

RESOLUTION NO. 260317-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEONARD, TEXAS APPROVING A FINANCING AGREEMENT FOR PAYMENT OF COMMUNITY BENEFIT CONTRIBUTION AND PUBLIC IMPROVEMENT DISTRICT FEE IN CONNECTION WITH THE RIDGE PUBLIC IMPROVEMENT DISTRICT

WHEREAS, the City Council of the City of Leonard, Texas (the "City") has approved the execution of that certain "The Ridge Development Agreement" between Fieldside Development, LLC (the "Developer") and the City, dated as of March 17, 2026 (the "Development Agreement"); and

WHEREAS, the Development Agreement provides for the creation of a public improvement district pursuant to Chapter 372, Texas Local Government Code, as amended, to be known as "The Ridge Public Improvement District", which is subject to the City's Public Improvement District Policy, as enacted by Resolution No. 240611-05 adopted by the City on June 11, 2024 (the "PID Policy"); and

WHEREAS, the City wishes to provide for the payment of a Community Benefit Contribution, as well as the payment of the \$4,000 per lot PID Fee, as required by said PID Policy; and

WHEREAS, the City has received and acknowledged Certificate of Interested Parties No. 2026-1427987, filed by the Developer with the Texas Ethics Commission on March 3, 2026; and

WHEREAS, It is officially found, determined, and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEONARD, TEXAS, THAT:

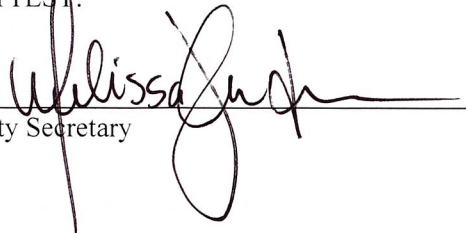
Section 1. The Financing Agreement for Payment of Community Benefit Contribution (the "Contribution Agreement"), substantially in the form attached hereto as Exhibit A, is hereby approved with such changes or amendments as may be approved by the Mayor (or Mayor Pro-Tem), and the Mayor (or Mayor Pro-Tem) of the City is hereby authorized to execute said Contribution Agreement in the name of and on behalf of the City.

Section 2. This resolution shall take effect immediately upon its adoption.

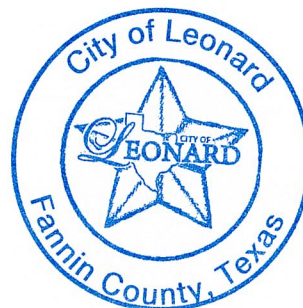
PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LEONARD, TEXAS, this 17th day of March, 2026.



Mayor

ATTEST:


City Secretary



[CITY SEAL]

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS
FANNIN COUNTY
CITY OF LEONARD

We, the undersigned officers of the City of Leonard, Texas (the "City"), hereby certify as follows:

1. The City Council (the "Council") of the City convened in a regular meeting on March 17, 2026, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of the Council, to wit:

Michael Pye, Mayor
Al Stephens, Mayor Pro Tem
Darrell Grintz

Billy Wayne Martin
Charles Wrenn
Bobby Hanson

and all of said persons were present, except none, thus constituting a quorum. Whereupon, among other business the following was transacted at said meeting: a written

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEONARD, TEXAS APPROVING A FINANCING AGREEMENT FOR PAYMENT OF COMMUNITY BENEFIT CONTRIBUTION AND PUBLIC IMPROVEMENT DISTRICT FEE IN CONNECTION WITH THE RIDGE PUBLIC IMPROVEMENT DISTRICT

was duly introduced for the consideration of the Council. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried, with all members of the Council shown present above voting "Aye," except as noted below:

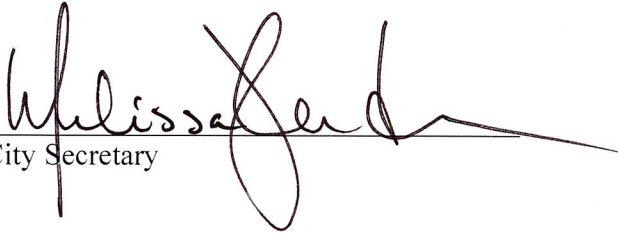
NAYS: Ø ABSTENTIONS: Ø

2. A true, full, and correct copy of the aforesaid Resolution passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been duly recorded in the Council's minutes of said meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Council's minutes of said meeting pertaining to the passage of said Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Council as indicated therein; that each of the officers and members of the Council was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for passage at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given all as required by the Texas Government Code, Chapter 551.

3. The Council has approved and hereby approves the Resolution; and the Mayor and City Secretary hereby declare that their signing of this certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED ON MARCH 17, 2026.

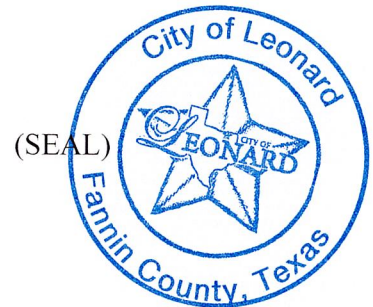
ATTEST:



City Secretary



Mayor



Signature Page to a Certificate for
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEONARD, TEXAS
APPROVING A FINANCING AGREEMENT FOR PAYMENT OF COMMUNITY BENEFIT
CONTRIBUTION AND PUBLIC IMPROVEMENT DISTRICT FEE IN CONNECTION WITH
THE RIDGE PUBLIC IMPROVEMENT DISTRICT

FINANCING AGREEMENT FOR PAYMENT OF
COMMUNITY BENEFIT CONTRIBUTION

THIS AGREEMENT (“the Agreement”) is entered into this 17th day of March, 2026, by and between the City of Leonard, Texas, a Type A general law municipal corporation (the “City”), and Fieldside Development, LLC, a Texas limited liability company (the “Developer”) (collectively herein referred to as “the Parties”).

WHEREAS, the Developer owns or is under contract to purchase certain property situated in Fannin County, Texas described in Exhibit A, attached hereto and incorporated herein by reference (“the “Property”);

WHEREAS, the Developer desires to develop the Property (the “Project”) and intends to benefit from the infrastructure of the City as well benefit from the City’s growth and increasing population;

WHEREAS, the City will develop a portion of the Property with bonds (the “PID Bonds”), the interest on which is exempt from federal income taxation (the “City Financed Improvements”) and the Developer will develop a portion of the Property with funds other than bond proceeds (the “Developer Financed Improvements”); and

WHEREAS, the Parties desire to memorialize their intent regarding the Developer’s agreement to support the City’s sound growth and development by providing a financial contribution to the City to benefit the community in which Developer Financed Improvements, which is located within the Project is located.

NOW, THEREFORE, for and in consideration of the foregoing premises and of the mutual promises and conditions hereinafter contained, it is hereby agreed as follows:

Section 1. Payment Date of Contribution Amounts. For purposes of this Agreement, “Community Benefit Contribution” shall mean an amount in respect to the Developer Financed Improvements equal to a one-time amount determined in accordance with Section 2(a) below, to be paid by the Developer in accordance with this Agreement no later than 30 days following the date the following conditions being met (the “Community Benefit Contribution Payment Date”).

Section 2. Qualified Tax-Exempt Obligations. The Developer agrees to pay the City additional costs occurring solely from the difference in interest cost (“Additional Costs”) the City may incur in the issuance of City obligations other than the PID Bonds (the “City Obligations”) as described in this Section if the City Obligations are deemed not to qualify for the designation of “qualified tax-exempt obligations” (“QTEO”) as defined in section 265(b)(3) of the Internal Revenue Code of 1986, as amended, as a result of the issuance of PID Bonds by the City in any given calendar year. The City agrees to deposit all funds for the payment of such Additional Costs received under this Section, which the City hereby determines to be used for increased costs of Public Improvements or Actual Increased Costs of capital improvements not constituting City Financed Improvements, into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar

year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law; provided, however that if the City fails to use diligent, good faith efforts to issue PID Bonds and that failure causes PID Bonds to be issued in a different calendar year or not to be issued at all, the City shall refund to Developer all Additional Costs paid by Developer as a result of such failure. Additionally, the City will provide the Developer on an annual basis no later than December 15th each year the projected amount of City Obligations to be issued in the upcoming year based on its annual budget process.

(a) In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its financial advisor, shall calculate the estimated Additional Costs based on the market conditions as they exist approximately forty-five (45) days prior using independent third party public pricing information to the date of the pricing of the PID Bonds (the "Estimated Additional Costs"), the City shall provide a written invoice to the Developer, and the Developer shall have twenty (20) days to review and provide input on the calculation to the City. The Developer shall pay such Estimated Additional Costs to the City on or before the earlier of (i) twenty (20) business days after the date of the City's invoice or (ii) fifteen (15) business days prior to pricing the PID Bonds. The City shall not be required to price or sell the PID Bonds until the Developer has paid to the City the Estimated Additional Costs related to the PID Bonds then being issued. The Estimated Additional Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Upon the City's approval of the City Obligations, the City's financial advisor shall calculate the actual Additional Costs to the City of issuing its City Obligations as non-QTEO (the "Actual Increased Costs"). The City will, within five (5) business days of the issuance of the City Obligations, notify the Developer of the Actual Increased Costs. In the event the Actual Increased Costs are less than the Estimated Additional Costs, the City will refund to the Developer the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased Costs. If the Actual Increased Costs are more than the Estimated Additional Costs, the Developer will pay to the City the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased Costs. If the Developer does not pay the City the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased Costs, the Developer shall not be reimbursed amounts from the bond improvement account of any PID Bond trust indenture until such payment is made in full. If the City does not issue the City Obligations by the end of the calendar year in which PID Bonds are issued, the City will refund to the Developer the Additional Costs paid by the Developer in such calendar year within ten (10) business days after the end of such calendar year.

(b) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City's financial advisor shall calculate the estimated Additional Costs based on the market conditions as they exist approximately forty-five (45) days prior to the date of the pricing using independent third party public pricing information of the City Obligations (the "Estimated Additional City Obligation Costs"), the City shall provide a written invoice to the Developer, and the Developer shall have ten (10) business days to review and provide input on the calculation to the City. The Developer shall pay such Estimated Additional City Obligation Costs to the City at least fifteen (15) days prior to pricing the City Obligations. If the Developer has not paid the Estimated Additional City Obligation Costs to the City by the required time, the City, at its option, may elect to designate such City Obligations as QTEO, and the City shall not be required to issue

the PID Bonds in such calendar year. The Estimated Additional City Obligation Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Upon the City's issuance of the City Obligations, and if the City actually issues PID Bonds in that calendar year, the City's financial advisor shall calculate the actual Additional Costs to the City of issuing its City Obligations as non-QTEO (the "Actual Increased City Obligation Costs"). The City will, within five (5) business days of the issuance of the City Obligations, notify the Developer of the Actual Increased City Obligation Costs. In the event the Actual Increased City Obligation Costs are less than the Estimated Additional City Obligation Costs, the City will refund to the Developer the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased City Obligation Costs. If the Actual Increased City Obligation Costs are more than the Estimated Additional City Obligation Costs, the Developer will pay to the City the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased City Obligation Costs. If the Developer does not pay the City the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within ten (10) business days of the date of the City's notice to the Developer of the Actual Increased City Obligation Costs, the Developer shall not be reimbursed amounts from the bond improvement account of any PID Bond trust indenture until such payment is made in full.

(c) To the extent the Developer has paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently to the City applicable to the same calendar year shall be reimbursed by the City to the Developer as necessary so as to put all developers and the Developer so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within ten (10) business days after its receipt of such subsequent payments of such Additional Costs.

(d) The City shall charge Additional Costs attributable to any other developer or owner on whose behalf the City has issued debt in the same manner as described in this Section, and the Developer shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of the Developer's portion had already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to the Developer. The portion owed by the Developer shall be determined by dividing the total bond proceeds from any debt issued on behalf of the Developer in such calendar year by the total bond proceeds from any debt issued by the City for the benefit of all owners or developers (including the Developer) in such calendar year.

(e) If in any calendar year the City issues City Obligations or PID Bonds on its own account that exceed the amount that would otherwise qualify the City for the issuance of bank qualified debt, then no Additional Costs shall be due from the Developer in connection with such PID Bonds. The Additional Costs incurred with respect to such PID Bonds shall be allocated as described above, and if any Additional Costs had already been paid by the Developer to the City for such calendar year, then such excess of Additional Costs shall be reimbursed to the Developer within ten (10) business days of the issuance of such City Obligations or PID Bonds, as applicable.

Section 3. City PID Fee. The Parties acknowledge and agree that in accordance with the City Regulations, including the City's PID Policy, a Public Improvement District Fee (the "PID Fee") in the amount of Four Thousand and No/100 Dollars (\$4,000.00) per platted single-family residential lot is ordinarily due and payable at the time Assessments are levied. In consideration of the Developer's obligations as outlined in that certain "The Ridge Development Agreement Between Fieldside Development, LLC and its assigns and the City of Leonard, Texas," dated as of the date hereof, the City agrees hereby to: (i) defer payment of the PID Fee for each lot until the time a building permit is issued for the construction of a single-family residence on such lot, and (ii) collect such PID Fee from the party seeking a residential building permit for such lot, which residential building permit shall not issued until payment of the PID Fee has been made to the City with respect to such lot. Such deferral shall not constitute a waiver, release, or reduction of the PID Fee obligation, and the total PID Fee amount, due per lot, shall remain due and payable in full, as it relates to such lot, at the time of building permit issuance, unless otherwise approved in writing by the City Council.

Section 4. Further Acts. In addition to the acts and deeds recited in this Agreement and contemplated to be performed, executed, and/or delivered by the parties, the City and Developer agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered at such time or times as may be necessary or appropriate under this Agreement any and all further lawful acts, deeds, and assurances as are reasonably necessary or appropriate to consummate and implement the transactions and agreements reasonably contemplated hereby.

Section 5. Statutory Verifications. The Developer makes the following representations and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification prior to the expiration or earlier termination of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001,

Government Code.

(c) No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

Section 6. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer’s participation in the execution of this Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

Section 7. No Third-Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any non-party other than as to insurance, indemnity, defense, and hold harmless excess of Additional Costs shall be reimbursed to the Developer.

Section 8. Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by either of the Parties, the Parties agree that such approval or consent shall not be unreasonably withheld, conditioned, or delayed.

Section 9. No personal liability of public officials or the City. To the extent permitted by State law, neither the City, any City agent or representative, nor any public official or employee shall be personally responsible for any liability arising under or related to this Agreement. This Agreement imposes no personal liability upon the City, any of its officers, employees, or agents.

Section 10. Binding Effect. This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors and assigns.

Section 11. Mutual Assistance. The City and the Developer will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions in order to put each other in the same

economic condition contemplated by this Agreement regardless of any changes in public policy, the law, or taxes or assessments attributable to the Property.

Section 12. Waiver. The waiver by either Party of a breach, default, delay or omission of any of the provisions of this Agreement by the other Party will not be construed as a waiver of any subsequent breach of the same or other provisions.

Section 13. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the Parties that the remainder of this Agreement shall not be affected. It is also the intention of the Parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

Section 14. Assignment. Developer may assign this Agreement from time to time to any party that: (a) does not owe delinquent taxes or fees to the City, (b) is not in material default (beyond the applicable notice and cure period) under any agreement with the City, and (c) has the financial capacity and ability to perform the duties or obligations so assigned under this Agreement. Developer shall provide the City thirty (30) days prior written notice of any such assignment. If the City has objections to such assignment satisfying the requirements described above, the City shall provide written notice of such objections to the Developer within ten (10) days of receiving the assignment notice from Developer. Developer will not be released from its obligations under this Agreement if the City objects to the assignment as described above and such objections are not resolved by and between Developer and the City; provided, however, the City shall not unreasonably withhold Developer's release from its obligations under this Agreement.

Section 15. Amendment. This Agreement may be amended only by the mutual written agreement of the Parties, and with the approval of the city council of the City. A successor of portions of the Property (such as a purchaser of a lot within the subdivision) does not make such successor a "Party." Developer's rights under this Agreement must be specifically assigned to a successor in order for such successor to be a "Party."

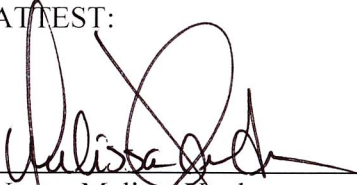
Section 16. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Fannin County, Texas.

Section 17. Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party.


[Signatures Continued on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts, each of equal dignity, to be effective as of the date first written above.

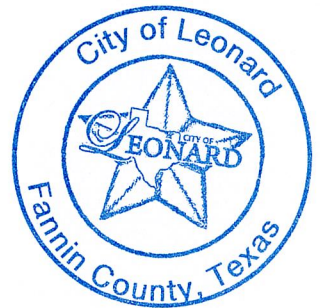
ATTEST:


Name: Melissa Verde
Title: City Secretary

CITY OF LEONARD, TEXAS

By: 
Name: Michael Pye
Title: Mayor

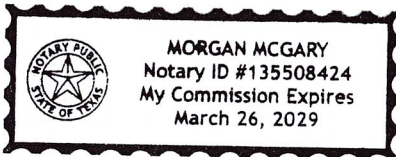
Date: 3-30-2024




STATE OF TEXAS §

COUNTY OF FANNIN §

This instrument was acknowledged before me on the 30th day of MAY, 2026, by Michael Pye, the Mayor, and Melissa Verde, the City Secretary, of the City of Leonard, Texas, on behalf of said City.



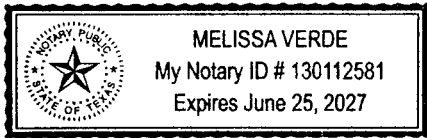

Notary Public, State of Texas

DEVELOPER:
FIELDSDIE DEVELOPMENT, LLC,
a Texas limited liability company

By: T Burns
Name: Terence Burnside
Title: Member / Manager

STATE OF TEXAS §
COUNTY OF COLLIN §

This instrument was acknowledged before me, on the 30TH day of MARCH, ²⁰²⁶~~2025~~,
by TERENCE BURNSIDE as MEMBER/MANAGER of Fieldside Development, LLC, a Texas limited
liability company, on behalf of said limited liability company.



Melissa Verde
Notary Public, State of Texas

Exhibit A

LEGAL DESCRIPTION

TRACT I:

BEING a 40.833-acre tract of land situated in the MARTIN MORE SURVEY, ABSTRACT NUMBER 770, in Fannin County, Texas and being all of 3 tracts of land designated as Tract 11, Tract 18, and Tract 20 described in General Warranty Deed to Bear Creek Farms TX, LLC, recorded in Document Number 2023007686 of the Official Public Records of Fannin County, Texas (OPRFCT), and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found for the northeast of said Tract 18, and being in the southwest right-of-way line of the M. K. & T. Railroad, and being the northwest corner of a called 19.47-acre tract of land described in General Warranty Deed with Vendors Lien to Charles F. Buckley and Terresa A. Buckley, recorded Document number 2003000409 OPRFCT;

THENCE the following courses with the common line of said Tract 18, said Tract 11 and said Buckley tract;

South 00 degrees 12 minutes 00 seconds West, a distance of 1298.06 feet to a 1/2-inch iron rod with cap marked “_709” found for corner;

South 00 degrees 15 minutes 42 seconds West, a distance of 177.96 feet to a 1/2-inch iron rod found for a common corner of said Tract 18 and Said Tract 11;

South 87 degrees 56 minutes 01 seconds West, a distance of 74.38 feet to a 1/2-inch iron rod found for corner;

South 00 degrees 02 minutes 20 seconds East, passing at a distance of 407.42 a 1/2-inch iron rod and continuing for a total distance of 424.00 feet to a 5/8-inch iron rod with cap marked “PETITT-ECD 6134” set for the southeast corner of said Tract 11 and being in the north right-of-way line of Farm to Market Road 78;

THENCE North 89 degrees 13 minutes 42 seconds West with the north right-of-way line of said Farm to Market Road 78, a distance of 735.03 feet to a 5/8-inch iron rod with cap marked “PETITT-ECD 6134” set for the southwest corner of said Tract 18;

THENCE North 00 degrees 49 minutes 13 seconds East, a distance of 1128.13 feet with the west line of said Tract 18 to a 1/2-inch iron rod found for the southwest corner of said Tract 20;

THENCE North 00 degrees 42 minutes 18 seconds East with the west line of said Tract 20, a distance of 763.15 feet to a 5/8-inch iron rod with cap marked “PETITT-ECD 6134” set for the northwest corner of said Tract 20;

THENCE North 00 degrees 29 minutes 22 seconds East with the west line of said Tract 18, a

distance of 751.22 feet to a 1/2-inch iron rod found for corner in the southwest right-of-way line of said M. K. & T. Railroad;

THENCE South 46 degrees 13 minutes 48 seconds East, with the southwest right-of-way line of said M. K. & T. Railroad, a distance of 1083.47 feet to the POINT OF BEGINNING, containing, 40.833 acres of land, more or less.

TRACT II:

All that certain lot, tract or parcel of land situated in the R. L. Redding Survey, Abstract No. 927 and the M. Moore Survey, Abstract No. 780, Fannin County, Texas, being a part of that certain tract of land described in the deed from the Estate of Richard H. Sikes to K. David Johnson, et ux, as recorded in Volume 1550, Page 469 of the Official Public Records of Fannin County, Texas (hereinafter called Subject Tract) and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" iron rod with plastic cap stamped "STOVALL & ASSOC" found for a corner lying in the North Right-of-Way line of State Highway No. 78, said corner being the Southwest corner of the said Subject Tract and the Southeast corner of that certain tract of land described in the deed from Mary Lou McDonald, et ux, as recorded in Volume 2026, Page 64 of the Official Public Records of Fannin County, Texas;

THENCE N. 01 deg. 05 min. 58 sec. E. a distance of 1676.40 feet along the West line of the said Subject Tract, the East line of the said McDonald tract, the East line of that certain tract of land described in the deed from Jinggang Cao, et al, to Xiangqun Wang, as recorded in Volume 1688, Page 502 of the Official Public Records of Fannin County, Texas and the East line of that certain tract of land described as Tract One in the deed from North Texas Aggregate Acquisitions, LLC to North Texas Municipal Water District, as recorded in Volume 1424, Page 99 of the Official Public Records of Fannin County, Texas to a 1/2" iron rod found for a corner at an angle point;

THENCE N. 02 deg. 00 min. 48 sec. E. a distance of 2006.36 feet along the West line of the said Subject Tract and the East line of the said District tract to a 1/2" iron rod found for a corner lying in the South Right-of-Way line of the M. K. & T. Railroad, said corner being the Northwest corner of the said Subject Tract and the Northeast corner of the said District tract;

THENCE S. 46 deg. 18 min. 37 sec. E. a distance of 1526.96 feet along the North line of the said Subject Tract and the South Right-of-Way line of the said Railroad to a 1/2" iron rod with plastic cap stamped "MTG STOVALL" set (hereinafter called 1/2" iron rod set) for a corner, said corner being the Northeast corner of the said Subject Tract and the Northwest corner of that certain tract of land described in the deed from David McBroom, et ux, to K. David Johnson, et ux, as recorded in Volume 1593, Page 291 of the Official Public Records of Fannin County, Texas;

THENCE S. 00 deg. 27 min. 17 sec. W. a distance of 751.18 feet along the East line of the said Subject Tract and the West line of the said Johnson tract (1593/291) to a 1/2" iron rod set for a corner, said corner being the Northeast corner of that certain tract of land described as Tract Two in the deed from David McBroom, et ux, to Doug Dworshak, et ux, as recorded in Volume 2161, Page 342 of the Official Public Records of Hunt County, Texas;

THENCE N. 89 deg. 53 min. 41 sec. W. a distance of 409.71 feet across the said Subject Tract and along the North line of the said Dworshak tract to a 1/2" iron rod with a yellow cap found for a corner, said corner being the Northwest corner of the said Dworshak tract;

THENCE S. 02 deg. 12 min. 50 sec. W. a distance of 200.24 feet across the said Subject Tract and the West line of the said Dworshak tract to a 1/2" iron rod with a yellow cap found for a corner lying in South line of the said Subject Tract and the North line of Lot 11 of the Sudderth Addition 3, as recorded in Volume 489, Page 293 of the Plat Records of Fannin County, Texas, said corner being the Southwest corner of the said Dworshak tract;

THENCE N. 89 deg. 59 min. 26 sec. W. a distance of 366.67 feet along the South line of the said Subject Tract and the North line of the said Lot 11 to a 1/2" iron rod set for a corner, said corner being an inside ell corner of the said Subject Tract and the Northwest corner of the said Lot 11;

THENCE S. 01 deg. 19 min. 51 sec. W. at a distance of 624.00 passing a 1/2" iron rod found for a reference at the Southeast corner of Lot 6 of the said Sudderth Addition, at a distance of 936.69 feet passing a 1/2" iron rod found for a reference at the Southeast corner of Lot 3 of the said Sudderth Addition and continuing in all a distance of 1679.96 feet along the East line of the said Subject Tract, the West line of Lots 11 – 2 of the said Sudderth tract, the West line of that certain tract of land described in the deed from Brian Thomas Sudderth to James Bay Fielden, et ux, as recorded in Volume 1878, Page 365 of the Official Public Records of Fannin County, Texas to a 1/2" iron rod set for a corner lying in the North Right-of-Way line of State Highway No. 78, said corner being the Southeast corner of the said Subject Tract and being the Southwest corner of the said Fielden tract;

THENCE N. 89 deg. 28 min. 22 sec. W. a distance of 377.70 feet along the North Right-of-Way of the said State Highway No. 78 and the South line of the said Subject Tract to the POINT OF BEGINNING and containing 51.79 acres of land.