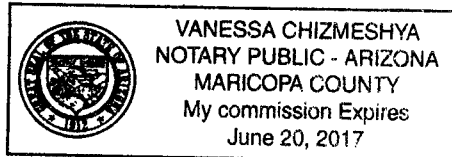
By: Gordon A. Price  
Name: GORDON A. PRICE  
Its: AUTHORIZED SIGNATORY

STATE OF ARIZONA           §  
  §  
COUNTY OF MARICOPA   §

This instrument was acknowledged before me on December 9, 2014, by  
Wayne G. Souza and Gordon A. Price, each an Authorized  
Signatory of Walton International Group, Inc., a Nevada corporation, Manager of Walton Texas GP,  
LLC, a Texas limited liability company, General Partner of Walton Texas, LP, a Texas limited  
partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]





WALTON SILVER CROSSING LP,  
an Alberta (Canada) limited partnership

By: Walton Silver Crossing Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Doherty  
Its: Authorized Signatory

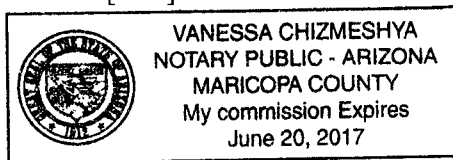
By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Doherty and Don Berglund, each an Authorized  
Signatory of Walton Silver Crossing Corporation, an Alberta (Canada) corporation, General Partner of  
Walton Silver Crossing LP, an Alberta (Canada) limited partnership, on behalf of such partnership.

\_\_\_\_\_  
Notary Public, State of Arizona

[Seal]



WALTON TX AUSTIN LAND LP,  
an Alberta (Canada) limited partnership

By: Walton TX Austin Land Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Danerty  
Its: Authorized Signatory

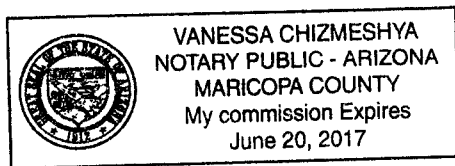
By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Danerty and Don Berglund, each an Authorized  
Signatory of Walton TX Austin Land Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Austin Land, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]



WALTON TX MARTINDALE LP,  
an Alberta (Canada) limited partnership

By: Walton TX Martindale Corporation,  
an Alberta (Canada) corporation,  
its General Partner

By: \_\_\_\_\_  
Name: Bill Doherty  
Its: Authorized Signatory

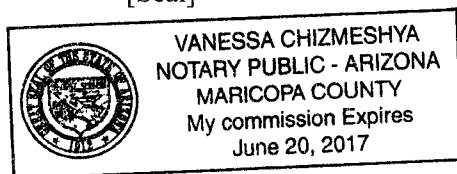
By: \_\_\_\_\_  
Name: Don Baglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Doherty and Don Baglund, each an Authorized  
Signatory of Walton TX Martindale Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Martindale LP, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona

[Seal]



WALTON TX MARTINDALE LP 2,  
an Alberta (Canada) limited partnership

By: WALTON TX MARTINDALE 2 CORPORATION,  
an Alberta (Canada) corporation,  
its General Partner

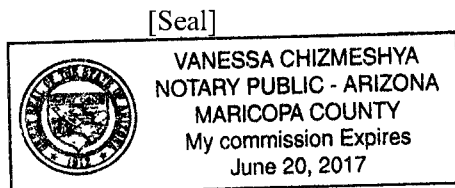
By: \_\_\_\_\_  
Name: Bill Donerly  
Its: Authorized Signatory

By: \_\_\_\_\_  
Name: Don Berglund  
Its: Authorized Signatory

STATE OF ARIZONA                   §  
   §  
COUNTY OF MARICOPA           §

This instrument was acknowledged before me on December 9, 2014, by  
Bill Donerly and Don Berglund, each an Authorized  
Signatory of Walton TX Martindale 2 Corporation, an Alberta (Canada) corporation, General Partner of  
Walton TX Martindale LP 2, an Alberta (Canada) limited partnership, on behalf of such partnership.

[Signature]  
Notary Public, State of Arizona



By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

This instrument was acknowledged before me the \_ day of \_\_\_\_\_, 2014\_\_\_\_\_,  
President of Cotton Center Municipal Utility District No.1, a district operating under Chapters 49  
and 54 of the Texas Water Code, on behalf of said District.

**At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper etc. All blackouts, additions, and changes were present at the time the instrument was filed and recorded.**

**EXHIBIT “A”**

**Metes and Bounds Description of the Land**

2357.9 ACRES  
COTTON CENTER MUD # 1

FN. NO. 14-206 (MJR)  
JUNE 12, 2014  
BURY NO. RO10393210030

### DESCRIPTION

OF A 2357.9 ACRE TRACT OF LAND OUT OF THE WILLIAM PETTUS LEAGUE, ABSTRACT NO. 21, THE THOMAS MAXWELL LEAGUE, ABSTRACT NO. 188, AND THE THOMAS YATES LEAGUE, ABSTRACT NO. 313, SITUATED IN CALDWELL COUNTY, TEXAS, BEING ALL OF THOSE CERTAIN TRACTS OF LAND CONVEYED TO WALTON TEXAS, LP. BY THE FOLLOWING DEEDS OF RECORD IN THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS:

- A) 91.99 ACRES (PARCEL 1) AND 4.56 ACRES (PARCEL 2) OF RECORD IN VOLUME 643, PAGE 69;
- B) 87.92 ACRES OF RECORD IN DOCUMENT NO. 113576;
- C) 99.03 ACRES OF RECORD IN DOCUMENT NO. 122695;
- D) 358.07 ACRES PORTION OF 573.65 ACRES (TRACT 1) OF RECORD IN VOLUME 524, PAGE 599;
- E) 224.83 ACRES OF RECORD IN VOLUME 556, PAGE 729,
- F) 339.31 ACRES OF RECORD IN VOLUME 556, PAGE 246;
- G) 120.75 ACRES OF RECORD IN DOCUMENT NO. 123755;
- H) 69.19 ACRES OF RECORD IN DOCUMENT NO. 132453;
- I) 47.271 ACRES, 49.330 ACRES, AND 49.325 ACRES OF RECORD IN DOCUMENT NO. 126556;
- J) 70.540 ACRES OF RECORD IN DOCUMENT NO. 131493;
- K) 55.669 ACRES OF RECORD IN DOCUMENT NO. 131492;
- L) 239.035 ACRES OF RECORD IN DOCUMENT NO. 125890;
- M) 59.828 ACRES OF RECORD IN DOCUMENT NO. 126555;
- N) 252.85 ACRES OF RECORD IN DOCUMENT NO. 124324;
- O) 133.84 ACRES OF RECORD IN DOCUMENT NO. 132453;

SAID 2357.9 ACRES OF LAND ALSO INCLUDES ALL THE AREA WITHIN THE EXISTING RIGHTS-OF-WAY OF CALDWELL COUNTY ROAD NO. 238 (VALLEY WAY DRIVE) AND FARM TO MARKET ROAD 1984 AS USED ON-THE-GROUND WHICH ARE CONTAINED WITHIN THE FOLLOWING METES AND BOUNDS DESCRIPTION; **SAVE AND EXCEPT THEREFROM** THAT CERTAIN 1.790 ACRE TRACT OF LAND CONVEYED TO BARBARA KINKADE BY DEED OF RECORD IN VOLUME 206, PAGE 238 AND THAT CERTAIN 15.354 ACRE REMAINDER OF A 129 ACRE (FIRST TRACT) AND 120 ACRE (SECOND TRACT) OF LAND CONVEYED TO ROBERT W. SHANNON, KAREN S. MORELAND, DONNA S. ANDREW AND PAUL B. SHANNON BY DEEDS OF RECORD IN VOLUME 255, PAGE 169, VOLUME 256, PAGE 261, VOLUME 335, PAGE 768, AND VOLUME 371, PAGE 837, ALL OF SAID OFFICIAL PUBLIC RECORDS; SAID 2357.9 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED IN TWO (2) PARTS BY METES AND BOUNDS AS FOLLOWS:

#### PART 1 - 1206.6 ACRES

**BEGINNING**, at a 5/8 in iron rod at the intersection of the southerly right-of-way line of the Union Pacific Railroad and the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies), being the northeasterly corner of said 91.99 acre tract, for the northeasterly corner hereof;

**THENCE**, S41°17'23"E, leaving the southerly right-of-way line of the Union Pacific Railroad, along the southwesterly right-of-way line of Valley Way Drive, being the northeasterly line of said 91.99 acre tract, for the northeasterly line hereof, a distance of 2788.12 feet to a 5/8 inch iron rod in the northwesterly line of a 130.59 acre tract of land, conveyed to David Matthew Best by Deed of record in Volume 269, Page 127 of said Official Public Records, being the easterly corner of said 91.99 acre tract and hereof;

**THENCE**, S48°21'22"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the northwesterly line of said 130.59 acre tract, being the southeasterly line of said 91.99 acre tract, for a portion of the southeasterly line hereof, a distance of 1361.88 feet to the southerly corner of said 91.99 acre tract and the northerly corner of said 4.56 acre tract, for an angle point hereof;

**THENCE**, leaving the southerly corner of said 91.99 acre tract, along the northeasterly and southeasterly lines of said 4.56 acre tract, for a portion of the southeasterly line hereof, the following two (2) courses and distances:

- 1) S41°07'40"E, a distance of 322.45 feet to a 5/8 inch iron rod for the easterly corner of said 4.56 acre tract, and an angle point hereof;
- 2) S48°22'55"W, a distance of 616.59 feet to the southerly corner of said 4.56 acre tract, being a northwesterly corner of said 130.59 acre tract, in the northeasterly line of an eight (8) yard by one-hundred ten (110) yard Strip of land reserved to O.M. Hoffman by Deed of record in Volume 229, Page 244 of said Official Public Records, said Strip also being described as part of Tract II, in a Deed to Hoffman Family Trust 1994, of record in Volume 127, Page 436 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the northeasterly, northwesterly, and southwesterly lines of said Strip, being a portion of the southwesterly line of said 4.56 acre tract, and a portion of the southeasterly line of said 87.92 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) N41°10'09"W, a distance of 11.86 feet to the northerly corner of said Strip, for an angle point hereof;
- 2) S48°19'26"W, a distance of 23.99 feet to the westerly corner of said Strip, for an angle point hereof;



- 3) S41°19'42"E, a distance of 329.93 feet to an iron rod with "UDG" cap in the northwesterly line of a 111.482 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 504, Page 634 of said Official Public Records, being the southerly corner of said Strip and the most southeasterly corner of said 87.92 acre tract, for an angle point hereof;

**THENCE**, S48°20'39"W, leaving the southwesterly line of said Strip, along a portion of the southeasterly line of said 87.92 acre tract, and the southeasterly line of said 99.03 acre tract, being a portion of the northwesterly line of said 111.482 acre tract and a portion of the northwesterly line of a 9.41 acre tract of land conveyed to Henry E. McCulloch, Jr. and wife, Barbara J. McCulloch by Deed of record in Volume 511, Page 13 of said Official Public Records, for a portion of the southeasterly line hereof, a distance of 3046.71 feet to the southerly corner of said 99.03 acre tract being in the northeasterly line of said 573.65 acre tract, and the northwesterly corner of said 9.41 acre tract, for an angle point hereof;

**THENCE**, leaving the southeasterly line of said 99.03 acre tract, along a portion of the northwesterly and southwesterly lines of said 9.41 acre tract, and a portion of the northeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) S41°34'50"E, a distance of 19.14 feet to an angle point hereof;
- 2) S48°56'20"W, a distance of 161.89 feet to an iron rod with "carter & burgess" cap for an angle point hereof;
- 3) S41°36'05"E, a distance of 1522.35 feet to the southerly corner of said 9.41 acre tract in the northwesterly right-of-way line of State Highway 142 (R.O.W. varies), for the easterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, leaving the southwesterly line of said 9.41 acre tract, along the northwesterly right-of-way line of State Highway 142, along a portion of the southeasterly line of said 573.65 acre tract, for a portion of the southeasterly line hereof, the following six (6) courses and distances:

- 1) S48°50'36"W, a distance of 1342.09 feet to the point of curvature of a non-tangent curve to the left;
- 2) Along said curve, having a radius of 11535.16 feet, a central angle of 02°03'00", an arc length of 412.72 feet and a chord which bears, S47°48'06"W, a distance of 412.70 feet to the end of said curve;

- 3) S46°50'18"W, a distance of 148.55 feet to the point of curvature of a non-tangent curve to the right;
- 4) Along said curve, having a radius of 11393.65 feet, a central angle of 02°03'02", an arc length of 407.78 feet and a chord which bears, S47°48'07"W, a distance of 407.76 feet to the end of said curve;
- 5) S48°51'00"W, a distance of 1315.11 feet to the point of curvature of a non-tangent curve to the right;
- 6) Along said curve, having a radius of 11,389.16 feet, a central angle of 00°37'29", an arc length of 124.18 feet and a chord which bears, S49°09'26"W, a distance of 124.18 feet to the point of curvature of a non-tangent curve to the left, for the most southerly corner hereof;

**THENCE**, leaving said northwesterly right-of-way line of State Highway 142, over and across said 573.65 acre tract, for a portion of the southwesterly line hereof, along the approximate Martindale City Limit Line, the following four (4) courses and distances:

- 1) Along said curve, having a radius of 2746.11 feet, a central angle of 26°52'25", an arc length of 1288.01 feet and a chord which bears, N53°46'19"W, a distance of 1276.24 feet to the end of said curve;
- 2) N69°22'30"W, a distance of 631.48 feet to an angle point hereof;
- 3) S69°38'20"W, a distance of 374.12 feet to an angle point hereof;
- 4) N65°05'35"W, a distance of 871.31 feet to a point in the southeasterly line of a 137 acre tract of land conveyed to John Mac Mauldin by Deed of record in Volume 359, Page 673 of said Official Public Records, and the northwesterly line of said 573.65 acre tract, for an angle point hereof;

**THENCE**, along a portion of the southeasterly line and the northeasterly line of said 137 acre tract, and the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N49°05'19"E, a distance of 1820.68 feet to an iron pipe for the easterly corner of said 137 acre tract, the westerly corner of said 573.65 acre tract, and an angle point hereof;

- 2) N40°56'06"W, a distance of 1177.53 feet to a point in the southeasterly line of a 167.96 acre tract of land conveyed to Conrads Herbert Inc. by Deed of record in Volume 346, Page 76 of said Official Public Records, being the northerly corner of said 137 acre tract, the northwesterly corner of said 573.65 acre tract, and an angle point hereof;

**THENCE**, N48°54'41"E, leaving the northeasterly line of said 137 acre tract, along a portion of the common southeasterly line of said 167.96 acre tract and a portion of the northwesterly line of said 573.65 acre tract, for a portion of the southwesterly line hereof, a distance of 42.46 feet to the most easterly corner of said 167.96 acre tract, and the southerly corner of said 224.83 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 573.65 acre tract, along the common line of said 167.96 acre tract and said 224.83 acre tract, for a portion of the southwesterly line hereof, the following eight (8) courses and distances:

- 1) N12°19'50"W, a distance of 294.36 feet to an angle point;
- 2) N00°34'24"E, a distance of 227.61 feet to an angle point;
- 3) N36°30'21"W, a distance of 285.03 feet to an angle point;
- 4) N56°28'57"W, a distance of 234.92 feet to an angle point;
- 5) N50°20'48"W, a distance of 99.62 feet to an angle point;
- 6) N27°15'48"W, a distance of 102.46 feet to an angle point;
- 7) N22°50'14"W, a distance of 255.49 feet to the westerly corner of said 224.83 acre tract, for an angle point hereof;
- 8) N43°45'31"E, a distance of 190.62 feet to the southerly corner of said 339.31 acre tract, for an angle point hereof;

**THENCE**, leaving the northwesterly line of said 224.83 acre tract, along the common line of said 167.96 acre tract and said 339.31 acre tract, for a portion of the southwesterly line hereof, the following two (2) courses and distances:

- 1) N39°23'33"W, a distance of 241.44 feet to an angle point;
- 2) N26°29'00"W, a distance of 668.42 feet to the easterly corner of a 213.451 acre tract of land conveyed to Curby Ohnheiser by Deed of record in Volume 178, Page 184 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the common northeasterly line of said 213.451 acre tract and the southwesterly line of said 339.31 acre tract, for a portion of the southwesterly line hereof, the following three (3) courses and distances:

- 1) N16°07'11"W, a distance of 819.56 feet to an angle point;
- 2) N13°49'18"W, a distance of 655.20 feet to an angle point;
- 3) N09°25'58"W, a distance of 163.84 feet to the southerly corner of a 49.82 acre tract of land conveyed to David J. Huffman by Deed of record in Volume 527, Page 292 of said Official Public Records, for the most westerly corner of said 339.31 acre tract and hereof;

**THENCE**, along the southeasterly and northeasterly lines of said 49.82 acre tract and the northwesterly line of said 339.31 acre tract, for the northwesterly line hereof, the following four (4) courses and distances:

- 1) N48°42'42"E, a distance of 1780.59 feet to a pk nail in a fence post;
- 2) N41°04'53"W, a distance of 664.10 feet to a pk nail in a fence post;
- 3) N48°44'06"E, a distance of 1261.08 feet to the most easterly corner of said 49.82 acre tract;
- 4) N42°14'20"W, a distance of 275.49 feet to the northeasterly corner of said 49.82 acre tract and northwesterly corner of said 339.31 acre tract, in the southerly right-of-way line of the Union Pacific Railroad, for the northwesterly corner hereof;

**THENCE**, leaving the northeasterly line of said 49.82 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, and a portion of the northerly line and northeasterly line of said 339.31 acre tract, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 1) S87°55'54"E, a distance of 3775.29 feet to an iron rod for the northeasterly corner of said 339.31 acre tract, and an angle point hereof;
- 2) S41°18'02"E, a distance of 62.32 feet to an iron rod for the northwesterly corner of said 91.99 acre tract, and an angle point hereof;

**THENCE**, leaving the northeasterly line of said 339.31 acre tract, along a portion of the southerly right-of-way line of the Union Pacific Railroad, the southerly right-of-way line of said Valley Way Drive, and the northerly line of said 91.99 acre tract, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S88°18'23"E, a distance of 870.54 feet to an iron rod for an angle point hereof;
- 2) N82°39'41"E, a distance of 454.88 feet to an angle point hereof;
- 3) N81°46'58"E, a distance of 126.52 feet to the **POINT OF BEGINNING**, and containing an area of 1206.6 acres of land, more or less, within these metes and bounds.

**PART 2 - 1151.3 ACRES**

**BEGINNING**, at an iron rod with "UDG" cap found in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies) for the northerly corner of a 1.82 acre tract of land conveyed to Jethery Bohannon Et. Ux. By deed of record in Volume 240, Page 435 of said Official Public Records, the southeasterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, S49°38'37"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the common line of said 1.82 acre tract and said 133.84 acre tract, a distance of 409.77 feet to a point in the northerly right-of-way line of the Union Pacific Railroad (100' R.O.W.);

**THENCE**, N87°55'45"W, along the northerly right-of-way of said Railroad, a distance of 1952.56 feet to a point for the southwesterly corner of said 133.84 acre tract and the southeasterly corner of a 22.1 acre tract of land conveyed to Abel Garza Et. Ux. By deed of record in Volume 96, Page 683 of said Official Public Records;

**THENCE**, leaving the northerly right-of-way of said Railroad, along the common line of said 133.84 acre tract and said 22.1 acre tract, the following two (2) courses and distances:

- 1) N01°23'47"E, a distance of 217.61 feet to and iron rod for an angle point hereof;
- 2) N41°22'34"W, a distance of 2440.88 feet to a fence corner post in the southeasterly right-of-way line of F.M. 1984 (80' R.O.W.) for the northerly corner of said 22.1 acre tract, the easterly corner of said 133.84 acre tract, and an angle point hereof;

**THENCE**, N41°36'44"W, leaving the northerly corner of said 22.1 acre tract, over and across F.M. 1984, a distance of 80.09 feet to a point in the northwesterly right-of-way line of F.M. 1984, and the southeasterly line of said 252.85 acre tract, for an angle point hereof;

**THENCE**, S48°23'16"W, a distance of 1345.17 feet to an iron rod with "LENZ" cap in the southeasterly line of said 252.85 acre tract and the easterly corner of a 40.0 acre tract of land conveyed to Myrna Lopez by deed of record in Document No. 122023 of said Official Public Records, for an angle point hereof;

**THENCE**, leaving the northerly right-of-way line of F.M. 1984, along the common line of said 252.85 acre tract and said 40.0 acre tract, the following sixteen (16) courses and distances:

- 1) N34°21'01"W, a distance of 110.36 feet to an iron rod with "LENZ" cap;
- 2) N19°39'31"W, a distance of 293.22 feet to an iron rod with "LENZ" cap;
- 3) N03°15'11"W, a distance of 82.66 feet to an angle point;
- 4) N36°52'22"E, a distance of 33.25 feet to an angle point;
- 5) N03°46'05"W, a distance of 515.85 feet to an angle point;
- 6) N09°53'30"W, a distance of 29.53 feet to an angle point;
- 7) N42°29'18"E, a distance of 23.22 feet to an angle point;
- 8) N09°28'01"E, a distance of 66.25 feet to an angle point;
- 9) N07°00'01"W, a distance of 164.91 feet to an angle point;
- 10) N13°52'24"W, a distance of 144.68 feet to an angle point;
- 11) N21°57'50"W, a distance of 90.39 feet to an angle point;
- 12) N10°37'25"W, a distance of 153.12 feet to an angle point;
- 13) N23°21'47"W, a distance of 161.89 feet to an iron rod with "LENZ" cap;
- 14) N41°34'57"W, a distance of 172.18 feet to an iron rod with "LENZ" cap for the northerly corner of said 40.0 acre tract;
- 15) S48°21'01"W, a distance of 1431.20 feet to an iron rod with "LENZ" cap for the westerly corner of said 40.0 acre tract;

- 16) S41°38'18"E, a distance of 1735.64 feet to an iron rod with "LENZ" cap for the southerly corner of said 40.0 acre tract, in the northwesterly right-of-way line of F.M. 1984 for an angle point of said 252.85 acre tract and hereof;

**THENCE**, S48°21'42"W, leaving the southerly corner of said 40.0 acre tract, along the northwesterly right-of-way line of F.M. 1984, a distance of 592.58 feet to the southerly corner of said 252.85 acre tract, in the northeasterly line of Fehlis Revised Addition to Reedville, of record in Volume 27, Page 368, of the Deed Records of said County, for an angle point;

**THENCE**, N41°22'43"W, leaving the northwesterly right-of-way line of F.M. 1984, along the southwesterly line of said 252.85 acre tract, a portion of the northeasterly line of said Fehlis Revised Addition, and a portion of the northeasterly line of a 56.52 acre tract of land conveyed to Southern Pecan Plantation Mobile Home Park, Inc., by deed of record in Volume 79, Page 369, of said Official Public Records, a distance of 3152.26 feet to an aluminum disk in concrete for the northerly corner of said 56.52 acre tract, the westerly corner of said 252.85 acre tract and hereof;

**THENCE**, N48°46'59"E, along the northwesterly line of said 252.85 acre tract, a distance of 4120.83 feet to point in the southwesterly right-of-way line of William Pettus Road (R.O.W. varies) for the northerly corner of said 252.85 acre tract;

**THENCE**, S40°53'44"E, along the southwesterly right-of-way line of William Pettus Road and northeasterly line of said 252.85 acre tract, a distance of 2659.70 feet to the point of curvature of a non-tangent curve to the left at the intersection of the southwesterly right-of-way line of William Pettus Road and the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the southwesterly right-of-way line of William Pettus Road, along the curving northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 252.85 acre tract, the following three (3) courses and distances:

- 1) Along said curve to the left having a radius of 756.20 feet, a central angle of 22°14'32", an arc length of 293.56 feet, and a chord which bears, S09°41'28"W, a distance of 291.72 feet to the end of said curve;
- 2) S01°25'48"E, a distance of 53.10 feet to the point of curvature of a non-tangent curve to the right;
- 3) Along said non-tangent curve to the right having a radius of 676.20 feet, a central angle of 49°28'14", an arc length of 583.85 feet, and a chord which bears, S23°18'19"W, a distance of 565.88 feet to a TxDOT concrete monument at the end of said curve;

**THENCE**, S41°36'44"E, leaving the southeasterly line of said 252.85 acre tract and northwesterly right-of-way line of F.M. 1984, over and across F.M. 1984, a distance of 79.92 feet to an angle point in the southeasterly right-of-way line of F.M. 1984, and the northwesterly line of said 133.84 acre tract;

**THENCE**, N48°22'36"E, along the northwesterly line of said 133.84 acre tract, being a portion of the southeasterly right-of-way line of F.M. 1984 and a portion of the southeasterly right-of-way line of Valley Way Drive (50' R.O.W.), a distance of 765.39 feet to northerly corner of said 133.84 acre tract in the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies);

**THENCE**, N48°53'36"E, leaving the northerly corner of said 133.84 acre tract, over and across said Valley Way Drive, a distance of 51.66 feet to an angle point in the northeasterly right-of-way line of Valley Way Drive and the southwesterly line of said 69.19 acre tract;

**THENCE**, N41°06'24"W, along the northeasterly right-of-way line of Valley Way Drive, a distance of 477.14 feet to an angle point at the intersection of the northeasterly right-of-way line of Valley Way Drive and the southeasterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northeasterly right-of-way line of Valley Way Drive, along a portion of southeasterly right-of-way line of F.M. 1984 and northwesterly line of said 69.19 acre tract, the following two (2) courses and distances:

- 1) Along a non-tangent curve to the right having a radius of 676.09 feet, a central angle of 26°42'34", an arc length of 315.17 feet, and a chord which bears, N35°06'01"E, a distance of 312.33 feet to the end of said curve;
- 2) N48°30'35"E, a distance of 2278.26 feet to an angle point hereof;

**THENCE**, N41°29'25"W, leaving the northwesterly line of said 69.19 acre tract, over and across F.M. 1984, a distance of 80.30 feet to the southerly corner of said 120.75 acre tract in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, leaving the northwesterly right-of-way line of F.M. 1984, along the irregular southwesterly line of said 120.75 acre tract, the following seven (7) courses and distances:

- 1) N41°29'56"W, a distance of 1298.87 feet to an angle point of said 120.75 acre tract and hereof;



- 2) S48°31'19"W, a distance of 1130.21 feet to an iron rod found for angle point of said 120.75 acre tract and the northerly corner of a 13.02 acre tract of land conveyed to Kristin Kocurek by deed of record in Volume 515, Page 161 of said Official Public Records;
- 3) N41°26'45"W, a distance of 376.48 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 4) N41°04'25"W, a distance of 250.72 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 5) N41°11'04"W, a distance of 250.71 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 6) N41°09'44"W, a distance of 386.22 feet to an iron rod found for angle point of said 120.75 acre tract and hereof;
- 7) N40°53'52"W, a distance of 222.60 feet to a fence post found in the southeasterly line of a 10 acre tract of land conveyed to Tanya Moran by deed of record in Volume 287, Page 564 of said Official Public Records, for the northerly corner of a 1.001 acre tract of land conveyed to Vincent J. Bustos by deed of record in Volume 574, Page 1 of said Official Public Records, and the westerly corner of said 120.75 acre tract;

**THENCE**, N48°47'31"E, along the northwesterly line of said 120.75 acre tract, a distance of 2437.59 feet to an iron rod for the easterly corner of a 90.014 acre tract of land conveyed to Kenneth R. Kent by deed of record in Volume 428, Page 79 of the Deed Records of said County, the northerly corner of said 120.75 acre tract, and in the southwesterly line of Lot 9, Block B, Koeglar Hills, a subdivision of record in Cabinet A, Slide 50 of the Plat Records of said County;

**THENCE**, S42°00'07"E, along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 895.37 feet to an iron rod for an angle point of said 120.75 acre tract and hereof;

**THENCE**, S41°15'14"E, continuing along the northeasterly line of said 120.75 acre tract and the southwesterly line of said Koeglar Hills Subdivision, a distance of 1663.51 feet to the easterly corner of said 120.75 acre tract, in the southwesterly line of Lot 3C of the Replat of Lots 3 and 4, Block B Koeglar Hills Subdivision, of record in Cabinet B, Slide 19 of the Plat Records of said County and the northerly corner of an old cemetery (no recording information found);

**THENCE**, leaving said Lot 3C, along the common line of said 120.75 acre tract and said old cemetery, the following four (4) courses and distances:

- 1) S48°44'49"W, a distance of 59.99 feet to an angle point;
- 2) S41°15'11"E, a distance of 29.00 feet to an angle point;
- 3) S48°44'49"W, a distance of 355.50 feet to an angle point;
- 4) S41°15'11"E, a distance of 189.19 feet to the southerly corner of said old cemetery for an angle point of said 120.75 acre tract and hereof in the northwesterly right-of-way line of F.M. 1984;

**THENCE**, S48°36'20"W, along the northwesterly right-of-way line of F.M. 1984 and southeasterly line of said 120.75 acre tract, a distance of 592.28 feet to an angle point;

**THENCE**, S41°23'40"E, leaving the southeasterly line of said 120.75 acre tract, over and across F.M. 1984, a distance of 79.79 feet to an iron rod for the northerly corner of said 69.19 acre tract and the westerly corner of a 3.67 acre tract of land conveyed to Arthur D. Ehrlich and Mary L Ehrlich by deed of record in Volume 179, Page 507 of said Official Public Records;

**THENCE**, leaving the southeasterly right-of-way line of F.M. 1984, along the common line of said 69.19 acre tract and said 3.67 acre tract, the following two (2) courses and distances:

- 1) S41°22'11"E, a distance of 399.75 feet to steel fence corner post;
- 2) N48°31'55"E, a distance of 397.74 feet to an iron rod for the easterly corner of said 3.67 acre tract;

**THENCE**, S41°27'50"E, along the northeasterly line of said 69.19 acre tract, a distance of 568.68 feet to a steel fence post in the southwesterly line of Lot 6, Block 1 of Castle Hill Subdivision Phase I, a subdivision of record in Book A, Page 181 of the Plat Records of said County;

**THENCE**, leaving the southeasterly line of said Castle Hill Subdivision, along the southeasterly line of said 69.19 acre tract, the following eight (8) courses and distances:

- 1) S48°41'00"W, a distance of 786.26 feet to an angle point;
- 2) S47°55'14"W, a distance of 85.90 feet to an angle point;
- 3) S49°18'20"W, a distance of 589.25 feet to an angle point;
- 4) S48°01'10"W, a distance of 232.56 feet to a fence post;
- 5) S47°58'05"W, a distance of 345.92 feet to an angle point;

- 6) S47°46'45"W, a distance of 446.89 feet to an angle point;
- 7) S48°19'28"W, a distance of 438.49 feet to an angle point;
- 8) S48°07'05"W, a distance of 367.04 feet to fence corner post for the southerly corner of said 69.19 acre tract in the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, S48°38'56"W, leaving the southerly corner of said 69.19 acre tract, over and across Valley View Drive, a distance of 49.85 feet to a point in the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive;

**THENCE**, along the northeasterly line of said 133.84 acre tract and the southwesterly right-of-way line of Valley Way Drive, the following two (2) courses and distances;

- 1) S41°21'04"E, a distance of 1129.59 feet to a fence post;
- 2) S41°40'38"E, a distance of 1273.02 feet to an angle point;

**THENCE**, N48°19'22"E, leaving the northeasterly line of said 133.84 acre tract, over and across Valley View Drive, a distance of 61.02 feet to the easterly corner of said 239.035 acre tract in the northeasterly right-of-way line of Valley View Drive;

**THENCE**, along a portion of the northwesterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) N48°15'16"E, a distance of 2761.12 feet to an angle point;
- 2) S41°47'43"E, a distance of 274.43 feet to a fence corner post;
- 3) N48°40'03"E, a distance of 976.49 feet to an iron rod for the southerly corner of said 70.540 acre tract;

**THENCE**, N40°19'04"W, leaving the northwesterly line of said 239.035 acre tract, along the southwesterly line of said 70.540 acre tract, a distance of 904.98 feet to an iron rod with "RL Surveying" cap for the easterly corner of said 70.540 acre tract, in the southeasterly line of said 49.325 acre tract;

**THENCE**, S49°05'23"W, leaving the southwesterly line of said 70.540 acre tract, along the southeasterly line of said 49.325 acre tract, a distance of 500.65 feet to an iron rod with "UDG 2433" cap for the southerly corner of said 49.325 acre tract;

**THENCE**, along the southwesterly line of said 49.325 acre tract, the following two (2) courses and distances:

- 1) N40°38'48"W, a distance of 400.80 feet to an iron rod with "UDG 2433" cap;
- 2) N40°43'42"W, a distance of 1287.69 feet to an iron rod for the southerly corner of Lot 6 of said Castle Hill Subdivision;

**THENCE**, N48°32'31"E, along the northwesterly lines of said 49.325 acre tract, said 49.330 acre tract, and said 47.271 acre tract, a distance of 3425.74 feet to an iron rod for the northwesterly corner of said 47.271 acre tract;

**THENCE**, along a portion of the northerly line of said 47.271 acre tract, the following three (3) courses and distances:

- 1) S41°01'56"E, a distance of 227.58 feet to an iron rod;
- 2) S85°53'10"E, a distance of 183.60 feet to an angle point;
- 3) N43°11'02"E, a distance of 271.56 feet to the northeasterly corner of said 47.271 acre tract in the southwesterly right-of-way line of F.M. 1966 (80' R.O.W.);

**THENCE**, S40°51'42"E, along the southwesterly right-of-way line of F.M. 1966, a distance of 1367.14 feet to the easterly corner of said 47.271 acre tract and northerly corner of a 1.0 acre tract of land conveyed to John M. Salazar Et. Ux. By deed of record in Volume 424, Page 100 of the Deed Records of said County;

**THENCE**, S48°43'20"W, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the southeasterly line of said 47.271 acre tract, a distance of 348.84 feet to an iron rod for the northwesterly corner of said 70.540 acre tract and the westerly corner of a 1.041 acre tract conveyed to Kelly J. Cansler Et. Ux. By deed of record in Volume 64, Page 782 of said Official Public Records;

**THENCE**, along the southerly lines of said 1.041 acre tract and the northerly lines of said 70.540 acre tract, the following two (2) courses and distances:

- 1) S41°01'59"E, a distance of 256.81 feet to an iron rod;
- 2) N47°37'30"E, a distance of 350.89 feet to an iron rod for the easterly corner of said 1.041 acre tract and the northeasterly corner of said 70.540 acre tract in the southwesterly right-of-way line of F.M. 1966;

**THENCE**, S41°14'17"E, along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 742.57 feet to an iron rod for the easterly corner of said 70.540 acre tract and the northerly corner of said 55.669 acre tract;

**THENCE**, S41°23'23"E, continuing along a portion of the southwesterly right-of-way line of F.M. 1966, a distance of 644.74 feet to the easterly corner of said 55.669 acre tract and the northerly corner of the remaining 2.437 acre tract of land conveyed to Barbara Kinkade and Life Estate reserved by Margaret Ann Wackerhagen by deed of record in Volume 507, Page 721 of said Official Public Records;

**THENCE**, leaving the southwesterly right-of-way line of F.M. 1966, along a portion of the irregular easterly line of said 55.669 acre tract and the westerly line of said 2.437 acre tract, the following seven (7) courses and distances:

- 1) S54°55'11"W, a distance of 457.51 feet to an angle point;
- 2) S39°04'07"E, a distance of 26.01 feet to an angle point;
- 3) S21°40'50"E, a distance of 95.81 feet to an angle point;
- 4) S80°14'00"W, a distance of 44.90 feet to an angle point;
- 5) S15°41'02"E, a distance of 84.10 feet to an angle point;
- 6) S27°21'59"E, a distance of 112.74 feet to a 1/2 inch iron rod;
- 7) S28°12'49"E, a distance of 210.26 feet to an 1/2 inch iron rod for the southerly corner of a 3.569 acre tract of land described in a deed to Barbara K. Warrens of record in Volume 232, Page 423 of said Official Public records;

**THENCE**, S48°42'23"W, along the southeasterly line of said 55.669 acre tract, a distance of 1852.73 feet to an iron rod in the northeasterly line of said 239.035 acre tract;

**THENCE**, along a portion of the northeasterly line of said 239.035 acre tract, the following three (3) courses and distances:

- 1) S41°02'56"E, a distance of 387.22 feet to an iron rod;
- 2) S41°06'40"E, a distance of 312.60 feet to an iron rod;
- 3) S40°42'48"E, a distance of 542.32 feet to a fence corner post for the easterly corner of said 239.035 acre tract and an angle point in the westerly line of said 59.828 acre tract;

**THENCE**, leaving the easterly corner of said 239.035 acre tract, along a portion of the westerly and northerly lines of said 59.828 acre tract, the following three (3) courses and distances:

- 1) S41°34'25"E, a distance of 151.16 feet to an iron rod;
- 2) N48°34'31"E, a distance of 610.04 feet to an iron rod for the northerly corner of said 59.828 acre tract;
- 3) S41°33'19"E, a distance of 1565.45 feet to the easterly corner of said 59.828 acre tract, in the curving northerly right-of-way line of the Union Pacific Railroad;

**THENCE**, along the easterly line of said 59.828 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following three (3) courses and distances:

- 1) Along a non-tangent curve to the left having a radius of 2786.27 feet, a central angle of 17°52'26", an arc length of 869.20 feet, and a chord which bears, S86°07'28"W, a distance of 865.68 feet to the end of said curve;
- 2) Along a non-tangent curve to the left having a radius of 3832.81 feet, a central angle of 06°04'35", an arc length of 406.47 feet, and a chord which bears, S73°32'28"W, a distance of 406.28 feet to the end of said curve;
- 3) S69°58'41"W, a distance of 2776.15 feet to an iron rod for the southerly corner of said 59.828 acre tract and an angle point in the easterly line of said 239.035 acre tract;

**THENCE**, along the easterly line of said 239.035 acre tract and the northerly right-of-way line of the Union Pacific Railroad, the following four (4) courses and distances:

- 1) S69°58'41"W, a distance of 92.94 feet to an angle point;
- 2) Along a non-tangent curve to the right having a radius of 3336.89 feet, a central angle of 06°13'09", an arc length of 362.21 feet, and a chord which bears, S72°55'53"W, a distance of 362.03 feet to the end of said curve;
- 3) Along a non-tangent curve to the right having a radius of 2825.30 feet, a central angle of 14°00'59", an arc length of 691.16 feet, and a chord which bears, S83°18'28"W, a distance of 689.44 feet to the end of said curve;
- 4) Along a non-tangent curve to the right having a radius of 55687.93 feet, a central angle of 00°48'17", an arc length of 782.17 feet, and a chord which bears, N88°10'00"W, a distance of 782.15 feet to the end of said curve at the intersection of the northerly right-of-way line of the Union Pacific Railroad and the northeasterly right-of-way line of Valley Way Drive;

**THENCE**, N41°20'20"W, leaving the northerly right-of-way line of the Union Pacific Railroad, along the northeasterly right-of-way line of Valley Way Drive and southerly line of said 239.035 acre tract, a distance of 429.48 feet to an angle point;

**THENCE**, S48°39'40"W, leaving southerly line of said 239.035 acre tract, over and across Valley Way Drive a distance of 51.67 feet to the **POINT OF BEGINNING**, containing an area of 1168.438 acres (50,897,146 square feet) of land, more or less; within these metes and bounds, **SAVE AND EXCEPT THEREFROM** the aforementioned 15.354 acre tract of land described as follows:

**COMMENCING**, at a 1/2 inch iron rod found in northerly right-of-way line of the Union Pacific Railroad for the southerly corner of said 59.828 acre tract and being in the easterly line of said 239.035 acre tract;

**THENCE**, N45°14'35"W, leaving the northerly right-of-way line of the Union Pacific Railroad and the southerly corner of said 59.828 acre tract, over and across said 239.035 acre tract, a distance of 944.36 feet to the **POINT OF BEGINNING**, being the southerly corner of said 15.354 acre tract and hereof;

**THENCE**, along the common lines of said 239.035 acre tract, said 15.354 acre tract and hereof, the following four (4) courses and distances:

- 1) N41°44'44"W, a distance of 760.00 feet to a point for the westerly corner of said 15.354 acre tract and hereof;
- 2) N48°15'16"E, a distance of 880.00 feet to a point for the northerly corner of said 15.354 acre tract and hereof;
- 3) S41°44'44"E, a distance of 760.00 feet to a point for the easterly corner of said 15.354 acre tract and hereof;
- 4) N48°15'16"E, a distance of 880.00 feet to the **POINT OF BEGINNING**, containing an area of 15.354 acres (668,800 square feet) of land, more or less, within these metes and bounds and **FURTHER SAVE AND EXCEPT THEREFROM** the aforementioned the 1.790 acre tract of land described as follows;;

**COMMENCING**, at a fence corner post for the northerly corner of said 239.035 acre tract, being an angle point in the easterly line of said 70.540 acre tract;


**THENCE**, N31°58'37"W, leaving the northerly corner of said 239.035 acre tract, over and across said 70.540 acre tract, a distance of 176.88 feet to a fence corner post for the **POINT OF BEGINNING**, being the easterly corner of said 1.790 acre tract and hereof;

**THENCE**, along the common lines of said 70.540 acre tract, said 1.790 acre tract and hereof, the following four (4) courses and distances:

- 1) S60°20'34"W, a distance of 237.04 to a fence corner post for the southerly corner of said 1.790 acre tract and hereof;
- 2) N32°55'40"W, a distance of 267.87 feet to a 1/2 inch iron rod for the westerly corner of said 1.790 acre tract and hereof;
- 3) N49°02'47"E, a distance of 297.06 feet to a 1/2 inch iron rod for the northerly corner of said 1.790 acre tract and hereof;
- 4) S22°49'48"E, a distance of 327.95 feet to the **POINT OF BEGINNING**, containing an area of 1.790 acres (77,991 square feet) of land, more or less, within these metes and bounds, leaving a **TOTAL NET AREA** of 1151.3 acres of land, more or less, within these metes and bounds.

THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

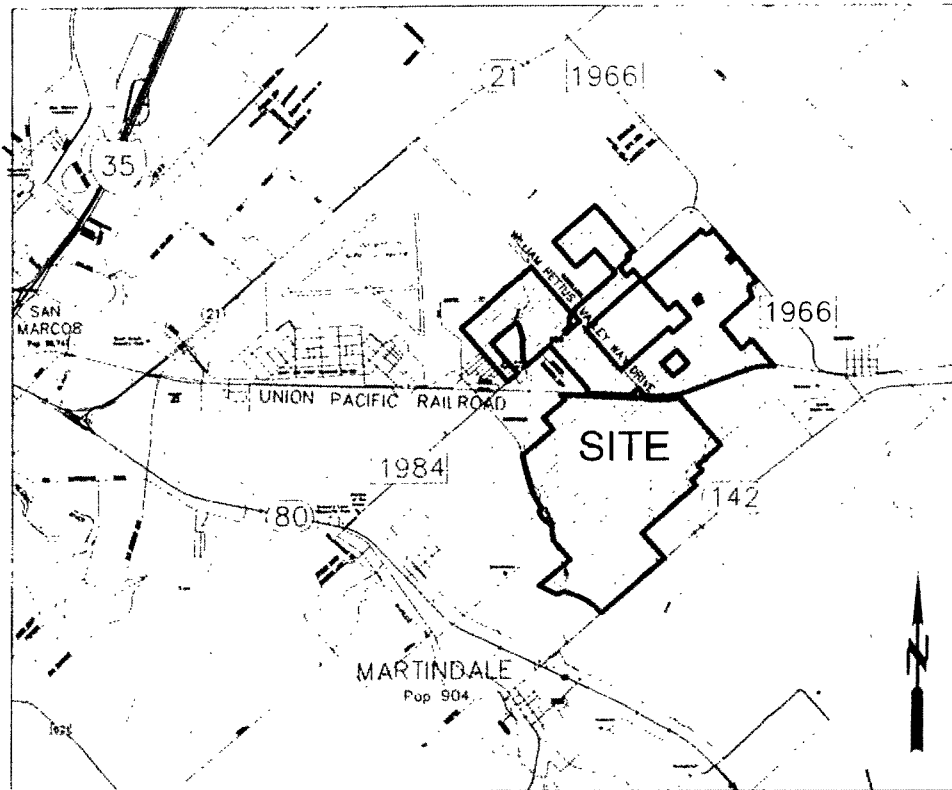
BURY-AUS, INC.  
221 WEST SIXTH STREET  
SUITE 600  
AUSTIN, TEXAS 78701

  
6/17/14  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # F-10107500









**VICINITY MAP**

**AREA SUMMARY**

<b>LAND A</b>	<b>96.5 ACRES</b>
<b>LAND B</b>	<b>87.9 ACRES</b>
<b>LAND C</b>	<b>99.8 ACRES</b>
<b>LAND D</b>	<b>358.1 ACRES</b>
<b>LAND E</b>	<b>224.8 ACRES</b>
<b>LAND F</b>	<b>339.3 ACRES</b>
<b>LAND G</b>	<b>120.7 ACRES</b>
<b>LAND H</b>	<b>69.2 ACRES</b>
<b>LAND I</b>	<b>145.9 ACRES</b>
<b>LAND J</b>	<b>70.5 ACRES</b>
<b>LAND K</b>	<b>55.7 ACRES</b>
<b>LAND L</b>	<b>239.0 ACRES</b>
<b>LAND M</b>	<b>59.8 ACRES</b>
<b>LAND N</b>	<b>252.8 ACRES</b>
<b>LAND O</b>	<b>133.8 ACRES</b>
<b>FARM TO MARKET ROAD 1984</b>	<b>2.2 ACRES</b>
<b>CR 238 (VALLEY WAY DRIVE)</b>	<b>1.9 ACRES</b>
<b>TOTAL ACREAGE</b>	<b>2357.9 ACRES</b>

**BURY**

221 West 5th Street, Suite 500  
Austin, Texas 78701  
Tel: (512) 428-0611 Fax: (512) 428-0275  
TELE # 512-428-0611  
Copyright © 2014

**EXHIBIT OF COTTON CENTER  
MUNICIPAL UTILITY DISTRICT #1  
SITUATED IN CALDWELL COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 2 OF 2**

DATE: 06/12/14

FILE: H:\103932\030-COTTON CENTER\103932030EX2

DWG No.: FN14-206(MJR)

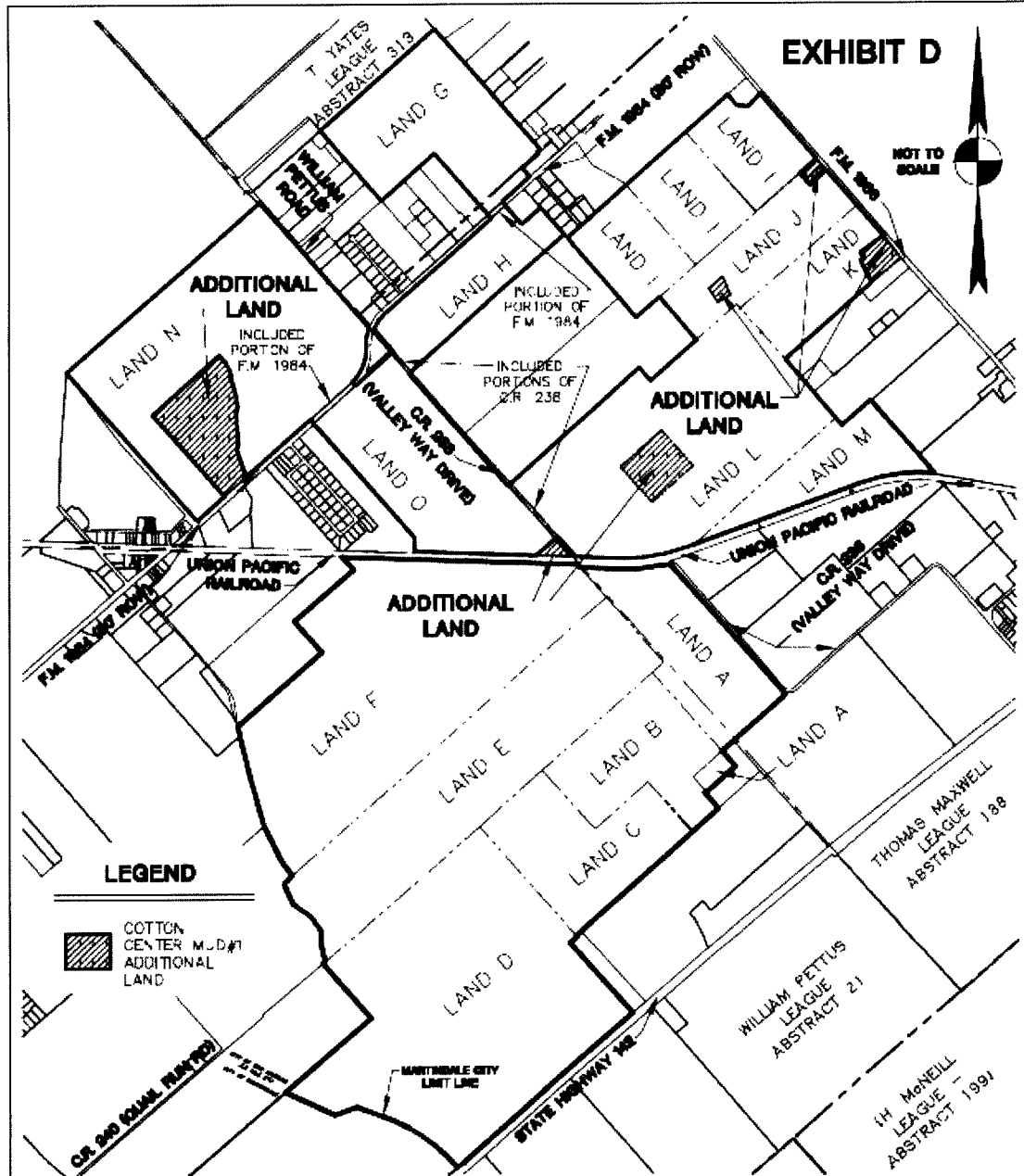
DRAWN BY: MJR

PROJ. No: R0103932-10030

H:\103932\030-COTTON CENTER\103932030EX2.dwg Jun 13, 14 9:34 AM by: mjr

# EXHIBIT "B"

## MAP DEPICTING ADDITIONAL LAND



### BURY

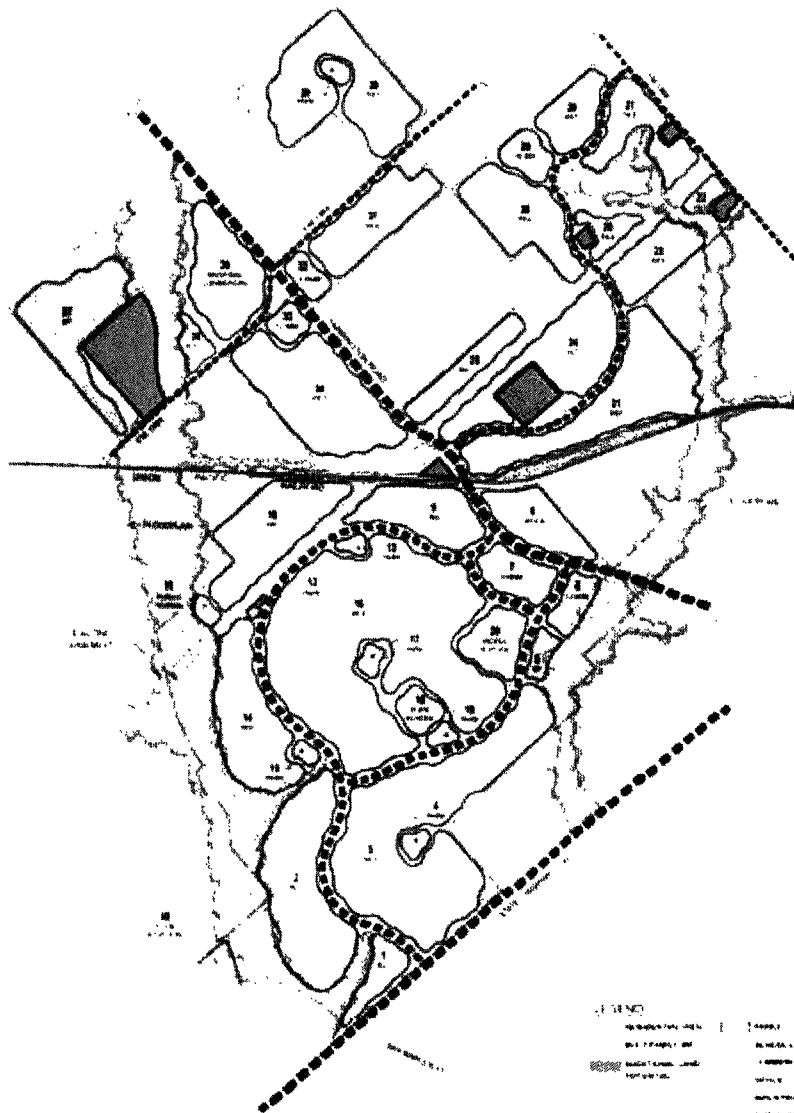
221 West 24th St. Suite 400  
Arling, Texas 76010  
Tel: 817/328-1414 Fax: 817/328-1424  
TDD: 817/328-1414 TDD: 817/328-1424  
Copyright © 2014

**EXHIBIT OF COTTON CENTER  
MUD #1 - ADDITIONAL LAND  
SITUATED IN CALDWELL  
COUNTY, TEXAS**

**WALTON  
TEXAS, LP**

**SHEET 1 OF 1**

DATE: 09/19/14 FILE: H:\03932\030-COTTON CENTER\103932030EX4.DWG FN No.: FN14-206(MJR) DRAWN BY: MJR PROJ No: R0103932-10030  
H:\03932\030-Cotton Center\103932030EX4.dwg Sep 19, 14 10:31 AM by: mraabe



**COTTON CENTER MUD 1**  
 POTENTIAL OUT PARCELS TO BE  
 ADDED TO COTTON CENTER

**EXHIBIT "C"**

**FORM OF CONSENT ORDINANCE**

**ORDINANCE NO. \_\_\_\_**

**AN ORDINANCE GRANTING THE CONSENT OF THE CITY OF SAN MARCOS, TEXAS, TO THE CREATION OF COTTON CENTER MUNICIPAL UTILITY DISTRICT NO. 1 WITHIN THE CITY'S EXTRATERRITORIAL JURISDICTION**

WHEREAS, the City of San Marcos (the "City") received a Petition for Consent to the Creation of a MUNICIPAL UTILITY DISTRICT for 2,358 acres currently located in the City's extraterritorial jurisdiction, a copy of which petition is attached as Exhibit A; and

WHEREAS, Section 54.016 of the Texas Water Code and Section 42.042 of the Local Government Code provide that land within a municipality's extraterritorial jurisdiction may not be included within a district without the municipality's written consent;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

That the City Council of the City of San Marcos, Texas, gives its written consent to the creation of the Cotton Center Municipal Utility District No. 1 on 2,358 acres of land, as described in the attached petition.

PASSED AND APPROVED on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Secretary

**EXHIBIT “D”**

**FORM OF STRATEGIC PARTNERSHIP AGREEMENT**

STRATEGIC PARTNERSHIP AGREEMENT BETWEEN  
THE CITY OF SAN MARCOS AND  
COTTON CENTER MUNICIPAL UTILITY DISTRICT NO. 1  
OF CALDWELL COUNTY, TEXAS

THE STATE OF TEXAS   §

COUNTY OF HAYS           §       KNOW ALL MEN BY THESE PRESENTS

This Strategic Partnership Agreement (“Agreement”) is made and entered into by the City of San Marcos, a home rule municipal corporation, acting through its governing body, the City Council of the City of San Marcos (“City”); and the Cotton Center Municipal Utility District No.1 (“District”), a municipal utility district and political subdivision of the State created under Chapter \_\_\_\_\_, Texas Special District Laws (the “**Enabling Legislation**”) acting by and through its duly authorized Board of Directors.

**RECITALS**

1. The District is a municipal utility district created under the authority of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to the Enabling Legislation and currently contains 2,358 acres of land as more fully described on the attached **Exhibit “A”** (the “Property”) and depicted on **Exhibit “B”** attached to this Agreement.
2. The City consented to the creation of the District by Ordinance \_\_\_\_ adopted on \_\_\_\_\_, 2014 (the “Consent Agreement”).
3. The City and the District are authorized to negotiate and enter into a Strategic Partnership Agreement by mutual consent pursuant to Chapter 43.0751 of the Texas Local Government Code, as amended (the “Act”).
4. The City desires to enter into this Agreement with the District which would provide for eventual annexation and dissolution of the District by the City, and address issues related to administration of the district, provision of services, and other regulatory and financial matters.
5. The City and Walton Texas, LP (an Owner, as such term is defined in the Development Agreement) entered into a Development Agreement, dated \_\_\_\_\_, 2014, regarding the development of the Property in the District.
6. The District and its residents and property owners desire to postpone City’s annexation of the District in accordance with the terms of this Agreement, the Development Agreement and Consent Agreement and to provide for the construction and financing of water, wastewater, drainage and road projects and future division of District which benefit residents of the District and the City.

7. By this Agreement, the Parties desire to establish, among other things, terms and conditions of the City's limited purpose annexation of certain lands comprising the community commercial portion of the District, as described in this Agreement and in accordance with the Act.
8. The District provided notice of two public hearings concerning the adoption of this Agreement in accordance with the procedural requirements of Section 43.0751 of the Local Government Code.
9. The District conducted two public hearings regarding this Agreement in accordance with procedural requirements of Section 43.0751 of the Local Government Code on \_\_\_\_\_, 201\_, at \_\_\_\_\_ o'clock p.m., at \_\_\_\_\_ and on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m. at \_\_\_\_\_.
10. The City provided notice of two public hearings concerning the adoption of this Agreement in accordance with the procedural requirements of Section 43.0751 of the Local Government Code.
11. The City conducted two public hearings regarding this Agreement in accordance with procedural requirements of Section 43.0751 of the Local Government Code on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m., at the City Council Chambers and on \_\_\_\_\_, 201\_ at \_\_\_\_\_ o'clock p.m., at the City Council Chambers.
12. The District has, by formal action, after public hearings, approved this Agreement on \_\_\_\_\_, 201\_ in open session at a meeting held in accordance with the Open Meetings Act.
13. The City has, by formal action, after public hearings, approved this Agreement on \_\_\_\_\_ in open session at a meeting held in accordance with the Open Meetings Act.
14. All procedural requirements imposed by state law for the adoption of this Agreement have been met.

**NOW, THEREFORE**, for and in consideration of the mutual agreements, covenants, and conditions contained in this Agreement, and other good and valuable consideration, the City and the District agree as follows:

**ARTICLE I**  
**DEFINITIONS, PURPOSE, AND LEGAL AUTHORITY**

**Section 1.01 Terms Defined in this Agreement.** In this Agreement, each of the following terms shall have the meaning indicated:



1. "Agreement" means this Strategic Partnership Agreement between the City of San Marcos and the Cotton Center Municipal Utility District No.1.
2. "City" means the City of San Marcos, Texas.
3. "City Council" means the elected body of the City of San Marcos, as such term is defined in Section 1.02 of the Charter.
4. "Consent Agreement" the Agreement between the City of San Marcos and Walton Texas, LP consenting to the creation of the Cotton Center Municipal Utility District No. 1 dated November \_\_, 2014.
5. "Developer" means the Walton Texas, LP as an Owner, as such term is defined in the Development Agreement dated \_\_\_\_\_, 2014, and any designated successors and assigns that acquire and develop the Property.
6. "Development Agreement" means the Development Agreement between the City and Walton Texas, LP (on behalf of the Cotton Center Development, including any assignments as authorized therein and future amendments thereto).
7. "District" means the Cotton Center Municipal Utility District No.1, Caldwell County, Texas.
8. "District Boundaries" means the boundaries of District as they now exist, including property that may hereafter be annexed by the District, as such boundaries are more particularly described in Exhibit "A" and depicted on Exhibit "B" attached to this Agreement.
9. "District Facilities" means the water, wastewater, drainage, road and park property, facilities, services or contract rights and other property or rights to serve the District.
10. "Limited Purpose Annexation" means annexation for the limited purpose of collecting Sales and Use Tax as provided for in Chapter 43.0751 of Texas Local Government Code, as amended.
11. "Limited Purpose Tracts" means any tract located within the District and in Caldwell County, Texas that is designated as community commercial use upon the filing of initial plat, and subject to limited purpose annexation under Section 2.03.
12. "Notice" means any formal notice or communication required or authorized to be given by one Party to another by this Agreement.
13. "Parties" means City and District.
14. "Party" means City, or District, as the case may be.

15. "Period of Limited Purpose Annexation" means that period commencing on the effective date of the limited purpose annexation of the Limited Purpose Tracts, and ending upon the effective date of the full purpose annexation by the City in accordance with the terms of this Agreement, the Consent Agreement and the Development Agreement.
16. "Project" means the Cotton Center master-planned mixed- use community that includes the District.
17. "Sales and Use Tax Revenues" means those revenues received by the City from the sales and use tax authorized to be imposed by the City on sales consummated at locations within the Limited Purpose Tracts pursuant to the Act and Chapter 321 of the Tax Code, and to the extent not otherwise controlled or regulated, in whole or in part, by another governmental entity, authority, or applicable law, ordinance, rule, or regulation.
18. "State" shall mean the State of Texas.
19. "Tax Code" means the Texas Tax Code, as amended.

**Section 1.02 Purpose of the Agreement.** The purposes of this Agreement are to: i) define and clarify, through contractual agreement, the terms and conditions of Limited Purpose Annexation by the City of certain Limited Purpose Tracts comprising the community commercial portion of land in the District and the relationship between City and the District, including matters related to the collection of sales and use taxes by City, and ii) postpone City's annexation of the District to provide for the construction and financing of water, wastewater, drainage and road projects of the District which benefit residents of the District and the City.

**Section 1.03 General Location and Description of the District.** The District is a municipal utility district created pursuant to the Enabling Act and State law and operating pursuant to Chapters 49 and 54 of the Texas Water Code. All of the territory within the District is located within the extraterritorial jurisdiction of the City in Caldwell County, Texas. The District encompasses approximately 2,358 acres, more or less, within the District Boundaries.

## **ARTICLE II**

### **ADOPTION OF THE AGREEMENT AND ANNEXATION OF THE DISTRICT**

**Section 2.01 Conduct of Public Hearings.** District and City acknowledge and agree that prior to the execution of this Agreement, District and City have conducted public hearings for the purpose of considering the adoption of this Agreement and the annexation of the District in accordance with the terms of this Agreement, and applicable law.

**Section 2.02 Effective Date of Agreement.** Under the provisions of Section 43.0751(c) of the Local Government Code, this Agreement shall become effective when adopted and fully executed by the City and the District. Upon adoption, the Agreement shall be filed by City in the Real Property Records of Caldwell County, Texas, if applicable.

### **Section 2.03 Annexation of Limited Purpose Tracts for Limited Purposes.**

a. The Limited Purpose Tracts may be annexed by City for limited purposes under Section 43.0751 of the Local Government Code. The boundaries of the Limited Purpose Tracts may be modified by City in connection with the designation under the Development Agreement of areas in which community commercial uses are permitted uses. The Parties agree that all of Limited Purpose Tracts upon limited purpose annexation of the same by City shall continue to be a part of the District following such annexation and shall continue to receive the same services from the District that the property now receives. District may levy an ad valorem tax in all of the areas within the District Boundaries as long as the District continues to exist. City shall not levy an ad valorem tax on the Limited Purpose Tracts during the Period of Limited Purpose Annexation. Notwithstanding any limited purpose annexation, the Limited Purpose Tracts shall continue to be located within the ETJ of City for purposes of this Agreement and shall be subject to the Development Agreement.

b. District on behalf of all present and future owners of land within District Boundaries hereby consents to City's annexation of the Limited Purpose Tracts for limited purposes as provided in this Agreement, and the imposition of sales and use tax by City in the Limited Purpose Tracts within the District pursuant to the terms of this Agreement; and consents to the conversion of the property within the District to full purpose jurisdiction in accordance with this Agreement, the Development Agreement and the Consent Agreement. It is the intent of the Parties that the consent granted in this Agreement shall bind the District and each owner and future owner of land within the District Boundaries.

**Section 2.04 Taxation Authority of the City in the District During Period of Limited Purpose Annexation.** City may impose and collect sales and use tax in the Limited Purpose Tracts upon the limited purpose annexation of such tracts as provided in subsection (k) of Section 43.0751 of the Local Government Code. City shall have no authority to levy any other taxes within the District prior to full purpose annexation.

**Section 2.05 Full Purpose Annexation.** In accordance with Section 43.0751 of the Local Government Code, District and City agree that City may commence a full purpose annexation of the District under this Agreement no sooner than the date on which (i) at least ninety percent (90%) of the water, wastewater, drainage and road facilities of the District have been constructed, and accepted by the applicable governmental entity, and (ii) the developer in the District has been reimbursed by the District for the cost of the District facilities to the extent allowed in accordance with the rules of the Texas Commission on Environmental Quality. City may effect an annexation by adoption of an ordinance including the area of the District within the full purpose City limits, and dissolving the District.

## **Section 2.06 District Residents' Rights.**

- a. Qualified Voters. The qualified voters, if any, residing within the Limited Purpose Tract may vote in City elections pursuant to Local Government Code Sections 43.0751 (q) and 43.130. Voting rights are subject to all federal and state laws and regulations.
- b. City Citizen. A resident of an area of the District that is annexed for full purposes becomes a citizen of the City for all purposes and shall have all the rights, privileges, and responsibilities accorded to the citizens residing in all other areas that City has annexed for full purposes.

## **Section 2.07 Notice to Landowners of Full Purpose and Limited Purpose Annexation of Land Within the District.** District agrees to file the following notice concerning this Agreement in the Official Records of Caldwell County for the property within the District:

The property within the boundaries of Cotton Center Municipal Utility District No.1 of Caldwell County, Texas (the "District"), as depicted on the map attached hereto, is subject to the terms and conditions of a Strategic Partnership Agreement ("Agreement") between the District and the City of San Marcos (the "City"), dated \_\_\_\_\_ 20\_\_\_. The Agreement establishes a timetable for the annexation by City of the property in the District, a portion of which will be annexed initially for limited purposes and subsequently for full purposes. The annexation for full purposes may occur at any time after at least ninety percent (90%) of the water, wastewater, drainage and road facilities have been constructed, and the developer in the District has been reimbursed by the District for the cost of the District facilities to the extent allowed in accordance with the rules of the Texas Commission on Environmental Quality. A copy of the Agreement may be obtained by contacting the offices of the District, and questions concerning the Agreement may be directed to District or the City of San Marcos.

This notice with appropriate modifications shall also be included in the notice to purchasers of real property in the District in each future edition of the District's Information Form required to be recorded in the Official Records of Caldwell County, Texas, pursuant to Section 49.455 of the Texas Water Code.

**Section 2.08 Regulatory and Taxation Authority of the City and the District Upon Full Purpose Annexation of the District.** Upon full purpose annexation of the District, City shall have all the authority and power, including taxation authority, within the District that City enjoys in all other areas that City has annexed or does annex for full purposes. Prior to full purpose annexation by City, District shall have all of the authority and power, including taxation authority, of a municipal utility district, except as modified by the terms and provisions of this Agreement and applicable law, so long as the District exists.

## **ARTICLE III** **SERVICES TO THE DISTRICT**

### **Section 3.01 Municipal Services During the Period of Limited Purpose Annexation.**

a. Except for review of development activities and land uses for compliance with the Development Agreement and the provision of wastewater services pursuant to the Consent Agreement and a Service Agreement, no other City services will be provided in any area within the District Boundaries prior to the full purpose annexation of the District, unless otherwise agreed in writing between City and District at a later time.

b. City services not now being provided within the District Boundaries shall commence upon the full purpose annexation of District by City, and dissolution of the District; provided, however, water services will be provided by the service provider holding the CCN and legally authorized to provide such services to the District.

#### **ARTICLE IV** **DISTRICT ASSETS, LIABILITIES, OBLIGATIONS, DEBT** **AND DEBT SERVICE**

##### **Section 4.01 Assets, Liabilities, Indebtedness, and Obligations During the Period of Limited Purpose Annexation.**

a. District shall be dissolved and abolished on or about the date of full purpose annexation, except to the extent that the parties agree that it may remain in existence for the purposes of winding down the District's business.

b. District's contracts, assets, liabilities, indebtedness, and obligations will all remain the responsibility of the District until full purpose annexation.

##### **Section 4.02 Assumption of the District's Outstanding Obligations, Assets, Debts, and Liabilities by the City.**

a. City shall assume none of the District's obligations or assets during the Period of Limited Purpose Annexation.

b. Upon full purpose annexation of the District, and dissolution of District, all of the obligations, liabilities, indebtedness, and assets of the District shall be assumed by City except those obligations, liabilities, indebtedness, and assets incurred or acquired by the District in violation of the Consent Agreement, this Agreement, or state law.

##### **Section 4.03 Capital Improvements During the Period of Limited Purpose Annexation.** During the Period of Limited Purpose Annexation the District shall be responsible for making all capital improvements to District Facilities.

##### **Section 4.04 District Bonds and Tax.**

a. District will levy an ad valorem tax to pay debt service on the District's Bonds in accordance with the terms thereof and to pay operation and maintenance expenses of District, as appropriate, and will continue to do so pending full purpose annexation of District. Upon full purpose annexation of the District by City, City will assume the District's outstanding bonds. Any funds in the District's debt service account which have not been applied toward the District's bonds

will be transferred to City in full to be applied toward debt service of the District's bonds being assumed by City upon the full purpose annexation of the District.

With regard to these funds, District shall i) maintain separate accounts for its debt service fund and for its general fund reflecting the source of these funds; and ii) provide City with a copy of its annual audit as set forth below in Article V.

b. District agrees to report the annual debt service tax rate and operations and maintenance tax rate set by the District to the Caldwell County Tax Assessor/Collector, and to do and perform all acts required by law for the tax rates to be effective.

#### **Section 4.06 Powers and Functions Retained by the District.**

After Limited Purpose Annexation of the Limited Purpose Tracts under this Agreement, the District shall continue to be authorized to exercise all powers and functions of the District, and to provide the services authorized by those powers within its boundaries, pursuant to existing law or any amendments or additions thereto. The District's assets, liabilities, indebtedness and obligations will remain the responsibility of the District.

### **ARTICLE V** **DISTRICT AUDIT; TRANSFER TO CITY OF DISTRICT PROPERTY**

**Section 5.01 District Audit.** Once required by the provisions of Subchapter G, Chapter 49, Water Code, District shall conduct an annual audit each year, at its sole expense, to be performed by an independent certified public accountant. The District shall file a copy of each completed audit with City. District shall make its financial records available to City for inspection during normal business hours upon reasonable prior written notice.

#### **Section 5.02 Transfer of District Facilities to City.**

Upon full purpose annexation of District by City, District shall grant to City fee simple title or utility easements (to the extent City does not already hold an easement to such District Facilities) to all real property containing District Facilities then owned by District that are to be transferred to City on the date of conversion to full purpose jurisdiction of District. In addition, any Developers who have constructed District Facilities for the District pursuant to reimbursement agreements with District but for which the District has not yet acquired same shall convey such District Facilities to the City free and clear of any liens, claims or encumbrances. District shall provide for appropriate provisions in any such reimbursement agreements requiring the Developers to make the conveyances required by this Section. The conveyances shall be by appropriate instrument, acceptable in form and substance to the District and the City, and District and the Developers shall perform all acts necessary prior to the effective date of the conversion to accomplish the transfer of title or easement effective on the date of conversion. However, should the transfer of title to all such properties not be accomplished for any reason by the effective date of the full purpose annexation of the District, the District and such Developers shall proceed promptly to conclude the transfer following conversion, for a period not to exceed ninety (90) days, and District shall remain in effect for such purposes.

**ARTICLE VI**  
**CITY'S SALES TAX REVENUE**

**Section 6.01 City Sales Taxes.**

- a. Imposition of Sales and Use Tax. The City shall impose a sales and use tax within the Limited Purpose Tracts upon the limited purpose annexation of such tracts pursuant to Subsection (k) of the Act. The sales and use tax shall be imposed on all eligible commercial activities at the rate of 1.5%, or such other maximum rate allowed under Chapter 321 of the Tax Code or otherwise permitted under the laws of the State of Texas and imposed by the City within its City limits. Collection of the Sales and Use Tax Revenues shall take effect on the date described in Tax Code Section 321.102.
- b. Payment of Sales and Use Tax to the District. In return for the benefits received by the City pursuant to this Agreement, the City shall pay to the District an amount equal to forty percent (40%) of the Sales and Use Tax Revenues reported on the "Confidential Local Tax Information Report" for the Limited Purpose Tract provided by the Comptroller and received by the City from the Comptroller. The City shall deliver the District's portion of the Sales and Use Tax revenues to the District within thirty (30) days of the City's receipt of that Report from the Comptroller, by regular U.S. Mail or other method of delivery mutually acceptable to the Parties. Government Code Chapter 2251 shall govern and provide the penalty if the City fails to deliver the District's portion in a timely manner. For the purposes of determining the applicable overdue date under Chapter 2251, the City is deemed to have received an invoice from the District on the date the City receives the Sales and Use Tax Revenues from the Comptroller without further action from the District.
- c. Amended and Supplemental Reports. If and when the Comptroller adjusts its calculations of Sales and Use Tax Revenues generated within the boundaries of the Limited Purpose Tract or issues supplemental tax reports, then any revenues reflected in such adjusted calculations or supplemental reports will be divided and paid as provided above, and the District and the City agree to pay the other any sums necessary to correct any prior over or under distributions. The City and the District agree that, for purposes of Section 321.3022 of the Tax Code, this Agreement qualifies also as a revenue sharing agreement.

**Section 6.02 Sales Tax Information Disclosure.** Developer covenants and agrees to require landowners in the District at the time this Agreement is executed to include as a condition or covenant filed as a deed restriction, language which requires such landowners, their successors or assigns, to sign, or cause to be signed, any documentation necessary to authorize the Texas State Comptroller's Office (the "Comptroller") to release and disclose to the City any and all sales tax information relating to any businesses generating sales and use tax within the Limited Purpose Annexed Property.

**Section 6.03 Use of City Sales Tax Revenues.** City may use the Sales and Use Tax revenues for any lawful purpose. District may use the Sales and Use Tax revenues for any lawful purpose.

**ARTICLE VII**  
**MISCELLANEOUS PROVISIONS**

**Section 7.01 Duplicate Counterparts.**

This Agreement may be executed in duplicate counterparts and shall be effective when executed by both City and District.

**Section 7.02 Entire Agreement.**

a. This Agreement is not intended to waive or limit the applicability of laws, regulations and ordinances to District or City, nor does it waive the jurisdiction or sovereignty of any governmental body with respect to District or City.

b. As of this date there are no agreements, oral or written, between the Parties which are in conflict with this Agreement. Except as expressly provided by this Agreement, this Agreement, together with all of the attachments to this Agreement, constitutes the entire agreement between the Parties with respect to the terms and conditions governing the annexation of District. Except as expressly provided by this Agreement, no representations or agreements other than those specifically included in this Agreement shall be binding on either City or District.

**Section 7.03 Notice.**

a. It is contemplated that the Parties will contact each other concerning the subject matter of this Agreement. However, any Notice shall be given at the addresses below for each of the Parties.

b. Notice may be given by any of the following means i) delivering the Notice to the Party to be notified; ii) by depositing the Notice in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified; or iii) by sending the Notice by telefax or electronic mail with confirming copy sent by mail to the Party to be notified.

c. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the earlier of the date of actual receipt or three days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified.

d. For purposes of Notice, the addresses of the Parties shall, until changed as provided in this Section, be as follows:



**City of San Marcos**  
630 E. Hopkins  
San Marcos, Texas 78666

**Cotton Center Municipal Utility District No.1**  
c/o Trey Lary  
Allen Boone Humphries Robinson, LLP  
1108 Lavaca Street  
Suite 510  
Austin, Texas 78701

e. The Parties may change their addresses for Notice purposes by providing five days written notice of the changed address to the other Party.

f. If any date or period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating Notice is extended to the first business day following the Saturday, Sunday, or legal holiday.

#### **Section 7.04 Time.**

Time is of the essence in all matters pertaining to the performance of this Agreement.

#### **Section 7.05 Severability or Modification of Agreement as a Result of Modification of the State Code and Statutory Authority for the Agreement.**

a. If any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application of the word, phrase, clause, sentence, paragraph, section or other part of this Agreement to any person or circumstance is held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the Parties agree that they will amend or revise this Agreement to accomplish to the greatest degree practical the same purpose and objective of the part determined to be invalid or unconstitutional, including without limitation amendments or revisions to the terms and conditions of this Agreement pertaining to or affecting the rights and authority of the Parties in areas of the District annexed by the City pursuant to this Agreement, whether for limited or full purposes.

b. If any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement is modified in whole or in part as a result of amendments to the underlying state code and statutory authority for this Agreement, the Parties agree and understand that such modification may frustrate the purpose of this Agreement. The parties agree that they will attempt to amend or revise this Agreement to accomplish to the greatest degree practical (i) the same purpose and objective of the part of this Agreement affected by the modification of the underlying state code and statutory authority and (ii) the original intent and purpose of this Agreement.

**Section 7.06 Waiver.**

Any failure by a Party to the Agreement to insist upon strict performance by the other Party of any provision of this Agreement shall not be deemed a waiver of the provision or of any other provision of the Agreement. The Party has the right at any time to insist upon strict performance of any of the provisions of the Agreement.

**Section 7.07 Applicable Law and Venue.**

The construction and validity of the Agreement shall be governed by the laws of the State of Texas (without regard to conflict of laws principles). Venue shall be in Hays County, Texas.

**Section 7.08 Reservation of Rights.**

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges and immunities under applicable law.

**Section 7.09 Further Agreement and Documents.**

Both Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, exchange any other documents necessary to effectuate the terms of this Agreement. Both Parties also agree that they will do any further acts or things as the other Party may reasonably request to effectuate the terms of this Agreement.

**Section 7.10 Incorporation of Exhibits and Other Documents by Reference.**

All Exhibits and other Documents attached to or referred to in this Agreement are incorporated into this Agreement by reference for the purposes set forth in this Agreement.

**Section 7.11 Assignability, Successors, and Assigns.**

This Agreement shall not be assignable by the either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, successors and assigns.

Notwithstanding the foregoing, it is understood and agreed that if the District is divided into two or more districts as permitted by law, this Agreement shall inure to the benefit or, and be binding upon, each of the succeeding districts.

**Section 7.12 Amendment.**

This Agreement may only be amended in writing upon the approval of the governing bodies of the City and the District.

**ARTICLE VIII**  
**DEFAULT AND REMEDIES FOR DEFAULT**

**Section 8.01 Default.**

a. Upon the occurrence, or alleged occurrence, of an event of default under or violation of this Agreement, the non-defaulting Party shall send the defaulting Party Notice of its default or violation or alleged default or violation. Except as otherwise specifically provided in this Agreement, the defaulting Party must cure its default or violation within (i) ten (10) days for a monetary default or (ii) thirty (30) days for a non-monetary default or such longer period as may be necessary to cure so long as such cure is being diligently pursued following receipt of the Notice of default or violation.

b. If the default or violation is not cured within the period prescribed in subpart (a) above, the non-defaulting Party may sue for enforcement of this Agreement. However, prior to bringing any proceeding in a court of law or before a court of competent jurisdiction, the Parties may resolve the issue through mediation. If the Parties agree to seek mediation, they must participate in good faith. However, none of the Parties shall be obligated to pursue mediation that does not resolve the issue in dispute within seven days after the mediation is initiated or within fourteen days after the mediation is requested. The Parties shall share the costs of the mediation equally.

c. If the Parties are unable to resolve their dispute through mediation, the non-defaulting Party shall have the right to enforce the terms and provisions of this Agreement by specific performance or by such other legal or equitable relief to which the non-defaulting Party may be entitled. Any remedy or relief described in this Agreement shall be cumulative of, and in addition to, any other remedies and relief available at law or in equity.

d. If the defaulting Party fails to abide by these deadlines, the non-defaulting Party shall have all rights and remedies available in law and equity and all rights and remedies provided in this Agreement. The Parties acknowledge that the City's remedies shall include the right, in the City's sole discretion, to proceed with full purpose annexation of the District, or any portion thereof.

e. All of these rights and remedies shall be cumulative.

**Section 8.02 Dissolution of the District.**

a. If the District is dissolved without the prior written approval of the City, this Agreement shall automatically terminate and the City shall have the right to annex all of the territory within the District for full purposes in accordance with applicable laws.

b. If the District is dissolved, the Board of Directors for the District shall continue to exist after the dissolution for the sole purpose of doing any and all acts or things necessary to transfer the assets, obligations, indebtedness, and liabilities to the City. Upon completion of the transfer of all assets, obligations, indebtedness, and liabilities to the City, the District shall cease to exist.

FORM OF STRATEGIC PARTNERSHIP AGREEMENT  
EXHIBIT D TO CONSENT AGREEMENT

IN WITNESS WHEREOF, this Agreement consisting of \_\_\_\_ pages and **Exhibits "A"-"D"** is executed in duplicate counterparts.

**CITY OF SAN MARCOS, TEXAS**

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

THE STATE OF TEXAS

COUNTY OF HAYS

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2013, by \_\_\_\_\_, Mayor of the City of San Marcos, Texas, for and on behalf of the City of San Marcos, Texas.

\_\_\_\_\_  
Notary Public in and for the State of Texas

My Commission Expires: \_\_\_\_\_

**COTTON CENTER MUNICIPAL UTILITY  
DISTRICT NO. 1**

\_\_\_\_\_  
President, Board of Directors

THE STATE OF TEXAS

COUNTY OF CALDWELL

This instrument was acknowledged before me on the \_\_ day of \_\_\_\_\_, 2013, by  
\_\_\_\_\_, President of the Board of Directors of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas

My Commission Expires: \_\_\_\_\_

**STRATEGIC PARTNERSHIP AGREEMENT BETWEEN  
THE CITY OF SAN MARCOS AND  
THE COTTON CENTER MUNICIPAL UTILITY DISTRICT No.1  
OF CALDWELL COUNTY, TEXAS**

LIST OF EXHIBITS

The following are the exhibits for this Agreement:

Exhibit "A"	District Boundaries – Legal Description
Exhibit "B"	Map of District

**EXHIBIT “A” TO STRATEGIC PARTNERSHIP AGREEMENT**

**DISTRICT BOUNDARIES – LEGAL DESCRIPTION**

2357.9 ACRES  
COTTON CENTER MUD # 1

FN. NO. 14-206 (MJR)  
JUNE 12, 2014  
BURY NO. R010393210030

### DESCRIPTION

OF A 2357.9 ACRE TRACT OF LAND OUT OF THE WILLIAM PETTUS LEAGUE, ABSTRACT NO. 21, THE THOMAS MAXWELL LEAGUE, ABSTRACT NO. 188, AND THE THOMAS YATES LEAGUE, ABSTRACT NO. 313, SITUATED IN CALDWELL COUNTY, TEXAS, BEING ALL OF THOSE CERTAIN TRACTS OF LAND CONVEYED TO WALTON TEXAS, LP. BY THE FOLLOWING DEEDS OF RECORD IN THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS:

- A) 91.99 ACRES (PARCEL 1) AND 4.56 ACRES (PARCEL 2) OF RECORD IN VOLUME 643, PAGE 69;
- B) 87.92 ACRES OF RECORD IN DOCUMENT NO. 113576;
- C) 99.03 ACRES OF RECORD IN DOCUMENT NO. 122695;
- D) 358.07 ACRES PORTION OF 573.65 ACRES (TRACT 1) OF RECORD IN VOLUME 524, PAGE 599;
- E) 224.83 ACRES OF RECORD IN VOLUME 556, PAGE 729,
- F) 339.31 ACRES OF RECORD IN VOLUME 556, PAGE 246;
- G) 120.75 ACRES OF RECORD IN DOCUMENT NO. 123755;
- H) 69.19 ACRES OF RECORD IN DOCUMENT NO. 132453;
- I) 47.271 ACRES, 49.330 ACRES, AND 49.325 ACRES OF RECORD IN DOCUMENT NO. 126556;
- J) 70.540 ACRES OF RECORD IN DOCUMENT NO. 131493;
- K) 55.669 ACRES OF RECORD IN DOCUMENT NO. 131492;
- L) 239.035 ACRES OF RECORD IN DOCUMENT NO. 125890;
- M) 59.828 ACRES OF RECORD IN DOCUMENT NO. 126555;
- N) 252.85 ACRES OF RECORD IN DOCUMENT NO. 124324;
- O) 133.84 ACRES OF RECORD IN DOCUMENT NO. 132453;

SAID 2357.9 ACRES OF LAND ALSO INCLUDES ALL THE AREA WITHIN THE EXISTING RIGHTS-OF-WAY OF CALDWELL COUNTY ROAD NO. 238 (VALLEY WAY DRIVE) AND FARM TO MARKET ROAD 1984 AS USED ON-THE-GROUND WHICH ARE CONTAINED WITHIN THE FOLLOWING METES AND BOUNDS DESCRIPTION; **SAVE AND EXCEPT THEREFROM** THAT CERTAIN 1.790 ACRE TRACT OF LAND CONVEYED TO BARBARA KINKADE BY DEED OF RECORD IN VOLUME 206, PAGE 238 AND THAT CERTAIN 15.354 ACRE REMAINDER OF A 129 ACRE (FIRST TRACT) AND 120 ACRE (SECOND TRACT) OF LAND CONVEYED TO ROBERT W. SHANNON, KAREN S. MORELAND, DONNA S. ANDREW AND PAUL B. SHANNON BY DEEDS OF RECORD IN VOLUME 255, PAGE 169, VOLUME 256, PAGE 261, VOLUME 335, PAGE 768, AND VOLUME 371, PAGE 837, ALL OF SAID OFFICIAL PUBLIC RECORDS; SAID 2357.9 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED IN TWO (2) PARTS BY METES AND BOUNDS AS FOLLOWS:

#### PART 1 - 1206.6 ACRES

**BEGINNING**, at a 5/8 in iron rod at the intersection of the southerly right-of-way line of the Union Pacific Railroad and the southwesterly right-of-way line of Valley Way Drive (R.O.W. varies), being the northeasterly corner of said 91.99 acre tract, for the northeasterly corner hereof;



**THENCE**, S41°17'23"E, leaving the southerly right-of-way line of the Union Pacific Railroad, along the southwesterly right-of-way line of Valley Way Drive, being the northeasterly line of said 91.99 acre tract, for the northeasterly line hereof, a distance of 2788.12 feet to a 5/8 inch iron rod in the northwesterly line of a 130.59 acre tract of land, conveyed to David Matthew Best by Deed of record in Volume 269, Page 127 of said Official Public Records, being the easterly corner of said 91.99 acre tract and hereof;

**THENCE**, S48°21'22"W, leaving the southwesterly right-of-way line of Valley Way Drive, along the northwesterly line of said 130.59 acre tract, being the southeasterly line of said 91.99 acre tract, for a portion of the southeasterly line hereof, a distance of 1361.88 feet to the southerly corner of said 91.99 acre tract and the northerly corner of said 4.56 acre tract, for an angle point hereof;

**THENCE**, leaving the southerly corner of said 91.99 acre tract, along the northeasterly and southeasterly lines of said 4.56 acre tract, for a portion of the southeasterly line hereof, the following two (2) courses and distances:

- 1) S41°07'40"E, a distance of 322.45 feet to a 5/8 inch iron rod for the easterly corner of said 4.56 acre tract, and an angle point hereof;
- 2) S48°22'55"W, a distance of 616.59 feet to the southerly corner of said 4.56 acre tract, being a northwesterly corner of said 130.59 acre tract, in the northeasterly line of an eight (8) yard by one-hundred ten (110) yard Strip of land reserved to O.M. Hoffman by Deed of record in Volume 229, Page 244 of said Official Public Records, said Strip also being described as part of Tract II, in a Deed to Hoffman Family Trust 1994, of record in Volume 127, Page 436 of said Official Public Records, for an angle point hereof;

**THENCE**, along a portion of the northeasterly, northwesterly, and southwesterly lines of said Strip, being a portion of the southwesterly line of said 4.56 acre tract, and a portion of the southeasterly line of said 87.92 acre tract, for a portion of the southeasterly line hereof, the following three (3) courses and distances:

- 1) N41°10'09"W, a distance of 11.86 feet to the northerly corner of said Strip, for an angle point hereof;
- 2) S48°19'26"W, a distance of 23.99 feet to the westerly corner of said Strip, for an angle point hereof;