

MANAGEMENT AGREEMENT-FULL MANAGEMENT

PARTIES: This MANAGEMENT AGREEMENT, signed and made effective as of **February 16, 2021** is by and between **Fox Hollow Public Improvement District No. 1**, located in Forney, Texas (hereinafter the “District”), initially through the authority of the City Council of the City of Forney, Texas (hereinafter the “City”), and **Neighborhood Management, Inc.**, located in Allen, Texas (hereinafter the “Managing Agent”). The term of this Agreement shall commence on the effective date for one full calendar year.

In consideration of the terms, conditions, and covenants hereinafter set forth, the District and the Managing Agent mutually agree as follows:

APPOINTMENT: The District hereby appoints the Managing Agent and the Managing Agent hereby accepts the appointment on the terms and considerations hereinafter provided as exclusive Managing Agent of the District. The relationship between the District and the Managing Agent is one of principal and agent. The Managing Agent will deliver services as contained with this Agreement under the supervision and direction of the Board of Directors for the District (the “Board”).

LIMITATION OF AUTHORITY: It is understood and agreed that the authority of duties conferred upon the Managing Agent, are herein defined.

MANAGING AGENT’S DUTIES: The Managing Agent is hereby authorized and shall render services and perform duties of the District under the general supervision of the Board as follows:

GENERAL: The Managing Agent shall assist the Board with activities generally required for proper management and oversight of the District’s business, including but not limited to the following:

1. Maintain business-like relations with owners/tenants, whose service requests shall be received, considered, and responded to promptly and efficiently. Requests or complaints which are deemed extraordinary by the Managing Agent shall, after thorough investigation be reported to the Board with appropriate recommendations
2. Conduct a monthly physical review of the District’s common areas during normal business hours which are considered (8:30am-5:00pm Monday-Thursday and 8:30am-3pm Friday, not including holidays or pre-advised closed days). Property visits requested by the Board that are not during normal business hours, are more than once month will be charged according to Addendum A.
3. Subject to availability of funds of the District, maintain common areas of the District in accordance with reasonable standards acceptable to the Board and in accordance with the Approved Budget.
4. Administer the provisions of the District’s Governing Documents at the direction of the Board.

5. Maintain an Owners record file containing a complete roster of owners and related data necessary to properly administer the District's communications and activities with the Owners.
6. Coordinate with contractors and cause to be made all routine repairs and maintenance work to the common Properties of the District as the Approved Budget allows.
7. At the direction of the Board, negotiate and make contracts for services, including utilities, trash removal, lawn maintenance, pest control, and such other contract services as may be necessary and advisable, each in accordance with the terms and provisions of the Approved Budget. Any service contract more than \$5,000 annually requires a minimum of three (3) competitive bids within any given 12-month period for each project and not more than two (2) bids for projects less than \$5,000; unless otherwise approved in advance by the Board. Contracts for services with an estimated cost of more than \$25,000 must receive approval by the City Council for the City of Forney, Texas (the "City Council") following a recommendation by the Board. Any contracts for services that is estimated to be in excess of \$50,000 shall be recommended for approval by the City Council only after the District follows the procurement process of the City of Forney and state law using a competitive bidding process. The District agrees to reimburse the Managing Agent ten percent (10%) for any project totaling over \$5,000.00, which reimbursement amount shall not exceed \$2,000 for any project unless approved by the Board, for the additional administrative and management burden that Managing Agent will incur in coordinating the repairs and restoration process by contractors engaged by the District.
8. For any one repair or replacement item not contained in the Approved Budget, the expenses incurred shall not exceed the sum of \$750, unless specifically authorized by the President or Treasurer or a director if the President or Treasurer are absent, excepting; however, that emergency repairs involving manifest danger to life or property or immediately necessary for the preservation and safety of the Properties, or for the safety of the occupants, or required to avoid suspension of any necessary service to the Properties may be made by the Managing Agent, irrespective of the cost limitation imposed by this paragraph. The Managing Agent shall promptly notify the President or Treasurer, or a director if the President or Treasurer are absent, of any emergency repair over \$750.00.
9. Any contract for third party services will be a direct contract between the District and the vendor, contractor, or subcontractor. Managing Agent will act solely as agent of the District in negotiating and monitoring the contract, and not as the contracting party. Managing Agent is authorized to sign contracts on behalf of the District as approved by the Board or within the terms of this Management Agreement, unless the contract will exceed \$25,000.00, in which case the authority shall lie with the City Council.
10. Submit check requests for the disbursement of District funds to the Finance Department of the City of Forney. All expenditures of District funds must be in accordance with the District's budget and authorized by the proper authorities.

ACCOUNTING SERVICES

1. Everything done by the Managing Agent under the provisions of this Management Agreement shall be done as an agent of the District and all authorized obligations or expenses incurred thereunder shall be for the account, on behalf, and at the expense of the District. Any payments to be made by the Managing Agent hereunder shall be made from such sums as are available in the account of the District, or as may be provided by the District. The Managing Agent shall not be obligated to make any advance to or for the account of the District or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Managing Agent be obligated to incur any liability or obligation for the account of the District without assurance from the Board that the necessary funds for the discharge thereof will be provided in a timely fashion.

RISK MANAGEMENT & CLAIMS MANAGEMENT SERVICES

1. Review periodically all forms of insurance carried for the District in connection with the operation of the District and its common Properties. The Managing Agent shall assist the Board in soliciting insurance proposals. The District acknowledges that the Managing Agent is not licensed to sell insurance and has no affiliation with any insurance agency or company. The determination of insurance placement, levels of coverage, endorsements and exclusion are the sole responsibility of the Board.
2. Assist in processing insurance claims for all property losses regardless of cause. The District agrees to reimburse Managing Agent ten percent (10%) of the total cost of the project for the additional administrative and management burden that Managing Agent will incur in coordinating the repair and restoration process by contractors engaged by the District.
3. Establish and maintain current insurance ticklers for timely renewals of insurance policies related to common elements.

ADMINISTRATIVE SERVICES

1. Managing Agent shall prepare and mail notices, proxies, ballots, and agendas in accordance with the requirements and provisions of the District and applicable law. All costs of reproduction and distribution shall be at the expense of the District based on Addendum A.
2. Communicate, as Managing Agent deems reasonably necessary with Owners via telephone, letters, e-mails, or other means of communication to assist the Board with responsibilities. Owners communication to Managing Agent will be responded to in a prompt and professional manner. Response time by Managing Agent will be responsible, considering the urgency of the matter, other operational priorities, and the ability of the respondent to research and provide an adequate resolution.

3. All costs and expenses relating to all meetings, notices, agendas, ballots, proxies, minutes, and reports (including without limitation, costs and expenses relating to mailing and copying) shall be the sole responsibility of the District, as charged in Addendum A.
4. Prepare and present contractual, operational reports, and others of a regular nature as required by the Board.
5. Arrange for and schedule places, dates, and times for the conduct of meetings called by the Board.
6. Special reports that the software system cannot produce shall be prepared in accordance with requests by the Board, at a mutually agreed upon charged, per Addendum A.
7. Coordinate and attend quarterly Board and one Annual member meetings of the District. Additional meetings, committee meetings, or work sessions outside this attendance time, over 2-hour meetings, weekend meetings, or past 8pm in the evening meetings, are subject to additional charges as referenced in Addendum A.

RECORDS AND CORRESPONDENCE:

1. The Managing Agent shall maintain complete files for all correspondence relating to the District.
2. All requests for duplication of additional copies of documents, correspondence, reports, etc., shall be at the expense of the requesting party.
3. All records, letters, and memoranda relating to the operation of the District will remain the property of the District and shall be kept on the property's premises, at the Managing Agent's office, or at a contract storage facility and shall not be removed from those premises except, as necessary. Storage of the District's historical records shall be at the expense of the District.

DISTRICT'S AGREEMENT TO NOT HIRE NMI PERSONNEL: In the event of cancellation, termination, or failure to renew this contract the District agrees, for a period of two (2) years from the date of termination not to employ or attempt to employ anyone who is employed by Managing Agent, or was employed by Managing Agent within two (2) years prior to the date of termination for the performance of services identical to or substantially similar to those described in the Management Agreement. The clause includes the formation of a new company by an employee. This clause does not pertain to past Managing Agent employees who may be working for other management Companies. In the event of a breach of the foregoing covenant, District agrees to pay Managing Agent, as damages, an amount equal to twenty-four (24) times the current monthly management fee.

RESPONSIBILITY: Managing Agent shall be responsible for its conduct in accordance with law and will keep, in force, sufficient liability insurance in an amount not less than \$1,000,000.

Managing Agent is an agent for the District and will employ its own craftsman, employees, and workers and will provide worker's compensation insurance for such employees, if any, as required by law.

Upon request, Managing Agent will provide the District with a Certificate of Insurance evidencing coverage's in force for the term of this Management Agreement.

The Managing Agent assumes no liability whatsoever for any acts or omissions of the Board, the District, any previous boards, current or previous owners at the Properties, any previous Management, or other agent of either. The Managing Agent assumes no liability for any failure or default by any individual unit owner in the payment of any assessment due the District or in the performance of any obligations owed by any unit owner to the District pursuant to any lease or otherwise. The Managing Agent likewise assumes no liability for any failure or default by concessionaires in any rental or other payments to the District. Further, the Managing Agent does not assume any liability for violations of environmental or other regulations which may become known during the term of this Management Agreement. Any such regulatory violations or hazards discovered by the Managing Agent shall be brought to the attention of the Board in writing and the District shall promptly commence action to cure them.

Unless required by applicable state or federal law, the Declaration of Covenants, Conditions, and Restrictions of the District, or the By-Laws of the District, Managing Agent will protect the confidentiality of all information concerning the District and will not disclose any information regarding the District to any party, other than a member of the Board of Directors of the District or the City Council or City Manager of the City of Forney, without prior approval of the Board of Directors. Such information may include but is not limited to financial information and records.

INDEMNIFICATION OF MANAGING AGENT:

ONLY TO THE EXTENT ALLOWED BY LAW, DISTRICT SHALL INDEMNIFY MANAGING AGENT AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THIS AGREEMENT, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (C) ANY BREACH BY DISTRICT OF ANY REPRESENTATION, WARRANTY COVENANT, OR OTHER AGREEMENT CONTAINED IN THIS AGREEMENT, (D) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEAN UP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF THE DISTRICT OR SUBSIDIARY, (E) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT, IT IS THE

EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEY FEES) ARISING OUT OF OR RESULTING FROM THE SOLE CONTRIBUTORY OR ORDINARY NEGLIGENCE OF SUCH PERSON; PROVIDED, HOWEVER, THE INDEMNITIES PROVIDED IN THIS SECTION DO NOT EXTEND TO LOSSES, LIABILITIES, CLAIMS OR DAMAGES CAUSED BY MANAGING AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN ADDITION TO THE FOREGOING, THE ASSOCIATION HEREBY WAIVES ANY RIGHT OR CLAIMS AGAINST THE MANAGING AGENT FOR PUNITIVE DAMAGES OUT OF OR RELATED TO THE PROPERTIES, THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREIN, OR THEREBY, OR THE ACTIONS OF MANAGING AGENT IN THE ADMINISTRATION OR ENFORCEMENT HEREOFOR THEREOF.

In the event of failure by the District to fully perform hereunder, the Managing Agent may, at its discretion, fulfill the District's obligations with the express understanding that all associated costs and expenses so incurred by the Managing Agent shall be reimbursed by the District to the Managing Agent, together with interest on the same from the date any such expense is paid until reimbursed at the maximum rate permitted by law.

All exculpation and indemnity provisions contained herein and as allowed by law shall survive any termination of this Management Agreement.

COMMUNITY MANAGEMENT PARTNER CONTRACT TERMS & CONDITIONS

The Management Agreement with **Neighborhood Management, Inc (NMI)** would be for a term of one (1) year and shall include automatic renewals of one (1) year (each such one-year period hereinafter called a "Renewal Term") unless the District delivers written notice of non-renewal (the "Non-Renewal Notice") to the Managing Agent at least sixty (60) days prior to the end of the Initial Term or applicable Renewal Term. In the event the District timely delivers the Non-Renewal Notice, it may terminate this Management Agreement in the end of the applicable Initial Term or any Renewal Term without termination fee. In the event the District fails to timely deliver the Non-Renewal Term Notice and thereafter terminates the Management Agreement, District agrees to follow the Cure Resolution/ Early Termination clause.

CURE RESOLUTION/ EARLY TERMINATION: Should the District desire to terminate the Management Agreement early, the District must allow the Managing Agent a 60-day opportunity to cure and provide written detail of items to cure. In the event the District terminates the Management Agreement prior to the expiration of the Termination Date without giving the Managing Agent the opportunity to cure, or the Managing Agent terminates this Management Agreement due to an uncured breach by the District, the District agrees to pay the Managing Agent an early termination fee equal to the most recent two months Management Fee, plus all amounts otherwise due hereunder and costs of collection and attorney fees, payable within five days of the

effective date of termination. The effective date of termination will not be less than 60 days after date of receipt of Notice of Termination and shall be specified as being the last day of a month.

IF UPON TERMINATION: Within 60 days following the termination of this Management Agreement, Managing Agent shall account for and make available to the District or such persons or entity designated, all finds, receipts, materials, supplies, equipment, keys, contracts, documents, files, and records (including electronic media if requested) pertaining to this Management Agreement and the management, operation and maintenance of the District. Further, Managing Agent shall take such action as is reasonably required to create an orderly termination of service and provide a final accounting of District operations and finances. Transition after termination of association will be charged per Addendum A.

NOTICE: Any notice by either party to the other shall be in writing and shall be given, and be deemed to have been duly given, to either party when delivered personally or mailed by prepaid registered or certified mail as follows:

To Managing Agent: Neighborhood Management, Inc.
1024 S. Greenville Ave, #230
Allen, Texas 75002

To District: Current Board President

With a Copy to: City of Forney, Texas
Attn: City Manager
P.O. Box 826
101 E. Main St
Forney, Texas 75126

APPLICABLE LAW: This Management Agreement shall be construed in accordance with the laws of the State of Texas.

VALIDITY: In the event that any provision hereof is found to be void or unenforceable, all the remaining provisions of this Management Agreement shall be fully effective and shall not be affected by the void or unenforceable provision or provisions.

DEFINITIONS: As used in this Management Agreement:

1. The term "assessments" shall mean public improvement district maintenance assessments, those regularly scheduled rates established and approved for recommendation by the Board and subsequently approved by the City Council, which the owners are bound to pay as their share of the common expense according to the Declaration.
2. The term "Properties" as used herein shall mean the property and improvements belonging to the District.

3. The term “Unit” as used herein shall mean each individual property unit within the Properties which constitutes membership in the District.
4. The term “District” as used herein shall mean an association consisting of all the owners of units in the Properties organized under the laws of the State of Texas for the purpose of maintaining the Properties established by the Declaration.
5. The term “Parties” as used herein shall mean the Managing Agent and the District.

SUCCESSORS AND ASSIGNS: This Management Agreement shall inure to the benefit of and constitute a binding obligation upon the Managing Agent, the Board and the District, administrators, successors, and assigns.

REVISION OF CONTRACT: This contract shall be reviewed and adjusted only based on negotiation between the Parties, as then stated in a written and mutually executed agreement.

ENTIRE AGREEMENT: This Management Agreement shall constitute the entire agreement between the Parties and no variance or modification thereof shall be valid and enforceable except by an agreement in writing.

In the event a petition for bankruptcy is filed by or against the Managing Agent, or in the event that it shall make an assignment for the benefit of creditors or take advantage of any insolvency act; either party hereto may terminate this Management Agreement without notice to the other.

MANAGING AGENT’S COMPENSATION

Neighborhood Management, Inc. will provide Community Management Services to **Fox Hollow Public Improvement District No. 1** of \$8,400 (the “**Management Fee**”), which would be paid in monthly installments of \$700.

Any ancillary fees Neighborhood Management, Inc. charges are listed on the Addendum A (attached for reference). This is for administrative supplies and customized services provided outside of the management contract. The Managing Agent shall have the right to increase management fees by no more than 4% annually. Any such increase(s) shall, unless specifically otherwise agreed, will be effective on the next fiscal year budget. The transparency of this information is to ensure that when you contract with Neighborhood Management, Inc. (NMI) your Community will know up front all the management fees and costs associated with running your association business.

IN WITNESS WHEREOF, the Parties hereto have executed this Management Agreement the day and year first above written.

MANAGING AGENT: NEIGHBORHOOD MANAGEMENT, INC.

By: _____

Its: _____

**DISTRICT: FOX HOLLOW PUBLIC IMPROVEMENT DISTRICT NO. 1,
 Through the City Council for the City of Forney, Texas**

By: _____

Its: _____