

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS APPROVING USE OF LETTERS OF CREDIT ISSUED BY WELLES FARGO BANK ON BEHALF OF LGI HOMES-TEXAS, LLC TOTALING \$1,209,357 TO GUARANTEE PAYMENT FOR PARTIAL CONSTRUCTION OF IMPROVEMENTS TO COUNTY LINE ROAD PURSUANT TO A COST PARTICIPATION AGREEMENT BETWEEN THE TWO PARTIES DATED SEPTEMBER 26, 2019; AND MAKING CERTAIN FINDINGS RELATED THERETO.

WHEREAS, the City of Elgin (“City”) and LGI Homes-Texas , LLC (“LGI”) entered into a Cost Participation Agreement on September 26, 2019 regarding cost sharing of improvements to County Line Road: and

WHEREAS, pursuant to the Cost Participation Agreement, LGI shall contribute an aggregate amount not to exceed One Million Two Hundred Nine Thousand Three Hundred Fifty-seven and No/100 Dollars (\$ 1,209,357.00); and

WHEREAS, LGI previously agreed to establish an escrow account to fulfill requirements of the Cost Participation Agreement, that was approved by City Council on April 23, 2020 but now wishes to substitute two Letters of Credit to guarantee payment of said obligation; and

WHEREAS, the City’s Engineers have negotiated the terms and conditions of the project in accordance with the requirements of said project.

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

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Cancellation and Substitution. The City agrees to cancel the previously approved Escrow Agreement between the City and LGI adopted on April 23, 2020 and substitute two sequential Letters of Credit issued on behalf of LGI to the City to guarantee payment of its total obligations stipulated in the Cost Participation Agreement.

Section 3. Letters of Credit. The initial Letter of Credit in the amount of Four Hundred Eighty Three Thousand Seven Hundred Forty-two and No/100 Dollars (\$ 483,742.00) is to be issued on or before the recordation of the first plat of a portion of the LGI Property (the “*Initial Plat*”). The second Letter of Credit in the amount of Seven Hundred Twenty Five Thousand Six Hundred Fifteen and No/100

Dollars (\$ 725,615.00) is to be issued the earlier of (i) recordation of the second plat of a portion of the LGI Property (the “*Subsequent Plat*”) or (ii) December 31, 2024.

Section 4. Draws Against Letters of Credit. Draws against the Letters of Credit shall be in accordance with terms and conditions stipulated in a copy of the draft Letter of Credit, attached hereto as Exhibit A.

Section 5. Open Meetings. The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

Section 5. Effective Date. This Resolution shall take effect immediately upon passage.

PASSED AND ADOPTED this 7th day of July 2020.

CHRIS CANNON, Mayor
City of Egin, Texas

ATTEST:

AMELIA SANCHEZ, City Secretary

EXHIBIT A