

**City of San Marcos
Subdivision Improvement Agreement**

Subdivision Name: Trace
Developer Name: Highpointe Trace, LLC
Developer Address: 2 Venture, Suite 350
Irvine, CA 92718
Planning Dept. Case No.: PC-17-09_03 - TRACE SECTION A, PA 1A, PHASE A-1

Recitals:

A. The Developer owns the land included in the proposed final plat of the Subdivision, and more particularly described on the attached **Exhibit A** (the “Property”).

B. The Developer desires to develop the Property, and City ordinances and State laws require the Developer to complete all on-site and off-site public improvements (the “Public Improvements”) associated with the Subdivision.

C. This Agreement is authorized by Section 1.6.6.3 of the City Land Development Code (the “LDC”), and is executed to memorialize the Developer’s responsibilities regarding the Public Improvements.

Agreement:

In consideration of the mutual covenants set forth in this Agreement, the City and the Developer agree as follows:

1. Recitals Incorporated. The Recitals are incorporated in this Agreement for all purposes.
2. Parties. The parties to this Agreement are the Developer and the City of San Marcos.
3. Effective Date. This Agreement is effective on the date the Developer signs it (the “Effective Date”).

4. Construction of Improvements. The Developer agrees to construct and install, at the Developer’s expense, all of the Public Improvements in compliance with applicable City ordinances, standards, and regulations, and in accordance with the construction plans and specifications approved by the City.

5. Security for Completion of Improvements. The Developer agrees to provide and continuously maintain security (the “Security”) for the completion of the Public Improvements in accordance with Section 1.6.6.4 of the LDC. The Security must be in the amount of 125% of the cost estimate for the Public Improvements approved by the City Director of Engineering.

6. Warranty and Maintenance Bond. The Developer agrees to correct all defects in materials or workmanship in the Public Improvements for a period of one year after acceptance by the City. The Developer agrees to provide a maintenance bond in favor of the City in the amount of 20% of the cost of the Public Improvements for a period of two years after acceptance by the City.

7. Lien Search Certificate. The Developer agrees to provide, at the time this Agreement is executed, a Lien Search Certificate prepared and signed by a title company acceptable to the City Attorney. The Lien Search Certificate must identify the property, must name all owners of the Property, must name all lienholders having liens against the Property, and must be dated no more than 10 days prior to the Effective Date. The Lien Search Certificate must be accompanied by a Consent of Lienholder signed by an authorized representative of each lienholder identified in the Lien Search Certificate. This Agreement will not be accepted without the Lien Search Certificate and the executed Consent of Lienholder, if applicable.

8. Acquisition of Property Interests. The Developer agrees to acquire at its expense all rights-of-way, easements and other real property interests needed for the construction of the Public Improvements, including all off-site improvements, in a manner suitable for dedication of the real

property interests to the City. The form of all documents under which real property interests are acquired is subject to approval by the City Attorney. The Developer agrees to record each such document in the official public records of the county in which the Property is located, and to provide a copy of each such recorded document to the City Attorney.

9. Recording of Plat. Upon completion of all of the following, the City agrees to record the final plat of the Subdivision in the official public records of the county in which the Property is located:

- A. Approval of this Agreement by the City Planning and Zoning Commission.
- B. Approval of the final plat of the Subdivision by the City Planning and Zoning Commission.
- C. Submission to City of Lien Search Certificate, and executed Consent of Lienholder for each lienholder on the Property.
- D. Approval of the Security by the City Attorney.
- E. Approval by the City Attorney of all conveyance documents for rights-of-way, easements and other real property interests needed for the construction of the Public Improvements.

10. Conditions of Draw on Security. The City Director of Engineering may draw upon any Security upon the occurrence of one or more of the following events:

- A. The Developer commenced construction but did not properly construct or complete one or more of the Public Improvements, and failed to remedy the construction deficiency within a reasonable cure period;
- B. The Developer did not renew or replace the Security at least 45 days prior to its expiration date; or
- C. The issuer of the Security, or any third party, has acquired all or any portion of the Property through foreclosure or an assignment or conveyance in lieu of foreclosure.

11. Drawing on the Security; Use of Draws. The City Director of Engineering may draw upon the Security by submitting a draft to the issuer that complies with the terms governing the draft. The draw may be in any amount up to the full amount of the Security. The City agrees to restrict its use of funds from draws to purposes associated with the construction, maintenance or repair of the Public Improvements. The parties agree that by making a draw, the City does not waive its rights to enforce any obligation of the Developer under this Agreement, and the City is not accepting the Public Improvements for ownership and maintenance prior to final completion.

12. Right of Entry. The Developer grants to the City and its successors, assigns, agents, contractors, and employees, a nonexclusive right and easement to enter the Property to inspect the construction of the Public Improvements, and to construct, inspect, maintain, and repair any public improvements made on the Property by the City.

13. Remedies. The remedies available to the City in the event of noncompliance by the Developer with this Agreement are cumulative in nature. These remedies include, but are not limited to, the following:

- A. Refusal to approve or record any plat associated with the Subdivision.
- B. Refusal to provide or allow utility services to all or any part of the Property.
- C. Refusal to accept all or a portion of the Public Improvements for public ownership or maintenance.
- D. Draws against the Security for construction of the Public Improvements.
- E. Injunction against further sale of tracts of land within the Subdivision.

14. No Third Party Rights. No person or entity who or which is not a party to this Agreement has any right of action under this Agreement. Nor does any such person or entity, other than the City (including without limitation a trustee in bankruptcy) have any interest in or claim to any funds drawn by the City on the Security in accordance with this Agreement.

15. Indemnification. The Developer covenants to indemnify, save, and hold harmless the City and its their respective officers, employees, and agents from, and against, all claims, demands, actions, damages, losses, costs, liabilities, expenses and judgments recovered from or

asserted on account of injury or damage to persons or property loss or damage arising in connection with construction performed by or on behalf of the Developer on the Property.

16. Miscellaneous. A. The Developer may assign its rights and obligations under this Agreement to a purchaser of all or part of the Property, if the Developer delivers written notice of the assignment to the City accompanied by an assignment agreement under which the assignee accepts all of the Developer's obligations under this Agreement and submits new Security for the Public Improvements in a form acceptable to the City Attorney. Any other assignment by a Party of rights or obligations under this Agreement will require the written approval of the other Party.

B. This Agreement, including appendices and referenced attachments, constitutes the entire agreement between the City and the Developer on this subject and supersedes all other proposals, presentations, representations, and communications, whether oral or written, between the parties. This Agreement may be amended only by a written document that is duly approved and executed by all parties.

C. In the event any section, subsection, paragraph, sentence, phrase or word is held invalid for any reason, the balance of this Agreement will remain in effect and will be read as if the parties intended at all times not to include the invalid section, subsection, paragraph, sentence, phrase or word.

D. This agreement shall be governed by the laws of the State of Texas. Exclusive venue for any legal dispute arising under this agreement shall be in Hays County, Texas. The City's execution of and performance under this Agreement will not act as a waiver of any immunity of the City to suit or liability under applicable law. The parties acknowledge that the City, in executing and performing this Agreement, is a governmental entity acting in a governmental capacity.

E. Notices required by this Agreement will be provided by the parties to one another by certified mail, return receipt requested, or by confirmed facsimile transmission, to the following addresses:

To the City:
City Manager
City of San Marcos
630 E. Hopkins
San Marcos, TX 78666
Fax: 512/396-4656

To the Developer:
Highpointe Trace, LLC
Mr. Timothy D. England, SVP
2 Venture, Suite 350
Irvine, CA 92718
Fax: 949-472-0198

If a party changes its address or facsimile number for notice purposes, it will provide written notice of the new address to the other party within 10 days of the change.

F. In the event that the performance by either party of any of its obligations under this contract is interrupted or delayed by events outside of their control such as acts of God, war, riot, or civil commotion, then the party is excused from such performance for the period of time reasonably necessary to remedy the effects of the events.

G. This Agreement constitutes a covenant running with the title to the Property, and the provisions of this Agreement are binding on the Developer and on all successors and assigns of the Developer.

Executed by the parties to be Effective on _____

[signatures on following page]

City of San Marcos, Texas

By: _____
Bert Lumbreras City Manager

This instrument was acknowledged before me on _____, 201__ by Bert Lumbreras, known personally by me to be the City Manager of the City of San Marcos, on behalf of the City of San Marcos.

Notary seal: _____
Notary Public, State of Texas

Developer:

HIGHPOINTE TRACE, LLC,
a California limited liability company

By: Highpointe Posey, L.P., a California
limited partnership, Its Managing Member

By: Highpointe Investments, Inc.,
a California corporation, Its
General Partner

By: _____
Timothy D. England, SVP

This instrument was acknowledged before me on _____
by _____, known personally by me to be the _____
of _____.

Notary Seal:

Notary Public, State of _____

<p style="text-align: center;">Consent of Lienholder to Subdivision Improvement Agreement</p>
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Subdivision Name:	Trace
Developer Name:	Highpointe Trace
Developer Address:	2 Venture, Suite 350 Irvine, CA 92718
Lienholder Name:	Trez Capital (2015) Corporation,
Lienholder Address:	a British Columbia corporation 5055 Keller Springs Rd., Suite 450 Addison, Texas 75001

Recitals:

A. The Developer is the owner of the property described in the attached and incorporated **Exhibit A** ("Property").

B. The Lienholder is the lienholder of the Property under the terms and conditions of the following document(s):

Deed of Trust dated April 5, 2016, from the Developer to Trez Capital (2015) Corporation, Trustee, securing the payment of a promissory note payable to the Lienholder. The Deed of Trust is recorded as Document 2016-16010859 of the Official Public Records of Hays County, Texas.

C. The Developer has requested that the City of San Marcos (the "City") approve and execute a Subdivision Improvement Agreement with the Developer governing installation of all on-site and off-site public improvements (the "Public Improvements") associated with the Subdivision.

Agreement:

In consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Lienholder agrees as follows:

1. The Lienholder consents to the execution of the Subdivision Improvement Agreement and the rights and obligations of the Developer set out therein.
2. The Lienholder subordinates its lien rights on this Property to the rights and interests of the City under the Subdivision Improvement Agreement, and the Lienholder agrees that any foreclosure by the Lienholder of its liens will not extinguish City's rights and interests in the Subdivision Improvement Agreement.

The undersigned has the authority to bind the Lienholder, and that all corporate acts necessary to bind the Lienholder have been taken.

Executed on _____

Agent:

TREZ Capital Funding II, LLC
a Delaware limited liability company

By:

John D. Hutchinson
President

This instrument was acknowledged before me on _____ by
_____, known personally by me to be the _____ of
_____.

Notary Seal:

Notary Public, State of _____

EXHIBIT A:
METES AND BOUNDS DESCRIPTION OF PROPERTY