

CYPRESS FOREST PUBLIC UTILITY DISTRICT  
JP REALTY/KERA DEVELOPMENT  
DEVELOPMENT TERM SHEET

**Agreement to Term Sheet required by June 16, 2008**

CFPUD Gets:

- Greenspace and Parks and Recreation Preservation
  - JP Realty to deed all Raveneaux property (other than 26 Acres) to CFPUD for \$5,500,000, subject to golf course lease (see below); deed to be signed at time of payment
    - Appraisal required under TCEQ rules
    - CFPUD shall obtain appraisal; JP Realty will reimburse cost
  - Except as provided below, CFPUD would enter into a 99-year lease-back of golf course to country club/golf course operating company; Lease for nominal rent
  - Subject to CFPUD voter approval of park plan (November 2008)
  - No District funds for development or improvement to golf course or clubhouse
  - 40' buffer from the Mormon Temple to Cypress Creek bridge is not subject to lease; CFPUD can install a trail, berms and landscaping
  - May use District funds for landscaping, berm and trails.
  - 11 acre tract (east of Dry Gulley) not subject to lease; may be used by District for flood control or parks or combination.
  - Operation of Golf Course
    - Golf Course lease effective upon execution of deed
    - Land only be used for golf course, tennis courts, swimming pools and otherwise directly golf related
    - If lease property is not used for permitted purpose for any 1 year during the term of the lease, then the lease terminates as to inactive part
      - CFPUD may develop any area on which lease terminates for park and recreational facilities selected by CFPUD
  - Cypresswood Buffer in front of 26 Acres to Cypress Creek
    - 40 foot width along Cypresswood right-of-way line
    - Allow for trees, berm and jogging trail
    - Easement
    - May use district funds
- Raveneaux Development Land Use Restrictions
  - Development of Raveneaux Property Limited to 26 Acres (approx.) at roughly the southwest corner of Cypresswood and Champions Drive
  - Development limited to high-end condominiums, high rise or mid-rise buildings, three or four story townhouses, reconstruction of clubhouse, and limited commercial to serve development, hotel and spa
  - No development of apartment project; condominium owners will be allowed to rent units but no centralized renting of units
  - Any building frontage orientation along Cypresswood subject to CFPUD approval
  - No units less than 1,500 square feet without CFPUD approval
  - Limited retail within redevelopment
    - Total amount of retail space = 20,000 square feet (unless otherwise approved by CFPUD)
    - No street frontage for commercial without CFPUD approval
- All Raveneaux property is to be annexed into CFPUD
  - JP Realty agrees to indemnify CFPUD from any claims by Kleinwood MUD against CFPUD

JP Realty Gets:

- Utilities for 26 Acres
  - Utility capacity of 500 ESFCs (including access to water plant and wastewater plant and CFPUD's Cypresswood lines) plus capacity for hotel/spa and clubhouse provided by CFPUD at no cost to JP Realty
  - Additional Utilities necessary to serve 26 Acres to be advance funded by JP Realty, subject to reimbursement from CFPUD to the full extent of TCEQ rules
  - Reimbursement when value of development supports bonds at District debt service tax rate
  
- CFPUD allows access to "fee strip" south of Champions Drive (any issues interfering with platting of surrounding subdivision go away)
  - JP Realty to pay all expenses associated with re-platting.
  
- If park bond election fails, the District fails to secure financing from other sources, or District does not pay by December 31, 2009, 26 Acres still developed with utilities and reimbursement
- If park bond election fails, the District fails to secure financing from other sources, or reimbursement not made, then additional development is restricted to 15 acres at southeast corner of Cypresswood and Champions Drive (plus any work on other property necessary to comply with floodplain mitigation) with 40 foot landscape buffer
  - Includes utility capacity but no reimbursement
  - Development of 15 acres limited to three or four story townhouses
  - 40 foot landscape buffer from the Mormon Church to Cypress Creek may be used for landscaping, berms and trails (easement)
  - No development on the balance of the Property
  
- Developer will support the bond election
  
- Irrigation Water
  - Use of effluent for irrigation of golf course - CFPUD will use best efforts to allow golf course operator may use CFPUD effluent from Kleinwood Plant without compensation to CFPUD provided that (i) golf course operator bears all costs to construction transmission system and necessary improvements to Kleinwood Plant and (ii) CFPUD is entitled to all credits from NHCRWA and HGCS D

Approved by the Board of Directors of Cypress Forest PUD on June 3, 2008