

**MEMORANDUM OF UNDERSTANDING**  
**(Parkside Estates)**

THIS MEMORANDUM OF UNDERSTANDING (this "**MOU**") is entered into as of the \_\_\_\_ day of December, 2013, 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 situated in Dallas County, Texas (the "**City**").

**RECITALS:**

A. Parkside West and Parkside East collectively own 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 which they desire to develop into an approximately 900 lot residential subdivision (the "**Subdivision**").

B. Parkside and the City desire to work together to facilitate the development of the Subdivision in accordance with the general terms and conditions outlined below.

NOW THEREFORE, Parkside and the City agree as follows:

Section 1. Purpose. The purpose of this MOU is to establish the framework for the documentation and approval of the parties' agreements relating to the Subdivision.

Section 2. Description of Property and Subdivision. The property upon which the Subdivision is to be located is generally described and depicted in Exhibit A attached to and made a part of this MOU (the "**Property**"). Parkside West owns the approximately 164 acres of the Property located on the west side of Belt Line Road and Parkside East owns the approximately 71 acres of the Property located on the east side. The basic development plan for the Property is attached as Exhibit B. The total construction costs of the public infrastructure for the Subdivision are anticipated to be approximately \$50 million, and, when completed, the residences in the Subdivision are expected to have a tax assessed value of approximately \$375 million. As currently proposed, the Subdivision will include:

- (i) approximately 900 single family residential lots (the "**Lots**");
- (ii) all streets and sewer, water and drainage facilities (including sedimentation basins) necessary to serve the Lots and homes to be constructed thereon (the "**Customary Public Improvements**");
- (iii) a public trail system, including a trail connection underneath Belt Line Road (the "**Trails**");
- (iv) public open green space covering approximately 40 acres (the "**Open Space**"); and

- (v) a realignment of and improvements to Cabell Road (collectively, the "***Cabell Road Improvements***").

The Customary Public Improvements, the Trails, the Open Space and the Cabell Road Improvements are herein collectively referred to as the "***Infrastructure***".

Section 3. Proposed Construction Timeline. Construction of the Infrastructure is expected to begin in the 1st quarter of 2014, and be completed in the 1st quarter of 2015. Vertical construction is expected to begin in the 1st quarter of 2014. Complete build out of all of the residences in the Subdivision is expected to occur in the 4th quarter of 2019.

Section 4. Development and Financing of Subdivision. The Subdivision is to be developed and financed as outlined in this Section 4.

A. *Construction and Ownership.* Parkside will be responsible for construction of the Lots and all Infrastructure. Parkside will retain ownership of the Lots, but will convey the Infrastructure to the City.

B. *Certificates of Obligation.* Pursuant to Chapter 271 of the Texas Local Government Code, the City will issue certificates of obligation (the "***Certificates***") with a pledge of the City's ad valorem taxes and the assessments levied within the PID (as defined below) to fund up to \$20.5 million of project costs, plus cost of issuance and 24 months of capitalized interest, for the construction of the Infrastructure. The proceeds of the sale of the Certificates will be held by the City and disbursed pursuant to the City's normal construction process.

C. *PID.* Pursuant to Chapter 372 of the Texas Local Government Code, as amended (the "***PID Act***"), the City will create a Public Improvement District ("***PID***") encompassing the Property. PID assessments will be calculated to pay for the construction and acquisition of the Infrastructure, plus the cost of financing. A separate PID assessment will be levied for maintenance of the public infrastructure within the PID. Parkside will be responsible for filing the petition for the creation of the PID. The City will be responsible for the PID's creation and for its subsequent formation and organization. Parkside shall provide the City with a petition for the creation of the PID in compliance with Section 372.005 of the PID Act, including an appropriate legal description for the Property and a detailed budget for the costs to be paid from the PID assessments.

D. *TIF Zone #5.* Pursuant to Chapter 311 of the Texas Tax Code, as amended (the "***TIF Act***"), the City will create Tax Increment Reinvestment Zone Number Five, City of Irving, Texas (the "***TIF***"), encompassing only the Property. The TIF project and financing plan will include the Infrastructure, and TIF funds will be used to pay for or reimburse the City for the payment of costs of the Infrastructure pursuant to a contract with the City under the TIF Act. The City shall use such payments from the TIF to pay the interest and principal of the Certificates. Any payments from the TIF shall reduce the

PID assessments due in any year. The City will be responsible for the creation of the TIF and for its subsequent formation and organization.

E. *Maintenance of Improvements.* The City will be responsible for the ongoing maintenance of the completed Customary Public Improvements and Cabell Road and the Cabell Road Improvements. The Las Colinas Association. ("**LCA**") will assume responsibility for the maintenance of the Open Space and the Trails pursuant to a maintenance agreement to be entered into by LCA and the City.

Section 5. Costs to be Reimbursed by Parkside. Parkside acknowledges that the City will incur certain costs and expenses in connection with the issuance of the Certificates and the formation of the PID and the TIF, including the cost of engaging a consultant to assist with the issuance of the Certificates and the formation of the PID, and Parkside East has entered into a Reimbursement Agreement with the City dated October 17, 2013, to cover the payment of such costs and expenses.

Section 6. Development Agreement. Parkside and the City will enter into a development agreement (the "**Development Agreement**") that will set forth in detail the obligations of the various parties. The Development Agreement will include detailed budgets for Subdivision construction, the platting process for the Property, descriptions of the infrastructure to be completed, construction timelines and milestones, the timing and mechanisms for conveyances of infrastructure to the City, and the construction contracting parameters and processes. All improvements to be conveyed to or financed by the City must be designed and constructed per the City's engineering specifications and pursuant to both state law applicable to the City and to the City's ordinances and codes. Hines Investment Management Holdings Limited Partnership will execute a completion guaranty guaranteeing the completion of Parkside's construction obligations under the Development Agreement. All improvements constructed on the Property, whether publically or privately owned, shall be constructed in accordance with state law and the City's codes and ordinances.

Section 7. Construction. Parkside West and/or Parkside East, as applicable, will enter into two contracts for the construction of the Infrastructure, one for the paving of the internal Subdivision streets (the "**Private Contract**"), and the other for the construction of all other portions of the Infrastructure (being all of the improvements to be funded by the City through the issuance of the Certificates) (the "**Public Works Contract**"). The Development Agreement shall provide for the City's reimbursement to Parkside West or Parkside East, or direct payment to its contractor, of periodic construction draws under the Public Works Contract which are to be made from the proceeds of the Certificates sale held by the City.

Section 8. Cabell Road Relocation. The City and Parkside agree and understand that the relocation of Cabell Road will allow for the efficient development of Parkside East. The City agrees to consider the abandonment of the existing Cabell Road right-of-way east of Belt Line Road on the condition that Parkside (1) dedicates the new right-of-way for Cabell Road in an alignment acceptable to the City, (2) that Parkside constructs the new Cabell Road to approved City plans, specifications and acceptance, including adequate bonding to insure completion of the roadway, (3) that Parkside relocates all utilities associated with the existing Cabell Road to

the satisfaction of those utility owners and that (4) Parkside is responsible to acquire any interests that other parties, including Dallas County, might have in the underlying ownership of the old right-of-way of Cabell Road. The City commits to work with Dallas County and the utility companies to support and accommodate the relocation of Cabell Road, including the consideration of the closure of Cabell Road during the mass grading of the Parkside East property given sufficient mechanisms being in place to assure timely construction and opening of the new Cabell Road.

Section 9. Legal Effect of MOU. The City and Parkside understand and agree that this MOU constitutes only an expression of intent and shall have no legal or binding effect on the parties.

Section 10. Term. The term of this MOU will commence on the execution date hereof and shall terminate on the earliest to occur of: (a) fifteen days following written notice by any party hereto; (b) the execution of the Development Agreement; or (c) April 1, 2014.

Section 11. Relationship of Parties. The parties shall not be deemed in a relationship of partners or joint venturers by virtue of this MOU, nor shall either party be an agent, representative, trustee or fiduciary of the other. Neither party shall have any authority to bind the other to any agreement. This MOU is not assignable or transferable by either party without the other party's written consent.

Section 12. Amendments. The parties reserve the right to amend this MOU. Any amendment of this MOU must be in writing and signed by both parties.

*[Signatures on following page]*

EXECUTED by the parties as of the date 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: \_\_\_\_\_

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

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

**ATTEST:**

\_\_\_\_\_  
Secretary

**APPROVED AS TO FORM:**

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

**EXHIBIT A**

**SUBDIVISION**

Beginning at the point of the northwest corner of JOHN BRYANT ABST 174 PG 290 TR 7 43.96 AC and the south right-of-way (ROW) line of State Highway 114, thence

Southeastward along the southern ROW line of State Highway 114 to a point where said line intersects with the eastern property line of LAS COLINAS BUS PK 26<sup>th</sup> INST PH 3 BLK B LT 1 ACS 0.7976, thence

Southward along the eastern property line of LAS COLINAS BUS PK 26<sup>th</sup> INST PH 3 BLK B LT 1 ACS .7976 to a point where said line intersects with southern ROW line of Cabell Drive, thence

Northwestward along the southern ROW line of Cabell Drive to a point where said line intersects the northeast property line of S A & M G RR ABST 1450 PG 175 TR 2.2 ACS 27.728, thence

Southward along the eastern property line of S A & M G RR ABST 1450 PG 175 TR 2.2 ACS 27.728 to a point where said line intersects the southern property line of S A & M G RR ABST 1450 PG 175 TR 2.2 ACS 27.728, thence

Westward along the southern property line of S A & M G RR ABST 1450 PG 175 TR 2.2 ACS 27.728 to a point where the projection of said line intersects the west ROW line of Beltline Road, thence

Northward along the west ROW line of Beltline Road to a point where said line intersects with the southeastern property line of S A & M G RR ABST 14500 PG 175 TR 2.4 ACS 36.448, thence

Westward along the southeastern property line of S A & M G RR ABST 14500 PG 175 TR 2.4 ACS 36.448 to a point where said line intersects with the western property line of S A & M G RR ABST 1450 PG 180 TR 1 ACS 0.76, thence

Southward along the western property line of S A & M G RR ABST 1450 PG 180 TR 1 ACS 0.76 to a point where said line intersects northern ROW line of Cabell Road, thence

Southeastward along the northern ROW line of Cabell Road to the point where said line intersects the west ROW line of Beltline Road, thence

Southward along the west ROW line of Beltline Road to the point where said line intersects with the southern ROW line of Cabell Road, thence

Northwestward along the southern ROW line of Cabell Road to a point where said line intersects with the western ROW line of Esters Boulevard, thence





# EXHIBIT B

## BASIC DEVELOPMENT PLAN

