

SETTLEMENT AGREEMENT

Pecos Housing Finance Corporation (“Pecos HFC”) and the City of San Marcos, City of Kyle, and Hays County, Texas (collectively “Cities”) hereby enter into this Settlement Agreement (the “Agreement”), which shall be deemed effective as of April ___, 2026 (the “Effective Date”).

Definitions

“Pecos HFC” shall mean and refer to Pecos Housing Finance Corporation.

“Cities” shall refer collectively to the City of San Marcos, the City of Kyle, and Hays County, Texas.

“Party” and “Parties” shall refer, individually or collectively, to Pecos HFC or the Cities.

“Property” refers to the 12.567 acre tract, legally described as Stonecreek Crossing Phase 2, Block, 3, Lot 9-B1, located within the City of San Marcos and acquired by Pecos HFC on February 28, 2025;

“Litigation” shall refer to all proceedings relating to (1) *Pleasanton Housing Finance Corporation and Pecos Housing Finance Corporation v. City of San Marcos, City of Kyle, and Hays County, Texas*, Cause No. 08-25-00291-CV in the Eighth District Court of Appeals (“the Court of Appeals”), and (2) *City of San Marcos, City of Kyle, and Hays County, Texas v. Pecos Housing Finance Corporation and Pleasanton Housing Finance Corporation*, Cause No. 25-1185-DCB in the 207th Judicial District Court of Hays County, Texas (“the Trial Court”).

Recitals

WHEREAS, on February 28, 2025, Pecos HFC acquired the Property;

WHEREAS, on April 25, 2025, the Cities filed the Litigation seeking declaratory relief regarding tax exemptions related to the Property;

WHEREAS, the trial court signed a Final Judgment on September 9, 2025 which included, among other things, an award of attorney’s fees against Pecos HFC (“Final Judgment”);

WHEREAS, Pecos HFC has appealed the Final Judgment in the Court of Appeals;

WHEREAS, the Parties engaged in arms-length negotiations in reaching this Agreement;

WHEREAS, in order to avoid further expense, inconvenience, delay, and the uncertainty of pending appeals challenging the Final Judgment, Pecos HFC wishes to dismiss its appeal and resolve the attorney's fees portion of the Final Judgment.

NOW, THEREFORE, in consideration of the recitals, covenants, agreements, and representations contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

A. Dismissals of Litigation Proceedings.

Within two (2) business days of the Effective Date, Pecos HFC shall file a Motion to Dismiss Appeal in the form attached hereto as Exhibit A in the Court of Appeals. The Cities agree that they will not oppose Pecos HFC's motion.

B. Payment.

Within seven (7) calendar days of the Effective Date, Pecos HFC will pay to the Cities the total sum of \$10,000 (the "Payment"). Payment to the Cities shall be made via wire transfer to the following:

Payee:

Payee Address:

Bank:

Account Number:

Routing Number:

C. Release of Attorney's Fees claim.

1. Upon receipt of the Payment referenced in Paragraph B, above, and upon dismissal of Pecos HFC's appeal, referenced in Paragraph A, the Cities do hereby FULLY RELEASE AND FOREVER DISCHARGE Pecos HFC, and its current and former representatives, employees,

officers, directors, members, shareholders, agents, servants, insurers, parents, subsidiaries, affiliates, attorneys, and advisors of and from any and all liability for attorney's fees under the September 9, 2025 Final Judgment. In all other respects, however, the September 9, 2025 Final Judgment remains enforceable against and binding as to Pecos HFC.

2. The Parties expressly acknowledge and agree that Paragraph 1 is not intended to release, and does not release, any claims by any of the Parties for alleged breaches of this Agreement. By entering into this Agreement, the Parties do not intend to waive any claims for breach of this Agreement.

D. Miscellaneous

3. **Authority.** Each signatory to this Agreement represents and warrants that such person is duly authorized to bind the Party for whom such person acts, and has the full right, power, and authority to enter into and execute this Agreement.

4. **No Reliance.** The Parties expressly represent and warrant that they are legally competent to execute this Agreement and that they do so of their own free will and accord, without reliance on any representation of any kind or character not expressly set forth herein. The Parties expressly waive any claim that this Agreement was induced by any misrepresentations or nondisclosure.

5. **No Assignment.** Each of the Parties represents and warrants that it or he/she is the full and sole owner of the claims and causes of action referred to herein, and other than as described herein, has not assigned, transferred, or sold, or otherwise encumbered the claims, rights, and other matters released and/or covered by this Agreement. Further, no Party shall assign or sub-contract any of its or his/her rights under this Agreement, nor shall either Party delegate any of its or his/her duties hereunder, in whole or in part, without the prior written consent of the other Parties hereto.

6. **Advice of Counsel.** The Parties represent and acknowledge that they have read and considered this Agreement carefully, and consulted with and received advice from their chosen legal counsel on this matter, including as to the terms of this Agreement and the advisability of executing this Agreement. Each Party represents and warrants that it or he/she has been given a reasonable period of time (as long as they deem necessary) to consider this Agreement before signing, understands the legal effect and content of this Agreement, and is executing the Agreement knowingly and voluntarily.

7. **No Third-Party Beneficiaries.** The Parties acknowledge and agree that there are no intended third-party beneficiaries of this Agreement, except as expressly identified or designated herein.

8. **Disputes Regarding this Agreement.** This Agreement and any disputes in connection with, arising from, or relating in any way to this Agreement, or its subject, formation, validity, performance, interpretation, or enforcement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas. The prevailing party in any action involving any dispute concerning, relating to, or arising out of, this Agreement shall be entitled to recover attorneys' fees from the non-prevailing party.

9. **Entire Agreement.** This Agreement contains the full and complete understanding and agreement of the Parties with respect to the matters covered hereby, and no statements, representations, agreements, understandings, writings, or other communications made prior to the execution of this Agreement, unless expressly contained herein, shall be binding on the Parties.

10. **No Revocation/Modification.** This Agreement may not be waived, revoked, changed, modified, or amended in any manner whatsoever except in a writing signed by all Parties.

11. **Counterparts.** This Agreement may be executed in one or more counterparts or copies and/or on separate signature pages and/or by facsimile transmission, any or all of which, when taken together, shall be deemed an original for all purposes.

12. **Survivability and Severability.** Should any provision of this Agreement be declared or determined to be illegal, invalid, or otherwise unenforceable, the validity of the remaining parts, terms, and provisions hereof will not be affected thereby, but such will remain valid and enforceable, with the illegal or invalid parts, terms, or provisions, deemed not to be part of this Agreement.

AGREED AND EXECUTED:

Pecos HFC

By: Teresa Winkles
Teresa Winkles (Apr 16, 2026 08:56:12 MDT)

Its: Mayor and Authorized signer

Date: 04/16/2026

San Marcos, Texas

By: _____

Its: _____

Date: _____

Hays County, Texas

By: _____

Its: _____

Date: _____

City of Kyle, Texas

By: _____

Its: _____

Date: _____






Settlement Agreement

Final Audit Report

2026-04-16

Created:	2026-04-16
By:	Avery Bulsiewicz (Avery.Bulsiewicz@feldman.law)
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