

**DEVELOPMENT AGREEMENT**

**by and among**

**PARKSIDE LAND WEST LP and PARKSIDE LAND EAST LP,**

**and**

**CITY OF IRVING,**

**Dated: March 20, 2014**

**PARKSIDE PROJECT**

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**EXHIBITS:**

- Exhibit A - Development Plan
- Exhibit B - Costs Schedule
- Exhibit C - Public Improvements Schedule
- Exhibit D - Completion Guaranty

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "*Agreement*") is executed to be effective as of the 20th day of March, 2014 (the "*Effective Date*"), by and between PARKSIDE LAND WEST LP ("*Parkside West*") and PARKSIDE LAND EAST LP ("*Parkside East*" and together with Parkside West, "*Parkside*"), both Delaware limited partnerships; and the CITY OF IRVING, a municipal corporation and political subdivision of the State of Texas situated in Dallas County, Texas (the "*City*").

### RECITALS:

A. Parkside and the City entered into a Memorandum of Understanding (the "*MOU*") dated as of December 12, 2013, pursuant to which the parties evidenced their desire to work together to facilitate the development by Parkside of an approximately 864 lot residential subdivision (the "*Subdivision*") on approximately 235 acres of land located on both the east and west sides of Belt Line Road south of State Highway 114 in the Las Colinas area of the City of Irving, Texas.

B. The parties hereto have reached more definitive agreements concerning the undertakings outlined in general terms in the MOU and desire to set forth such agreements herein.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby agree as follows:

### ARTICLE I DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following terms shall have the meanings assigned:

- (a) "*Agreement*" has the meaning set forth in the introductory paragraph.
- (b) "*Applicable Laws*" means all acts, laws, ordinances, orders, rules, and regulations of all governmental bodies (state, federal, and municipal) applicable to or having jurisdiction over the development and construction of the Project, including without limitation, all applicable ordinances and codes of the City of Irving and applicable environmental laws.
- (c) "*Assessment Ordinance*" has the meaning set forth in Section 2.3.
- (d) "*Cabell Road Improvements*" means a realignment of and improvements to Cabell Road within the area of the Subdivision.
- (e) "*City*" has the meaning set forth in the introductory paragraph to this Agreement.
- (f) "*City Engineer*" means the engineer designated by the City as the engineer for the Project.
- (g) "*Construction Certificates*" has the meaning set forth in Section 2.3.
- (h) "*Cost Schedule*" has the meaning set forth in Section 2.4.

- (i) **"Development Plan"** has the meaning set forth in Section 2.1.
- (j) **"Effective Date"** has the meaning set forth in the introductory paragraph to this Agreement.
- (k) **"Excused Delay"** means any delay in the construction of the Public Improvements that results from (i) any act, omission or delay by the City, or (ii) any other contingency or cause beyond the reasonable control of Parkside, including, without limitation, acts of God or the public enemy, wars, riots, insurrections, strikes, civil commotions, governmental or de facto governmental actions or inactions (unless caused by acts or omissions of Parkside), fires, explosions, lightening, earthquakes and inclement weather condition (including inappropriate temperature conditions, rainfall or other interfering precipitation or weather conditions, but only to the extent that the contractor under the Public Improvement Contract is granted extensions for construction).
- (l) **"Funding Cap"** has the meaning set forth in Section 2.3.
- (m) **"Funding Payments"** has the meaning set forth in Section 2.4.
- (n) **"Lots"** means the approximately 864 single family residential lots to be platted and developed within the Subdivision.
- (o) **"MOU"** has the meaning set forth in Recital A.
- (p) **"Non-PID Public Improvements"** has the meaning set forth in Section 2.3.
- (q) **"Open Space"** means collectively, the open green space areas covering approximately 40 acres owned by Parkside East or Parkside West, as applicable, and generally depicted on the Development Plan.
- (r) **"Open Space, Park and Recreational Facilities and Improvements"** means collectively, the Open Space and the Trails, together with all landscaping and hardscaping amenities and other improvements to be installed or constructed thereon as detailed in the Cost Schedule.
- (s) **"Parkside"** has the meaning set forth in the introductory paragraph.
- (t) **"Parkside East"** has the meaning set forth in the introductory paragraph.
- (u) **"Parkside West"** has the meaning set forth in the introductory paragraph.
- (v) **"PID"** has the meaning set forth in Section 2.3.
- (w) **"PID Act"** means the Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.
- (x) **"PID Public Improvements"** has the meaning set forth in Section 2.3.
- (y) **"Project"** means the single family residential lot development project to be developed by Parkside on the land depicted in the Development Plan, which includes, but

will not be limited to, the construction of the Lots and the Public Improvements and other infrastructure, such other infrastructure as solely determined by Parkside.

(z) "**Project Approvals**" means all approvals, permits, variances and waivers by the City that are necessary or required for the development of the Project.

(aa) "**Public Improvement Contract**" has the meaning set forth in Section 3.2.

(bb) "**Public Improvements**" means, collectively, the Cabell Road Improvements, the Open Space, Park and Recreational Facilities and Improvements, the Street Improvements and the Water and Sewer Facilities.

(cc) "**Public Improvements Schedule**" has the meaning set forth in Section 3.2.

(dd) "**Service and Assessment Plan**" means that certain Public Improvement Service and Assessment Plan for Parkside Public Improvement District (Public Improvement District #3) dated March 20, 2014 and approved pursuant to the Assessment Ordinance that details the Project and the assessments levied on the properties therein.

(ee) "**Street Improvements**" means the public right of way areas depicted on the Development Plan and which are to be dedicated to the City, together with all sidewalks, curbs, curb cuts, pavement and other roadway improvements to be constructed therein.

(ff) "**Subdivision**" has the meaning set forth in Recital A.

(gg) "**Trails**" means the public trail system traversing the Subdivision in the areas generally depicted on the Development Plan (including a public trail connection underneath Belt Line Road).

(hh) "**Water and Sewer Facilities**" means, collectively, the water distribution, sanitary sewer, storm sewer improvements and drainage facilities (including sedimentation basins) necessary to serve the Lots and homes to be constructed thereon.

## **ARTICLE II DEVELOPMENT**

Section 2.1 Development Plan. Attached as Exhibit A to this Agreement and made a part hereof is a development plan (the "**Development Plan**") prepared by Parkside depicting the layout of the proposed Subdivision, including the locations of the Cabell Road Improvements, the Lots, the Open Space, the Street Improvements and the Trails. Parkside West owns the approximately 164 acres of the Subdivision located on the west side of Belt Line Road and Parkside East owns the approximately 71 acres of the Subdivision located on the east side. Parkside East and Parkside West contemplate development of the Project in multiple phases (each, a "**Phase**"), each of which is also identified in the Development Plan. The parties agree that Parkside may modify the Development Plan from time to time in accordance with Applicable Laws and this Agreement to change Project phasing, to create new lots, to change points of ingress and egress and lot, building, street or infrastructure layouts, provided that such changes are consistent with the Service and Assessment Plan.

Section 2.2 Plat/Property Ownership. Prior to commencing construction of the PID Public Improvements in any applicable Phase, Parkside will obtain from the City, in accordance with Applicable Law and the City's customary real property subdivision practices and procedures, one or more final plats

subdividing the applicable Subdivision property into the Lots and dedicating to the City as separate legal lots the areas upon or within which the improvements for the Street Improvements and the Open Space, Park and Recreational Facilities and Improvements are to be developed. Notwithstanding the dedications and conveyances by Parkside, no Public Improvements have been, or shall be deemed to have been, accepted by the City until construction thereof is complete and the City has reviewed, inspected and approved the Public Improvements in accordance with its customary approval policies and procedures.

Section 2.3 General Obligations of Parkside and the City. Subject to and upon the terms and conditions set forth in this Agreement, (i) Parkside will be responsible for developing the Project in accordance with the terms and conditions of this Agreement, and (ii) the City, as its contribution to the Project, will fund up to \$20,500,000 (the "**Funding Cap**") of the construction costs for certain Public Improvements. The City contemplates issuing certificates of obligation pursuant to Chapter 271 of the Texas Local Government Code to fund its contribution obligations (the "**Construction Certificates**"). The City has authorized the creation of Parkside Public Improvement District (the "**PID**"). Revenue from assessments levied on properties in the PID will be pledged to secure the repayment of the Construction Certificates; therefore, all Public Improvements to be funded by the City must be located within the PID and must consist of authorized improvements under Section 372.003 of the PID Act as set forth in the Service and Assessment Plan and the City's ordinance levying the assessments within the PID (the "**Assessment Ordinance**"). The City shall only pay for those expenditures within the Project that were incurred after January 25, 2014. The Public Improvements to be funded by the City are referred to in this Agreement as the "**PID Public Improvements**." The remaining Public Improvements (*i.e.*, those not being funded by the City) are referred to as the "**Non-PID Public Improvements**".

Section 2.4 Cost Schedule for Public Improvements. Attached as Exhibit B to this Agreement and made a part hereof, is an initial line item schedule of the estimated costs for the construction and development of the various components comprising the PID Public Improvements (the "**Cost Schedule**"), including a preliminary funding schedule outlining the anticipated timing of the funding payments to be made by the City (the "**Funding Payments**"). Parkside shall periodically update the Cost Schedule as more detailed and specific data becomes available and actual costs are finalized, and Parkside shall submit the revised Cost Schedule to the City for its review and comment. The Cost Schedule may from time to time reallocate costs between and among the various components and line items, but shall not create new line items which are not specified in the Assessment Ordinance and the Service and Assessment Plan. As work progresses on the PID Public Improvements and Funding Payments are made by the City to or on behalf of Parkside, each revised Cost Schedule will show the total Funding Payments made to-date along with the estimated total cost of completing the various PID Public Improvements.

### **ARTICLE III RESPONSIBILITIES OF PARKSIDE**

Section 3.1 Development of Project. Parkside will develop the Project in accordance with the Development Plan and this Agreement. Such development will be subject to market demands and conditions and will be completed if, as and when Parkside determines completion is economically feasible. However, if the City issues Construction Certificates to fund its payment obligations under this Agreement, Parkside will complete the Public Improvements within the time allowed by, and in compliance with the terms and conditions of this Agreement. In addition, market demands and conditions shall not excuse Parkside from completing any phase or section of Public Improvements in accordance with the terms of this Agreement once construction of that phase or section has commenced. Parkside shall procure all Project Approvals required for development of the Subdivision and pay all fees, charges and costs required by Applicable Laws for or with respect to the development of the Project. Parkside

remains responsible for adhering to the terms, provisions and conditions of the conditional abandonment of Cabell Road and various easements as approved in City of Irving Ordinance 2014-9538.

Section 3.2 Construction of Public Improvements. Subject to the limitations set forth in Section 3.1 above, Parkside will contract for and construct and install the Public Improvements per the City's engineering specifications and customary practices and in accordance with Applicable Laws, and will construct and install the Public Improvements in accordance with the construction schedule set forth in Exhibit C attached to and made a part of this Agreement (the "**Public Improvements Schedule**"). The Public Improvements Schedule may be revised by Parkside from time to time; however, subject to the limitations in Section 3.1 and applicable Excused Delays, Parkside agrees to complete the Public Improvements within seventy-two (72) months of the Effective Date. Parkside shall promptly furnish copies of any revised Public Improvement Schedule to the City. Prior to the commencement of construction of any Public Improvement, Parkside shall submit to the City Engineer for review and approval such drawings, plans and specifications for the applicable Public Improvement as shall be required by Applicable Laws or customary construction practices of the City. All Public Improvements shall be constructed pursuant to the City's standard "Three Party Contract" and in accordance with the City's requirements related to such contracts, including execution of the City's standard performance, payment and maintenance bonds. One or more "Three Party Contracts" (each, a "**Public Improvement Contract**") may be utilized for the construction of the Public Improvements, but only Public Improvement work shall be within the scope the contract. Each Public Improvement Contract shall provide for monthly progress payments which shall serve as the basis for the City's funding obligations for the PID Public Improvements set forth in this Agreement. All Public Improvement Contracts shall be arms-length transactions with contractors offering competitive pricing for the performance of the work. Parkside West or Parkside East, as applicable, shall be the contracting party under the Public Improvement Contract.

Section 3.3 Excess Construction Costs. The City's obligation to fund the construction of the PID Public Improvements is limited to the amount of the Funding Cap. Parkside shall be responsible and shall bear any costs in excess of the Funding Cap. However, the City agrees, if requested, to cooperate with Parkside to value engineer the PID Public Improvements to reduce the total cost of the PID Public Improvements to an amount not in excess of the Funding Cap, but the City will have final approval of the design and construction of the PID Public Improvements.

Section 3.4 Completion Guaranty for Non-PID Public Improvements. In order to ensure completion of the Non-PID Public Improvements and as a condition to the City's obligations under this Agreement, Hines Real Estate Holdings Limited Partnership shall execute and deliver to the City a completion guaranty for the Non-PID Public Improvements in substantially the form of Exhibit D attached to and made a part of this Agreement.

Section 3.5 Acceptance of Public Improvements. Parkside shall follow the City's standard approval process for the inspection and acceptance of public improvements, and shall execute such assignments, releases, conveyances or other documentation as shall be reasonably requested by the City to vest ownership of the Public Improvements in the City.

Section 3.6 Books and Records. Parkside shall keep or cause to be kept adequate books and records to appropriately document all expenditures for the PID Public Improvements funded by the City. The City shall be afforded access to, and shall be permitted to audit and copy all books, records and other data related to the PID Public Improvements upon reasonable advance notice to Parkside.

Section 3.7 PID Related Obligations. Parkside shall file a Declaration of Covenants, Conditions and Restrictions in the real property records of Dallas County encumbering all property within the PID and obligating all owners of privately-owned and taxable property located within the PID (*i.e.*, the persons assessed pursuant to the Assessment Ordinance) to pay all assessments when due and payable, as provided in the Public Improvement Service and Assessment Plan authorized by the Assessment Ordinance. Further, Parkside and all Parkside related entities owning property within the PID shall authorize and execute a consent, in form and substance acceptable to the City, consenting to the boundaries of the PID, its formation and the levy of assessments pursuant to the Assessment Ordinance, as well as any additional consents reasonably required by the City to effectuate or evidence the purpose of the PID and the Assessment Ordinance.

#### **ARTICLE IV RESPONSIBILITIES OF THE CITY**

Section 4.1 Funding of PID Public Improvement Costs. The City shall make Funding Payments to Parkside, up to an aggregate amount not to exceed the Funding Cap, by reimbursing Parkside for payments made under and in accordance with any Public Improvement Contract for PID Public Improvements. Such payments shall be made in accordance with the City's customary construction payment process after its receipt of the contractor's payment application and supporting documentation. At the election of Parkside and the City, the City may make any payment directly to the contractor under the Public Improvement Contract. Notwithstanding the terms of this Agreement, the issuance of the Construction Certificates is in the sole discretion of the Irving City Council. The proceeds of the Construction Certificates, if any, shall be the sole source of funds for the Funding Payments, and Parkside shall have no claims against any other City funds of any nature as a source of or for the Funding Payments. The City shall fund only those Public Improvement costs incurred after January 25, 2014.

Section 4.2 Acceptance and Maintenance. The City agrees to accept ownership and responsibility for all Public Improvements meeting applicable City requirements. Thereafter, the City shall be responsible for the ongoing maintenance, repair and replacement of all completed Street Improvements, Cabell Road Improvements, Open Space, Park and Recreational Facilities and Improvements and Water and Sewer Facilities; however, the City may condition its acceptance of responsibility for the Open Space, Park and Recreational Facilities and Improvements upon its execution of a maintenance agreement with a third party property owners association pursuant to which the property owners association agrees to maintain the same.

#### **ARTICLE V MISCELLANEOUS**

Section 5.1 Notices. All notices, requests, approvals, consents, and other communications required or permitted under this Agreement must be in writing and are effective:

- (a) on the business day sent if (i) sent by fax prior to 5:00 p.m. Dallas, Texas time, (ii) the sending fax generates a written confirmation of sending, and (iii) a confirming copy is sent on the same business day by one of the other methods specified below;
- (b) on the next business day after delivery, on a business day, to a nationally recognized overnight courier service for prepaid overnight delivery;
- (c) three (3) days after being deposited on a business day in the United States mail, certified, return receipt requested, postage prepaid; or



(d) on the date of delivery (or, if delivery is refused, the date of the first attempted delivery) if delivered by any method other than the methods specified above;

in each instance addressed to the applicable party at the following addresses, or to any other address a party may designate by ten (10) days' prior notice to the other parties (provided that no party may designate more than four (4) such addresses):

To the City: City of Irving  
825 West Irving, Blvd.  
Irving, Texas 75060  
Attention: City Manager  
Fax: (972) 721-2420

With a copy to: City of Irving City Attorney  
825 West Irving, Blvd.  
Irving, Texas 75060  
Fax: (972) 721-2750

To Parkside: Parkside Land East LP and Parkside Land West LP  
2200 Ross Avenue, Suite 4200W  
Dallas, TX 75201  
Attention: Rob Witte  
Fax: (214) 777-5308

With copies to: Hines Interests Limited Partnership  
811 Main Street  
Suite 4100  
Houston, Texas 77002-2712  
Attention: Mark Cover  
Fax: (713) 237-5657

and

Thompson & Knight LLP  
One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201  
Attention: Ted M. Benn  
Fax: (214) 880-3260

Section 5.2 Governing Law and Venue. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the State of Texas. Venue of any action shall be in Dallas County, Texas.

Section 5.3 Benefit and Assignment. This Agreement shall be binding upon and shall insure to the benefit of Parkside and the City and their respective permitted successors and permitted assigns. However, this Agreement may not be assigned by any party without the prior written consent of all other parties.

Section 5.4 Entire Agreement, Amendments and Waivers. This Agreement and the exhibits and schedules hereto contain the entire agreement of the parties hereto with respect to the subject matter hereof and shall supersede any and all prior covenants, conditions, agreements or understandings, either oral or written, between the parties hereto with regard to the subject matter hereof. No modification, amendment or change of any term or provision of this Agreement shall be valid or binding unless the same is in writing and signed by all the parties hereto. No waiver of any of the terms of this Agreement shall be valid unless signed by the party against whom such waiver is asserted and a waiver at any time of any of the terms of this Agreement shall not be construed as a waiver at any subsequent time of the same terms.

Section 5.5 Construction. The parties acknowledge that the parties and their respective counsel have reviewed and revised this Agreement and that the normal rule of construction (to the effect that any ambiguities are to be resolved against the drafting party) shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

Section 5.6 Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 5.7 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary or otherwise.

Section 5.8 Terminology. With respect to terminology in this Agreement, each number (singular or plural) will include all numbers and each gender (male, female or neuter) will include all genders.

Section 5.9 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

Section 5.10 Counterparts; Signatures. This Agreement may be executed in any number of counterparts and may be delivered by facsimile transmission or other electronic means, including portable document format (.pdf), and each executed counterpart shall have the same force and effect as an original instrument. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signature thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

*[Signature pages follows]*

EXECUTED to be effective as of the day and year first above written.

**PARKSIDE:**

**PARKSIDE LAND WEST LP**

By: Hines Parkside Land West Associates Limited Partnership, its general partner

By: Hines Parkside GP II LLC,  
its general partner

By: Hines Interests Limited Partnership,  
its sole member

By: Hines Holdings, Inc.,  
its general partner

By: \_\_\_\_\_  
Mark A. Cover  
Senior Managing Director  
/CEO SW Region

**PARKSIDE LAND EAST LP**

By: Hines Parkside Land East Associates Limited Partnership, its general partner

By: Hines Parkside GP LLC,  
its general partner

By: Hines Interests Limited Partnership,  
its sole member

By: Hines Holdings, Inc.,  
its general partner

By: \_\_\_\_\_  
Mark A. Cover  
Senior Managing Director  
/CEO SW Region

**THE CITY:**

CITY OF IRVING

By: \_\_\_\_\_  
Beth Van Duyne, Mayor

**ATTEST:**

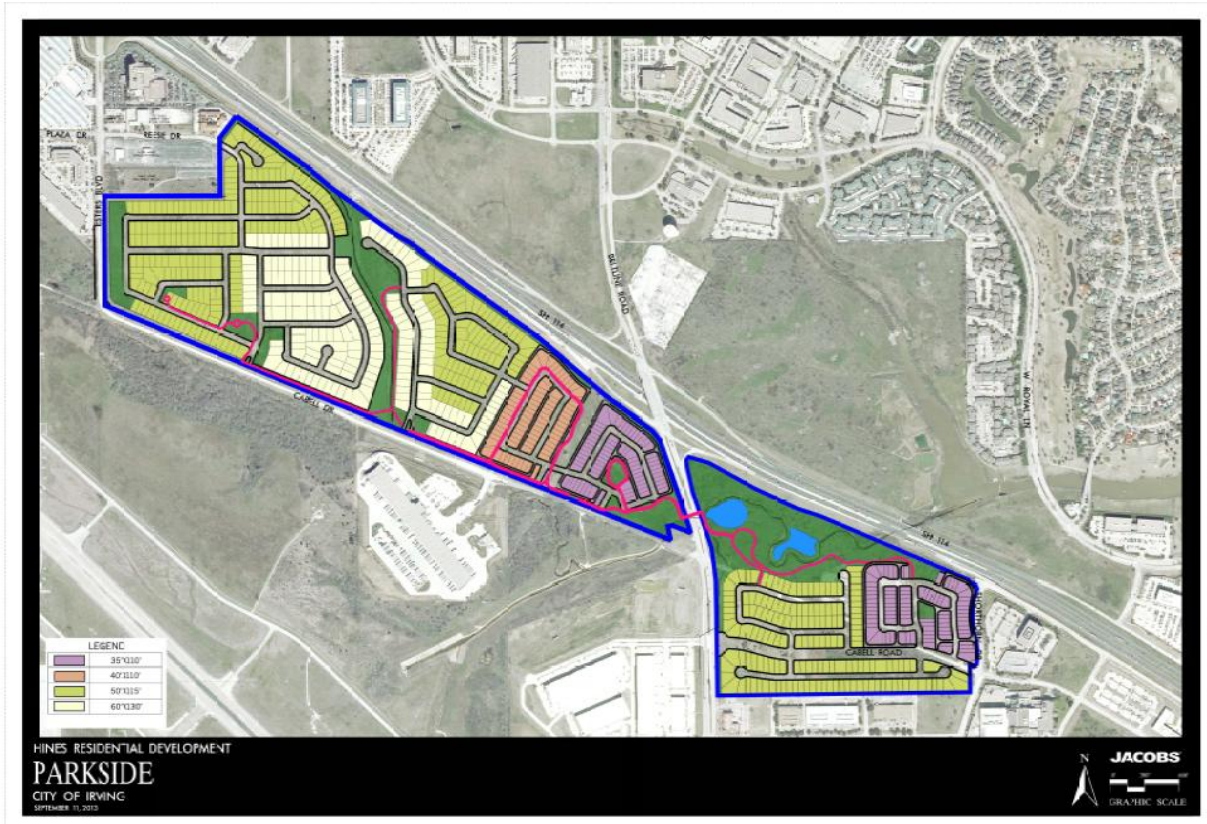
\_\_\_\_\_  
Shanae Jennings, City Secretary

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Karen Brophy,  
Senior Assistant City Attorney

# EXHIBIT A

## DEVELOPMENT PLAN



**EXHIBIT B**  
**COSTS SCHEDULE**

| <b>PID Public Improvement</b>                               | <b>Estimated Cost</b> |
|---|-----------------------|
| Water Facilities and Improvements                           | \$2,040,579           |
| Sanitary Sewer Facilities and Improvements                  | \$1,328,872           |
| Storm Water Facilities and Improvements                     | \$864,899             |
| Street Improvements   | \$4,821,659           |
| Open Space, Park and Recreation Facilities and Improvements | \$11,443,991          |
| <b>Total</b>  | <b>\$20,500,000</b>   |

**PID Public Improvements: Anticipated timing of Funding Payments:**

|   |              | 2014        |             | 2015        |             | 2016        |             | 2017        |           |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Water Facilities & Improvements                           | \$2,040,579  | \$408,116   | \$408,116   | \$510,145   | \$510,145   | \$204,058   |             |             |           |
| Sanitary Sewer Facilities & Improvements                  | \$1,328,872  | \$265,774   | \$265,774   | \$332,218   | \$332,218   | \$132,887   |             |             |           |
| Storm Water Facilities & Improvements                     | \$864,899    | \$172,980   | \$172,980   | \$216,225   | \$216,225   | \$86,490    |             |             |           |
| Street Improvements                                       | \$4,821,659  | \$1,205,415 | \$964,332   | \$1,928,664 | \$482,166   | \$241,083   |             |             |           |
| Open Space, Park and Recreation Facilities & Improvements | \$11,443,991 |             | \$1,716,599 | \$1,716,599 | \$3,433,197 | \$1,716,599 | \$1,144,399 | \$1,144,399 | \$572,200 |

*Note: Schedule assumes PID funding May 29, 2014*

*Note: Annual numbers are based on percentage estimates that could fluctuate with development conditions*

*Note: The Anticipated timing of Funding Payments shown in the above schedule is bi-annual*

**EXHIBIT C**

**PUBLIC IMPROVEMENTS SCHEDULE**

**PID Public Improvements**

|   | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|
| Water Facilities & Improvements                           |      |      |      |      |      |
| Sanitary Sewer Facilities & Improvements                  |      |      |      |      |      |
| Storm Water Facilities & Improvements                     |      |      |      |      |      |
| Street Improvements                                       |      |      |      |      |      |
| Open Space, Park and Recreation Facilities & Improvements |      |      |      |      |      |

**Non-PID Public Improvements**

|   | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|
| Water Facilities & Improvements                           |      |      |      |      |      |
| Sanitary Sewer Facilities & Improvements                  |      |      |      |      |      |
| Storm Water Facilities & Improvements                     |      |      |      |      |      |
| Street Improvements                                       |      |      |      |      |      |
| Open Space, Park and Recreation Facilities & Improvements |      |      |      |      |      |

## EXHIBIT D

### COMPLETION GUARANTY

THIS COMPLETION GUARANTY (this "*Guaranty*") dated as of \_\_\_\_\_, 2014, is made by HINES REAL ESTATE HOLDINGS LIMITED PARTNERSHIP, a Texas limited partnership ("*Guarantor*"), for the benefit of the CITY OF IRVING, a municipal corporation situated in Dallas County, Texas (the "*City*").

WHEREAS, Parkside Land West LP and Parkside Land East LP, both Delaware limited liability companies (collectively, "*Developer*"), affiliates of Guarantor, are developing an approximately 864 lot residential subdivision on approximately 235 acres of land located on both the east and west sides of Belt Line Road south of State Highway 114 in the Las Colinas area of the City of Irving, Texas; and

WHEREAS, Developer and the City are parties to that certain Development Agreement (herein so called) dated as of March 20, 2014, pursuant to which the City has agreed to fund up to \$20,500,000 (the "*Funding Commitment*") of the costs of construction of certain public improvements upon and subject to the terms and conditions set forth therein, subject to and upon the condition that Developer complete the remaining public improvements at its sole cost and expense. The capitalized terms used in this Guaranty and not otherwise defined in this Guaranty shall have the same meanings as in the Development Agreement; and

WHEREAS, in order to induce the City to undertake the Funding Commitment under the Development Agreement, Guarantor has agreed to enter into this Guaranty;

NOW, THEREFORE, Guarantor agrees as follows:

1. Capitalized Terms. All capitalized terms not otherwise defined in this Guaranty shall have the meanings assigned to such terms in the Development Agreement.

2. Completion Guaranty. Guarantor unconditionally and irrevocably guarantees to the City the performance, when due under the Development Agreement, of Developer's obligations to timely complete the Non-PID Public Improvements (the "*Obligations*"). If Developer fails to timely perform any Obligation, for any reason, Guarantor will perform or cause to be performed such Obligation directly for the City's benefit promptly upon the City's demand therefor and without the City having to make prior demand on Developer. Suit may be brought and maintained against Guarantor to enforce any Obligation guaranteed hereby without the joinder of Developer or any other person

3. Guarantor's Obligation. Guarantor's obligations under this Guaranty are absolute and unconditional, shall remain in force until all Obligations have been paid and performed and shall not be released or discharged for any reason whatsoever prior to such payment and performance, including without limitation:

(i) the extension of time for payment or performance of any Obligation or the amendment, extension or renewal of any Obligation;

(ii) any delay or failure by the City to enforce or exercise any right or remedy under the Development Agreement, or waiver by the City of any such right or remedy;



(iii) the release or discharge of Developer from the performance or observance of any Obligation by operation of law, in any bankruptcy, insolvency or other proceedings;

(iv) the rejection or disaffirmance of the Development Agreement in any such insolvency or bankruptcy proceedings;

(v) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets and liabilities, or the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or other similar proceeding affecting Developer, or the disaffirmance of the Development Agreement in any such proceeding; or

(vi) any disability or other defense of Developer.

4. Self-Help. In the event Guarantor fails to timely perform the Obligations, the City shall have the right to (but shall have no obligation to) perform the Obligations on behalf of and for the account of Guarantor and, if the City so elects to perform the Obligations, all sums expended by the City in connection with such performance shall be reimbursed by Guarantor to the City on demand.

5. Waivers by Guarantor. Guarantor waives notice of the acceptance of this Guaranty, demand or presentment for payment to Developer or the making of any protest, notice of the amount of the Obligations outstanding at any time, notice of nonpayment or failure to perform on the part of Developer, notice of any amendment, modification or waiver of or under any of the Development Agreement, and all other notices or demands not specifically required hereunder.

6. Representations and Warranties. Guarantor hereby represents and warrants that: (a) it has all necessary and appropriate powers and authority to execute and perform under this Guaranty and that such Guaranty constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting enforcement of creditors' rights in general and general principles of equity); and (b) Guarantor has benefited, directly or indirectly, from the City's entering into the Development Agreement and the transaction described therein, and that Guarantor has received good and valuable consideration for its agreements contained in this Guaranty.

7. Notices. Any notice or other communications to Guarantor or the City required or permitted to be given under this Guaranty (and copies of the same to be given to the parties as below described) must be in writing and delivered to the addresses for Guarantor and the City set forth below:

If to Guarantor: Hines Real Estate Holdings Limited Partnership  
811 Main Street, Suite 4100  
Houston, Texas 77002  
Attention: Mark Cover

With copies to: Parkside Land East LP and Parkside Land West LP  
2200 Ross Avenue, Suite 4200W  
Dallas, Texas 75201  
Attention: Rob Witte

and

Hines Real Estate Holdings Limited Partnership  
2800 Post Oak Boulevard  
Houston, Texas 77056  
Attention: Doug Donovan

and

Thompson & Knight LLP  
One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201  
United States of America  
Attention: Ted M. Benn

If to the City:

City of Irving  
825 West Irving, Blvd.  
Irving, Texas 75060  
Attn: City Manager

With a copy to:

City of Irving City Attorney  
825 West Irving, Blvd.  
Irving, Texas 75060  
Fax: (972) 721-2750

Any notice (i) mailed by United States Mail, certified or registered, return receipt requested, shall be deemed to have been received on the date of deposit of such item in a depository of the United States Postal Service in Dallas, Texas; and (ii) sent by facsimile with receipt acknowledged by the sending machine shall be deemed received the same day sent if sent during normal business hours on a business day, or the next business day if sent after normal business hours or on a day other than a business day. Notice effected other than by mail or fax shall be deemed to have been received at the time of actual delivery. Either party shall have the right to change its address to which notices shall thereafter be sent by giving the other written notice thereof in accordance with this Section 7 and to be effective ten (10) days after delivery.

8. Default Interest. Any amount that becomes due from Guarantor to the City under this Guaranty, but which is not paid when due, shall accrue interest at an interest rate that is the lesser of (i) ten percent (10%) per annum, or (ii) the maximum nonusurious rate of interest allowed by applicable law, from the date such amount is due until the date on which the same is paid in full by Guarantor.

9. Miscellaneous. In case of any litigation arising in connection with this Guaranty, the prevailing party shall be entitled to recover from the non-prevailing party reasonable attorneys' fees and all costs of court incurred by the prevailing party. No provision of this Guaranty may be amended or waived except by a written instrument executed by Guarantor and the City. This Guaranty shall inure to the benefit of the City, and its successors and assigns, and shall be binding upon, Guarantor and its successors and assigns. This Guaranty shall be governed by the laws of the State of Texas (excluding any choice of laws rules which would require the application of the law of another jurisdiction). Venue of any action shall be in Dallas County, Texas.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

HINES REAL ESTATE HOLDINGS LIMITED  
PARTNERSHIP, a Texas limited partnership

By: JCH Investments, Inc.,  
its general partner

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