

EXHIBIT "I"

CITY OF WESTON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF WESTON, TEXAS, CONSENTING TO THE CREATION OF A POLITICAL SUBDIVISION WITHIN THE CITY'S CORPORATE LIMITS; PROVIDING FINDINGS OF FACT; PROVIDING FOR A SEVERABILITY CLAUSE AND A SAVINGS CLAUSE; REPEALING ALL CONFLICTING ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Weston, Texas (the "City") has entered into a Development Agreement (the "Development Agreement") with Honey Creek Partners L.P. and Weston Land Ltd. (collectively, the "Owner"), dated effective as of December 13, 2005; and

WHEREAS, as of the effective date of the Development Agreement, Owner owned approximately 57.70 acres within the corporate limits of the City; and

WHEREAS, on _____, 200__, upon petition of Owner, the City annexed approximately 1,554.13 acres of land owned by Owner into its corporate limits such that as of the date hereof Owner owns a total of approximately 1,611.83 acres of land ("Owner's Land") within the corporate limits of the City; and

WHEREAS, the City has received a "Petition for Consent to Creation of Political Subdivision in Corporate Limits " dated _____, 200__, a copy of which is attached hereto as Exhibit "A" (the "Petition") from the Owner, seeking the creation of a political subdivision, one purpose of which is to supply fresh water or to furnish sanitary sewer services, roadways, or drainage, to include all of Owner's Land within its boundaries.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WESTON, TEXAS:

SECTION 1. All of the above premises are true and correct findings of the City Council of the City and they are hereby approved and incorporated into this Ordinance as if copied in their entirety.

SECTION 2. That the City Council of the City hereby approves the Petition and grants its consent to and permission for the creation of a conservation and reclamation district pursuant to Article XVI, Section 59 of the Texas Constitution, that may be organized under Chapter 51, Chapter 53 or Chapter 54, Texas Water Code, or by special act of the Legislature of the State of Texas (the "District"), which District is more fully described by field notes description attached to Exhibit "A", and the Mayor is hereby authorized to execute any documents which Mayor believes necessary to effectuate this Ordinance. This Ordinance constitutes the consent of the City to the creation of the District, as well as any new district resulting from the division of the

District, as may be permitted by law. Provided, however, any such resulting district must be located wholly within the boundaries of the District as described in Exhibit "A" hereto or as such original boundaries may be subsequently expanded as permitted by the terms of this Ordinance.

SECTION 3. That as a condition of the consent given by the City herein, the District shall be subject to the following terms and provisions:

- (a) The District shall construct all facilities in accordance with plans and specifications which have been approved by the City.
- (b) The City shall have the right to inspect all facilities being constructed by the District.
- (c) The District may only issue bonds for the purchase, construction, acquisition, ownership, maintenance, repair, extension and improvement of land, easements, works, improvements, facilities, plants, equipment and appliances necessary to accomplish the purposes for which it was created, which may include the following:
 - (i) Provide a water supply for municipal uses, domestic uses and commercial purposes;
 - (ii) Collect, transport, process, dispose of and control all domestic, industrial or communal wastes whether in fluid, solid or composite state;
 - (iii) Gather, conduct, divert and control local storm water or other local harmful excesses of water within the District;
 - (iv) Provide roads and improvements as permitted to road districts under Chapter 257, Transportation Code, subject to the applicable limitations of Section 53.029, Water Code;
 - (v) Provide a fire department;
 - (vi) Develop and maintain recreational facilities for residents, subject to the applicable limitations of Section 49.464, Water Code;
 - (vii) Fulfill any other purpose or function of the District authorized by the Water Code; and
 - (viii) Provide payment of organizational, administrative, and operating costs during creation and construction periods and interest during construction, subject to the applicable limitations of Section 49.155, Water Code.
- (d) The District shall comply with the conditions set forth on Exhibit "B" hereto.

- (e) The City shall be entitled to injunctive relief or a writ of mandamus issued by a court of competent jurisdiction restraining, compelling or requiring the District and its officials to observe and comply with the terms and provisions prescribed by this Ordinance.

SECTION 4. That the City Council of the City further requires that the District include a statement in the form required under Section 49.455, Texas Water Code, that the District is located in whole within the corporate limits of the City; and that the taxpayers of the District are subject to the taxes imposed by the City and by the District until the District is dissolved.

SECTION 5. This Ordinance shall be and is hereby declared to be cumulative of all other ordinances of the City of Weston, and this Ordinance shall not operate to repeal or affect any of such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance or ordinances are hereby repealed.

SECTION 6. All Ordinances of the City of Weston shall remain in full force and effect, save as amended herein or by the Development Agreement.

SECTION 7. It is the intent of the City Council that each paragraph, sentence, subdivision, clause, phrase or section of this Ordinance be deemed severable, and should such paragraph, sentence, subdivision, clause, phrase or section be declared invalid or unconstitutional for any reason, such declaration or invalidity or unconstitutionality shall not be construed to affect the validity of those provisions of this Ordinance left standing, or the validity of any other Ordinances of the City of Weston.

SECTION 8. This Ordinance shall take effect and shall be in full force from and after its adoption and publication as provided by law.

PASSED AND ADOPTED by the City Council of the City of Weston, Texas, this _____ day of _____, 200__.

THE CITY OF WESTON, TEXAS

_____, Mayor

ATTEST:

_____, City Secretary

APPROVED AS TO FORM:

_____, City Attorney

Exhibit “A”

PETITION FOR CONSENT TO CREATION OF POLITICAL SUBDIVISION IN
CORPORATE LIMITS

EXHIBIT "B"

SUPPLEMENTAL CONDITIONS TO CONSENT TO CREATION OF POLITICAL
SUBDIVISION IN CORPORATE LIMITS
OF CITY OF WESTON, TEXAS

1. The District shall comply with all applicable terms of the Development Agreement.
2. The District, or any new district ("Resulting District") resulting from the division of the District, may add land to its boundaries subject to the following:
 - a. The addition of land to the District or Resulting District is found to be feasible, practicable, and to the advantage of such district, and the District's or Resulting District's system and other improvements are or will be sufficient to supply the added land without injuring the land already in such district; and
 - b. The land proposed for addition into the District or a Resulting District has been annexed into the corporate boundaries of the City, and received a final zoning designation by City Council pursuant to the City zoning ordinances.
3. Bonds including refunding bonds issued by the District or a Resulting District ("Bonds") shall, unless otherwise agreed to by the City, comply with the following requirements, provided such requirements do not generally render the Bonds unmarketable:
 - a. Bonds may be issued in one or more installments;
 - b. Maximum maturity of 25 years for any one series of Bonds;
 - c. Interest rate shall not exceed 2% above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one month period next preceding the date notice of the sale of such Bonds is given; and
 - d. The Bonds shall expressly provide that the District or Resulting District shall reserve the right to redeem bonds at any time subsequent to the tenth (10th) anniversary of the date of issuance, without premium. No variable rate Bonds shall be issued by the District or Resulting District without City Council approval.
 - e. Unless otherwise approved by the City Council, the maturities of each issue of Bonds of the District or Resulting District will be structured so that substantially level debt service will be maintained throughout the amortization period of each series of Bonds. It is specifically agreed that the Bonds, when issued, must be secured by a pledge of the District's or Resulting District's taxes and/or revenues.
4. The City shall require the following information with respect to each issuance of Bonds:

a. The District or Resulting District must notify the City of its intention to issue Bonds, including bond anticipation notes and revenue notes.

b. At least 30 days before issuance of Bonds for water, sewer or drainage facilities, except refunding Bonds, the District or Resulting District must notify the City, and the financial advisor for the District or Resulting District shall certify in writing that the Bonds are being issued within the existing economic feasibility guidelines established by the Texas Commission on Environmental Quality (“TCEQ”) for districts issuing Bonds for water, sewer or drainage facilities in the county in which the District or Resulting District is located and shall deliver the certification to the Mayor or City Manager (the “City Representative”).

c. If the District or Resulting District is not required to obtain TCEQ approval of the issuance of the Bonds (other than refunding Bonds), the District or Resulting District shall deliver such notice to the City Representative at least 60 days prior to issuing such Bonds. Further, the District’s or Resulting District’s financial advisor shall certify in writing that the Bonds are being issued within the existing economic feasibility guidelines established by the Office of the Texas Attorney General.

d. At least 30 days before the issuance of Bonds, the District or Resulting District shall deliver to the City Representative:

- i. The amount of Bonds being proposed for issuance;
- ii. The projects to be funded by such Bonds; and
- iii. The proposed debt service tax rate after issuance of the Bonds.

e. Within 30 days after the District or Resulting District closes the sale of a series of Bonds, such district shall deliver to the City Representative a copy of the final official statement for such series of Bonds. If the City reasonably requests additional information regarding such issuance of Bonds, the District or Resulting District shall promptly provide such information at no cost to the City Representative.

5. Notwithstanding the terms and provisions of paragraph 4 above, in connection with: (i) an advance refunding of Bonds which (A) has a final maturity no longer than the final maturity on the refunded Bonds, (B) will achieve a net present value savings of at least three percent (3%), and (C) has savings which are substantially or fairly uniform over each maturity of Bonds being refunded; or (ii) any current refunding Bonds which (A) has a final maturity no longer than the final maturity on the refunded Bonds, (B) will achieve a net present value savings, and (C) has savings which are substantially or fairly uniform over each maturity of Bonds being refunded, no City review or approval will be required other than the presentation to the City of evidence of compliance with the requirements in this sentence three business days prior to the execution of a Bond purchase agreement for the refunding Bonds.

6. The District or Resulting District shall send a copy of the order or other action setting its annual ad valorem tax rate to the City Representative within 30 days after adoption of the rate.

7. The District or Resulting District shall send a copy of its annual audit to the City Representative within 30 days after approval.

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