

The Panther Creek Estates Public Improvement District (PID) was established by the City of Frisco in response to a proposal by developer Intermandeco to expedite the building of two city parks, Bob White and Mourning Dove and enhance the entrances and green spaces in our neighborhood. The initial funds for this project were financed through the city bond process. Each home was assessed \$2500 to be paid at closing or over 20 years billed in installments annually directly by the city of Frisco.

The Maintenance and Operation of these PID areas (with the exception of the city parks) was then turned over to the Panther Creek Estates Homeowners Association through a 20-year lease with the City of Frisco and fees were set in combination with the HOA assessments to be collected semi-annually. Originally these funds were billed separately (PID); however after meeting with the city, the board of directors was able to consolidate this process thereby saving the HOA in printing, postage and accounting.

The HOA board is in ongoing negotiations with the City of Frisco to assess the viability of the PID. For specific details on the formation and operation of the Panther Creek Estates Public Improvement District see the documents that follow. If you have additional questions please contact the board directly.

Attached are the following (click on each to view):

- 1) 1-page official Notification of Panther Creek Estates PID
- 2) 16-page Lease and Operation Agreement for Panter Creek Estates PID
- 3) 82-page Petition for Establishment for Public Improvement District by Developer

NOTIFICATION OF
PANTHER CREEK ESTATES
PUBLIC IMPROVEMENT DISTRICT

The intent of this notice is to inform prospective property owners that each lot in the Panther Creek Estates community is part of a Public Improvement District ("PID").

The PID was created under the direction of the City of Frisco for the purposes of enhancing the Panther Creek Estates amenities and expediting the timing of their installation. Enhanced landscape, additional open space, improved city parks, shade structures, distinctive entries and various recreational and pedestrian improvements will all be part of the PID Improvements for Panther Creek Estates.

The City of Frisco has sold "Certificates of Obligation" (bonds) to make funds available for these improvements. Each residential lot within the community will be assessed an equal portion to enable the City of Frisco to repay this obligation. While there should be a distinct advantage to paying this assessment in full at closing in order to avoid finance charges, your New Home Sales Counselor should be able to provide more specific information on a term payment option as more details become available. \$2,500.00 assessment estimate

In addition to each property's assessment for the cost of the improvements, PID Maintenance and Operation charges ("M&O") may be assessed as determined by the PID Advisory Board. While the City of Frisco has the right to levy charges to maintain and operate the PID Improvements, for the sake of efficiency the Homeowners' Association ("Association") has agreed to collect a charge to maintain the PID Improvements along with the regular Association improvements. You should find that the combined costs for maintenance of all of the Panther Creek Estates amenities will remain comparable to the costs seen in other similar communities.

LEASE AND OPERATION AGREEMENT
FOR PANTHER CREEK ESTATES
PUBLIC IMPROVEMENT DISTRICT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This Lease and Operation Agreement (“Lease”) is made and entered into by and between the City of Frisco, Texas (“Frisco”) a municipal corporation (also referred to herein as “Landlord”) and Panther Creek Association of Homeowners, Inc., a Texas non-profit corporation (referred to herein as “Tenant” or “HOA”) as follows:

ARTICLE I.
DEFINITIONS

1. The Panther Creek Association of Homeowners, Inc. (“Tenant” or “HOA”) is established for the purpose of operating and maintaining the property owned by the HOA in the development known as “Panther Creek Estates”, an addition to the City of Frisco.

2. “Public Improvement District” or “PID” means and refers to the district established by Frisco pursuant to Section 372.001 et. seq. of the Texas Local Government Code for the purpose of acquiring public improvements constructed in Panther Creek Estates.

3. “PID Improvements” will refer to and mean the real property and improvements acquired by Frisco through the Public Improvement District to provide enhanced and additional improvements within Panther Creek Estates. The PID Improvements are more fully described on Exhibit “A” attached hereto and incorporated herein by reference. The PID Improvements will not include the developer-required improvements constructed in Panther Creek Estates nor will the PID Improvements include any improvements constructed on City parkland.

ARTICLE II.
LEASE AGREEMENT

1. Lease. For Ten and No/100 Dollars (\$10.00) and other good and valuable consideration the receipt of which is hereby acknowledged, Landlord hereby leases to Tenant and Tenant hereby accepts from Landlord a leasehold estate in and to the PID Improvements lying and being situated within the real property in the County of Collin, City of Frisco, State of Texas, being more particularly described on Exhibit “B” attached hereto, together with all rights, privileges, easements and appurtenances belonging to or in any way pertaining to the PID Improvements that are now situated or to be erected thereon.

2. Consideration. Tenant agrees to maintain and operate the PID Improvements for the benefit of Tenant and the Landlord. Tenant acknowledges Landlord's right pursuant to the Texas Local Government Code to charge or assess the Lots and owners of Lots contained in the Public Improvement District described more fully on Exhibit B, for expenses related to PID Improvements maintenance and operation (referred to herein as PID Maintenance Charges). Notwithstanding anything contained herein to the contrary, during the term of this Lease, Landlord does not intend to levy PID Maintenance Charges, and this Lease and Tenant's obligation to maintain hereunder shall terminate if Landlord levies PID Maintenance Charges. Landlord and Tenant acknowledge and agree that the HOA's performance of the maintenance obligations of the PID Improvements will benefit Landlord and Tenant because all parties hereto agree that the HOA's contracting for maintenance, oversight, and quality control are desired by Landlord and Tenant to maintain the PID Improvements at a high standard for the benefit of the citizens of Frisco and in particular the owners of Lots in Panther Creek Estates. Landlord and Tenant acknowledge and agree that this Lease and the provisions stated herein shall constitute additional good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto.

3. PID Maintenance Charges / Independent Contractor. Landlord acknowledges that Tenant will be entitled to charge its Members to cover the costs associated with maintenance and operation of the PID Improvements; provided, however, Tenant will not represent or claim to represent or act on behalf of Landlord in any respect in relation to any charges to its Members for PID Maintenance. Tenant acknowledges and agrees that in no respect will this Lease constitute a management agreement between Landlord and Tenant and Tenant shall not be Landlord's agent in any respect. Tenant acknowledges, agrees and represents that it shall be an independent contractor during the term of this Agreement and not an employee or agent of Landlord's. Tenant will be solely responsible for all taxes and compliance with other local, state or federal laws applicable to independent contractors.

4. Term. The term of this Lease will be twenty (20) years from the date of full execution hereof. During the term of this Lease, Tenant will be entitled to peaceable and quiet enjoyment (though not exclusive) of the PID Improvements.

5. Landlord's Obligations. Tenant acknowledges and agrees that Landlord will have no obligation to Tenant with respect to maintenance and operation of the PID Improvements. Tenant will be solely responsible for all maintenance and operation of said PID Improvements.

6. Termination. Either party may terminate this Lease without cause on thirty (30) days written notice. In the event of termination by either party hereto, Tenant's leasehold interest in the premises will be terminated.

7. Public Use. Tenant and Landlord acknowledge and agree that the PID Improvements will be available for use by the general public. Notwithstanding, neither Landlord or Tenant will be liable for claims, debts, demands, actions, causes of action or damages of any kind to any person with respect to the PID Improvements or the maintenance or leasing thereof, and both will be entitled to exercise and rely upon the sovereign immunity of Frisco to the greatest extent available at law or in equity, unless otherwise specifically stated in this Lease to the contrary.

8. Tenant Insurance. Tenant agrees to maintain commercial general liability insurance and property insurance against all risks in an amount deemed reasonably acceptable by the HOA and will name Frisco as an additional insured under such coverage attributable to the PID Improvements.

9. Fire or Other Casualty. In the event of casualty which damages all or any portion of the PID Improvements, neither Landlord or Tenant will have responsibility for replacing said improvements. Notwithstanding, in the event Landlord and/or Tenant receive insurance proceeds specifically in connection with damages to the PID Improvements, Landlord and Tenant agree to utilize all such insurance proceeds for the sole purpose of repair or replacement of the damaged PID Improvements.

10. Inspection Rights Reserved to Landlord. Landlord may inspect the premises to evaluate the quality of the maintenance and the effectiveness of the operation.

11. Taxes. Landlord acknowledges that all PID Improvements will be exempt from ad valorem taxes.

12. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. In the event Tenant assigns its rights and obligations under this Lease, Tenant will immediately notify Landlord in writing of the assignment. All rights, powers, privileges, immunities and duties of Landlord or Tenant under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

13. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

14. Miscellaneous.

A. Notices. Any notice required or permitted by this Agreement is effective when personally delivered in writing or two (2) days after notice is deposited with the U.S. Postal Service, postage prepaid, certified with return receipt requested, and addressed as follows:

LANDLORD:

The City of Frisco, Texas
Attn: George Purefoy, City Manager
6891 Main Street
Frisco, Texas, 75034
Telephone No.: (972) 335-5555
Facsimile No.: (972) 335-5559

With copy to: Abernathy, Roeder, Boyd and Joplin
Attn: Richard Abernathy
1700 Redbud, Suite 300
P.O. Box 1210
McKinney, Texas 75070-1210
Telephone No.: (214) 544-4000
Facsimile No.: (214) 544-4040

TENANT:

Panther Creek Association of Homeowners, Inc.
Attn: Cary L. Cobb
1401 Burnham Drive
Plano, Texas 75093
Telephone No.: 972-964-9050
Facsimile No.: 972-964-0131

With copy to: Sloan & Associates, P.C.
Attn: Kenneth W. Sloan
5956 Sherry Lane
Suite 915
Dallas, Texas 75225
Telephone No.: 214-987-6070
Facsimile No.: 214-987-6071

The parties may, from time to time, change their respective addresses and contact persons listed above to any other location or person in the United States for the purpose of notice under this Lease. A party's change of address shall be effective when notice of change is provided to the other party in accordance with the provisions of this paragraph.

- B. Capacities. The person or persons executing this Lease on behalf of Frisco represents and warrants that he/she has the authority to do so in the capacity stated. The person or persons executing this Lease on behalf of Tenant represents and warrants that he/she has the authority to do so in the capacity stated.



RECEIVED

SEPT 30, 2002

CITY SECRETARY TT

**PETITION FOR ESTABLISHMENT
FOR PUBLIC IMPROVEMENT DISTRICT**

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

KNOW ALL MEN BY THESE PRESENTS:

WITNESSETH:

WHEREAS, Panther Creek Ventures, Ltd. is the owner of certain real property in the City of Frisco, Collin County, Texas, which is subject to a Development Agreement dated March 7, 2000, between the City of Frisco, Texas, and Tiger Lily Properties Associates, L.P. recorded in Volume 4640, Page 1499, of the Deed Records of Collin County, Texas ("Development Agreement") a true and correct copy of the Development Agreement is attached hereto and incorporated herein by reference as Exhibit "A"; and

WHEREAS, Panther Creek Ventures, Ltd. has succeeded in interest by way of assignment to that portion of the Development Agreement applicable to the property owned by Panther Creek Ventures, Ltd., a true and correct copy of the Partial Assignment and Assumption of Development Agreement is attached hereto and incorporated herein by referenced as Exhibit "B"; and

WHEREAS, pursuant to the Development Agreement, Panther Creek Ventures, Ltd. submitted to the City of Frisco on August 14, 2002 a written request for the creation of a Public Improvement District within 60 days of the date thereof; and

WHEREAS, the City has requested Panther Creek Ventures, Ltd. additionally prepare a Petition pursuant to the Texas Local Government Code for purposes of submission to the Attorney General of the State of Texas.

NOW, THEREFORE, this Petition is submitted to comply with the City of Frisco's request for a Petition pursuant to §372.005 of the Texas Local Government Code for review and approval of the Attorney General of the State of Texas. For purposes of this Petition, a true and correct copy of the written request for creation of the Public Improvement District dated August 14, 2002 is attached hereto and incorporated herein by reference as Exhibit "C".

PETITION:

Pursuant to §372.005 of the Texas Local Government Code, Panther Creek Ventures, Ltd., petitions the City of Frisco for the establishment of a Public Improvement District as follows:

1. General Nature of Proposed Improvement:

Improvements in excess of those required by the City of Frisco as follows:

- Roadway landscape and irrigation improvements:
 - i) landscape and irrigation to Eldorado Parkway, Hillcrest Road, Panther Creek Parkway, and the N/S Collector.

Estimated Cost: \$428,484.26

- Monuments/Walls/Fences:
 - i) main entry features for Eldorado Parkway and Hillcrest Road;
 - ii) secondary features for Eldorado Parkway and Hillcrest Road; and
 - iii) secondary features for Panther Creek and Eldorado Parkway/Preston Road monument.

Estimated Cost: \$533,570.00

- Recreational Amenities:
 - i) pool complex;
 - ii) two separate shade structures;
 - iii) two separate playground equipment areas; and
 - iv) game court.

Estimated Cost: \$560,000.00

- Open Space Treatment:
 - i) vegetation, irrigation and potential structural development.

Estimated Cost: \$466,092.80

- PID Improvement Expenses:
 - i) landscape architecture;
 - ii) construction management; and
 - iii) surveying and engineering.

Estimated Cost: \$459,000.00

- **Annual PID Expenses:**

- i) one year maintenance contract;
- ii) one year management contract;
- iii) Frisco administration; and
- iv) utilities.

Estimated Cost: \$320,500.00

2. Estimated Costs of Improvements:

The estimated costs of improvements is \$2,767,647.06 together with the purchase of 6.649 acres of open space land at \$50,000.00 per acre (pursuant to the Development Agreement) for a total purchase price of \$332,450.00. The total estimated amount to be funded is therefore \$3,100,097.06. These amounts are estimates of the above-described improvements and may be modified to conform to actual expenses.

3. Boundaries of Proposed Assessment District:

The boundaries of the proposed assessment district are a tract of 310.22 acres of land more or less in the City of Frisco, Collin County, Texas, named on the proposed schematic submitted herewith as Panther Creek Estates and attached as Exhibit "D". Also attached hereto is a metes and bounds description of the property attached as Exhibit "E".

4. Proposed Method of Assessment:

The method of assessment shall be that agreed to between the City of Frisco and the owner of the property pursuant to the Development Agreement, Section 3.05 as follows:

"3.05 Annual Assessment Plan. The owner of property within any Assessment Tract is subject to assessment according to the following:

(a) **Allocation of Assessments.** The assessments for land within an Assessment Tract shall be divided equally between the net developable acreage within such tract (not to exceed \$10,000 per acre in principal).

(b) **Timing of Collection of Assessments.** The principal (plus accrued and unpaid interest) of C.O.s shall be assessed and collected annually by Frisco over the life of the C.O.s, which will be twenty (20) years.

(c) **Assessment for Expenses, Interest, Maintenance.** In addition to assessments for the payment of the debt service on the C.O.s, the land within each Assessment Tract shall be subject to assessment for (i) costs and expenses incident to issuance of the bonds, (ii) maintenance of the improvements constructed or purchased with C.O. proceeds, (iii) operation costs, and (iv) other costs directly related to the PID or the improvements.

(d) **Lease to Home Owners Association.** Upon request of the home owners association established for each Assessment Tract, Frisco shall enter into a mutual agreement with such association for all or part of the PID improvements to permit such association to maintain and operate such improvements.”

5. The Proposed Apportionment of Cost Between the Public Improvement District and the Municipality as a Whole:

The estimated cost is not anticipated to exceed \$10,000.00 per acre in principal and should therefore be apportioned 100% to the Public Improvement District.

6. Whether Management of the District is to be by Municipality, Private Sector or Partnership Between Municipality and Private Sector:

According to the Development Agreement, Section 3.02 (v), Frisco is to appoint a 3 person Advisory Board for purposes of managing the PID. Therefore this board appointed by the municipality is to manage the district.

7. Concurrence with Petition:

The person signing this Petition request(s) or concur(s) with the establishment of the district by virtue of execution of this Petition and acceptance of an assignment of rights from Tiger Lily Properties Associates, L.P. under the Development Agreement.

8. Advisory Body:

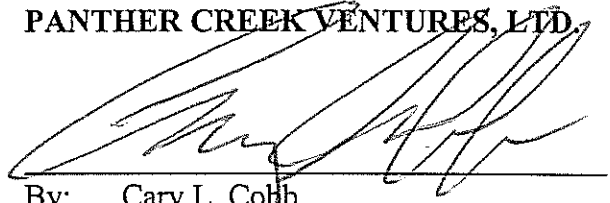
It is anticipated that an Advisory Board will be established to develop an ongoing service plan for the PID improvements and an annual assessment plan for the related assessment tract, as stated under Section 3.02 (vi) of the Development Agreement.

(b) This Petition is signed by the authorized representative of Panther Creek Ventures, Ltd. Panther Creek Ventures, Ltd. is the owner of the taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment under the proposal, and is the record owner of all real property liable for assessment under the proposal (in excess of 50%).

This Petition will be filed with the Municipal Secretary or other officer performing the functions of the Municipal Secretary. Pursuant to the Development Agreement, the written request of Panther Creek Ventures, Ltd. for creation of the PID was submitted to the City on August 14, 2002, and Panther Creek Ventures, Ltd. reiterates its request for the creation of the PID within 60 days of that written request, i.e. October 14, 2002, the next business day falling after the expiration of 60 days.

Signed this 30TH day of September, 2002.

PANTHER CREEK VENTURES, LTD.

A handwritten signature in black ink, appearing to read 'Cary L. Cobb', is written over a horizontal line. The signature is stylized and somewhat cursive.

By: Cary L. Cobb
Its: Authorized Representative

2000-0333784 ✓

DEVELOPMENT AGREEMENT

STATE OF TEXAS §
 §
COLLIN COUNTY §

66710 04940

This Development Agreement (the "Agreement") is made and entered into as of this 7th day of March, 2000 by and between the City of Frisco, Texas, a Texas municipal corporation ("Frisco"), and Tiger Lily Property Associates, Inc., a Delaware corporation ("Tiger Lily").

RECITALS

WHEREAS, Tiger Lily is the owner of a certain tract of land situated in the City of Frisco, Collin County, Texas, containing approximately 995.11 acres and being more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property");

WHEREAS, Tiger Lily intends to develop a portion of the Property and to sell the remainder of the Property; and

WHEREAS, Tiger Lily and Frisco desire for the Property to be developed as a mixed use development with multiple public improvement districts; and

WHEREAS, by this Agreement, the parties desire to reduce the density of residential uses granted for the Property under Ordinance 89-11-02 (the "Zoning Ordinance") and that the Property be developed with enhanced amenities;

WHEREAS, in order to provide the enhanced amenities, Frisco will authorize creation of three (3) public improvement districts under Chapter 372 of the Texas Local Government Code that would assist in paying for the enhanced amenities; and

WHEREAS, Frisco has adopted water, wastewater and thoroughfare impact fees pursuant to Frisco Ordinance No. 90-06-08, as amended by Frisco Ordinance Nos. 91-03-01, 93-02-07,

EXHIBIT "A"

01640 01500

94-04-07 and 00-02-29 and as such ordinances may be amended in the future (individually and collectively, the "Impact Fee Ordinance"); and

WHEREAS, the Property will be served by the water and sewer improvements and thoroughfares contemplated in this Agreement;

WHEREAS, Frisco and Tiger Lily have agreed that Tiger Lily may fulfill its obligations to pay water, wastewater and thoroughfare impact fees pursuant to the Impact Fee Ordinance in the manner set forth in this Agreement; and

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Article I

Covenants of Tiger Lily

Tiger Lily and Frisco hereby covenant and agree as follows:

1.01 Right-of-Way Dedication; Road Construction.

(a) Right-Of Way Dedication. Tiger Lily shall dedicate to Frisco by plat or special warranty deed the following rights-of-way: (i) the north two (2) lanes of right-of-way for El Dorado Parkway identified on Exhibit "I" Page 1 of 2 which is on the Property, (ii) four (4) lanes of right-of-way (120 feet in width) for Hillcrest Road as shown and described on Exhibit "C", and (iii) the south two (2) lanes and, where indicated, the north two (2) lanes, of right-of-way (120 feet in width) to widen County Road 23 as shown and described on Exhibit "D" (El Dorado Parkway, Hillcrest Road and County Road 23 are referred to collectively herein as the "Perimeter Roads"). Such dedication shall occur on the earlier of (A) one hundred eighty (180) days after the Effective Date of this Agreement, or (B) prior to construction starting on any Perimeter Road. The metes and bounds descriptions contained on Exhibits "I", "C" and "D" for