

January 16, 2025

Mr. Erik Walsh
City Manager
City of San Antonio

RE: Acknowledgement of Annexation Status for Cibolo Canyons Upon Termination
of Agreement for Services in Lieu of Annexation

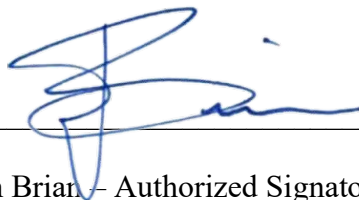
Mr. Walsh:

TF Cibolo Canyons, L.P. ("TF Cibolo") is the current developer of the Cibolo Canyons project ("Project") in Bexar County, Texas, located within the City of San Antonio ("City") extraterritorial jurisdiction ("ETJ"). In 2005, the land ("Property") that comprises the Project was owned by Lumbermen's Investment Corporation ("LIC"). LIC was the original developer of the Project. LIC entered into an agreement for services in lieu of annexation ("Agreement") with the City in 2005 that provided for voluntary annexation of the Property at the end of the term of the Agreement. At the time that LIC and the City entered into the Agreement, the City had a unilateral right to annex areas within its ETJ, subject to certain limitations. Subsequent changes to state law have significantly limited a municipality's power to annex in Texas.

Section 2.2 of the Agreement provides that LIC consents to the annexation of the Property "to occur at the end of the Term...". There are other references to the voluntary annexation in the Agreement, and LIC executed a petition for voluntary annexation which was attached as Exhibit "D" to the Agreement. The provision for voluntary annexation is intended to run with the Property and to survive the termination of the Agreement.

TF Cibolo, as successor in interest to LIC, acknowledges that the Agreement is still in effect and that under the current provisions of state law (as of January 16, 2025) related to annexation, primarily within Chapter 43 of the Texas Local Government Code, the City would have the authority to annex the Property at the end of the term of the Agreement, and that such annexation would be considered voluntary. The City's authority to annex the Property is derived from the relevant provisions of the Agreement.

Sincerely,



John Brian – Authorized Signatory,
TF Cibolo Canyons, LP