

- 8.2.5.** Such bonds shall not have a final maturity date more than twenty-five (25) years from the date of issuance;
- 8.2.6.** The bonds and the Issuing District's other outstanding bonded indebtedness have a combined level debt service schedule, meaning that the highest year's debt service does not exceed the average year's debt service by more than five percent (5%);
- 8.2.7.** Any refunding bonds of a District must provide for a minimum of three percent (3%) net present value savings, and, if such refunding occurs after the last date a District is permitted to issue bonds, the refunding bonds must not mature later than the original, final maturation date of the bonds to be refunded; and
- 8.2.8.** No Event of Default has occurred that relates to (a) the improvements or other matters that are the subject of such proposed bonds, (b) the obligations of the District and the Owner pursuant to Section 5.2, Section 5.3 or Section 5.16, or (c) the obligations of the District and the Owner pursuant to Section 7.1.
- 8.3.** **Distribution of Bond Proceeds.** The proceeds of bonds issued by a District shall be used and may be invested or reinvested, from time to time, as provided in the order or orders of the District authorizing the issuance, sale, and delivery of such bonds and in accordance with the federal, state, and local laws and regulations governing the proceeds of the District's sale of its bonds.
- 8.4.** **Division of District.** The current plan for dividing the District into new Districts is attached hereto as **Exhibit BB**. The District may, from time to time, without any further City consent, be divided into two or more Districts in accordance with the provisions of Section 9038.108 of the Creation Statute so long as (i) the division complies with applicable laws and each District created by a division of the original District encompasses a minimum of 200 acres and a maximum of 600 acres, provided that (y) a single District designated by the District as a "master district" may have fewer than 200 acres, and (z) the remainder of the original District may contain more than 600 acres after a new District is created; (ii) the division does not cause the area within a Final Plat (as defined in the Development Agreement) to be located within more than one District; and (iii) the District shall give the City no less than sixty (60) days advance written notice of the intent to divide and create a new District with such notice including a metes and bounds description of the new District. Owner agrees that the City shall not be required to grant a certificate of occupancy for a structure located within a District unless the District encompassing such structure complies with the preceding limitations. In no event shall the division of the District and creation of one or more new Districts be construed to permit any land use inconsistent with the Master Framework Plan as amended from time to time. The creation of any new

District not complying with the above limitations shall require the prior consent of the City.

**8.5. Annexation or Exclusion of Land.** The District shall give the City no less than sixty (60) days advance written notice of its intent to realign the boundaries of an existing District through the method of adding land to or excluding land from a District. Unless approved by resolution of the City in its reasonable discretion or consented to by the City in the Development Agreement, no District shall add land to such District that is located outside of the Property initially comprising the District as set forth in the Creation Statute.

**8.6. References.** All references to the District in this Section 8 apply equally to each District and any new District created by division, and the terms of this Agreement regarding development on any portion of the Property shall apply to any new Districts.

**9. ANNEXATION.** The City may annex any District at such time as the City deems annexation is appropriate, subject to applicable State law and the terms of this Agreement. Except for limited purpose annexation, as provided for in the Strategic Partnership Agreement, the City may not annex any District unless it annexes the entirety of such District. The City agrees not to annex any District until (a) the City Council by ordinance has assumed, or will assume, all obligations, and performed, or will perform, all actions required by Sections 43.0715 and 43.075 of the Texas Local Government Code, or any other then applicable law, and (b) any one of the following has occurred:

**9.1.** The earlier of (i) the fifteenth (15<sup>th</sup>) annual anniversary of the confirmation election date of the District to be annexed, such confirmation election being the first election held for the District created pursuant to Section 8.4, but excluding the original confirmation election of the original District, and (ii) the thirtieth (30<sup>th</sup>) annual anniversary of the Effective Date, provided that, in the event that the Owner validly extends the Term beyond the thirtieth (30<sup>th</sup>) annual anniversary date pursuant to the terms of Section 18, such thirtieth (30<sup>th</sup>) annual anniversary date shall be extended to be equal to the then current Term, not to exceed the forty-fifth (45<sup>th</sup>) annual anniversary date of the Effective Date.

**9.2.** At least ninety percent (90%) of the improvements within the District that are eligible for reimbursement in accordance with the rules of the TCEQ have been constructed, provided that, for purposes of the foregoing calculation, (i), except as described in subpart (ii) below, the applicable percentage of the improvements (i.e., 90%) shall be based upon the total value of the eligible improvements, as reasonably estimated by the Owner at the time that the Sector Plan containing such improvements is filed with the City, (ii) the City shall have the right to approve the Owner's estimate of the value of the improvements that are eligible for reimbursement in accordance with the rules of the TCEQ, such approval not to be unreasonably withheld, and (iii) the list