

AMENDMENT

Dated: April 9, 2021

TO

LIMITED OFFERING MEMORANDUM

Dated: March 23, 2021

RELATING TO

\$10,410,000

CITY OF MIDLOTHIAN, TEXAS,

(a municipal corporation of the State of Texas located in Ellis County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021

(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT

IMPROVEMENT AREAS #1-2 PROJECT)

Please be advised that the referenced Limited Offering Memorandum relating to the captioned obligations (the “Bonds”) is hereby supplemented and/or amended in the following manner:

1. Appendix E-1 to the Limited Offering Memorandum is hereby deleted in its entirety and replaced with the Continuing Disclosure Agreement of Issuer attached hereto as **Exhibit A** (the “Revised Issuer CDA”). The Revised Issuer CDA corrects the version initially included in the Limited Offering Memorandum by reflecting that the captioned issuer will be obligated to provide audited financial statements and annual financial information in accordance with the Revised Issuer CDA beginning with the fiscal year ending September 30, 2021.

Exhibit A
Continuing Disclosure Agreement of Issuer

**CITY OF MIDLOTHIAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of April 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Midlothian, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A. (acting solely in its capacity as the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)” (the “Bonds”). The Issuer, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of April 1, 2021, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the initial Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessment(s)” shall have the meaning assigned to the defined term “Assessment(s)” in the Indenture.

“Audited Financial Statements” shall mean the audited financial statements of the Issuer that have been prepared in accordance with generally accepted accounting principles

applicable from time to time to the Issuer and that have been audited by one or more independent certified public accountants or firm(s) thereof.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee.

“Developer” shall mean RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct the Improvement Area #1 Projects (as defined in the Disclosure Agreement of Developer), the Improvement Area #2 Projects and/or the Private Improvements (as defined in the Disclosure Agreement of Developer) and their designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of even date herewith executed and delivered by the Developer, the Administrator and the Trustee, as the initial dissemination agent thereunder.

“Disclosure Representative” shall mean the Finance Director of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Redden Farms Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the calendar year from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Areas #1-2” shall mean, collectively, Improvement Area #1 and Improvement Area #2.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean UMB Bank, N.A., acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) Commencing with the Fiscal Year ending September 30, 2021, the Issuer shall provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB (i) not later than six (6) months after the end of the Issuer’s Fiscal Year, its Annual Financial Information and (ii) not later than twelve (12) months after the end of the Issuer’s Fiscal Year, its Audited Financial Statements. In each case, the Annual Financial Information and the Audited Financial Statements, as applicable, may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Financial Information or Audited Financial Statements, as applicable, pursuant to Section 4 of this Disclosure Agreement. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Upon delivery by the Issuer of the Annual Financial Information or the Audited Financial Statements, as applicable, to the Dissemination Agent together, with written instructions of the Issuer to the Dissemination Agent to file such information or financial statements, as applicable, with the MSRB, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required in subsection (a); and

(ii) file the Annual Financial Information or the Audited Financial Statements, as applicable, containing or incorporating by reference the information set forth in Section 4 hereof;

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required, together with written instructions of the Issuer to the Dissemination Agent to file such financial information or financial statements with the MSRB and the Dissemination Agent has filed such financial information or financial statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or the Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which such financial information or financial statements shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Financial Information and Audited Financial Statements. The Annual Financial Information and the Audited Financial Statements shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) *Annual Financial Information.* Within six (6) months after the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2021, the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the CUSIP number(s), the maturity date(s), the interest rate(s), the original aggregate principal amount and principal amount remaining Outstanding and the amount of interest remaining;

(B) The amounts in the funds and accounts under the Indenture securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type, in substantially similar form to that shown in the tables provided under Sections 4(a)(ii)(A) and 4(a)(ii)(B) of Exhibit B attached hereto. Such information shall be provided: (a) as of the end of the Fiscal Year (for tables in Section 4(a)(ii)(A) of Exhibit B), and (b) both as of the end of the Fiscal Year and through February 1 of the calendar year immediately succeeding such Fiscal Year (for tables in Section 4(a)(ii)(B) of Exhibit B).

(iii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments in Improvement Areas #1-2.

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total the Assessments levied within Improvement Areas #1-2, the Annual Financial Information (in the SAP Update or otherwise) shall include the number of certificates of occupancy (“COs”) issued for new homes completed in Improvement Areas #1-2 during such Fiscal Year and the aggregate number of COs issued for new homes completed within Improvement Areas #1-2 since filing the initial Annual Financial Information for Fiscal Year ending September 30, 2021.

(v) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners.

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s Audited Financial Statements during such Fiscal Year.

(b) *Audited Financial Statements.* Within twelve (12) months after the end of each Fiscal Year, the Audited Financial Statements of the Issuer, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such Audited Financial Statements are not complete within twelve (12) months after the end of each Fiscal Year, then the Issuer shall provide unaudited financial statements within such period and shall provide Audited Financial Statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no third-party Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information and Audited Financial Statements under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Areas #1-2 in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over

substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB; provided, however, the Issuer shall deliver such written notice to the Dissemination Agent within nine (9) business days of the occurrence of such Listed Event in order for the Dissemination Agent to timely file such notice in a timely manner with the MSRB through EMMA. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) business day filing requirement.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide Audited Financial Statements (or unaudited financial statements, if Audited Financial Statements are not available) or Annual Financial Information, as applicable, as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting "Notice To MSRB of Failure To File."

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than three (3) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer

to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days’ notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be the Trustee. In addition, pursuant to the Disclosure Agreement of Developer, the Issuer may, from time to time, appoint or engage a Dissemination Agent or

successor Dissemination Agent to assist the Developer, and any other party responsible for providing Quarterly Information pursuant to the Disclosure Agreement of Developer, in carrying out their respective obligations under the Disclosure Agreement of Developer, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. In the event the Issuer appoints a new Dissemination Agent under the Disclosure Agreement of Developer, the Issuer shall give written notice of such change to the Administrator and any Party responsible for providing Quarterly Information at least fifteen (15) days prior to the next Quarterly Filing Date. With the exception of the term "Disclosure Agreement of Developer", capitalized terms used in this paragraph shall have the meanings given to such terms in the Disclosure Agreement of Developer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Audited Financial Statements for the fiscal year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Audited Financial Statements or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Audited Financial Statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (at the request of any Participating Underwriter or the Owners of more than fifty percent (50%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

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SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Financial Information and Audited Financial Statements) prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Collection Costs collected from the property owners in Improvement Areas #1-2, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent shall not be responsible for the Issuer's failure to submit complete Annual Financial Information or Audited Financial Statements to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Collection Costs collected from the property owners in Improvement Areas #1-2, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable

attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR, OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT OR THE ADMINISTRATOR IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Areas #1-2, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 18. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand "affiliate" to mean an entity that controls, is controlled

by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, 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. The Dissemination Agent and the Administrator understand "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

SECTION 20. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 21. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 22. [Disclosure of Interested Parties]. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.]

[Signature pages follow.]

CITY OF MIDLOTHIAN, TEXAS

By: _____

Name: _____

Title: _____

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Midlothian, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021 (Redden Farms
Public Improvement District Improvement Areas #1-2 Project)
Date of Delivery: _____, 20____
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Midlothian, Texas, has not provided [an Annual Financial Information] [Audited Financial Statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer related to such bonds, between the Issuer, P3Works, LLC, as Administrator and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that [the Annual Financial Information] [Audited Financial Statements] will be filed by _____.

Dated: _____

UMB Bank, N.A.,
on behalf of the City of Midlothian, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Midlothian, Texas

EXHIBIT B

CITY OF MIDLOTHIAN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.
Address: [_____
City: [_____
Telephone: (____) ____ - ____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

* Excluding Audited Financial Statements of the Issuer

Section 4(a)(i)(A)**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE****ASSETS**

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)(A)**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR****Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top Assessment Payers⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the Improvement Areas #1-2 of the District

The [YEAR] certified total assessed value for the land in the Improvement Areas #1-2 of the District is approximately \$[AMOUNT] according to the applicable appraisal district(s).

Section 4(a)(ii)(B)

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL
YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR**

Foreclosure History Related to the Assessments

<u>Time Period</u>	<u>Delinquent Assessment</u>		<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
	<u>Parcels in Foreclosure Proceedings</u>	<u>Amount in Foreclosure Proceedings</u>		
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

Collection and Delinquency History of Assessments

<u>Time Period</u>	<u>Total Assessment Levied</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 2/1</u>	<u>Delinquent % as of 2/1</u>	<u>Delinquent Amount as of 8/1</u>	<u>Delinquent % as of 8/1</u>	<u>Total Assessments Collected⁽²⁾</u>
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

History of Prepayment of Assessments

<u>Time Period</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(iii) - (vi)

[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES*

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	<p>Assessments delinquent if not received.</p> <p>Upon receipt but no later than February 1, Issuer forwards payment to Trustee for all collections received as of February 1, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding February and August.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for February and August payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the Issuer's counsel or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be</p>

* Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code or otherwise, such modifications shall control.

referred for commencement of foreclosure, in accordance with the Tax/Assessor Collector's procedures.

If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full February and August payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Tax/Assessor Collector's procedures.

February 15 15

Issuer and/or Administrator should be aware of actual and specific delinquencies.

Trustee pays bond interest payments to Owners.

Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

July 1 152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Tax/Assessor Collector's procedures.

Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.

Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the

Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

LIMITED OFFERING MEMORANDUM DATED MARCH 23, 2021

NEW ISSUE

NOT RATED

THE BONDS ARE INITIALLY OFFERED ONLY TO “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date hereof, subject to the matters described under “TAX MATTERS” herein.

\$10,410,000

CITY OF MIDLOTHIAN, TEXAS,

(a municipal corporation of the State of Texas located in Ellis County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021

(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

Dated Date: April 1, 2021 (Interest accrues from Delivery Date (defined below)) Due: September 15, as shown on the inside cover

The City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project) (the “Bonds”), are being issued by the City of Midlothian, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$5,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing September 15, 2021, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by UMB Bank, N.A., Austin, Texas, as trustee (the “Trustee”), to Cede & Co. as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance adopted by the City Council of the City (the “City Council”), and an Indenture of Trust by and between the City and the Trustee (the “Indenture”).

Proceeds of the Bonds will be used to provide funds for: (1) paying the actual costs of the “Improvement Area #1 Projects,” which consist of (a) the pro rata portion of the Major Improvements (as defined herein) allocable to the first improvement area within the District (“Improvement Area #1”) and (b) certain public improvements that benefit only Improvement Area #1 (the “Improvement Area #1 Improvements”); (2) paying the actual costs of the “Improvement Area #2 Projects,” which consist of (a) the pro rata portion of the Major Improvements (as defined herein) allocable to the second improvement area within the District (“Improvement Area #2”) and (b) certain public improvements that benefit only Improvement Area #2 (the “Improvement Area #2 Improvements”); (3) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs; and (4) paying the costs associated with issuing the Bonds (the “Bond Issuance Costs”). See “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS” and “APPENDIX B — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues (as defined herein), consisting primarily of the Improvement Area #1 Assessments (as defined herein) levied against assessed parcels in Improvement Area #1 of the District, the Improvement Area #2 Assessments (as defined herein) levied against assessed parcels in Improvement Area #2 of the District in accordance with a Service and Assessment Plan (as defined herein), and other funds comprising the Trust Estate (as defined herein), all to the extent and upon the conditions described herein and in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

The Bonds involve a significant degree of risk and are not suitable for all investors. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.” Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

This cover page contains certain information for quick reference only. It is not a summary of the Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified at the bottom of this cover page), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Nichols, Jackson, Dillard, Hager & Smith, LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP and for the Developer by its counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about April 13, 2021 (the “Delivery Date”).

FMSbonds, Inc.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS,
AND CUSIP NUMBERS**

CUSIP Prefix: 59785R^(a)

\$10,410,000
CITY OF MIDLOTHIAN, TEXAS,
(a municipal corporation of the State of Texas located in Ellis County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

\$845,000 2.875% Term Bonds, Due September 15, 2026, Priced to Yield 2.875%; CUSIP AA5^{(a) (c)}

\$1,230,000 3.500% Term Bonds, Due September 15, 2031, Priced to Yield 3.500%; CUSIP AB3^{(a) (c)}

\$3,310,000 3.875% Term Bonds, Due September 15, 2041, Priced to Yield 3.900%; CUSIP AC1^{(a) (b) (c)}

\$5,025,000 4.125% Term Bonds, Due September 15, 2051, Priced to Yield 4.125%; CUSIP AD9^{(a) (b) (c)}

-
- ^(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City’s Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- ^(b) The Bonds are subject to redemption, in whole or in part, before their scheduled maturity, at the option of the City, on any date on or after September 15, 2031, such redemption date or dates to be fixed by the City, at the redemption price of 100% of principal amount thereof, plus accrued interest to the date of redemption, as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”
- ^(c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”

CITY OF MIDLOTHIAN, TEXAS

CITY COUNCIL

<u>Name</u>	<u>Term Expires (May)</u>
Richard Reno, Mayor	2023
Justin Coffman, Mayor Pro-Tem	2021
Wayne Sibley	2023
Walter Darrach	2023
Ted Miller	2022
Clark Wickliffe	2022
Hud Hartson	2021

CITY MANAGER

Chris Dick

CITY SECRETARY

Tammy Varner

FINANCE DIRECTOR

Ann Honza

BOND COUNSEL

McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

FINANCIAL ADVISOR

SAMCO Capital Markets, Inc.
San Antonio, Texas

PID ADMINISTRATOR

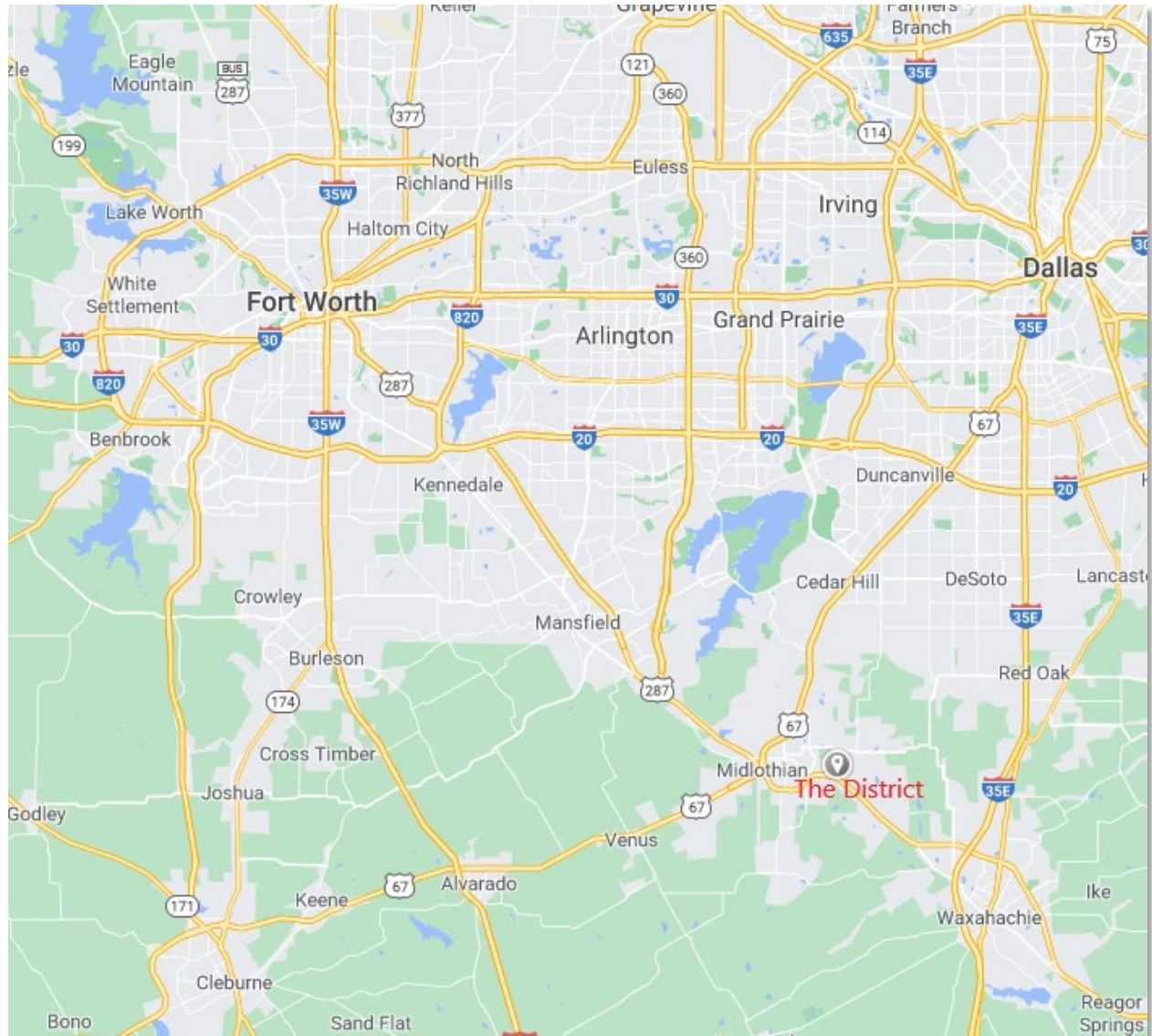
P3Works, LLC
Austin and North Richland Hills, Texas

For additional information regarding the City, please contact:

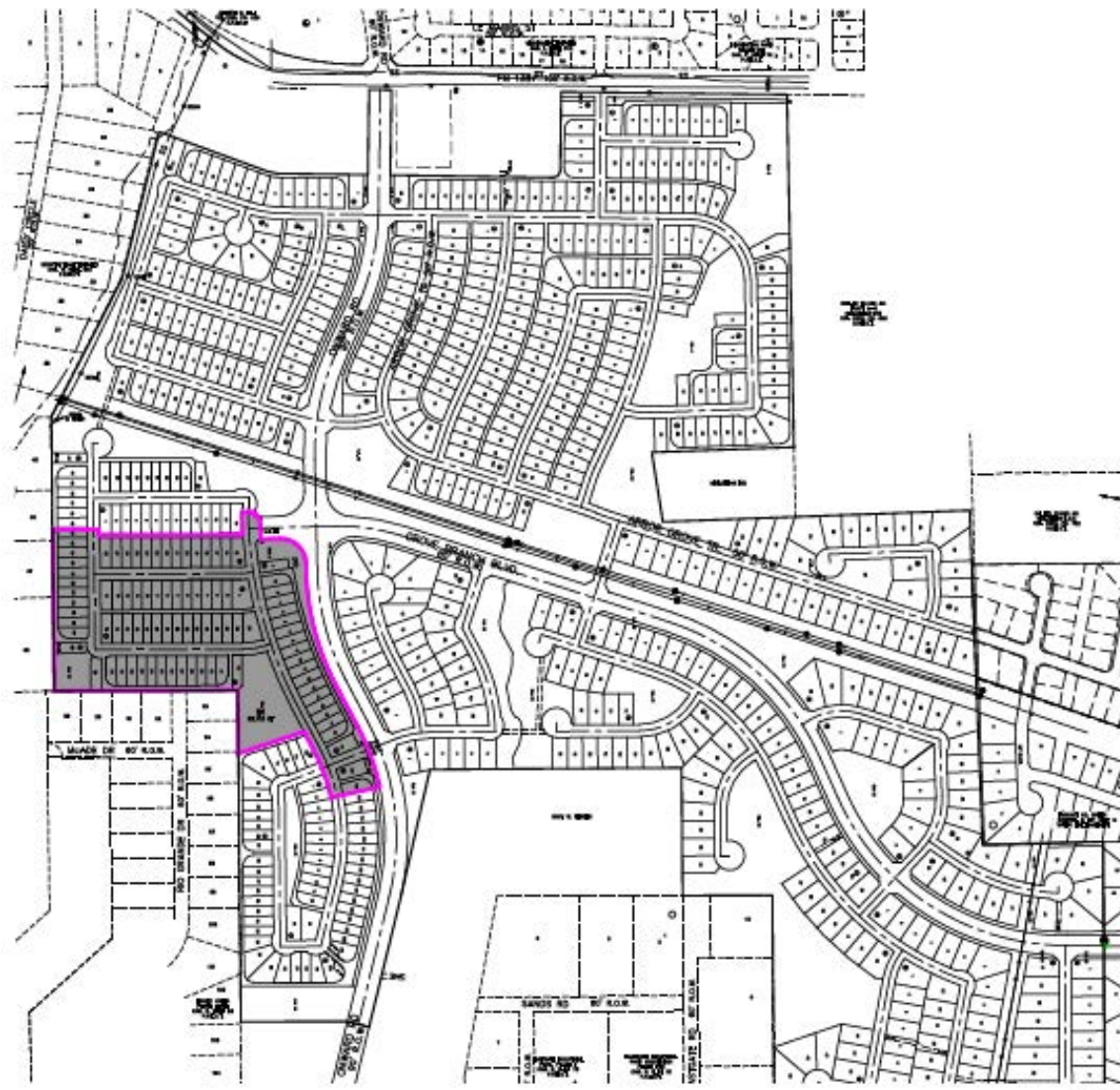
Ms. Ann Honza
Finance Director
City of Midlothian, Texas
104 W. Avenue E
Midlothian, TX 76065
(972) 775-7141

Mark M. McLiney, Senior Managing Director
Andrew Friedman, Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, TX 78209
(210) 832-9760

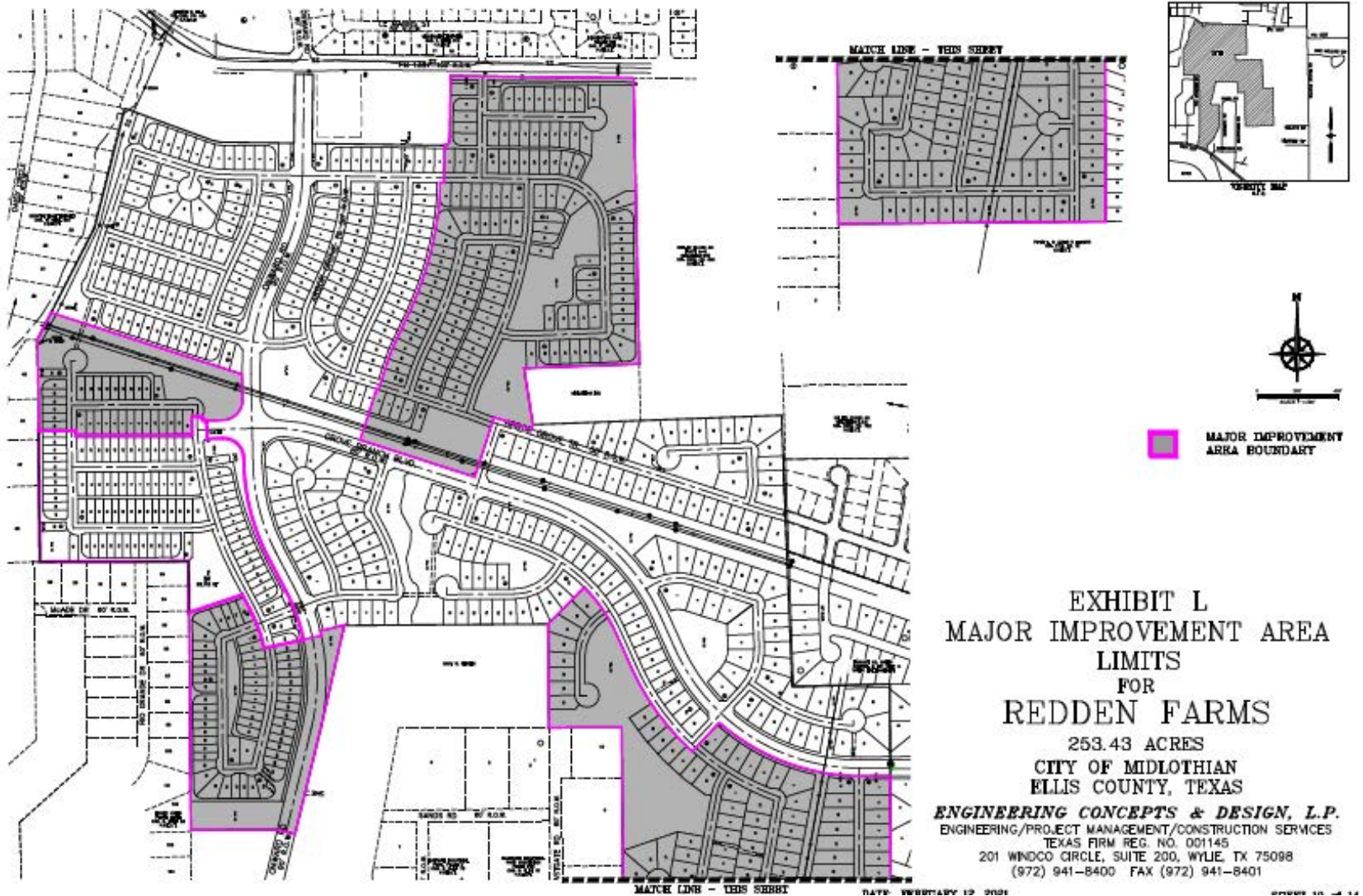
REGIONAL LOCATION MAP OF THE DISTRICT



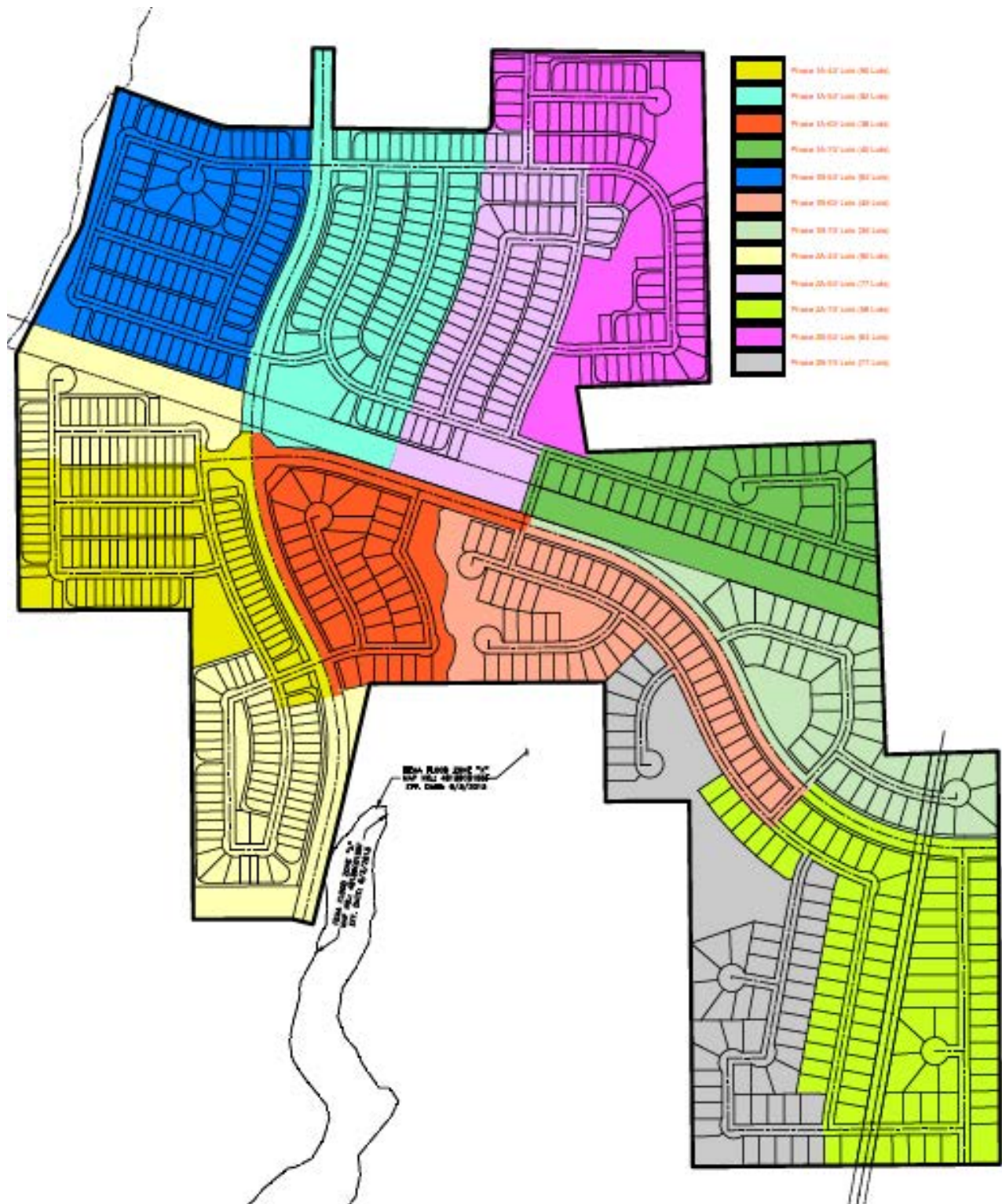
MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #2



MAP SHOWING BOUNDARIES OF THE MAJOR IMPROVEMENT AREA



MAP SHOWING CONCEPT PLAN OF THE DISTRICT



NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS” HEREIN. EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE CITY AND OBTAINED FROM SOURCES, INCLUDING THE DEVELOPER, WHICH ARE BELIEVED BY THE CITY AND THE UNDERWRITER TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE DEVELOPERS SINCE THE DATE HEREOF.

NONE OF THE CITY, THE UNDERWRITER OR THE DEVELOPER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21e OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR

ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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LIMITED OFFERING MEMORANDUM

\$10,410,000

CITY OF MIDLOTHIAN, TEXAS,

(a municipal corporation of the State of Texas located in Ellis County)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021

(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and the appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Midlothian, Texas (the "City"), of its \$10,410,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project) (the "Bonds").

INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS," "BONDHOLDERS' RISKS," AND "SUITABILITY FOR INVESTMENT."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") adopted by the City Council of the City (the "City Council"), and an Indenture of Trust (the "Indenture") by and between the City and UMB Bank, N.A., Austin, Texas, as trustee (the "Trustee"). The Bonds will be secured by a pledge of and lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from (i) special assessments (the "Improvement Area #1 Assessments") levied pursuant to a separate ordinance of the City Council (the "Assessment Ordinance") against assessed parcels located within Improvement Area #1 (as defined herein) (the "Improvement Area #1 Assessed Property") and (ii) special assessments (the "Improvement Area #2 Assessments" and, together with the Improvement Area #1 Assessments, the "Assessments") levied pursuant to the Assessment Ordinance against assessed parcels located within Improvement Area #2 (as defined herein) (the "Improvement Area #2 Assessed Property" and, together with the Improvement Area #1 Assessed Property, the "Assessed Property") of the Redden Farms Public Improvement District (the "District") all to the extent and upon the conditions described in the Indenture. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES."

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. All capitalized terms used in this Limited Offering Memorandum, except as otherwise noted in "ASSESSMENT PROCEDURES," that are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B — Form of Indenture."

Set forth herein are brief descriptions of the City, the District, the Developer (as defined herein), P3Works, LLC (the "PID Administrator"), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Reimbursement Agreement (as defined herein), the Development Agreement (as defined herein), the Completion Agreement (as defined herein), and the PD Ordinance (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the Form of Service and Assessment Plan appears as APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to

provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Development Plan

In October 2020, RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company (collectively, the “Developer”), acquired the property comprising the Development (defined below) from D2 Redden, LLC, a Texas limited liability company (the “Prior Landowner”), for a long-term residential development project. See “THE DEVELOPER — History and Financing of the District.” The Developer is an affiliate of Hines Interests Limited Partnership, a Delaware limited partnership (together with its subsidiaries and affiliates, “Hines”), a Houston, Texas-based privately owned global real estate investment firm founded in 1957 by Gerald D. Hines. See “THE DEVELOPER.”

The District consists of approximately 253.430 acres making up the master planned residential community known as Redden Farms (the “Development”). The Development is expected to contain approximately 792 single family residential lots at full buildout, with approximately 336 of such lots being within the first improvement area or phase of the Development (“Improvement Area #1”) and approximately 90 of such lots being within the second improvement area or phase of the Development (“Improvement Area #2”). The Development is expected to include sections containing typical suburban single-family homes, as well as a gated community marketed towards those 55 years of age and older (the “Age Restricted Community”). See “THE DEVELOPMENT — Overview” and “THE DEVELOPER — History and Financing of the District.”

The Developer plans to develop the District in three or more phases or improvement areas (“Improvement Areas”), beginning with the construction of certain public improvements benefitting the entire District (the “Major Improvements”), certain public improvements benefitting only Improvement Area #1 (the “Improvement Area #1 Improvements”), and certain public improvements benefitting only Improvement Area #2 (the “Improvement Area #2 Improvements”). The Developer expects to begin development of the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements in April 2021. The Developer expects that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the first 250 lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2022 and that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the remaining lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2023. The Developer anticipates that it will follow with the construction of certain public improvements benefitting the future phases within the District (the “Future Improvement Area Improvements” and, together with the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements, the “Authorized Improvements”) over a period of approximately eight (8) years. The land within the District other than Improvement Area #1 and Improvement Area #2 is hereinafter referred to as the “Major Improvement Area.” See “THE DEVELOPMENT.” The boundaries of the District and the concept plan for the District are shown in “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1,” “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #2,” “MAP SHOWING BOUNDARIES OF THE MAJOR IMPROVEMENT AREA,” and “MAP SHOWING CONCEPT PLAN OF THE DISTRICT.”

Pursuant to Ordinance 2017-71 adopted by the City Council (the “PD Ordinance”) and a Development Agreement between the City and the Developer, as successor to the Prior Landowner (the “Development Agreement”), the Developer will be obligated to construct all water, wastewater/sewer, drainage, roadway and other infrastructure necessary to serve the full development of the property within the District. In addition to the Authorized Improvements, the Developer will construct certain Private Improvements (as defined herein) for the Development, including road improvements within the gated Age Restricted Community (the “Private Road Improvements”). See “THE DEVELOPMENT — Private Improvements” and “— Zoning and Permitting.”

The Developer estimates the costs of (i) the Major Improvements to be approximately \$6,586,631; (ii) the Improvement Area #1 Improvements to be approximately \$9,120,277; (iii) the Improvement Area #2 Improvements to be approximately \$1,076,331; (iv) the Private Improvements to be approximately \$4,788,634, including approximately \$868,569 for the Private Road Improvements; (v) issuing the Bonds and the Major Improvement Area Bonds to be approximately \$2,980,366; and (vi) funding the initial Administrative Fund deposits to be \$60,000. Items

(i)-(vi) in the immediately preceding sentence, plus the rounding amount of \$2,457, total \$24,614,696 and are collectively referred to herein as the “Total Budgeted Costs.”

Through the issuance of the Bonds, the City will finance and/or reimburse the Developer for a portion of the actual costs, paid or incurred by or on behalf of the Developer, of the: (a) “Improvement Area #1 Projects,” which consist of (i) the Improvement Area #1 Improvements and (ii) the pro rata portion of the Major Improvements allocable to Improvement Area #1 (the “Improvement Area #1 Major Improvements”), and (b) “Improvement Area #2 Projects,” which consist of (i) the Improvement Area #2 Improvements and (ii) the pro rata portion of the Major Improvements allocable to Improvement Area #2 (the “Improvement Area #2 Major Improvements”). The balance of the costs of the Improvement Area #1 Projects and the Improvement Area #2 Projects will be funded by the Developer without reimbursement by the City. See “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS,” and “THE DEVELOPER — History and Financing of the District.”

The City and the Developer entered into the Reimbursement Agreement (the “Reimbursement Agreement”), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the actual costs of the Improvement Area #1 Projects and the Improvement Area #2 Projects. See “SECURITY FOR THE BONDS,” “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS,” “APPENDIX C — Form of Service and Assessment Plan” and “APPENDIX F — Form of Reimbursement Agreement.”

The costs of the Private Improvements will be financed by the Developer but assessments will not be levied to pay for the costs of the Private Improvements and the Developer will not be reimbursed for such costs. See “THE DEVELOPMENT — Private Improvements” and “THE DEVELOPER — History and Financing of the District.”

Home Development within the District

The Development is planned to include 40’, 50’, 60’ and 70’ lots, each of which are planned to contain detached single-family homes. The Developer anticipates that Improvement Area #1 and Improvement Area #2 will include approximately 426 single-family lots and the Major Improvement Area will include approximately 366 single-family lots. As discussed above, the Development will primarily include typical suburban single-family homes, as well as a gate-controlled Age Restricted Community for residents 55 and older.

The Developer has entered into lot purchase and sale agreements (as amended from time to time, the “Lot Purchase Agreements”) with an affiliate of the following homebuilders (collectively, the “Homebuilders”) for 424 of the 426 lots within Improvement Area #1 and Improvement Area #2: Antares Homes (“Antares Homes”), Impression Homes (“Impression Homes”), David Weekley Homes (“David Weekley Homes”), and John Houston Custom Homes (“John Houston Custom Homes”). The Developer originally anticipated a total of 424 lots within Improvement Area #1 and Improvement Area #2, but slight modifications in the development plan resulted in 2 additional lots. While the Lot Purchase Agreements have not yet been amended to add the 2 remaining lots, the Developer expects that one or more of Homebuilders will agree to purchase such lots in an amendment to their Lot Purchase Agreements. The Homebuilders, collectively, have deposited \$2,569,500 in earnest money (collectively, the “Earnest Money Deposits”). See “THE DEVELOPMENT — Development within Improvement Area #1 – Homebuilders and Lot Purchase Agreements within Improvement Area #1 and Improvement Area #2.”

The Bonds

Proceeds of the Bonds will be used for the purpose of (1) paying the Improvement Area #1 Project Costs, (2) paying the Improvement Area #2 Project Costs, (3) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs and (4) paying the Bond Issuance Costs. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS” and “APPENDIX B — Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Assessments, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision

or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.

Additional Indebtedness

Concurrently with the issuance of the Bonds, the City expects to issue its City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Major Improvement Area Project) (the “Major Improvement Area Bonds”) to finance (i) the Major Improvement Area’s proportionate share of the Major Improvements, (ii) an initial deposit to the Administrative Fund for the Major Improvement Area and (iii) the bond issuance costs allocable to the Major Improvement Area. The Major Improvement Area Bonds will be secured by assessments levied against assessable property within the Major Improvement Area only (the “Major Improvement Area Assessments”). See “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1,” “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #2,” and “MAP SHOWING BOUNDARIES OF THE MAJOR IMPROVEMENT AREA.” Landowners in the Major Improvement Area do not and will not pay the Assessments. The Major Improvement Area Assessments are not security for the Bonds.

The City expects to issue one or more series of future phased bonds (each such series of bonds being “Future Improvement Area Bonds”) to finance the costs of the Future Improvement Area Improvements within each of phase of the Major Improvement Area (collectively, the “Future Improvement Areas”) as the development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed.

The Bonds, the Major Improvement Area Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. The Major Improvement Area Bonds and any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged, represented and warranted to the City as follows:

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute the investment letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and, therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Projects, the Improvement Area #2 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.

8. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter (the “Delivery Date”) and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing September 15, 2021 (each, an “Interest Payment Date”), until maturity or prior redemption. UMB Bank, N.A., Austin, Texas is the initial Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$5,000 in excess thereof (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 2031, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. In the event of a Prepayment, or if any other transfers are made into the Redemption Fund under the terms of the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates or optional redemption date specified above, in whole or in part, on any date, from amounts on deposit in the Redemption Fund, at the Redemption Price. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 15 in the years 2026, 2031, 2041 and 2051 (collectively, the “Term Bonds”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedules:

\$845,000 Term Bonds Maturing September 15, 2026

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2023	\$200,000
September 15, 2024	210,000
September 15, 2025	215,000
September 15, 2026†	220,000

† Stated Maturity

\$1,230,000 Term Bonds Maturing September 15, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2027	\$230,000
September 15, 2028	235,000
September 15, 2029	245,000
September 15, 2030	255,000
September 15, 2031†	265,000

† Stated Maturity

\$3,310,000 Term Bonds Maturing September 15, 2041

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>	<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2032	\$275,000	September 15, 2037	\$335,000
September 15, 2033	285,000	September 15, 2038	350,000
September 15, 2034	295,000	September 15, 2039	365,000
September 15, 2035	310,000	September 15, 2040	380,000
September 15, 2036	320,000	September 15, 2041†	395,000

† Stated Maturity

\$5,025,000 Term Bonds Maturing September 15, 2051

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>	<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2042	\$410,000	September 15, 2047	\$510,000
September 15, 2043	430,000	September 15, 2048	530,000
September 15, 2044	450,000	September 15, 2049	555,000
September 15, 2045	465,000	September 15, 2050	580,000
September 15, 2046	490,000	September 15, 2051†	605,000

† Stated Maturity

At least thirty (30) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot a principal amount of Bonds of such maturity equal to the

Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof and delivered to the Trustee for cancellation.

The Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture, and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Upon receipt of a City Order of optional redemption by the City to the Trustee, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to the Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of such notice of redemption, such notice may state that the City may condition redemption on receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The City has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon receipt of a City Order of such rescission from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed pursuant to the extraordinary optional redemption provisions of the Indenture, the particular maturity of Bonds or portions of a maturity of Bonds to be redeemed shall be selected in the following manner:

(i) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds, as applicable, shall be redeemed in the principal amount allocated to such Bond; and

(ii) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Bonds, the Outstanding Bonds, as applicable, shall be redeemed in inverse order of maturity.

Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

Upon surrender of any Bond for redemption in part, the Trustee, in accordance with the provisions of the Indenture, shall authenticate and deliver in exchange thereof a Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (as defined herein), or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are collectively referred to herein as "Participants." DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written

confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. Thereafter, Bond certificates may be transferred and exchanged as described in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter take any responsibility for the accuracy thereof.

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "APPENDIX B — FORM OF INDENTURE."

The following is a summary of certain provisions contained in the Indenture. Reference is made to the Indenture for a full statement of the terms and provisions of the Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B — Form of Indenture."

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon certain revenues, which consist primarily of revenues from: (a) Improvement Area #1 Assessments levied against the Improvement Area #1 Assessed Property, (b) Improvement Area #2 Assessments levied against the Improvement Area #2 Assessed Property, and (c) other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has approved and adopted a Service and Assessment Plan (as updated, amended and supplemented from time to time, the "Service and Assessment Plan"), which describes the special benefit received by the Assessed Property, provides the basis and justification for the determination of special benefit on the Assessed Property, establishes the methodology for the levy of the Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated at least annually (each, an "Annual Service Plan Update") for the purpose of determining the annual budget for Authorized Improvements and the Annual Installments (as defined below) of the Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of applicable law to finance the Improvement Area #1 Projects, the Improvement Area #2 Projects, and the Bond Issuance Costs by levying the Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of the Assessments levied in Improvement Area #1 and Improvement Area #2, see “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

Pursuant to the Indenture, “Pledged Revenues” means, collectively, the (i) Assessment Revenues (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs (as defined herein) and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds. “Assessment Revenues” means the revenues received by the City from the collection of the Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds. “Annual Installment” means, with respect to the Assessed Property, each annual payment of: (i) the principal of and interest on the Assessments as shown on the Assessment Roll (as defined herein) attached to the Service and Assessment Plan, as the same may be updated from time to time, or in an Annual Service Plan Update, and as shown in the Service and Assessment Plan, and calculated as provided in the Service and Assessment Plan, (ii) Annual Collection Costs, and (iii) the Additional Interest. “Additional Interest” means the 0.50% additional interest charged on each Assessment, pursuant to Section 372.018 of the PID Act. See “SECURITY FOR THE BONDS — Pledged Revenue Fund” and “APPENDIX C — Form of Service and Assessment Plan.”

Collection and Deposit of Assessments

The Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “SECURITY FOR THE BONDS — Pledged Revenue Fund.”

The Assessments assessed to pay debt service on the Bonds together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay debt service requirements attributable to the Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

The portions of the Annual Installments of Assessments collected to pay Annual Collection Costs and Delinquent Collection Costs will be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City has levied the Assessments on the Assessed Property to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within Improvement Area #1 and such interest will accrue at a rate equal to the rate on the Bonds plus the Additional Interest. After issuance of the Bonds, Additional Interest on the Assessments for each lot within Improvement Area #1 and Improvement Area #2 will accrue at the rate specified in the Assessment Ordinance, to wit: 0.50%. The rate of Additional Interest may not exceed a rate that is 0.50% higher than the actual interest rate of the Bonds, pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will collect, each year while the Bonds are Outstanding and unpaid, an amount sufficient to pay the annual costs incurred by the City in the administration and operation of Improvement Area #1 and Improvement Area #2 (the “Annual Collection Costs”). The portion of each Annual Installment of an Assessment used to pay Annual Collection Costs shall remain in effect each year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance on or about October 1 of each year and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Assessed Property superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES” herein. The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS — Assessment Limitations.”

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Assessments and such remaining Annual Installments (including interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Delivery Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Pledged Revenue Fund

Periodically upon receipt thereof, and no later than February 15 of each year, beginning February 15, 2022, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee, the following amounts from the Pledged Revenue Fund to the following Accounts: (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund, an amount sufficient to pay debt service on the Bonds next coming due, and (ii) *second*, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in “—Delinquency and Prepayment Reserve Account of the Reserve Fund” below and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made as described above, if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes

Rebatable Arbitrage to the United States Government pursuant to the terms of the Indenture, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer described above, the full amount of Rebatable Arbitrage owed by the City. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (i) pay Improvement Area #1 Project Costs, (ii) pay Improvement Area #2 Project Costs, (iii) pay other costs permitted by the PID Act or (iv) deposit such excess into the Redemption Fund to redeem Bonds. Along with each transfer to the Trustee, the City shall provide a certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid.

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Delinquency and Prepayment Reserve Account of the Reserve Fund” below), there are insufficient funds to make the payments to the Principal and Interest Account of the Bond Fund described above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds in the same manner described in “—Application of Revenues and Other Moneys after Event of Default” below.

Notwithstanding anything to the contrary above, the Trustee shall deposit within two business days after receipt of Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund.

Notwithstanding anything to the contrary above, the Trustee shall deposit within two business days after receipt of Foreclosure Proceeds into the Pledged Revenue Fund and after such deposit shall transfer such Foreclosure Proceeds, as directed by the City pursuant to a City Order, *first* to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement and *second*, to replenish the Delinquency and Prepayment Reserve Requirement), and *second*, to the Redemption Fund to be used to redeem Bonds.

After satisfaction of the requirement to provide for the final payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in the first paragraph under this subheading, as directed by the City in a City Order.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below. If amounts in the Principal and Interest Account are insufficient to pay the amounts due on the Bonds on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account of the Bond Fund and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds through September 15, 2022. Not later than five Business Days prior to the Interest Payment Date specified above, the Trustee shall withdraw from the Capitalized Interest Account and transfer to the Principal and Interest Account of the Bond Fund all interest due on the Bonds on such Interest Payment Dates. Any amounts on deposit to the Capitalized Interest Account after the foregoing payments shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund or the Improvement Area #2 Bond Improvement Account of the Project Fund, or, if both the Improvement Area #1 Bond Improvement Account and the Improvement Area #2 Bond

Improvement Account have been closed, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for paying (i) the Improvement Area #1 Project Costs, (ii) the Improvement Area #2 Project Costs and (iii) Bond Issuance Costs. Except as otherwise provided below, money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #1 Project Costs (as defined in the Indenture) and money on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #2 Project Costs (as defined in the Indenture). Subject to additional disbursement restrictions described below, disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Orders.

Subject to additional disbursement restrictions described below, disbursements from the Improvement Area #1 Bond Improvement Account and the Improvement Area #2 Bond Improvement Account of the Project Fund shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. Subject to additional disbursement restrictions described below, the funds from the Improvement Area #1 Bond Improvement Account and the Improvement Area #2 Bond Improvement Account of the Project Fund shall be disbursed in accordance with a Certificate for Payment for Improvement Area #1 Project Costs and Improvement Area #2 Project Costs as described in the Reimbursement Agreement. For the form of Certificate for Payment see "APPENDIX F — Form of Reimbursement Agreement."

Until such time as \$5,823,947.98 (the "Improvement Area #1 Authorized Amount") has been disbursed from the Improvement Area #1 Bond Improvement Account, the Trustee shall pay Improvement Area #1 Project Costs from funds in the Improvement Area #1 Bond Improvement Account until the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account. After the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account and prior to the satisfaction of an Improvement Area #1 Release Condition (defined below), the Trustee shall not make any payments from funds on deposit in the Improvement Area #1 Bond Improvement Account until an Improvement Area #1 Release Condition has been satisfied. After the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account and an Improvement Area #1 Release Condition has been satisfied, the Trustee shall pay Improvement Area #1 Project Costs from funds in the Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment.

Money may be disbursed from the Improvement Area #1 Bond Improvement Account in excess of the Improvement Area #1 Authorized Amount only if either (i) the ratio of the estimated taxable assessed value of the Improvement Area #1 Assessed Property to the outstanding Improvement Area #1 Assessments equals at least 3.00 to 1.00, or (ii) the City has issued a certificate of occupancy for at least 13 homes within Improvement Area #1 (each an "Improvement Area #1 Release Condition"). The City may not approve a Certificate for Payment for payment from the Improvement Area #1 Bond Improvement Account for any amounts that exceed the Improvement Area #1 Authorized Amount until at least one of the Improvement Area #1 Release Conditions has been satisfied. In determining the estimated taxable assessed value of the property within Improvement Area #1 for purposes of the above-described Improvement Area #1 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #1 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #1 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #1 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

Until such time as \$800,292.02 (the "Improvement Area #2 Authorized Amount") has been disbursed from the Improvement Area #2 Bond Improvement Account, the Trustee shall pay Improvement Area #2 Project Costs from funds in the Improvement Area #2 Bond Improvement Account until the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account. After the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account and prior to the satisfaction of an Improvement Area #2 Release Condition (defined below), the Trustee shall not make any payments from funds on deposit in the Improvement Area #2 Bond Improvement Account until an Improvement Area #2 Release Condition has been satisfied. After the Improvement Area #2 Authorized Amount has been disbursed from

the Improvement Area #2 Bond Improvement Account and an Improvement Area #2 Release Condition has been satisfied, the Trustee shall pay Improvement Area #2 Project Costs from funds in the Improvement Area #2 Bond Improvement Account pursuant to a Certificate for Payment.

Money may be disbursed from the Improvement Area #2 Bond Improvement Account in excess of the Improvement Area #2 Authorized Amount only if either (i) the ratio of the estimated taxable assessed value of the Improvement Area #2 Assessed Property to the outstanding Improvement Area #2 Assessments equals at least 3.00 to 1.00, or (ii) the City has issued a certificate of occupancy for at least 13 homes within Improvement Area #2 (each an "Improvement Area #2 Release Condition"). The City may not approve a Certificate for Payment for payment from the Improvement Area #2 Bond Improvement Account for any amounts that exceed the Improvement Area #2 Authorized Amount until at least one of the Improvement Area #2 Release Conditions has been satisfied. In determining the estimated taxable assessed value of the property within Improvement Area #2 for purposes of the above-described Improvement Area #2 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #2 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Order is so filed, the identified amounts on deposit in the Improvement Area #1 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

Upon the filing of a City Order stating that (i) all Improvement Area #1 Projects have been completed and that all Improvement Area #1 Project Costs have been paid, or that any Improvement Area #1 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay Improvement Area #1 Project Costs or, if no Improvement Area #1 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #2 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #2 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Order is so filed, the identified amounts on deposit in the Improvement Area #2 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Improvement Area #2 Bond Improvement Account of the Project Fund shall be closed.

Upon the filing of a City Order stating that (i) all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Project Costs have been paid, or that any Improvement Area #2 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Improvement Area #2 Bond Improvement Account of the Project Fund shall be closed.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #2 Bond Improvement Account of the Project Fund and used to pay Improvement Area #2 Project Costs or, if no Improvement Area #2 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, and (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the proceeds of the Bonds. As of the Delivery Date, the Reserve Account Requirement is \$629,956.26, which is an amount equal to the Reserve Account Requirement defined above.

In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, the Trustee, pursuant to a City Order, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$5,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date as directed by a City Order, the value of cash and Value of Investment Securities (which is the lower of the cost of or the market value of Investment Securities) on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Indenture, unless within 30 days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund, in accordance with the Indenture, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture, (iv) to the Improvement Area #2 Bond Improvement Account of the Project Fund to pay Improvement Area #2 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture, or (v) to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund (described below) and *second* from the Reserve Account of the Reserve Fund to the Bond Fund the amount necessary to cure such deficiency. If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2022, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. The “Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds. If at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds are no longer Outstanding, but only in the event the Delinquency and Prepayment Reserve Account is less than the Delinquency and Prepayment Reserve Requirement.

Upon an extraordinary optional redemption of Bonds due to Prepayments, after transferring funds from the Reserve Account of the Reserve Fund to the Redemption Fund, if there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$5,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency. Additional Interest shall be used to replenish the Delinquency and Prepayment Reserve Account of the Reserve Fund.

Administrative Fund

The City will create under the Indenture an Administrative Fund held by the Trustee. Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. See “APPENDIX C — Form of Service and Assessment Plan.”

THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE BONDS.

Defeasance

Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding within the meaning of the Indenture (a “Defeased Debt”), when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance

Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the “PFIA”); and are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Events of Default

Each of the following occurrences or events constitutes an “Event of Default” under the Indenture:

- (i) The failure of the City to deposit the Assessment Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;
- (iii) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of 90 days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which shall give such notice at the written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than 180 days after such notice; and
- (iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days thereafter.

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding under the Indenture shall proceed to protect and enforce the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief to the extent permitted by Applicable Laws including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and the Trustee shall not be liable to any Owner, or other Person, or the City by reason of the following selection, liquidation or sale.

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate, and as may be required by law and apply the proceeds thereof in accordance with the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has received prior notice in writing or of which the Trustee is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such prior written notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity

thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys after Event of Default

All moneys, securities, funds, Pledged Revenues and other assets of the Trust Estate the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture during the continuance of an Event of Default, will be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

(i) FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

(ii) SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due or Redemption Price and to the Owners entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of the Bonds pursuant to the Indenture within 30 days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of the Indenture.

The restoration of the City to its prior position after any and all defaults have been cured, as provided above, shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment or Deposit of Funds

Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below); the City Order shall direct investment in such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee and such City Order shall provide that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days.

Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the City to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities as directed pursuant to a City Order.

Against Encumbrances

Other than refunding bonds issued to refund all or a portion of the Bonds ("Refunding Bonds"), the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

So long as Bonds are Outstanding under the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and any Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Other Obligations or Other Liens; Refunding Bonds

The City reserves the right to issue or incur bonds, notes or other obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate, or any portion thereof.

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, or any portion thereof, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired.

The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State. So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

No Refunding Bonds or subordinate obligations described herein may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds or subordinate obligations are scheduled to mature or be subject to mandatory sinking fund redemption on September 15 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds or subordinate obligations must be scheduled to be paid on March 15 and/or September 15 of the years in which interest is scheduled to be paid.

SOURCES AND USES OF FUNDS⁽¹⁾

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and additional funds provided by the Developer:

Sources of Funds:

Principal Amount	\$10,410,000.00
Original Issue Discount	(11,684.30)
Developer Contribution ⁽²⁾	5,131,792.00
Total Sources	<u>\$15,530,107.70</u>

Use of Funds:

Deposit to Improvement Area #1 Bond Improvement Account of Project Fund	\$7,371,423.81
Deposit to Improvement Area #2 Bond Improvement Account of Project Fund	1,012,816.19
Deposit to Costs of Issuance Account of Project Fund	468,823.88
Deposit to Capitalized Interest Account of Bond Fund	572,995.56
Deposit to Reserve Account of Reserve Fund	629,956.26
Deposit to Administrative Fund	30,000.00
Developer Contribution ⁽²⁾	5,131,792.00
Underwriter's Discount ⁽³⁾	312,300.00
Total Uses	<u>\$15,530,107.70</u>

⁽¹⁾ To be updated and completed upon pricing.

⁽²⁾ Retained by the Developer. Pursuant to the Development Agreement, the Developer must provide evidence of financial security and a Completion Agreement sufficient to fund all public water, wastewater/sewer, drainage, roadway and other infrastructure necessary to serve the full development of the property within the District if such infrastructure has not been completed and paid for or otherwise to the extent that the PID Bonds are insufficient to fund such infrastructure.

⁽³⁾ Includes fee for counsel to the Underwriter.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds:

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	-	\$170,108.06	\$ 170,108.06
2022	-	402,887.50	402,887.50
2023	\$ 200,000	402,887.50	602,887.50
2024	210,000	397,137.50	607,137.50
2025	215,000	391,100.00	606,100.00
2026	220,000	384,918.76	604,918.76
2027	230,000	378,593.76	608,593.76
2028	235,000	370,543.76	605,543.76
2029	245,000	362,318.76	607,318.76
2030	255,000	353,743.76	608,743.76
2031	265,000	344,818.76	609,818.76
2032	275,000	335,543.76	610,543.76
2033	285,000	324,887.50	609,887.50
2034	295,000	313,843.76	608,843.76
2035	310,000	302,412.50	612,412.50
2036	320,000	290,400.00	610,400.00
2037	335,000	278,000.00	613,000.00
2038	350,000	265,018.76	615,018.76
2039	365,000	251,456.26	616,456.26
2040	380,000	237,312.50	617,312.50
2041	395,000	222,587.50	617,587.50
2042	410,000	207,281.26	617,281.26
2043	430,000	190,368.76	620,368.76
2044	450,000	172,631.26	622,631.26
2045	465,000	154,068.76	619,068.76
2046	490,000	134,887.50	624,887.50
2047	510,000	114,675.00	624,675.00
2048	530,000	93,637.50	623,637.50
2049	555,000	71,775.00	626,775.00
2050	580,000	48,881.26	628,881.26
2051	605,000	24,956.26	629,956.26
Total	<u>\$10,410,000</u>	<u>\$7,993,683.22</u>	<u>\$18,403,683.22</u>

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OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 and Improvement Area #2 lies within the corporate limits of the City. The land within Improvement Area #1 and Improvement Area #2 has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments. In addition to the taxes and the Assessments described above, the Developer anticipates that each owner of a single-family lot within Improvement Area #1 and Improvement Area #2 will pay an annual maintenance and operation fee and/or a property owners' association fee to a homeowners' association (the "Homeowners' Association") to be formed by the Developer.

Improvement Area #1 and Improvement Area #2 are located within the City, Ellis County and the Midlothian Independent School District ("Midlothian ISD"), all of which may levy ad valorem taxes upon land within Improvement Area #1 and Improvement Area #2 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1 and Improvement Area #2.

<u>Overlapping Taxes</u>	
<u>Taxing Entity</u>	Tax Year 2020 <u>Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.675000
Ellis County	0.350276 ⁽²⁾
Midlothian ISD	<u>1.379800</u>
Total Current Tax Rate	<u>\$2.405076</u>
Improvement Area #1 – Estimated Average Annual Installment in Improvement Area #1 as an Equivalent Tax Rate	<u>\$0.483336⁽³⁾</u>
Improvement Area #1 – Estimated Total Tax Rate and Average Annual Installment as an Equivalent Tax Rate	<u>\$2.888412⁽³⁾</u>
Improvement Area #2 – Estimated Average Annual Installment as an Equivalent Tax Rate	<u>\$0.483336⁽³⁾</u>
Improvement Area #2 – Estimated Total Tax Rate and Average Annual Installment as an Equivalent Tax Rate	<u>\$2.888412⁽³⁾</u>
⁽¹⁾ As reported by the Ellis Appraisal District. Per \$100 taxable appraised value.	
⁽²⁾ Includes Ellis County's Lateral Road Tax.	
⁽³⁾ Includes Assessments levied for payment of the Bonds. Does not include the Major Improvement Area Assessments. Derived from information in the Service and Assessment Plan. Based on Annual Installments that include principal installments only and contemplates that the release of the accounts within the Reserve Fund will reduce the final Annual Installment. See "ASSESSMENT PROCEDURES — Assessment Methodology — Estimated Improvement Area #1 and Improvement Area #2 Value to Lien Ratios," "—Assessment Amounts" and "APPENDIX C — Form of Service and Assessment Plan."	

Source: Ellis Appraisal District, Appraisal and the Service and Assessment Plan.

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As noted above, Improvement Area #1 and Improvement Area #2 include territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 and Improvement Area #2, and City debt to be secured by the Assessments:

Overlapping Debt

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt as of January 31, 2021</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt⁽¹⁾</u>
The City (The Bonds)	\$ 10,410,000	100.00%	\$10,410,000
The City (Ad Valorem)	80,741,797	0.55%	443,971
Ellis County	31,020,000	0.13%	41,357
Midlothian ISD	438,573,728	0.48%	2,123,827
Total	\$560,745,525		\$13,019,155

⁽¹⁾ Based on the Tax Year 2020 Net Taxable Assessed Valuation for the taxing entities as certified by the Ellis Appraisal District and the Appraisal.

Source: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes), the Ellis Appraisal District and the Service and Assessment Plan.

If land is devoted principally to agricultural use, the landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural value. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation and the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous three years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

All of the property in Improvement Area #1 and Improvement Area #2 is currently subject to an agricultural valuation with respect to its ad valorem taxes. It is expected that rollback taxes will be paid by the Developer during development of Improvement Area #1 and Improvement Area #2 and prior to the purchase of parcels or lots by homeowners.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects and Improvement Area #2 Projects through the Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and Improvement Area #2 Projects and the land within Improvement Area #1 and Improvement Area #2 to be subject to the Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared for Improvement Area #1 (the "Improvement Area #1 Assessment Roll") and an assessment roll to be prepared for Improvement Area #2 (the "Improvement Area #2 Assessment Roll" and together with the Improvement Area #1 Assessment Roll, the "Assessment Roll"), which shows the land within Improvement Area #1 and Improvement Area #2 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and the Improvement Area #2 Projects and funding the same with the Assessments. Upon the levy of the Assessments and adoption of the Assessment Ordinance, the Assessments became legal, valid and binding liens upon the Assessed Property.

Under the PID Act, the costs of Improvement Area #1 Projects and the Improvement Area #2 Projects may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Projects and Improvement Area #2 Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects and Improvement Area #2 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on the Assessed Property similarly benefited. The allocation of benefits and assessments to the benefited land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Assessed Property as a result of the Improvement Area #1 Projects and Improvement Area #2 Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects and Improvement Area #2 Projects to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects and Improvement Area #2 Projects are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate consisting of the Pledged Revenues, including primarily the Improvement Area #1 Assessments and Improvement Area #2 Assessments.

As set forth in the Service and Assessment Plan, the benefits received by the Major Improvements shall be allocated to the Assessed Property within Improvement Area #1 and Improvement Area #2 and the assessable property within the Major Improvement Area pro rata based on Estimated Buildout Value. See “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS - Costs of Improvement Area #1 Projects, Improvement Area #2 Projects and Bond Issuance Costs” for the percentage allocation of the Major Improvements between Improvement Area #1, Improvement Area #2 and the Major Improvement Area.

As further set forth in the Service and Assessment Plan, the benefits received from the Improvement Area #1 Projects and Improvement Area #2 Projects are currently spread among the Assessed Property based on the ratio of the Estimated Buildout Value, as permitted by the PID Act.

The City has determined that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly situated within Improvement Area #1 and Improvement Area #2. The Assessments and interest thereon are expected to be paid in Annual Installments as described herein. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within the District and all future owners and developers within the District. See “APPENDIX C — Form of Service and Assessment Plan.” The table on the following page shows the estimated value to lien analysis in Improvement Area #1 and Improvement Area #2.

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Improvement Area #1 and Improvement Area #2 Value to Lien Ratios

Lot Type	Lot Size	Number of Lots ⁽²⁾	Base Finished Lot Price ⁽³⁾	Estimated Base Home Price ⁽⁴⁾	Total Estimated Buildout Value ⁽⁴⁾	Estimated Maximum Assessment Per Lot ⁽⁵⁾	Estimated Ratio of Value of Base Lot Price to Assessment ⁽⁶⁾	Estimated Ratio of Value of Home Price to Assessment
Lot Type 1	40'	90	\$48,000	\$265,000	\$23,850,000	\$19,366	2.47 : 1	13.68 : 1
Lot Type 2	50'	174	\$60,000	\$315,000	\$54,810,000	\$23,020	2.61 : 1	13.68 : 1
Lot Type 3	60'	86	\$72,000	\$375,000	\$32,250,000	\$27,404	2.63 : 1	13.68 : 1
Lot Type 4	70'	<u>76</u>	<u>\$77,000</u>	<u>\$415,000</u>	<u>\$31,540,000</u>	<u>\$30,327</u>	<u>2.54 : 1</u>	<u>13.68 : 1</u>
Total/Avg.		426	\$62,920	\$334,390	\$142,450,000	\$24,437	2.57 : 1	13.68 : 1

⁽¹⁾ Reserved.

⁽²⁾ Derived from information in the Service and Assessment Plan.

⁽³⁾ Based on actual lot prices from the Lot Purchase Agreements. See "THE DEVELOPMENT — Development in Improvement Area #1 and Improvement Area #2."

⁽⁴⁾ Provided by Developer.

⁽⁵⁾ Pursuant to the Service and Assessment Plan, the maximum Assessment (the "Maximum Assessment") that can be levied on a Lot is equal to the lesser of (i) the amount calculated pursuant to the assessment methodology described in the Service and Assessment Plan and (ii) the amount shown on Exhibit I of the Service and Assessment Plan. The Maximum Assessment per Lot shown is estimated. The Maximum Assessment will be calculated at the time the respective final plat is recorded. See "OVERLAPPING TAXES AND DEBT — Overlapping Taxes," "ASSESSMENT PROCEDURES — Assessment Amounts" and "APPENDIX C — Form of Service and Assessment Plan."

⁽⁶⁾ See "SECURITY FOR THE BONDS — Project Fund" for a discussion of certain restrictions on the release of certain funds from the Project Fund related to the construction of homes and/or an increase in the value to lien ratio.

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as regular ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipal ad valorem taxes. See "BONDHOLDERS' RISKS — Assessment Limitations" herein.

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Assessments for Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

The City will determine or cause to be determined, no later than July 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

The City will implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in the Disclosure Agreement of Issuer set forth in APPENDIX E-1 and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs in connection with its covenants and agreements under the Indenture or otherwise other than with funds on deposit in the Administrative Fund.

Annual Installments will be paid to the City or its agent. Annual Installments are due when billed each year and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

Date Payment	Cumulative	Cumulative	
<u>Received</u>	<u>Penalty</u>	<u>Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

Assessment Amounts. The Maximum Assessment has been established by the methodology described in the Service and Assessment Plan and will be calculated at the time a respective final plat is recorded. See "ASSESSMENT PROCEDURES — Assessment Methodology – Estimated Improvement Area #1 and Improvement Area #2 Value to Lien Ratios" above. See "OVERLAPPING TAXES AND DEBT — Overlapping Taxes" and "APPENDIX C — Form of Service and Assessment Plan."

The Assessment Roll sets forth for each year the Annual Installment for each Parcel consisting of (i) the annual portion allocable to principal and interest on the Assessment for each Parcel, (ii) the Additional Interest and (iii) the component of the Annual Installment allocable to Annual Collection Costs. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest and actual Annual Collection Costs (as provided for in the definition of such term).

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Parcels within the Assessed Property according to estimated average buildout value, as permitted by the PID Act. As the existing Parcels are subsequently divided, the Assessments will be apportioned pro rata according to the estimated buildout value of the newly created Parcels. See "ASSESSMENT PROCEDURES — Assessment Methodology" and "APPENDIX C — Form of Service and Assessment Plan."

The following table reflects the estimated allocation of Assessments to be levied and collected.

Estimated Allocation of Assessments								
Lot Type	Lot Size	Number of Lots ⁽²⁾	Value per Finished Lot ⁽³⁾	Estimated Base Home Price ⁽³⁾	Estimated Maximum Assessment Per Lot ⁽⁴⁾	Total Assessment	Estimated Average Annual Installment per Lot ⁽⁵⁾	Equivalent Tax Rate per \$100 Assessed Value ⁽⁴⁾
Lot Type 1	40'	90	\$48,000	\$265,000	\$19,366	\$1,742,917	\$1,281	\$0.483336
Lot Type 2	50'	174	\$60,000	\$315,000	\$23,020	\$4,005,420	\$1,523	\$0.483336
Lot Type 3	60'	86	\$72,000	\$375,000	\$27,404	\$2,356,774	\$1,813	\$0.483336
Lot Type 4	70'	76	\$77,000	\$415,000	\$30,327	\$2,304,889	\$2,006	\$0.483336
Total/Avg.⁽⁶⁾		426	\$62,920	\$334,390	\$24,437	\$10,410,000	\$1,617	\$0.483336

(1) Reserved.

(2) Derived from information in the Service and Assessment Plan.

(3) Derived from information in the Service and Assessment Plan.

(4) Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot is equal to the lesser of (i) the amount calculated pursuant to the assessment methodology described in the Service and Assessment Plan and (ii) the amount shown on Exhibit I of the Service and Assessment Plan. The Maximum Assessment will be calculated at the time the respective final plat is recorded. See "OVERLAPPING TAXES AND DEBT — Overlapping Taxes" and "APPENDIX C — Form of Service and Assessment Plan."

(5) Derived from information in the Service and Assessment Plan. Based on Annual Installments that include principal installments only and contemplates that the release of the accounts within the Reserve Fund will reduce the final Annual Installment.

(6) May not total due to rounding.

The Bonds are secured by a lien on and pledge of the Trust Estate consisting primarily of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX C — Form of Service and Assessment Plan."

Prepayment of Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a "Prepayment") all or part of any Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment. If (i) Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, or (ii) the owner of Assessed Property causes the Assessed Property to become Non-Benefited Property (as defined in the Service and Assessment Plan), the owner transferring the Assessed Property or causing the change in status shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer or change in status.

True-Up of Assessments if Maximum Assessment Exceeded at Plat. Prior to the City approving a final subdivision plat for Improvement Area #1 or Improvement Area #2, as applicable, the PID Administrator will certify that such plat will not cause the Assessment for any Lot to exceed the Maximum Assessment. If the PID Administrator determines that the resulting Assessment for any Lot will exceed the Maximum Assessment, then (1) the Assessment applicable to each Lot shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. See "OVERLAPPING TAXES AND DEBT — Overlapping Taxes," "ASSESSMENT PROCEDURES — Assessment Methodology — Estimated Improvement Area #1 and Improvement Area #2 Value to Lien Ratios" and "APPENDIX C — Form of Service and Assessment Plan."

Prepayment as a Result of an Eminent Domain Proceeding or Taking. If any portion of any Parcel of Assessed Property is taken from a landowner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "Taking"), the portion of the Assessed Property that was taken or transferred (the "Taken Property") shall be reclassified as Non-Benefited Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "Remaining Property") following the reclassification of the Taken Property as Non-Benefited Property. The landowner will remain liable to pay in Annual Installments, or payable as otherwise provided by the Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the landowner will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment.

Following the initiation of the Taking, the PID Administrator will be required, as part of the next Annual Service Plan Update, to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefited Property based on a manner that results in imposing equal shares of the costs of the applicable Improvement Area #1 Projects and Improvement Area #2 Projects on property similarly benefited.

Within 30 days of the receipt by the owner of the funds received from the entity taking the Taken Property, the landowner shall make a Prepayment of the Assessment in an amount equal to the lesser of (i) the amount the landowner received as a result of the Taking or (ii) the amount determined by the PID Administrator in the above paragraph; provided, however, that in all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

Notwithstanding the preceding paragraphs under this subsection, if the landowner notifies the City and the PID Administrator that the Taking prevents the Remaining Property from being developed as shown on a final plat, such landowner shall, upon receipt of the compensation for the Taken Property, be required to prepay the total amount of the Assessment levied against both the Taken Property and Remaining Property. The landowner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Reduction of Assessments. If, as a result of cost savings or an Improvement Area #1 Project or Improvement Area #2 Project not being constructed, the Actual Costs of completed Improvement Area #1 Projects or Improvement Area #2 Projects are less than the Assessments, the Trustee shall apply amounts on deposit in the Project Fund that are not expected to be used for purposes of the Project Fund to redeem outstanding Bonds. Excess bond proceeds shall be applied to redeem outstanding Bonds.

Priority of Lien

The Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Assessment is paid and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any Assessed Property may pay the entire Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

In the event of delinquency in the payment of any Annual Installment, except for unpaid Assessments on homestead property (unless the lien associated with the Assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in State district court to foreclose the lien of such delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure

proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

In the Indenture, the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption of the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX B — Form of Indenture.” See also “APPENDIX E-1 — Form of Disclosure Agreement of Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

THE CITY

Background

Chartered in 1888, the City is a commercial and industrial center located approximately 25 miles southwest of Dallas and approximately 30 miles southeast of Fort Worth. The City is located at the intersection of United States Highways 67 and 287, which provide it access to Dallas and Fort Worth. According to the U.S. Census Bureau, the City’s 2010 population was 18,037. The City’s third quarter 2020 population estimate was 35,695.

City Government

The City is a political subdivision and is a home rule municipality of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six (6) City Council members who are elected at-large for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof. General information regarding the City and the surrounding area can be found in “APPENDIX A — General Information Regarding the City and Surrounding Area.”

Major Employers in the City

The major employers in the City are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Gerdau Ameristeel	Steel Manufacturing	1000-1499
Midlothian ISD	Public Education	500-999
Target Distribution	Distribution Center	500-999
The City	Municipal Government	200-499
Martin Marietta	Cement Production	200-499
Ash Grove, Texas	Cement Plant	100-199
Holcim, Inc.	Cement Plant	100-199
QuikTrip Corporation	Gasoline	100-199
Ennis, Inc.	Office Equipment	50-99
Dynegy	Electric Power	50-99

Source: Midlothian Economic Development Corporation and the City.

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District includes approximately 253.430 acres and lies entirely within the corporate limits of the City. In accordance with the PID Act, the District was created by a resolution of the City Council (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects and Improvement Area #2 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on property within the District. The District is not a separate political subdivision of the State and is administered by the City Council.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, including Improvement Area #1 and Improvement Area #2, whether located within the City limits or the City’s extraterritorial jurisdiction. The PID Act provides that the City may levy and collect Assessments on the Assessed Property, or portions thereof, payable in full or in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Improvement Area #1 Projects and Improvement Area #2 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City determined to undertake the construction, acquisition or purchase of the following improvements and to finance the costs thereof through the issuance of bonds: (1) landscaping; (2) erection of fountains, distinctive lighting, and signs; (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way, including related landscaping, lighting, traffic control devices, screening walls and retaining walls; (4) construction or improvement of pedestrian malls; (5) acquisition and installation of pieces of art; (6) acquisition, construction, or improvement of off-street parking facilities; (7) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements; (8) the establishment or improvement of parks; (9) projects similar to those listed in (1)-(8); (10) acquisition, by purchase or otherwise, of real property or contract rights in connection with an authorized improvement; (11) special supplemental and maintenance services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, roadways, public safety, security, business recruitment, development, recreation, and cultural enhancement. The City has further determined to provide for the payment of debt service on the Bonds through the Pledged Revenues. See “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS

General

The Improvement Area #1 Projects consist of (i) the Improvement Area #1 Improvements and (ii) the pro rata portion of the Major Improvements allocable to Improvement Area #1. The Improvement Area #2 Projects consist of (i) the Improvement Area #2 Improvements and (ii) the pro rata portion of the Major Improvements allocable to Improvement Area #2. A portion of the costs the Improvement Area #1 Projects and the Improvement Area #2 Projects will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects and the Improvement Area #2 Projects will be paid by the Developer under the terms of the Development Agreement and the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.” The Improvement Area #1 Improvements, Improvement Area #2 Improvements and Major Improvements will be dedicated to the City for ownership and maintenance.

Improvement Area #1 Projects

Major Improvements. The Improvement Area #1 Projects consist, in part, of the Improvement Area #1 Major Improvements, which are Improvement Area #1's allocable share of the following Major Improvements:

Street. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and street-lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the District.

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within the District.

Sanitary Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

Drainage. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances to provide storm drainage for all Lots within the District.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #1 Major Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

Improvement Area #1 Improvements. The Improvement Area #1 Projects consist, in part, of the following Improvement Area #1 Improvements:

Street. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage and striping, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within Improvement Area #1.

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Sanitary Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Drainage. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

Improvement Area #2 Projects

Major Improvements. The Improvement Area #2 Projects consist, in part, of the Improvement Area #2 Major Improvements, which are Improvement Area #2's allocable share of the following Major Improvements:

Street. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, signage and striping, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the District.

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

Sanitary Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

Drainage. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances to provide storm drainage for all Lots within the District.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #2 Major Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

Improvement Area #2 Improvements. The Improvement Area #2 Projects consist, in part, of the following Improvement Area #2 Improvements:

Grading. Improvements including all related demolition, tree removal, clearing and grubbing, rough grading earthwork, and fine grading within the proposed District are included. The grading improvements will provide benefit to all lots within Improvement Area #2.

Erosion Control. Improvements including erosion control measures (e.g., erosion matting, rock berms, silt fence, inlet protection), construction entrance, SWPPP sign and inspections, and re-vegetation of all disturbed areas within the proposed District are included. The erosion control improvements will provide benefit to all lots within the Improvement Area #2.

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Improvement Area #2.

Sanitary Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #2.

Drainage. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #2.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #2 Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

Costs of Improvement Area #1 Projects, Improvement Area #2 Projects and Bond Issuance Costs

The following table reflects the expected total costs of the Authorized Improvements, including the Improvement Area #1 Projects, Improvement Area #2 Projects and Bond Issuance Costs. A portion of the costs of the Improvement Area #1 Projects, Improvement Area #2 Projects and Bond Issuance Costs are expected to be financed with proceeds of the Bonds.

	Total (A)	Privately Funded (B)	Impact Fees (C)	PID Eligible Costs (D) = (A) - (B) - (C)	Major Improvement Area % ¹ Cost (E) (F) = (E) * (D)	Improvement Area #1 % ¹ Cost (E) (F) = (E) * (D)	Improvement Area #2 % ¹ Cost (E) (F) = (E) * (D)
Authorized Improvements							
<i>Major Improvements</i>							
Streets	\$ 2,240,132	\$ -	\$ -	\$ 2,240,132	46.60%	\$ 1,043,810	8.94%
Water	1,147,725	-	244,324	903,401	46.60%	420,948	8.94%
Sanitary Sewer	1,049,055	-	61,131	987,924	46.60%	460,333	8.94%
Drainage	986,724	-	-	986,724	46.60%	459,773	8.94%
Soft Costs ²	1,162,996	-	65,499	1,097,497	46.60%	511,389	8.94%
	\$ 6,586,631	\$ -	\$ 370,954	\$ 6,215,677	\$ 2,896,253	\$ 2,763,663	\$ 555,762
<i>Improvement Area #1 Improvements</i>							
Streets	\$ 3,971,311	\$ 128,875	\$ -	\$ 3,842,436	0.00%	\$ -	0.00%
Water	826,750	-	-	826,750	0.00%	-	0.00%
Sanitary Sewer	991,000	-	-	991,000	0.00%	-	0.00%
Drainage	1,384,501	-	-	1,384,501	0.00%	-	0.00%
Soft Costs ²	2,075,590	-	-	2,075,590	0.00%	-	0.00%
	\$ 9,249,152	\$ 128,875	\$ -	\$ 9,120,277	\$ -	\$ 9,120,277	\$ -
<i>Improvement Area #2 Improvements</i>							
Paving	\$ 868,569	\$ 868,569	\$ -	\$ -	0.00%	\$ -	100.00%
Grading	140,094	28,925	-	111,169	0.00%	-	100.00%
Erosion Control	23,860	6,208	-	17,652	0.00%	-	100.00%
Water	200,950	-	-	200,950	0.00%	-	100.00%
Sanitary Sewer	237,000	-	-	237,000	0.00%	-	100.00%
Drainage	330,056	-	-	330,056	0.00%	-	100.00%
Soft Costs ²	450,707	271,203	-	179,504	0.00%	-	100.00%
	\$ 2,251,236	\$ 1,174,905	\$ -	\$ 1,076,331	\$ -	\$ -	\$ 1,076,331
Other Costs							
<i>Private Improvements³</i>							
Retaining Walls	\$ 206,250	\$ 206,250	\$ -	\$ -	0.00%	\$ -	0.00%
Landscape/Screening/Planting	1,413,293	1,413,293	-	-	0.00%	-	0.00%
Amenity Center	1,865,311	1,865,311	-	-	0.00%	-	0.00%
	\$ 3,484,854	\$ 3,484,854	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Bond Issuance Costs</i>							
Debt Service Reserve Fund	\$ 885,806			\$ 885,806	\$ 255,850	\$ 524,484	\$ 105,472
Capitalized Interest	1,006,437			1,006,437	433,442	477,061	95,935
Underwriter's Discount	430,050			430,050	117,750	260,012	52,288
Cost of Issuance	658,073			658,073	189,249	390,330	78,494
	\$ 2,980,366			\$ 2,980,366	\$ 996,290	\$ 1,651,888	\$ 332,188
<i>Other Costs</i>							
Initial Administrative Fund Deposit	\$ 60,000			\$ 60,000	\$ 30,000	\$ 24,977	\$ 5,023
	\$ 60,000			\$ 60,000	\$ 30,000	\$ 24,977	\$ 5,023
<i>Other Uses of Funds</i>							
Additional Proceeds	\$ 2,457			\$ 2,457	\$ 2,457	\$ -	\$ -
	\$ 2,457			\$ 2,457	\$ 2,457	\$ -	\$ -
Total	\$ 24,614,696	\$ 4,788,634	\$ 370,954	\$ 19,455,108	\$ 3,925,000	\$ 13,560,804	\$ 1,969,304

Notes:

¹ The costs of the Major Improvements are allocated between Improvement Area #1, Improvement Area #2 and the Major Improvement Area based on Estimated Buildout Value. The Estimated Buildout Value of the whole District is \$266,740,000. The Estimated Buildout Value of Improvement Area #1 is \$118,600,000, therefore Improvement Area #1 is allocated 44.46% (\$118,600,000/\$266,740,000) of the costs of the Major Improvements. The Estimated Buildout Value of Improvement Area #2 is \$23,850,000, therefore Improvement Area #2 is allocated 8.94% (\$23,850,000/\$266,740,000) of the costs of the Major Improvements. The Estimated Buildout Value of the Major Improvement Area is \$124,290,000, therefore the Major Improvement Area is allocated 46.60% (\$124,290,000/\$266,740,000) of the costs of the Major Improvements.

² Soft Costs include miscellaneous, contingency, engineering/surveying, material testing, City inspection fees, construction staking, and District Formation Costs.

³ Costs associated with private improvements necessary to complete the development are not reimbursable to the Owner.

The total costs of all of the Improvement Area #1 Projects, Improvement Area #2 Projects, and Bond Issuance Costs are expected to be approximately \$15,530,108. Only a portion of the costs of the Improvement Area #1 Projects, Improvement Area #2 Projects and Bond Issuance Costs, in the approximate amount of \$10,410,000, are expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects, Improvement Area #2 Projects, and Bond Issuance Costs, in the total approximate amount of \$5,120,108, will be financed by the Developer and will not be reimbursed by the City.

The Appraisal (as defined below) estimates that the “prospective market value at completion” of the property within Improvement Area #1 and Improvement Area #2 under the conditions described in the Appraisal is a combined \$25,950,000. “Phase 1A,” which includes 250 of the 426 Lots within Improvement Area #1 and Improvement Area #2, has an “upon completion” market value of \$14,220,000 based on an effective date of December 1, 2021. “Phase 1B,” which includes 176 of the 426 Lots within Improvement Area #1 and Improvement Area #2, has an “upon completion” market value of \$11,730,000 based on an effective date of December 1, 2022. The Appraisal is attached hereto as APPENDIX G and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City and the Underwriter. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value. Investors should not assume that the disposition of the property within Improvement Area #1 and Improvement Area #2 in the event of

default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth in the Appraisal. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2” for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions and qualifications.

Ownership and Maintenance of Improvement Area #1 Projects and Improvement Area #2 Projects

The Improvement Area #1 Improvements, Improvement Area #2 Improvements and Major Improvements will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing maintenance and repair of the Improvement Area #1 Improvements, Improvement Area #2 Improvements and Major Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

The PD Ordinance

The PD Ordinance sets forth the zoning regulations applicable to the Development and use of the land within and adjacent to the District. The PD Ordinance provides that no more than 793 lots may be developed within the District and sets forth certain requirements related to the Development, including: (a) minimum lot sizes, depths and widths, (b) lot coverage limitations, (c) setback requirements, (d) minimum home sizes, (e) garage orientation standards, (f) required architectural elements, and (g) other similar matters. The plans for the Development were structured to comply with all requirements contained within the PD Ordinance.

The PD Ordinance also requires construction of certain amenities, screening walls and fences, landscaping lighting and other elements. Certain of such items must be constructed or the City could withhold certain building permits within the Development, including:

- Prior to the 250th building permit related to dwelling units being issued, a certificate of occupancy must have been issued for:
 - A community recreation area with a covered patio of not less than 1,250 square feet of area that may be used for meetings, special events, and other purposes; and
 - A swimming pool and/or splash pad being not less than 3,500 square feet in surface area of water, not to include the pool deck (for pool) or the associated amenities patio in the measurement calculation. The pool and/or splash pad deck shall not be less than 10,000 square feet in size, which measurement shall include the pool and or splash pad, amenities patio, and other shade structures (gazebo, etc.).
- Prior to the 90th building permit for dwelling units within the Age Restricted Community being issued, a certificate of occupancy must have been issued for a community amenity building with not less than 1,250 square feet of air-conditioned floor area with a meeting room, kitchen, exercise workout room, and outdoor covered patio area that may be used for meetings, special events and other purposes.
- Prior to the issuance of a building permit on certain lots, screening walls, planting, fencing and landscaping is required to be completed.

If the Developer were unable or unwilling to complete the construction/installation of the items required by the PD Ordinance and Development Agreement and building permits were to be withheld or delayed, the Development and/or the security for the Bonds could be adversely affected.

The Development Agreement

The Development Agreement sets forth various foundational agreements between the City and the Developer with respect to the Development. The Development Agreement contemplates that the Developer will be responsible for the construction of all public water, wastewater/sewer, drainage, roadway and other infrastructure necessary to serve the full development of the property within the District. Following such construction, the Development Agreement provides that the City will accept such infrastructure for ownership and maintenance purposes.

The Development Agreement contemplates that the City and the Developer would, prior to or substantially contemporaneous with the initial levy of assessments on a phase of the District, execute the Reimbursement

Agreement. Such Reimbursement Agreement was approved along with the Assessment Ordinance and provides for reimbursement of the Developer of the actual costs of the Authorized Improvements, as defined within the Service and Assessment Plan. See “APPENDIX F — Form of Reimbursement Agreement.”

Under the Development Agreement, the Developer may request that the City issue bonds secured by assessments levied within the District (“PID Bonds”), the proceeds of which would be used to reimburse the Developer or to construct Authorized Improvements. Certain requirements must be satisfied in order for the Developer to request the issuance of PID Bonds, including, but not limited to, (a) the assessments levied may not be levied for any period exceeding 40 years from the Development Agreement’s effective date of August 25, 2020, (b) the aggregate principal amount of PID Bonds may not exceed \$20,000,000, (c) the projected annual assessment levy, when aggregated with all other taxing entities, will not exceed an equivalent tax rate of \$3.00 per \$100 of projected assessed valuation in any year after full build out of a parcel or the District, as applicable, (d) the maximum tax equivalent assessment rate may not exceed \$0.485 per \$100 of taxable assessed valuation without the City’s prior written consent, (e) unless otherwise agreed to by the City, the value to lien ratio may not be less than 3:1 when comparing the appraised value of the applicable portion of the District to the par amount of PID Bonds to be issued with respect to same, (f) the Developer must provide evidence of financial security and a Completion Agreement sufficient to fund all public water, wastewater/sewer, drainage, roadway and other infrastructure necessary to serve the full development of the property within the District if such infrastructure has not been completed and paid for or otherwise to the extent that the PID Bonds are insufficient to fund such infrastructure (the “Completion Agreement”). With respect to the Bonds, the City has agreed that the value to lien ratio may be less than 3:1 when comparing the appraised value in Improvement Area #1 and Improvement Area #2 to the par amount of the Bonds.

The Development Agreement also fixes the impact fees to be assessed on a per lot basis. Such impact fees are \$2,000/lot, \$3,000/lot, and \$2,499/lot for water, sewer and roadway, respectively.

The Development Agreement also contemplates that the City will provide water and sanitary sewer service to the property within the District.

The Completion Agreement

As set forth above, the Development Agreement provides that the Developer will execute the Completion Agreement with the Trustee simultaneously with the closing on the Bonds. In order to ensure that the Authorized Improvements and the Private Improvements are completed and funding is available in a timely manner to provide for their completion, the Developer will agree within the Completion Agreement to fund any shortfall between the amount of monies available from the sale of Bonds or other PID Bonds to complete the Authorized Improvements and the Private Improvements (a “Funding Shortfall”).

If (a) a Funding Shortfall is identified by the City in any Annual Service Plan Update or (b) the Authorized Improvements have not been completed as provided in the Development Agreement and the amounts on deposit in the Project Funds established under the Indentures have been fully expended (the “Project Fund Notice”), the Developer agrees to provide evidence to the Trustee (“Evidence of Available Funds”) that sufficient funds are available to the Developer to fund the Funding Shortfall and complete the Authorized Improvements in the form of: (A) written evidence from a financial institution or other lender (a “Lender”) of loan funds available under a loan extended to the Developer by a Lender for the purpose of development of the Authorized Improvements, or if (A) cannot be obtained then (B) written evidence from a Lender funds available to complete the Authorized Improvements pursuant to a letter of credit extended to the Developer by such Lender, (C) available cash, or (D) a combination of (B) and (C), if (A) cannot be obtained.

Under the Completion Agreement, the Developer will agree to complete the Private Improvements on or before the milestones set forth in, and under the terms of, the Development Agreement. Further, the Completion Agreement will contain a provision indicating that the Developer has no reason to believe that the Private Improvements will not be completed in the time frame and the manner described above or that the Developer will not have sufficient funds to complete the Private Improvements under such terms.

In the event the Developer does not comply with the terms of the Completion Agreement, the Trustee or its designee shall have the right to seek specific performance from a court of competent jurisdiction in order to ensure the Private Improvements or Authorized Improvements, as applicable, are completed as soon thereafter as possible.

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

Overview

The Development is an approximately 253.430-acre project located north of US Highway 287 and south of Farm to Market 1387. The Development is located entirely within the corporate limits of the City. The City, located in the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is poised for growth as the overall DFW MSA continues its growth trajectory. The Development’s location and highway access will allow potential residents to reach major employment centers of Dallas, Fort Worth and Arlington, among others.

The Developer expects the Development to contain approximately 792 single family residential lots at full buildout, with approximately 426 of such lots being within Improvement Area #1 and Improvement Area #2 and the remaining approximately 366 lots being within the Major Improvement Area. The Development is expected to contain a diverse product mix with 40’, 50’ 60’ and 70’ lots and base home prices from \$265,000 to \$415,000. The plans for the Development call for sections containing typical suburban single-family homes, as well as an Age Restricted Community, which will be gated and will be marketed towards and intended for those 55 years of age and older.

Development Plan

Authorized Improvements. The Developer expects to complete the Development in three or more phases over a period of approximately eight (8) years. The Developer expects to begin development of the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements in April 2021. The Developer expects that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the first 250 lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2022 and that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the remaining lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2023.

Private Improvements. In addition to the Authorized Improvements, the Developer agreed, pursuant to the PD Ordinance (defined herein) and the Development Agreement, to construct the Private Improvements. The Developer plans to construct the Private Road Improvements contemporaneously with the Major Improvements, the Improvement Area #1 Improvements, and the Improvement Area #2 Improvements. Construction on the remainder of the Private Improvements is expected to begin in the second quarter of 2022, with completion expected to occur in the first quarter of 2023.

Single-Family Lot Development. The Development is planned to include the following four residential product types: 40’ x 120’ lots (“Lot Type 1” or “40’ Lot”), 50’ x 120’ lots (“Lot Type 2” or “50’ Lot”), 60’ x 125’ lots (“Lot Type 3” or 60’ Lot), and 70’ x 130’ lots (“Lot Type 4” or “70’ Lot”). The following table shows the expected number and type of lots within Improvement Area #1 and the Major Improvement Area.

Expected Single-Family Lots within the Development

<u>Lot Size</u>	<u>Improvement</u>	<u>Major Improvement</u>
	<u>Areas #1-2</u>	<u>Area⁽¹⁾</u>
40’	90	90
50’	174	141
60’	86	0
70’	<u>76</u>	<u>135</u>
Total	426	366

⁽¹⁾ The Major Improvement Area may be developed as one or more Future Improvement Areas.

The Developer's current expectations regarding buildout of the single-family lots and expected final sale dates are shown in the following tables.

Expected Buildout of Single-Family Lots within the Development⁽¹⁾

<u>Area</u>	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>
Improvement Area #1 and Improvement Area #2	40'	90	Q1 2022	Q1 2022	Q4 2024
	50'	174	Q1 2022	Q1 2022	Q4 2024
	60'	86	Q1 2022	Q1 2022	Q4 2024
	70'	<u>76</u>	Q1 2022	Q1 2022	Q4 2024
	<i>Subtotal</i>	426			
Major Improvement Area ⁽²⁾	40'	90	Q2 2024	Q2 2024	Q1 2027
	50'	141	Q2 2024	Q2 2024	Q1 2027
	60'	0	Q2 2024	Q2 2024	Q1 2027
	70'	<u>135</u>	Q2 2024	Q2 2024	Q1 2027
	<i>Subtotal</i>	366			

⁽¹⁾ These projections regarding final buildout and final sale dates were provided by the Developer. Expected buildout and final sale date projections in the Appraisal may vary.

⁽²⁾ The Major Improvement Area may be developed as one or more Future Improvement Areas.

Adjacent Development. On tracts that are located outside of the District but that are adjacent to portions of the Major Improvement Area, the PD Ordinance allows for certain general professional, community retail, and light industrial uses and also designates certain land for common area use. The Developer does not own such adjacent tracts and is not involved in the development thereof.

Development in Improvement Area #1 and Improvement Area #2

Homebuilders and Lot Purchase Agreements within Improvement Area #1 and Improvement Area #2. The Developer has entered into the Lot Purchase Agreements with the Homebuilders for 424 of the 426 of the single-family lots within Improvement Area #1 and Improvement Area #2. The Developer originally anticipated a total of 424 lots within Improvement Area #1 and Improvement Area #2, but slight modifications in the development plan resulted in 2 additional lots. While the Lot Purchase Agreements have not yet been amended to add the 2 remaining lots, the Developer expects that one or more of Homebuilders will agree to purchase such lots in an amendment to their Lot Purchase Agreements. The following table provides the number of lots on which the Homebuilders plan to construct homes within Improvement Area #1 and Improvement Area #2, pursuant to the Lot Purchase Agreements.

Improvement Area #1 and Improvement Area #2 Lot Purchase Agreements

<u>Homebuilder</u>	<u>40' Lot</u>	<u>50' Lot</u>	<u>60' Lot</u>	<u>70' Lot</u>	<u>Total</u>
Impression Homes	90	87	-	-	177
Antares Homes	-	87	-	25	112
John Houston Custom Homes	-	-	43	25	68
David Weekley Homes	-	-	<u>42</u>	<u>25</u>	<u>67</u>
<i>Total Under Contract</i>	<i>90</i>	<i>174</i>	<i>85</i>	<i>75</i>	<i>424</i>
<i>Total Not Under Contract</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>2</i>
<i>Total</i>	<i>90</i>	<i>174</i>	<i>86</i>	<i>76</i>	<i>426</i>

Impression Homes. Under the Lot Purchase Agreement with Impression Homes (the "Impression Homes Lot Purchase Agreement"), Impression Homes has agreed, subject to the conditions contained therein, to purchase 177 lots within Improvement Area #1 and Improvement Area #2 (90 being 40' Lots and 87 being 50' Lots).

Pursuant to the terms of the Impression Homes Lot Purchase Agreement, Impression Homes will be obligated to begin taking down lots in an initial closing (the "Initial Closing") within twenty (20) days of the "Substantial Completion Date." The "Substantial Completion Date" occurs when a variety of factors have been achieved with respect to the lots to be conveyed such that they are substantially completed and ready for single family home construction, including, but not limited to, recordation of the final plat, written engineer's certification and final

acceptance letters evidencing that the appropriate governmental authority has accepted for permanent maintenance all the streets, water lines, sanitary sewer, and storm sewers for the lots, and other customary matters.

Under the Impression Homes Lot Purchase Agreement, Impression Homes will take down 24 lots at the Initial Closing (consisting of twelve (12) 40' Lots and twelve (12) 50' Lots). Impression Homes will then be obligated to take down nineteen (19) lots (consisting of eleven (11) 40' Lots and eight (8) 50' Lots) five (5) months after the Initial Closing and the same number of such lots per each 90-day period thereafter.

Antares Homes. Under the Lot Purchase Agreement with Antares Homes (the "Antares Homes Lot Purchase Agreement"), Antares Homes has agreed, subject to the conditions contained therein, to purchase 112 lots within Improvement Area #1 and Improvement Area #2 (87 being 50' Lots and 25 being 70' Lots).

Pursuant to the terms of the Antares Homes Lot Purchase Agreement, Antares Homes will be obligated to begin taking down lots at an Initial Closing within thirty (30) days of the "Substantial Completion Date." The "Substantial Completion Date" occurs when a variety of factors have been achieved with respect to the lots to be conveyed such that they are substantially completed and ready for single family home construction, including, but not limited to, recordation of the final plat, access to a public right of way (i.e., via streets) and installation of fronting streets with curbs, installation of utilities, and other customary matters.

Under the Antares Homes Lot Purchase Agreement, Antares Homes will take down 14 lots at the Initial Closing (consisting of ten (10) 50' Lots and four (4) 70' Lots). Antares Homes will then be obligated to take down eight (8) 50' Lots and four (4) 70' Lots per each 90-day period thereafter.

David Weekley Homes. Under the Lot Purchase Agreement with David Weekley Homes (the "David Weekley Homes Lot Purchase Agreement"), David Weekley Homes has agreed, subject to the conditions contained therein, to purchase 67 lots within Improvement Area #1 and Improvement Area #2 (42 being 60' Lots and 25 being 70' Lots).

Pursuant to the terms of the David Weekley Homes Lot Purchase Agreement, David Weekley Homes will be obligated to begin taking down lots at an Initial Closing within fifteen (15) days of the "Substantial Completion Date." The "Substantial Completion Date" occurs when a variety of factors have been achieved with respect to the lots to be conveyed such that they are substantially completed and ready for single family home construction, including, but not limited to, recordation of the final plat; receipt of acceptance letters issued by applicable agencies having jurisdiction over the lots accepting for use or dedication or otherwise permitting the streets (unless the streets are private), water lines, sanitary and storm sewers serving such lots (including any necessary offsite water lines and sanitary and storm sewers); and other customary matters.

Under the David Weekley Homes Lot Purchase Agreement, David Weekley Homes will take down seven (7) lots at the Initial Closing. David Weekley Homes will then be obligated to take down seven (7) lots per each 90-day period thereafter.

John Houston Custom Homes. Under the Lot Purchase Agreement with John Houston Custom Homes (the "John Houston Custom Homes Lot Purchase Agreement"), John Houston Custom Homes has agreed, subject to the conditions contained therein, to purchase 68 lots within Improvement Area #1 and Improvement Area #2 (43 being 60' Lots and 25 being 70' Lots).

Pursuant to the terms of the John Houston Custom Homes Lot Purchase Agreement, John Houston Custom Homes will be obligated to begin taking down lots at an Initial Closing within thirty (30) days of the "Substantial Completion Date." The "Substantial Completion Date" occurs when a variety of factors have been achieved with respect to the lots to be conveyed such that they are substantially completed and ready for single family home construction, including, but not limited to, recordation of the final plat; access to a public right of way (i.e., via streets); agencies having jurisdiction over the lots to be conveyed have accepted (subject to any required maintenance bonds) all streets, curbs and water, sanitary sewer, and storm sewer lines and services; and other customary matters.

Under the John Houston Custom Homes Lot Purchase Agreement, John Houston Custom Homes will take down ten (10) lots at the Initial Closing (consisting of six (6) 60' Lots and four (4) 70' Lots). John Houston Custom Homes will then be obligated to take down ten (10) lots per each 90-day period thereafter (consisting of six (6) 60' Lots and four (4) 70' Lots).

Earnest Money Deposits. As of November 16, 2020, under the Lot Purchase Agreements, the Homebuilders collectively have put down \$2,569,500 in Earnest Money Deposits, of which \$906,000 was provided by Impression Homes, \$666,500 was provided by Antares Homes, \$502,100 was provided by John Houston Custom Homes, and \$494,900 was provided by David Weekley Homes. The Earnest Money Deposits will be credited back to the Homebuilders as lots are purchased by each respective Homebuilder.

Termination and General Matters. The respective inspection periods afforded the Homebuilders within the Lot Purchase Agreements have expired. Thus, the Earnest Money Deposits are generally non-refundable. However, there are circumstances described in the Lot Purchase Agreements the existence of which may result in the termination thereof and the obligation to return all or part of the Earnest Money Deposits. Under the Lot Purchase Agreements other than the David Weekley Homes Lot Purchase Agreement, the Substantial Completion Date for the lots to be delivered at the Initial Closing must occur, subject to certain potential extensions for force majeure events, on or before June 30, 2022. Notwithstanding the immediately preceding sentence, the David Weekley Homes Lot Purchase Agreement provides that the Substantial Completion Date for a portion of the lots must occur on or before June 30, 2022 (the “Initial Substantial Completion Date”) and must occur on or before the date that is fifteen (15) months after the Initial Substantial Completion Date with respect to the remaining lots. The David Weekley Homes Lot Purchase Agreement does not provide for extensions due to force majeure events, but such Lot Purchase Agreement does grant David Weekley Homes the option to extend the deadline for the Substantial Completion Date to occur.

Within the Lot Purchase Agreements, the Developer is also obligated to: (a) cause the construction of the landscaping for the lots within ninety (90) days of the Substantial Completion Date therefor, and (b) cause the construction of the amenities and park facilities for the lots within two hundred and seventy (270) days of the Substantial Completion Date therefor.

If the Developer were unwilling or unable to cause the Substantial Completion Date to occur by the required time or defaulted with respect to other terms of the Lot Purchase Agreements, the Homebuilders could terminate the Lot Purchase Agreements and receive a return of their Earnest Money Deposits with respect to the remaining lots thereunder.

Buildout and Sale Schedule of Lots within Improvement Area #1 and Improvement Area #2. The anticipated schedule for sale of single-family lots to the Homebuilders by Lot Type in Improvement Area #1 and Improvement Area #2, pursuant to the Lot Purchase Agreements, is shown in the following table.

Expected Sale of Single-Family Homes to Homeowners by Lot Type in Improvement Area #1 and Improvement Area #2⁽¹⁾					
<u>Expected Sale Date</u>	<u>40' Lot</u>	<u>50' Lot</u>	<u>60' Lot</u>	<u>70' Lot</u>	<u>Total Lots</u>
2021	-	-	-	-	-
2022	21	41	20	18	100
2023	26	51	25	22	125
2024	30	57	28	25	140
2025	13	25	12	11	61
Total	90	174	86	76	426

⁽¹⁾ These projections regarding expected absorption were provided by the Developer.
Absorption projections in the Appraisal may vary.

The Developer’s current expectations regarding lot and home prices in Improvement Area #1 and Improvement Area #2 are as follows:

Single-Family Lot and Home Prices in Improvement Area #1 and Improvement Area #2			
<u>Lot Size</u>	<u>Quantity</u>	<u>Base Lot Price⁽¹⁾</u>	<u>Estimated Base Home Price⁽²⁾</u>
40'	90	\$48,000	\$265,000
50'	174	60,000	315,000
60'	86	72,000	375,000
70'	76	77,000	415,000
Total	426		

⁽¹⁾ Estimated base lot prices are based on the actual base lot prices in the Lot Purchase Agreements.

⁽²⁾ Estimated base home prices have been provided by the Developer.

Development in the Major Improvement Area

Homebuilders and Lot Purchase Agreements within the Major Improvement Area. The Developer has entered into the Lot Purchase Agreements with the Homebuilders for 231 of the 366 lots within the Major Improvement Area. The following table provides the number of lots on which the foregoing Homebuilders plan to construct homes within the Major Improvement Area, pursuant to the Lot Purchase Agreements.

<u>Major Improvement Area Lot Purchase Agreements</u>					
<u>Homebuilder</u>	<u>40' Lot</u>	<u>50' Lot</u>	<u>60' Lot</u>	<u>70' Lot</u>	<u>Total</u>
Impression Homes	90	70	-	-	160
Antares Homes	-	71	-	-	71
John Houston Custom Homes	-	-	-	-	-
David Weekley Homes	-	-	-	-	-
<i>Total Under Contract</i>	<i>90</i>	<i>141</i>	<i>-</i>	<i>-</i>	<i>231</i>
<i>Total Not Under Contract</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>135</i>	<i>135</i>

Impression Homes. Under the Impression Homes Lot Purchase Agreement, Impression Homes has agreed, subject to the conditions contained therein, to purchase 160 lots within the Major Improvement Area (90 being 40' Lots and 70 being 50' Lots).

Pursuant to the terms of the Impression Homes Lot Purchase Agreement, Impression Homes will be obligated to begin taking down lots at an Initial Closing within twenty (20) days of the "Substantial Completion Date." Under the Impression Homes Lot Purchase Agreement, Impression Homes will take down 24 lots at the Initial Closing (consisting of twelve (12) 40' Lots and twelve (12) 50' Lots). Impression Homes will then be obligated to take down nineteen (19) lots (consisting of eleven (11) 40' Lots and eight (8) 50' Lots) five (5) months after the Initial Closing and the same number of such lots per each 90-day period thereafter.

Antares Homes. Under the Antares Homes Lot Purchase Agreement, Antares Homes has agreed, subject to the conditions contained therein, to purchase 71 lots within the Major Improvement Area (all of which being 50' Lots).

Pursuant to the terms of the Antares Homes Lot Purchase Agreement, Antares Homes will be obligated to begin taking down lots at an Initial Closing within thirty (30) days of the "Substantial Completion Date." Under the Antares Homes Lot Purchase Agreement, Antares Homes will take down 14 lots at the Initial Closing (consisting of ten (10) 50' Lots and four (4) 70' Lots). Antares Homes will then be obligated to take down eight (8) 50' Lots and four (4) 70' Lots per each 90-day period thereafter.

Rights of First Refusal. Pursuant to the Antares Homes Lot Purchase Agreement and the Impression Homes Lot Purchase Agreement, Antares Homes and Impression Homes each have a right of first refusal with respect to certain lots within the Major Improvement Area. Such Lot Purchase Agreements grant Antares Homes a right of first refusal with respect to up to one-half (1/2) of the 50' Lots and 70' Lots within the Major Improvement Area and grant Impression Homes a right of first refusal with respect to up to one-half (1/2) of the 40' Lots and 50' Lots within the Major Improvement Area.

Termination and General Matters. The respective inspection periods afforded the Homebuilders within the Lot Purchase Agreements have expired. Thus, the Earnest Money Deposits are generally non-refundable. However, there are circumstances described in the Lot Purchase Agreements the existence of which may result in the termination thereof and the obligation to return all or part of the Earnest Money Deposits. Under the Impression Homes Lot Purchase Agreement and the Antares Homes Lot Purchase Agreement, the Substantial Completion Date for the lots to be delivered at the Initial Closing for Major Improvement Area lots must occur, subject to certain potential extensions for force majeure events, on or before December 1, 2024.

Within the Lot Purchase Agreements, the Developer is obligated to: (a) cause the construction of the landscaping for the lots within ninety (90) days of the Substantial Completion Date therefor, and (b) cause the construction of the amenities and park facilities for the lots within two hundred and seventy (270) days of the Substantial Completion Date therefor.

If the Developer were unwilling or unable to cause the Substantial Completion Date to occur by the required time or defaulted with respect to other terms of the Lot Purchase Agreements, the Homebuilders could terminate the Lot Purchase Agreements and receive a return of their Earnest Money Deposits with respect to the remaining lots thereunder.

The Developer's current expectations regarding estimated lot and home prices in the Major Improvement Area are as follows:

Single-Family Lot and Home Prices in the Major Improvement Area

<u>Lot Size</u>	<u>Quantity</u>	<u>Base Lot Price⁽¹⁾</u>	<u>Estimated Base Home Price⁽²⁾</u>
40'	90	\$48,000	\$265,000
50'	141	60,000	315,000
60'	0	72,000	375,000
70'	135	77,000	415,000
Total	366		

(1) Estimated base lot prices are based on the actual base lot prices in the Lot Purchase Agreements.

(2) Estimated base home prices have been provided by the Developer.

Private Improvements

The Developer will construct the "Private Improvements," which include, but are not limited to, roads within the gated Age Restricted Community, retaining walls, an amenity center (including a swimming pool or splash pad and related items), landscaping, screening and planting. Such Private Improvements will be dedicated and maintained by the Homeowners' Association. The Developer anticipates that the Private Improvements will cost approximately \$4,317,867 to construct. The Developer expects to begin construction of the Private Improvements in the second quarter of 2022 and to complete construction of the Private Improvements in the first quarter of 2023, except that the Private Road Improvements will be constructed contemporaneously with the Improvement Area #1 Improvements, Improvement Area #2 Improvements and Major Improvements.

The PD Ordinance also requires that at least 56.34 acres be developed as private open space/common area. Within such common areas, the PD Ordinance provides that the following amenities shall be included: (a) an outdoor workout area with no fewer than 4 stretching/exercise apparatuses, (b) playground equipment with a shade structure, along with tables and benches, (c) a dog park, and (d) a mixture of park benches and gazebos. All park sites contemplated within the PD Ordinance are required to be connected by a linear park trail system.

Certain of the above-described amenities must be constructed or the City could withhold certain building permits within the Development. See "THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS – The PD Ordinance."

Zoning/Permitting

The District is currently zoned under the PD Ordinance. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in the PD Ordinance. The plans for the Development were specifically created in order to comply with the requirements of the PD Ordinance.

Within the District, the PD Ordinance allows for certain single-family residential development and also designates certain land for common area use. On tracts that are located outside of the District (but that are adjacent to portions of the Major Improvement Area), the PD Ordinance allows for certain general professional, community retail, and light industrial uses and also designates certain land for common area use.

As discussed within "THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS – The PD Ordinance," there are circumstances in which building permits may be withheld by the City unless certain improvements have been completed.

Education

The Development is served by Midlothian ISD. Midlothian ISD encompasses approximately 112 square miles and is located entirely within Ellis County. Midlothian ISD operates a total of twelve (12) schools, including seven (7) elementary schools, three (3) middle schools and two (2) high schools. T.E. Baxter Elementary School, Walnut Grove Middle School, and Midlothian Heritage High School are expected to serve residents of the District. Such schools are approximately 1-2 miles from the center of the District.

GreatSchools.org rated T.E. Baxter Elementary School and Midlothian Heritage High School “about average” and Walnut Grove Middle School “above average.” According to the Texas Education Agency 2019 Accountability Ratings Overall Summary, T.E. Baxter Elementary School was rated as “C,” Walnut Grove Middle School was rated as “B,” Midlothian Heritage High School was rated as “A,” and Midlothian ISD’s overall rating was “B.” (The categories for public school districts and public schools are A, B, C, D or F.)

Environmental

Site Evaluation. A Phase One Environmental Site Assessment of the property within the District, dated October 9, 2020 (the “Phase One ESA”), was completed by Alpha Testing, Inc. (the “Environmental Consultant”). The Phase One ESA noted the following:

- Environmental Consultant performed an interview with an affiliate of the Developer pertaining to the land within the District. The interview revealed no known prior history of recognized environmental conditions or environmental liens associated with the land within the District.
- Based on a review of historical information, no evidence of recognized environmental conditions or environmental liens was revealed in association with the land within the District.
- Based on a review of state and federal regulatory databases, no evidence of recognized environmental conditions was revealed in association with the land within the District.
- Reconnaissance of the land within the District and the adjoining property revealed no evidence of recognized environmental conditions associated with the land within the District; however, the Environmental Consultant noted:
 - A dilapidated single-family home and various structures associated with agricultural use.
 - Reconnaissance did not reveal a septic system, but the Phase One ESA noted that, in view of prior usage of the property, one or more such systems may have been used at the property.
 - Four (4) water wells were observed within the property.
 - One pole-mounted electrical transformer was observed within the property, but no evidence of surficial stains, leaks or spills was observed in the vicinity of the transformer.
 - With respect to the structures, possible septic system(s), water wells and transformer, the Environmental Consultant recommended that abandonment, removal or other appropriate measures be taken in accordance with applicable law.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the whooping crane is an endangered species in Ellis County and the piping plover and red knot are threatened species in Ellis County. The Developer is not aware of any endangered or threatened species located within the District.

Existing Mineral Rights

There are certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. According to the

Developer, a majority of the Mineral Owners have waived their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District in exchange for the designation of a 2.0 acre drill site located outside but adjacent to the southern portion of the District.

The City Council has also adopted an ordinance regulating drilling within the corporate limits of the City, which may restrict the development of such rights. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage or location.

Although the Developer does not expect the above-described mineral rights, or the exercise of such rights or any other mineral rights or related property rights in or around the District, to have a material adverse effect on the property within the District or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Mineral Rights.”

Traffic Impact Analysis

The Developer obtained a traffic impact analysis for the Development from Lambeth Engineering Associates PLLC (the “Traffic Impact Analysis”). The Traffic Impact Analysis recommended several mitigation measures, which the Developer intends to implement. The Traffic Impact Analysis concluded that the Development will not have a significant impact on the surrounding roadway network, assuming that the recommended mitigation measures are implemented.

Utilities

Water and Wastewater. In accordance with the Development Agreement, the City has agreed to and will provide both water and wastewater service to the Development. Within the Development Agreement, the City has represented and confirmed that it had, as of the date of the Development Agreement, and reasonably expected to continue to have the capacity to provide to the Development continuous and adequate retail water and wastewater/sanitary sewer service at times and in amounts sufficient to meet the service demands of the Development as it is developed. As of the date hereof, the City believes that such representation remains true and correct.

Additional Utilities. The Developer anticipates additional utilities to be provided by: (1) Telecom – AT&T; (2) Electric – HILCO Electric Cooperative, Inc.; (3) Natural Gas – Atmos; and (4) Cable – Spectrum.

Industrial Properties, Railroad and Airport

There are several industrial properties located near the Development, including a batch plant adjacent to the District, a small glass recycling plant located approximately .3 miles away from the District, cement plants located approximately 1.75 and 2.5 miles from the District, and a steel plant located approximately 4 miles away from the District. A rail line also runs approximately .25 miles from a portion of the southern boundary of the District and a small, regional airport is located approximately 2 miles from the eastern boundary of the District. The plans for the Development call for various measures to minimize any adverse effects associated with the proximity of the Development to such items, including, but not limited to, screening, masonry walls and green space buffers. Notwithstanding such measures, certain homebuyers may still be unwilling to purchase a home within the Development due to its proximity to these items, which could adversely affect the security for the Bonds.

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water,

sewer, and drainage facilities, as well as internet, gas and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

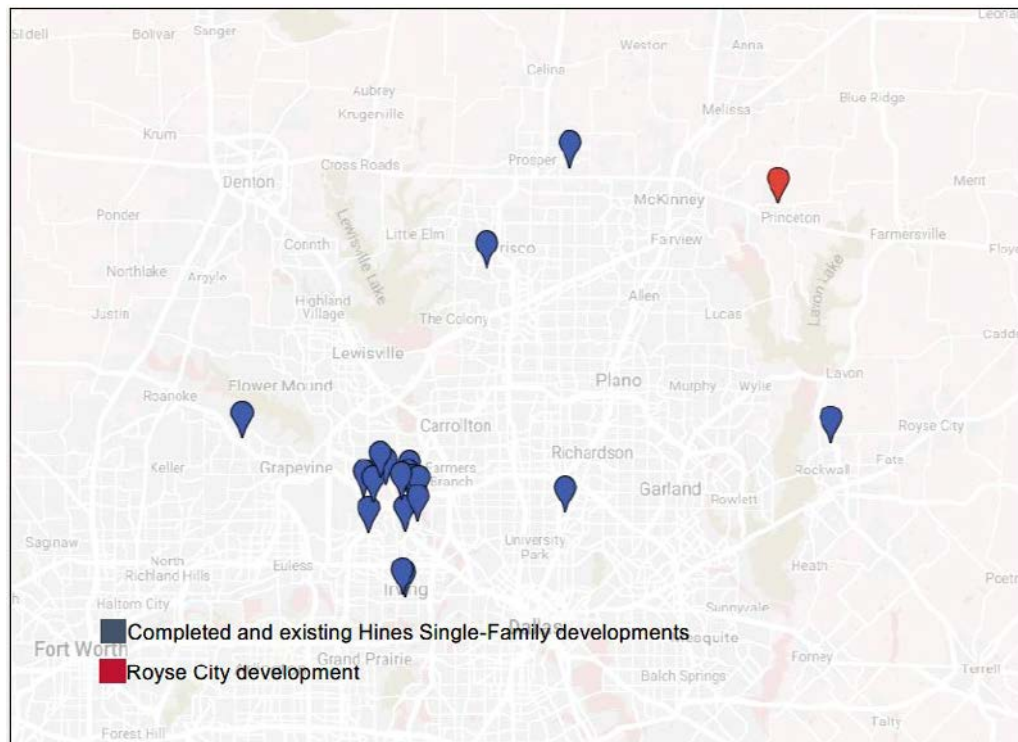
Description of the Developer

The Developer is an affiliate of Hines. Hines is a privately owned global real estate investment, development and management firm, founded in 1957, with a presence in 207 cities on five continents and approximately \$116.4 billion of assets under management—approximately \$64.0 billion in assets for which Hines serves as investment manager, including non-real estate assets, and approximately \$52.4 billion for which Hines provides third-party property-level services. Hines' global development portfolio of more than 960 projects completed and underway totals over 286 million square feet of top-quality real estate spanning a myriad of product types. The firm's current property and asset management portfolio includes 527 properties, representing over 224 million square feet. With extensive experience in investments across the risk spectrum and all property types, and a pioneering commitment to sustainability, Hines is one of the largest and most respected real estate organizations in the world.

Hines has developed single-family communities in the Dallas-Fort Worth area since 2005, beginning with the purchase of over 600 acres in the planned community of Las Colinas. Since then, Hines has completed twelve (12) communities and has seven (7) currently underway, totaling over 5,000 single-family lots in the Dallas Area. Four of Hines' Dallas/Fort-Worth developments have used public improvement district financing, including developments in Irving, Las Colinas, and Royse City. Hines also has a development project underway in the Fort Worth area that is located within a utility district. Hines has also been developing lots in the Houston area since 2014, and currently has 3 active communities in Katy, Spring, and the Heights, representing over 1,000 lots and over 10 builders. For additional information, see "BONDHOLDERS' RISKS — Dependence Upon Developer" herein.

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The following is map of Hines' Dallas/Fort Worth area completed and existing single-family development projects:



The following is a brief sampling of past and current development projects of Hines in the Dallas/Fort Worth area:

Name	Location	Number of Lots	Builders	Status
The Lakes at Las Colinas	Las Colinas, TX	265	Darling; Highland; Sanders Custom Homes	Completed
Carillon	Southlake, TX	404	K Hovnanian; Meritage; Cambridge; Custom Builders	Completed
Parkside East	Irving, TX	250	MHI, Highland, David Weekley	Completed
Parkside West	Irving, TX	638	MHI, Darling, Lennar, David Weekley	Active
Edgestone at Legacy	Frisco, TX	665	Village Builders; Darling; MHI; Shaddock; Highland; Toll Brothers	Active

Name	Location	Number of Lots	Builders	Status
Merion at Midtown Park	Dallas, TX	298	K Hovnanian; Chesmar; MHI	Active

History and Financing of the District

The Property Acquisition. The Developer was formed, for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the real property comprising the District in October 2020 for \$9,500,000. Excluding assessment liens related to the District and except for the liens securing the Development Loan (defined below), the Acquisition Loan (defined below), and a second lien securing the Homebuilder's Earnest Money Deposits, the Developer owns the Assessed Property free and clear of any liens.

The Development Financing. The Developer obtained a \$10,500,000 construction/development loan (the "Development Loan") from Texas Capital Bank (the "Development Lender") for the purpose, among other things, of paying taxes, insurance and certain of the costs associated with the development of Improvement Area #1, Improvement Area #2 and the Future Improvement Areas. The rate of interest on the Development Loan is equal to the prime interest rate, plus 65 basis points (0.65%) and is subject to a floor rate of 3.90%.

The Development Loan requires approval of the Development Lender prior to using the proceeds thereof. If the Development Lender were to refuse, delay or condition release of funds from the Development Loan, the construction of the Authorized Improvements could be delayed or prevented unless the Developer secures alternative sources of financing, which could adversely affect the security for the Bonds.

The Development Loan matures on October 28, 2023, with a 12-month extension that may be granted or denied in the Development Lender's sole and absolute discretion. As of November 16, 2020, the Development Loan had a balance of approximately \$2,927,660.98.

The Developer intends to repay the Development Loan from, among other things, the revenue generated from sales of the lots developed in the District to the Homebuilders. The Development Loan is secured by a first lien Deed of Trust covering substantially all of the land in the District in favor of the Development Lender. In the event of a default under the Development Loan and/or related documents, the Development Lender will have the right to various remedies, including foreclosure of the Deed of Trust.

The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the Development Lender will acknowledge the creation of the District, the levy of the Assessments and the subordination of the liens securing its loan to the Assessment Lien. The Assessment Lien will have priority over the liens on the property within Improvement Area #1 and Improvement Area #2 securing the Development Loan, the Acquisition Loan, Earnest Money Deposits and any other loans that may be obtained by the Developer or its affiliates.

The Acquisition Financing. The Developer obtained a \$2,000,000 loan to provide a portion of the funds necessary to acquire the land within the District (the "Acquisition Loan") from Northstar Farms, Inc. (the "Acquisition Lender"). The rate of interest on the Acquisition Loan is 3.00%. The Acquisition Loan matures on December 1, 2024 and does not provide an option to extend the maturity. As of February 25, 2021, the Acquisition Loan had a balance of approximately \$2,000,000.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund the Total Budgeted Costs of \$24,614,696. The Developer's financing sources include the Development Loan, the Acquisition Loan, the net proceeds of the Bonds, a Developer equity contribution of approximately \$6,800,000 (subject to change), and Earnest Money Deposits from the Homebuilders of \$2,569,500. The Development Agreement obligates the Developer to provide evidence of financial security and a Completion

Agreement sufficient to fund all public infrastructure necessary to serve the full development of the property within the District if such infrastructure has not been completed and paid for or otherwise to the extent that the PID Bonds are insufficient to fund such infrastructure. See “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS – The Development Agreement” and the “–The Completion Agreement.”

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. The total cost of the Improvement Area #1 Projects, Improvement Area #2 Projects, and Bond Issuance Costs is expected to be approximately \$17,514,184. The Developer intends to begin construction of the Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and the Private Road Improvements in April 2021 and a portion of the costs of the Major Improvements, the Improvement Area #1 Improvements and Improvement Area #2 Improvements is expected to be reimbursed with proceeds of the Bonds. The Developer expects that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the first 250 lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2022 and that the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements necessary to serve the remaining lots within Improvement Area #1 and Improvement Area #2 will be accepted by the City in the first quarter of 2023.

In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilders, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Assessments is listed in the following table and more fully described in the subheadings below.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

<u>At Risk Entity</u>	<u>Funding Type</u>	<u>Funding Purpose</u>	<u>Security</u>	<u>Position to Assessment Lien</u>	<u>Initial Amount</u>	<u>Outstanding Balance⁽¹⁾</u>
Developer	Developer Equity	Land Purchase and Development Costs	None	Subordinate	\$2,376,917 ⁽²⁾	\$2,376,917 ⁽²⁾
Impression Homes	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$906,000	\$906,000
Antares Homes	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$666,500	\$666,500
John Houston Custom Homes	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$502,100	\$502,100
David Weekley Homes	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$494,900	\$494,900
Northstar Farms, Inc.	Land Purchase Loan	Land Purchase	Lien on real property within the District	Subordinate	\$2,000,000	\$2,000,000
Texas Capital Bank	Development Loan	Land Development	Lien on real property within the District	Subordinate	\$2,927,661	\$2,927,661

⁽¹⁾ As of November 16, 2020.

⁽²⁾ The Developer currently estimates a total Developer equity contribution of approximately \$6,800,000. Subject to change.

PID ADMINISTRATOR

The following information has been provided by the PID Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

The City has selected P3Works, LLC as the initial PID Administrator. The City has entered into an agreement with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PID Administrator will primarily be responsible for preparing the Service and Assessment Plan and all updates thereto. The PID Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin and North Richland Hills, Texas.

The PID Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel IDs within the District;
- Trust account analysis and reconciliation;
- Property owner inquiries;
- Determination of prepayment amounts;
- Preparation and review of disclosure notices with Dissemination Agent; and
- Review of developer draw requests for reimbursement of public improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”), prepared an appraisal report for the City dated December 15, 2020, based upon a physical inspection of the District conducted by the Appraiser (the “Appraisal”). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value. Investors should not assume that the disposition of the lots in Improvement Area #1 and Improvement Area #2 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 and Improvement Area #2 of the District. The Appraisal is attached hereto as APPENDIX G and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX G — Appraisal of Improvement Area #1 and Improvement Area #2.”

The Appraisal is primarily based on market data that preceded the crisis caused by the international COVID-19 pandemic. As of the effective date of the Appraisal, there is not sufficient evidence to gauge the extent of the market shock and resulting effects on market value. The Appraiser recognizes values could be further impacted. The Appraisal best reflects the Appraiser's opinion of market value under the current market conditions.

Value Estimates. The Appraiser estimated the market value of the fee simple interest in the land comprising Improvement Area #1 and Improvement Area #2 (described as “Phase 1A” and “Phase 1B” in the Appraisal) of the District by gathering comparable market data and conducting a study of the market area for the purpose of providing the Appraiser's opinion of the “Upon Completion” market value in bulk of the 250 proposed lots in Phase 1A and the 176 proposed lots in Phase 1B.

The value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, is \$25,950,000. Phase 1A has an “Upon Completion” market value of \$14,220,000 based on an effective date of December 1, 2021. Phase 1B has an “Upon Completion” market value of \$11,730,000 based on an effective date of December 1, 2022.

None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives and advisors, as well as any corrections or updates to such forecasts and other information and data.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. The Appraiser has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

BONDHOLDERS' RISKS

Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Bonds) should be carefully considered prior to purchasing any of the Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within

Improvement Area #1 and Improvement Area #2 to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against the Assessed Property, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 and Improvement Area #2. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Infectious Disease Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed by the Governor. The Governor has renewed this declaration monthly, most recently on March 6, 2021. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. The most recent executive orders provide for the phased reopening of businesses in the State, subject to future restrictions in the Governor's discretion. Executive Order GA-26, which was issued on June 3, 2020 and remains in effect until modified, amended, rescinded or superseded by the Governor, removed occupancy restrictions for certain designated businesses and increased occupancy limits to 50 percent for most other businesses in the State, provided that many restaurants will be able to operate at up to 75 percent of occupancy beginning on June 12. Additionally, businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria will be able to operate at up to 75 percent of occupancy beginning on June 12. In response to a spike in confirmed cases, on July 2, 2020 the Governor issued GA-29 requiring persons to wear face coverings when inside a commercial entity or other building or space open to the public, or when in an outdoor public space with certain exceptions. GA-28, issued on the same day, limited gatherings to 10 people with certain exceptions. On September 17, 2020, the Governor issued GA-30, which expanded occupancy limit restrictions for select businesses and restaurants to 75% in counties which have met certain hospitalization metric requirements. The order also implemented new visitation guidance for eligible nursing homes and assisted living facilities. On the same day, the Governor issued GA-31, which further suspended elective surgeries and procedures in counties that do not meet the hospitalization metric requirements laid out in the

order. On October 7, 2020, the Governor issued GA-32, which superseded GA-30 and GA-31. Significantly, GA-32 updates the thresholds for areas with high hospitalizations (“TSAs”), which now includes an area that has had seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity exceeds 15%, until such time as the area has seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity is 15% or less. GA-32 allows counties in TSAs with high hospitalizations to choose to operate at 75 percent capacity if: (a) the county has fewer than 30 cases reported over the last 14 days, and (b) the county judge submits an attestation to the Texas Department of State Health Services. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. On March 2, 2021, the Governor issued GA-34, which became effective as of March 10, 2021. GA-34, except with respect to counties in TSAs with high hospitalizations, removed operating limits for businesses and other establishments. GA-34 does, however, permit county judges of counties in TSAs with high hospitalizations to use COVID-19 mitigation strategies under certain circumstances.

Most of the federal and state actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy. Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. Stock values and crude oil prices, in the United States and globally, have seen significant declines attributed to COVID-19 concerns. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City and lead to unemployment for property owners within the District or may otherwise have a negative impact on the sale of parcels, lots or homes within the District. The Bonds are secured primarily by Assessments levied on benefitted property within Improvement Area #1 and Improvement Area #2. If lot or home sales are negatively impacted by the Pandemic, the Developer will continue to be responsible for the payment of the Assessments as long as it owns such lots.

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City’s operations and financial condition. None of the City, the Financial Advisor, the Underwriter or the Developer can predict the impact the Pandemic may have on the City, the financial and operating condition of the Developer, the projected buildout schedule, home prices and buildout values or an investment in the Bonds.

Assessment Limitations

Annual Installments of Assessments are billed to property owners of Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as set forth under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Annual Collection Costs for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Improvement Area #1 and Improvement Area #2, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy” herein.

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1 or Improvement Area #2, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure

sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, Section 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code Section 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. **However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property.** It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2 OF THE DISTRICT.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. To date, no legislation has been introduced to act on such recommendations; however, it is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Risks Related to the Current Real Estate Market

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to

reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot and home sales within Improvement Area #1 and Improvement Area #2. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or of any other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. For more information on competitive projects, see "APPENDIX G — Appraisal of Improvement Area #1 and Improvement Area #2."

Loss of Tax Exemption

The Indenture will contain covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Bankruptcy

The payment of Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within Improvement Area #1 or Improvement Area #2 to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of Improvement Area #1 and Improvement Area #2 currently impose ad valorem taxes on the property within Improvement Area #1 and Improvement Area #2 and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1 and Improvement Area #2. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments.

Depletion of Reserve Account of the Reserve Fund

Failure of the owners of property within Improvement Area #1 and Improvement Area #2 to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a

foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture will provide that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within the District does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See “THE DEVELOPMENT — Environmental” for discussion of the Phase One ESA performed on property within the District.

Regulation

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

100-Year Flood Plain

None of the District is within an official FEMA 100-year flood plain, as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map Community Panel No. 48139C0155F, effective June 3, 2013. FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may exceed the flood plain.

Risk from Weather Events

General. All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through weather events that include strong winds, flooding and heavy rains. It is impossible to predict such weather events and the impact they may have on the City, including land within the District.

Texas 2021 Winter Weather Event. From February 14, 2021 through February 19, 2021, the continental United States experienced a severe winter storm (the “2021 Event”). As a result of the 2021 Event, areas throughout the State experienced widespread, record breaking cold.

Due to effects of the 2021 Event and a reduction in available gas supply, approximately 185 generating units in the Electric Reliability Council of Texas (“ERCOT”) grid tripped offline, and the grid lost roughly 46,000 MW of generation. In order to limit demand and protect the integrity of the grid, ERCOT implemented widespread and prolonged blackouts. As a result, approximately 4 million Texas residents were without power for significant stretches of the week.

Extended subzero temperatures caused water pipes to freeze and burst, and, combined with the lack of power, eventually led to multiple water system failures across the State that impacted water availability generally and, in some instances, required the issuance of water boil notices. Initial reports indicated that roughly 14 million Texans were under boil water notices as of February 19, 2021.

On February 19, 2021, the President of the United States issued a Major Disaster Declaration for 77 counties in the State, including Ellis County. The Texas Governor, on February 18, 2021, declared a new emergency item for the current Texas legislative session (in session until May 31, 2021) in which he requested the Legislature to mandate the winterization of Texas’ power system and to ensure the necessary funding for winterization.

It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

Exercise of Mineral Rights

As described herein under “THE DEVELOPMENT— Existing Mineral Rights,” there are certain mineral rights reservations located within the District, including Improvement Area #1 and Improvement Area #2 not owned by the Developer. According to the Developer, a majority of the Mineral Owners have waived their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District in exchange for the designation of a 2.0 acre drill site located outside but adjacent to the southern portion of the District. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Ellis County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #1 and Improvement Area #2 to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least a majority of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 and Improvement Area #2 of the District or sell property within Improvement Area #1 and Improvement Area #2 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien

would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued”, in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners

of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 and Improvement Area #2 available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments and Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Limited Secondary Market for the Bonds

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Improvement Area #1 and Improvement Area #2 and subject to the Assessments, existing real estate and financial market conditions and other factors.

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) Annual Collection Costs are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City’s debt.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

General Risks of Real Estate Investment and Development

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined “true-up” agreement has been entered into between the City and Developer, nor is there a requirement that future developers or Developers enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development that the necessary revisions to the Service and Assessment Plan will be made, or if made will provide the necessary assessment revenues required to pay debt service on Bonds. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, including the schedule for and/or the costs of the Major Improvements, Improvement Area #1 Improvements and Improvement Area #2 Improvements, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer. Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the Lot Purchase Agreement are not met. Failure to meet the Lot Purchase Agreements conditions allows the Homebuilders to terminate its obligation to purchase land from the Developer. See “THE DEVELOPMENT — Development in Improvement Area #1 and Improvement Area #2 – Homebuilders and Lot Purchase Agreements within Improvement Area #1 and Improvement Area #2.”

The Development cannot be initiated or completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of each phase of the Development and to allow the occupancy of residences and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer.

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Use of Appraisal

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in an appraisal is based on various assumptions of future expectations and while the appraiser's forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District, including Improvement Area #1 and Improvement Area #2.

In performing its analyses, an appraiser makes numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser's, Underwriter's and City's control, as well as to certain factual matters. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation.

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City fails to supply water and wastewater services to the property within the District, the development of the land in the District could be adversely affected. See "THE DEVELOPMENT — Utilities."

Dependence upon Developer

The Developer currently has the obligation for payment of 100% of the total Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits and development rights and minor operating accounts. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing Major Improvements, Improvement Area #1 Improvements and Improvement Area #2 Improvements. See "THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS." There can be no assurances given as to the financial ability of the Developer to complete the Major Improvements, Improvement Area #1 Improvements, Improvement Area #2 Improvements, Private Improvements or any other improvements.

Defaults of Affiliates of Hines

During the period from 2009 through and including 2016, affiliates of Hines have failed to make payments due on loans related to six (6) U.S. office properties. These properties were transferred to the lender via a negotiated transfer by non-judicial foreclosure.

Chapter 11 Bankruptcy of a Hines-Affiliated General Contractor

In February 2018, Urban Oaks Builders ("UOB"), a Hines-affiliated general contractor, along with other Hines-affiliated entities ("Hines Affiliates") were sued by affiliates of Southstar Capital Group ("Southstar"), the purchaser of a multifamily project developed by Hines in Celebration, Florida, alleging the existence of certain construction defects and the concealment of those defects prior to the sale of the project (the "Southstar Litigation"). UOB and the Hines Affiliates have contended that none of the UOB nor the Hines Affiliates, or any persons employed by those entities, had any knowledge of the alleged defects. Consequently, UOB and the Hines Affiliates are vigorously defending themselves against these claims. The Southstar Litigation, as it relates to UOB, was consolidated with UOB's Chapter 11 bankruptcy proceedings and a related coverage action filed by UOB against its insurance carriers, both of which were a result of the Southstar Litigation. While the bankruptcy court found no evidence of fraud on the part of UOB, it ruled that Southstar's claim for damages for repairs relating to the alleged construction

defects was valued at \$26.1 million plus interest. UOB has demanded that its insurance carriers pay this amount, a covered loss which is well within policy limits. The carriers have yet to respond officially and a recent mediation was unsuccessful in settling the case with the insurance carriers. Southstar has agreed to abate the Southstar Litigation, as it relates to UOB, until the conclusion of the insurance coverage litigation, expected to occur in 2021, or a prior settlement by the carriers. Southstar continues to maintain the Southstar Litigation in Florida state court against the Hines Affiliates primarily relating to its spurious allegation (disproven once already in the UOB proceeding) that these entities were aware of the defects of the project but concealed them prior to the sale. The Hines Affiliates have filed a motion to dismiss the remaining claims in Florida; and, given the facts of the case, feel confident in the likelihood of the motion's success. While the Developer, UOB and the Hines Affiliates are under common control of Hines, UOB and the Hines Affiliates do not own property in the District and are not associated with the development or with the Bonds. The Developer does not expect the Southstar Litigation to have any material adverse effect on the ability of the Developer to develop and sell the lots in the District.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX D — Form of Opinion of Bond Counsel."

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the

accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P. serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special and limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special and limited obligations of the City under the Constitution and laws of the State. The legal opinion of

Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (first paragraph only), "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B — Form of Indenture" and such firm is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its parent companies, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, the Reimbursement Agreement, the Development Agreement or the Completion Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See "BONDHOLDERS' RISKS." The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask

questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by governmental immunity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery, and by general principles of equity that permit the exercise of judicial discretion.

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the SEC (the “Rule”), the City, the PID Administrator and UMB Bank, N.A., as dissemination agent (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”), for the benefit of the owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Issuer, certain financial information and operating data relating to the City (collectively, the “City Reports”). The specific nature of the information to be contained in the City Reports is set forth in “APPENDIX E-1 — Form of Disclosure Agreement of Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Issuer or from any statement made pursuant to the Disclosure Agreement of Issuer.

The City’s Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with its continuing disclosure agreements made by it in accordance with the Rule.

The Developer

Pursuant to the Rule, the Developer, the PID Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”), for the benefit of the owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development, the Authorized Improvements and the Private Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of Developer.” Under

certain circumstances, the failure of the Developer or the PID Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the PID Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Developer's Compliance with Prior Undertakings

The Developer is not a party to any other continuing disclosure agreements.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$10,086,015.70 (the par amount of the Bonds, less a reoffering discount of \$11,684.30 less an underwriting discount of \$312,300.00). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 disease. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak" herein.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of 1933 in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various

institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

INVESTMENTS

The City invests its funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds

registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAAm” or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to:

(a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than fifteen percent (15%) of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., Austin, Texas, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at <https://www.umb.com/>. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any

implication that there has been no change in the financial condition or operations of the City or the Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Developer, the Development and the Authorized Improvements generally and, in particular, the information included in the maps on pages (ii), (iii), (iv) and (v) and in the sections captioned “PLAN OF FINANCE — Development Plan,” “— Home Development within the District” and “— Additional Indebtedness,” “THE IMPROVEMENT AREA #1 PROJECTS AND IMPROVEMENT AREA #2 PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Authorized Improvements, the Improvement Area #1 Projects, the Improvement Area #2 Projects, the Private Improvements and the Development), “LEGAL MATTERS — Litigation — The Developer,” and “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC and has been included in reliance upon the authority of such firm as experts in the field of assessment allocation/methodology and district administration.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Integra Realty Resources – Dallas and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Integra Realty Resources – Dallas has consented to the inclusion of the Appraisal herein.

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate on the Delivery Date, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City’s obligations hereunder will extend for an additional period of time (but not more than ninety (90) days after the Delivery Date) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS

DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has authorized the form and use of this Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds.

CITY OF MIDLOTHIAN, TEXAS

Richard Reno

Mayor

ATTEST:

Tammy Varner

City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

General Information

The City is located in the northwest corner of Ellis County, approximately 25 miles southwest of Dallas and approximately 30 miles southeast of Fort Worth. The City is located at the intersection of United States Highways 67 and 287, which provide it access to Dallas and Fort Worth. According to the U.S. Census Bureau, the City's 2010 population was 18,037. The City's third quarter 2020 population estimate was 35,695.

Historical Employment in Ellis County (Average Annual)

	Average Annual				
	2020 ⁽¹⁾	2019	2018	2017	2016
Civilian Labor Force	93,995	92,694	90,694	87,802	84,956
Total Employed	87,982	89,823	87,710	84,756	81,779
Total Unemployed	6,013	2,871	2,984	3,046	3,177
Unemployment Rate	6.4%	3.1%	3.3%	3.5%	3.7%

⁽¹⁾ Data for September 2020. The COVID-19 Pandemic has negatively affected travel, commerce, employment rates and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Source: Texas Labor Market Information.

Median Household Income

	Median Household Income - 2020
Three Mile Radius from District	\$84,210
Statewide	\$59,676
Comparison to Statewide	+41.1%

Source: ESRI

DALLAS-FORT WORTH-ARLINGTON MSA - REGIONAL EMPLOYMENT

Surrounding Economic Activity

The major employers of municipalities surrounding the City are set forth in the table below.

City of Arlington		City of Grand Prairie		City of Dallas	
Approximately 26 miles from the City		Approximately 25 miles from the City		Approximately 29 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Arlington ISD	8,200	Grand Prairie ISD	4,100	Dallas ISD	22,222
University of Texas at Arlington	5,300	Lockheed Martin Missiles & Fire Control	3,500	Texas Instruments Inc.	12,901
General Motors	4,484	Poly-America Inc.	2,000	City of Dallas	12,474
Texas Health Resources	4,063	City of Grand Prairie	1,576	Medical City Dallas	12,104
Six Flags Over Texas	3,800	Bell Helicopter-Textron	1,200	The University of Texas SW Medical Center	11,900
The Parks at Arlington	3,500	Lone Star Park at Grand Prairie	950	AT&T Inc.	11,070
GM Financial	3,300	Forterra Pupe & Products, Inc.	950	Parkland Health System	10,361
City of Arlington	2,487	Flex-N-Gate	800	Baylor Scott & White Health	7,045
JP Morgan Chase Bank	1,965	Republic National Distribution	800	Children's Health	6,406
Texas Rangers Baseball Club	1,881	Arnold Transportation Services	650	Walmart Store	5,425

City of Irving	
Approximately 34 miles from the City	
Employer	Employees
Citigroup Inc.	6,500
Verizon Communications	3,000
Microsoft Corp	2,220
Irving Mall	2,100
Allstate Insurance	1,768
DFW International Airport	1,700
McKesson	1,600
Health Management Systems (HMS)	1,400
Pioneer Natural Resources	1,400
Neiman Marcus Direct	1,399

City of Fort Worth	
Approximately 32 miles from the City	
Employer	Employees
AMR Corp./American Airlines	25,000
Lockheed Martin Tactical Aircraft Systems	13,700
Fort Worth ISD	12,000
NAS Fort Worth Joint Reserve Base	10,000
JPS Health Network/John Peter Smith Hosp.	6,500
City of Fort Worth	6,200
Cook's Children's Health Care System	6,000
Tarrant County College	6,000
Alcon Laboratories Inc.	5,400
Bell Helicopter -Textron Inc.	5,000

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF MIDLOTHIAN, TEXAS

and

**UMB BANK, N.A.,
as Trustee**

DATED AS OF APRIL 1, 2021

SECURING

\$10,410,000

**CITY OF MIDLOTHIAN, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)**

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INDENTURE OF TRUST

THIS INDENTURE, dated as of April 1, 2021, is by and between the CITY OF MIDLOTHIAN, TEXAS (the "*City*"), and UMB Bank, N.A., Austin, Texas, as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, on August 18, 2019, a petition (the "*Petition*") was submitted and filed with the City Secretary of the City (the "*City Secretary*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "*Act*" or "*PID Act*"), requesting the creation of a public improvement district located within the corporate limits of the City to be known as "Redden Farms Public Improvement District" (the "*District*"); and

WHEREAS, the Petition contained the signatures of the owners of taxable real property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Ellis Appraisal District, and the signatures of record property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on August 25, 2020, the City Council of the City (the "*City Council*") adopted a resolution accepting the Petition and calling a public hearing on the creation of the District on September 22, 2020; and

WHEREAS, after due notice, on September 22, 2020 the City Council opened, conducted and closed the public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act and made the findings required by Section 372.009(b) of the PID Act and, adopted Resolution No. 2020-38 (the "*Creation Resolution*") authorizing the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, following the adoption of the Creation Resolution, the City published notice of its authorization of the District in a newspaper of general circulation in the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after the date of publication of such notice; and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the City published notice of a public hearing in a newspaper of general circulation in the City to consider the proposed "*Assessment Roll*" and the "*Service and Assessment Plan*" and the levy of the "*Assessments*" on property in the District and, pursuant to Section 372.016(c) of the PID Act, the City mailed notice of the public hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of Assessments on property in the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the public hearing on March 23, 2021, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the

opportunity to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Improvement Area #1 Project Costs and Improvement Area #2 Project Costs, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, at the March 23, 2021 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #1 Project Costs and Improvement Area #2 Project Costs, the Assessment Roll, or the levy of the Assessments; and

WHEREAS, the City Council closed the public hearing and, after considering all written and documentary evidence presented at the public hearing, including all written comments and statements filed with the City, at a meeting held on March 23, 2021, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the Assessment Roll and levied the Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the Assessments for the purpose of (i) paying the Improvement Area #1 Project Costs, (ii) paying the Improvement Area #2 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying Bond Issuance Costs; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be titled "City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)" (the "*Bonds*"), such Bonds being payable solely from the Trust Estate and for the purposes set forth in this preamble; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture;

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "*Trust Estate*");

FIRST GRANTING CLAUSE

The Pledged Revenues, as herein defined, including all moneys and investments held in the Pledged Funds, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

THIRD GRANTING CLAUSE

Any and all proceeds of the foregoing property and proceeds from the investment of the foregoing property;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

IN ADDITION, the Bonds are special, limited obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Trust Estate.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. **Definitions.**

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

"*Account*", in the singular, means any of the accounts established pursuant to Section 6.1 of this Indenture, and "*Accounts*", in the plural, means, collectively, all of the accounts established pursuant to Section 6.1 of this Indenture.

"*Additional Interest*" means the amount collected by application of the Additional Interest Rate.

"*Additional Interest Rate*" means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act.

"*Administrative Fund*" means that Fund established by Section 6.1 and administered pursuant to Section 6.9.

"*Administrator*" means the City or independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

"*Annual Collection Costs*" means the actual or budgeted costs and expenses related specifically to Improvement Area #1 and Improvement Area #2, including costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors and other consultants engaged by the City; (4) calculating, collecting and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan and the PID Act with respect to the Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

"*Annual Debt Service*" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year (excluding interest paid from funds on deposit in the Capitalized Interest Account of the Bond Fund), assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of

the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, collectively, the Improvement Area #1 Annual Installment and the Improvement Area #2 Annual Installment.

"Annual Service Plan Update" means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

"Applicable Laws" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State or of the United States of America, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"Assessed Property" means, collectively, the Improvement Area #1 Assessed Property and the Improvement Area #2 Assessed Property.

"Assessment Ordinance" means the ordinance adopted by the City Council on March 23, 2021, as may be amended or supplemented, that levied the Assessments on the Assessed Property.

"Assessment Revenues" means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

"Assessment Roll" means, collectively, the Improvement Area #1 Assessment Roll and the Improvement Area #2 Assessment Roll.

"Assessments" means, collectively, the Improvement Area #1 Assessment and the Improvement Area #2 Assessment.

"Attorney General" means the Attorney General of the State.

"Authorized Denomination" means \$100,000 and any integral multiple of \$5,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect.

"Authorized Improvements" mean those improvements authorized by Section 372.003 of the PID Act, including those described in the Service and Assessment Plan.

"Bond" means any of the Bonds.

"Bond Counsel" means McCall, Parkhurst & Horton L.L.P. or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"*Bond Fund*" means the Fund established pursuant to Section 6.1 and administered pursuant to Section 6.4 of this Indenture.

"*Bond Issuance Costs*" means the costs associated with issuing the Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount, fees charged by the Texas Attorney General, Trustee and Paying Agent/Registrar fees, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

"*Bond Ordinance*" means the ordinance adopted by the City Council on March 23, 2021 authorizing the issuance of the Bonds pursuant to this Indenture.

"*Bond Pledged Revenue Account*" means the Account in the Pledged Revenue Fund established pursuant to Section 6.1 of this Indenture.

"*Bond Year*" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

"*Bonds*" means the City's bonds authorized to be issued by Section 3.1 of this Indenture titled "City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)" and, in the event the City issues Refunding Bonds pursuant to Section 13.2 hereof, the term "Bonds" shall include such Refunding Bonds.

"*Business Day*" means any day other than a Saturday, Sunday or legal holiday in the State observed as such by the City or the Trustee or any national holiday observed by the Trustee.

"*Capitalized Interest Account*" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"*Certificate for Payment*" means, with respect to payment or reimbursement of Improvement Area #1 Project Costs and/or Improvement Area #2 Project Costs, a certificate substantially in the form of Exhibit B attached to the Reimbursement Agreement and executed by a Person approved by the City Representative that is delivered to the City Representative and the Trustee specifying the amount of work performed and the Improvement Area #1 Project Costs and/or Improvement Area #2 Project Costs thereof, and requesting payment for such Improvement Area #1 Project Costs and/or Improvement Area #2 Project Costs from money on deposit in the Improvement Area #1 Bond Improvement Account and/or the Improvement Area #2 Bond Improvement Account, as applicable, of the Project Fund as further described in the Reimbursement Agreement and Section 6.5 of this Indenture.

"*City Order*" means written instructions by the City executed by a City Representative.

"*City Representative*" means that official or agent of the City authorized by the City Council to undertake the action referenced herein.

"*Code*" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"*Comptroller*" means the Comptroller of Public Accounts of the State.

"*Costs of Issuance Account*" means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

"*Defeasance Securities*" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

"*Delinquency and Prepayment Reserve Account*" means the reserve account established by Section 6.1 of this Indenture administered by the City and segregated from other funds of the City.

"*Delinquency and Prepayment Reserve Requirement*" means an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues deposited to the Pledged Revenue Fund.

"*Delinquent Collection Costs*" means, for a Parcel, interest, penalties and other costs and expenses that are authorized by the PID Act and by the Assessment Ordinance and that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses related to the foreclosure of liens.

"*Delivery Date*" means April 13, 2021, which is the date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor.

"*Designated Payment/Transfer Office*" means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office designated by the Paying Agent/Registrar, which shall initially be located in Austin, Texas, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

"*Developer*" means, collectively, RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company, and any successors thereto.

"*DTC*" means The Depository Trust Company of New York, New York, or any successor securities depository.

"*DTC Participant*" means brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"*Foreclosure Proceeds*" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"*Fund*", in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and "*Funds*", in the plural, means, collectively, all of the funds established pursuant to Section 6.1 of this Indenture.

"*Improvement Area #1*" means that portion of the District generally described in Section II of the Service and Assessment Plan and generally shown in Exhibit A-3 to the Service and Assessment Plan and as specifically described in Exhibit L-3 to the Service and Assessment Plan.

"*Improvement Area #1 Annual Installment*" means, with respect to each Improvement Area #1 Assessed Property, each annual payment of: (i) the Improvement Area #1 Assessments, as shown on the Improvement Area #1 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit F-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs related to Improvement Area #1 and (iii) the Additional Interest.

"*Improvement Area #1 Assessed Property*" means the property located in Improvement Area #1 that benefit from the Improvement Area #1 Projects and is defined as the "Improvement Area #1 Assessed Property" in the Service and Assessment Plan.

"*Improvement Area #1 Assessment Roll*" means the "Improvement Area #1 Assessment Roll", which document is attached to the Service and Assessment Plan as Exhibit F-1, as updated, modified or amended from time to time.

"*Improvement Area #1 Assessment*" means an assessment levied against Improvement Area #1 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #1 Projects and is defined as "Improvement Area #1 Assessment" in the Service and Assessment Plan.

"*Improvement Area #1 Authorized Amount*" shall have the meaning assigned to such term in Section 6.5(j)(1) of this Indenture.

"*Improvement Area #1 Improvements*" means the Authorized Improvements which only benefit the property located in Improvement Area #1 and are described in Section III.B. and Exhibit H-2 to the Service and Assessment Plan.

"*Improvement Area #1 Project Costs*" means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the Improvement Area #1 Projects.

"*Improvement Area #1 Projects*" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #1 and (2) the Improvement Area #1 Improvements.

"*Improvement Area #1 Release Condition*" shall have the meaning assigned to such term in Section 6.5(j)(2) of this Indenture.

"Improvement Area #1 Value to Lien Ratio" means the ratio of the estimated taxable assessed value of Improvement Area #1 Assessed Property to the outstanding Improvement Area #1 Assessments.

"Improvement Area #2" means that portion of the District generally described in Section II of the Service and Assessment Plan and generally shown in Exhibit A-4 to the Service and Assessment Plan and as specifically described in Exhibit L-4 to the Service and Assessment Plan.

"Improvement Area #2 Annual Installment" means, with respect to each Improvement Area #2 Assessed Property, each annual payment of: (i) the Improvement Area #2 Assessments, as shown on the Improvement Area #2 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs related to Improvement Area #2 and (iii) the Additional Interest.

"Improvement Area #2 Assessed Property" means the property located in Improvement Area #2 that benefit from the Improvement Area #2 Projects and is defined as the "Improvement Area #2 Assessed Property" in the Service and Assessment Plan.

"Improvement Area #2 Assessment" means an assessment levied against Improvement Area #2 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #2 Projects and is defined as "Improvement Area #2 Assessment" in the Service and Assessment Plan.

"Improvement Area #2 Assessment Roll" means the "Improvement Area #2 Assessment Roll", which document is attached to the Service and Assessment Plan as Exhibit G-1, as updated, modified or amended from time to time.

"Improvement Area #2 Authorized Amount" shall have the meaning assigned to such term in Section 6.5(j)(3) of this Indenture.

"Improvement Area #2 Improvements" means the Authorized Improvements which only benefit the property located in Improvement Area #2 and are described in Section III.C. and Exhibit H-3 to the Service and Assessment Plan.

"Improvement Area #2 Project Costs" means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the Improvement Area #2 Projects.

"Improvement Area #2 Projects" means, collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #2 and (2) the Improvement Area #2 Improvements.

"Improvement Area #2 Release Condition" shall have the meaning assigned to such term in Section 6.5(j)(4) of this Indenture.

"Improvement Area #2 Value to Lien Ratio" means the ratio of the estimated taxable assessed value of Improvement Area #2 Assessed Property to the outstanding Improvement Area #2 Assessments.

"Indenture" means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Initial Bonds" means the Initial Bond(s) authorized by Section 5.2 of this Indenture.

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing September 15, 2021.

"Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, which investments are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time.

"Major Improvements" means the Authorized Improvements that confer special benefit to the entire District, and as further described in Section III.A. and depicted on Exhibit H-1 to the Service and Assessment Plan.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Minor Amount Redemption" means a redemption pursuant to Section 4.4 of this Indenture of a principal amount of Bonds redeemed that is less than ten percent (10%) of the Outstanding principal amount of the Bonds.

"Outstanding" means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 of this Indenture and (iv) Bond alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Indenture.

"*Owner*" means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 of this Indenture.

"*Parcel*" or "*Parcels*" means a parcel or parcels within the District identified by either a tax map identification number assigned by the Ellis Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Ellis County.

"*Paying Agent/Registrar*" means initially the Trustee, or any successor thereto as provided in this Indenture.

"*Person*" or "*Persons*" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Pledged Funds*" means, collectively, the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund and the Redemption Fund.

"*Pledged Revenue Fund*" means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 of this Indenture.

"*Pledged Revenues*" means, collectively, the (i) Assessment Revenues (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

"*Prepayment*" means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

"*Principal and Interest Account*" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"*Project Fund*" means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 of this Indenture.

"*Purchaser*" means the initial purchaser of the Bonds.

"*Rebatable Arbitrage*" means rebatable arbitrage as defined in Section 1.148-3 of the Treasury Regulations.

"*Rebate Fund*" means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 of this Indenture.

"*Record Date*" means the close of business on the last Business Day of the month next preceding an Interest Payment Date.

"*Redemption Fund*" means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

"*Redemption Price*" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bond to the date fixed for redemption payable upon redemption thereof pursuant to this Indenture.

"*Refunding Bonds*" means bonds issued to refund all or any portion of the Outstanding Bonds and secured by a parity lien with the Outstanding Bonds on the Pledged Revenues, as more specifically described in the Supplemental Indenture authorizing such Refunding Bonds.

"*Register*" means the register specified in Article III of this Indenture.

"*Reimbursement Agreement*" means the Reimbursement Agreement by and between the City and the Developer, dated March 23, 2021, as may be amended and/or supplemented from time to time, which provides, in part, for the construction and maintenance of the Improvement Area #1 Projects and the Improvement Area #2 Projects, the issuance of the Bonds, the payment or reimbursement of costs of Improvement Area #1 Projects and Improvement Area #2 Projects not paid from the Project Fund, and other matters related thereto.

"*Reserve Account*" means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

"*Reserve Fund*" means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.7 of this Indenture.

"*Reserve Fund Obligations*" means cash or Investment Securities.

"*Reserve Account Requirement*" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, and (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the proceeds of the Bonds. As of the Delivery Date, the Reserve Account Requirement is \$629,956.26 which is an amount equal to the Reserve Account Requirement defined above.

"*Service and Assessment Plan*" means the document, including the Assessment Roll, which is attached to the Assessment Ordinance, as may be updated, amended and supplemented from time to time.

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of a Stated Maturity of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 of this Indenture.

"*Special Record Date*" has the meaning set forth in in the form of Bond included in Section 5.2 of this Indenture.

"*State*" means the State of Texas.

"*Stated Maturity*" means the date the Bonds, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or Prepayment.

"*Substantial Amount Redemption*" means a redemption of Bonds pursuant to Section 4.4 of this Indenture of a principal amount of Bonds redeemed that is greater than or equal to ten percent (10%) of the Outstanding principal amount of the Bonds.

"*Supplemental Indenture*" means an indenture which has been duly executed by the Trustee and a City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"*Treasury Regulations*" shall have the meaning assigned to such term in Section 7.5(c) of this Indenture.

"*Trust Estate*" means the Trust Estate described in the granting clauses of this Indenture, which shall only include Pledged Revenues related to the Assessments levied on the Assessed Property, unless the City pledges additional revenues to the payment of the Bonds, which additional pledge may only be created in a Supplemental Indenture.

"*Trustee*" means UMB Bank, N.A., Austin, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

"*Value of Investment Securities*" means the lower of the cost of or the market value of Investment Securities.

Section 1.2. **Findings.**

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3. **Table of Contents, Titles and Headings.**

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds.

(a) The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

(b) The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Delivery Date, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council. The City has ascertained, and it is hereby determined and declared, that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful and/or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and/or convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$10,410,000 for the purpose of (i) paying the Improvement Area #1 Project Costs, (ii) paying the Improvement Area #2 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying Bond Issuance Costs.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated April 1, 2021 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Delivery Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below, or on a date of earlier redemption, or otherwise provided for. Such interest shall

be payable semiannually on March 15 and September 15 of each year, commencing September 15, 2021, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest at the rates set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 845,000	2.875 %
***	***	***
2031	1,230,000	3.500
***	***	***
2041	3,310,000	3.875
***	***	***
2051	5,025,000	4.125

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2.

Section 3.3. **Conditions Precedent to Delivery of Bonds.**

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of the executed Reimbursement Agreement with all executed amendments thereto;
- (d) a copy of this Indenture executed by the Trustee and the City;
- (e) an executed City Order directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee;
- (f) an executed Signature and No-Litigation Certificate;
- (g) an executed opinion of Bond Counsel;
- (h) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate; and

(i) a copy of the continuing disclosure agreements entered into with the Developer and the Issuer, respectively.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the City such funds theretofore held by it for payment of such Bonds. Thereafter, the registered Owner of that Bond shall look only to the City for payment and then only to amounts so received by the City. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat,

abandoned property, or similar law of the State, any such payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor (or, in the absence of the Mayor, the Mayor Pro Tem) and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bond.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered on the Delivery Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General, is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Delivery Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not such Bond is overdue, and none of the City, the Trustee or the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this

Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.8. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall dispose of cancelled Bonds in accordance with its record retention policies.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. **Replacement Bonds.**

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the City shall issue and the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11. Book-Entry-Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the blanket issuer letter of representations from the City to DTC. On the Delivery Date, the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.12. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the blanket issuer letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to

their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. **Payments to Cede & Co.**

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. **Limitation on Redemption.**

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.2. **Mandatory Sinking Fund Redemption.**

(a) The Bonds maturing on September 15 in each of the years 2026, 2031, 2041 and 2051 (collectively, the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds maturing September 15, 2026

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2023	\$ 200,000
September 15, 2024	210,000
September 15, 2025	215,000
September 15, 2026*	220,000

Term Bonds maturing September 15, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2027	\$ 230,000
September 15, 2028	235,000
September 15, 2029	245,000
September 15, 2030	255,000
September 15, 2031*	265,000

Term Bonds maturing September 15, 2041

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2032	\$ 275,000
September 15, 2033	285,000
September 15, 2034	295,000
September 15, 2035	310,000
September 15, 2036	320,000
September 15, 2037	335,000
September 15, 2038	350,000
September 15, 2039	365,000
September 15, 2040	380,000
September 15, 2041*	395,000

Term Bonds maturing September 15, 2051

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2042	\$ 410,000
September 15, 2043	430,000
September 15, 2044	450,000
September 15, 2045	465,000
September 15, 2046	490,000
September 15, 2047	510,000
September 15, 2048	530,000
September 15, 2049	555,000
September 15, 2050	580,000
September 15, 2051*	605,000

* Stated Maturity.

(b) At least thirty (30) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select by lot a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions in Section 4.3 hereof or the

extraordinary optional redemption provisions in Section 4.4 hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 2031, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

In the event of a Prepayment, or if any other transfers are made into the Redemption Fund under the terms of this Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates or optional redemption date specified in Section 4.3 hereof, in whole or in part, on any date, from amounts on deposit in the Redemption Fund, at the Redemption Price.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4 hereof, Bonds shall be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the principal amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

(b) If less than all of the Bonds are called for optional redemption pursuant to Section 4.3 hereof, the Trustee shall rely on directions provided in a City Order in selecting the Bonds to be redeemed.

(c) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds to be redeemed shall be selected in the following manner:

(i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds shall be redeemed in inverse order of maturity.

(d) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) Upon receipt of a City Order of optional redemption by the City to the Trustee, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. Upon receipt of a City Order of such rescission from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee (initially Austin, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General may be typewritten and photocopied or otherwise reproduced.

Section 5.2. Form of the Bonds.

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING
POWER OF THE STATE OF TEXAS, THE CITY, OR ANY
OTHER POLITICAL CORPORATION, SUBDIVISION OR
AGENCY THEREOF, IS PLEDGED TO THE PAYMENT
OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
NO. _____

United States of America
State of Texas

REGISTERED
\$ _____

CITY OF MIDLOTHIAN, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP NUMBER
_____%	September 15, 20__	April 13, 2021	_____

The City of Midlothian, Texas (the "*City*"), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Delivery Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing September 15, 2021.

Capitalized terms appearing herein that are defined terms in the Indenture (defined below) have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Austin, Texas (the "*Designated Payment/Transfer Office*"), of UMB Bank, N.A., as trustee and paying agent/registrar (the "*Trustee*"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "*Record Date*," which shall be the last Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the

date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "*Bonds*"), dated April 1, 2021 and issued in the aggregate principal amount of \$10,410,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of April 1, 2021 (the "*Indenture*"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying the Improvement Area #1 Project Costs, (ii) paying the Improvement Area #2 Project Costs, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying Bond Issuance Costs.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

In the Indenture, the City has reserved the right to issue Refunding Bonds payable from and secured by a lien on and pledge of the sources described above on a parity with this Bond.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$100,000 and any multiple of \$5,000 in excess thereof ("*Authorized Denominations*"). Except to the extent permitted by the Indenture, the City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$100,000, and any attempt to do so will be void and of no effect.

The Bonds maturing on September 15 in each of the years 2026, 2031, 2041 and 2051 (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds maturing September 15, 2026

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2023	\$ 200,000
September 15, 2024	210,000
September 15, 2025	215,000
September 15, 2026*	220,000

Term Bonds maturing September 15, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2027	\$ 230,000
September 15, 2028	235,000
September 15, 2029	245,000
September 15, 2030	255,000
September 15, 2031*	265,000

Term Bonds maturing September 15, 2041

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2032	\$ 275,000
September 15, 2033	285,000
September 15, 2034	295,000
September 15, 2035	310,000
September 15, 2036	320,000
September 15, 2037	335,000
September 15, 2038	350,000
September 15, 2039	365,000
September 15, 2040	380,000
September 15, 2041*	395,000

Term Bonds maturing September 15, 2051

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2042	\$ 410,000
September 15, 2043	430,000
September 15, 2044	450,000
September 15, 2045	465,000
September 15, 2046	490,000
September 15, 2047	510,000
September 15, 2048	530,000
September 15, 2049	555,000
September 15, 2050	580,000
September 15, 2051*	605,000

* Stated Maturity.

At least thirty (30) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of

such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to the Indenture shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 2031, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption ("*Optional Redemption*").

The Bonds are subject to extraordinary optional redemption prior to maturity, in whole or in part, on any date, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund, as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture ("*Extraordinary Optional Redemption*").

If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the principal amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

If less than all of the Bonds are called for Optional Redemption, the Trustee shall rely on directions provided in a City Order in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for Extraordinary Optional Redemption, the Bonds to be redeemed shall be selected in the following manner:

- (i) with respect to a Substantial Amount Redemption (as defined in the Indenture), the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and
- (ii) with respect to a Minor Amount Redemption (as defined in the Indenture), the Outstanding Bonds shall be redeemed in inverse order of maturity.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, ELLIS COUNTY, TEXAS, OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Secretary of the City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Bond.

City Secretary

Mayor

(City Seal)

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

UMB BANK, N.A.,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

(Social Security or other identifying number: _____) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) the Initial Bond shall be numbered T-1; and

(iii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 845,000	2.875 %
***	***	***
2031	1,230,000	3.500
***	***	***
2041	3,310,000	3.875
***	***	***
2051	5,025,000	4.125"

Section 5.3. **CUSIP Registration.**

The City may secure identification numbers through CUSIP Global Services, managed by S&P Global Markets Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. Except as authorized under Section 4.5 hereof, the City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 5.4. **Legal Opinion.**

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VI
FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Accounts are hereby created and established under the Bond Fund:

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account.

(ii) The following Accounts are hereby created and established under the Reserve Fund:

- (A) Reserve Account; and
- (B) Delinquency and Prepayment Reserve Account.

(iii) The following Accounts are hereby created and established under the Project Fund:

- (A) Improvement Area #1 Bond Improvement Account;
- (B) Improvement Area #2 Bond Improvement Account; and
- (C) Costs of Issuance Account.

(iv) The following Account is hereby created and established under the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (i) to the Capitalized Interest Account of the Bond Fund: \$572,995.56;
- (ii) to the Reserve Account of the Reserve Fund: \$629,956.26, which is equal to the initial Reserve Account Requirement;
- (iii) to the Costs of Issuance Account of the Project Fund: \$468,823.88;
- (iv) to the Improvement Area #1 Bond Improvement Account of the Project Fund: \$7,371,423.81;
- (v) to the Improvement Area #2 Bond Improvement Account of the Project Fund: \$1,012,816.19; and
- (vi) to the Administrative Fund: \$30,000.00.

Section 6.3. Pledged Revenue Fund.

(a) Periodically upon receipt thereof, and no later than February 15 of each year, beginning February 15, 2022, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with Section 6.9 hereof. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee, the following amounts from the Pledged Revenue Fund to the following Accounts: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund, an amount sufficient to pay debt service on the Bonds next coming due, and (ii) second, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve

Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in Section 6.7 hereof and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made under this Section 6.3(a), if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes Rebataable Arbitrage to the United States Government pursuant to Section 6.8 hereof, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.3(a), the full amount of Rebataable Arbitrage owed by the City, as further described in Section 6.10(f) hereof. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (i) pay Improvement Area #1 Project Costs, (ii) pay Improvement Area #2 Project Costs, (iii) pay other costs permitted by the PID Act or (iv) deposit such excess into the Redemption Fund to redeem Bonds as provided in Article IV. Along with each transfer to the Trustee, the City shall provide a certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds in the same manner described in Section 11.4(a) herein.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt of Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt of Foreclosure Proceeds into the Pledged Revenue Fund and after such deposit shall transfer such Foreclosure Proceeds, as directed by the City pursuant to a City Order, first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement and second, to replenish the Delinquency and Prepayment Reserve Requirement), and second, to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in Section 6.3(a) hereof, as directed by the City in a City Order.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to Section 6.7(f). Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 15, 2021, March 15, 2022 and September 15, 2022. Not later than five Business Days prior to the Interest Payment Date specified above, the Trustee shall withdraw from the Capitalized Interest Account and transfer to the Principal and Interest Account of the Bond Fund all interest due on the Bonds on such Interest Payment Dates. Any amounts on deposit to the Capitalized Interest Account after the foregoing payments shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund or the Improvement Area #2 Bond Improvement Account of the Project Fund, or, if both the Improvement Area #1 Bond Improvement Account and the Improvement Area #2 Bond Improvement Account have been closed as provided in Section 6.5(d) or (f), such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 and the Capitalized Interest Account shall be closed.

(d) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7, there are insufficient funds to make the payments provided in paragraph (a) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in clauses (i), (ii) and (iv) of Section 3.1. Except as provided in Sections 6.5(d), (e), (g), (h) and (i), money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #1 Project Costs and money on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #2 Project Costs.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay specified portions of the Bond Issuance Costs pursuant to one or

more City Orders. Subject to Section 6.5(c) of this Indenture, disbursements from the Improvement Area #1 Bond Improvement Account and the Improvement Area #2 Bond Improvement Account of the Project Fund shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. Each such City Order and/or Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such City Order and/or Certificate for Payment and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

(c) (1) Until such time as the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account, the Trustee shall pay Improvement Area #1 Project Costs from funds in the Improvement Area #1 Bond Improvement Account until the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account. After the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account and prior to the satisfaction of an Improvement Area #1 Release Condition in accordance with Section 6.5(j) of this Indenture, the Trustee shall not make any payments from funds on deposit in the Improvement Area #1 Bond Improvement Account until an Improvement Area #1 Release Condition has been satisfied. After the Improvement Area #1 Authorized Amount has been disbursed from the Improvement Area #1 Bond Improvement Account and an Improvement Area #1 Release Condition has been satisfied, the Trustee shall pay Improvement Area #1 Project Costs from funds in the Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment.

(2) Until such time as the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account, the Trustee shall pay Improvement Area #2 Project Costs from funds in the Improvement Area #2 Bond Improvement Account until the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account. After the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account and prior to the satisfaction of an Improvement Area #2 Release Condition in accordance with Section 6.5(j) of this Indenture, the Trustee shall not make any payments from funds on deposit in the Improvement Area #2 Bond Improvement Account until an Improvement Area #2 Release Condition has been satisfied. After the Improvement Area #2 Authorized Amount has been disbursed from the Improvement Area #2 Bond Improvement Account and an Improvement Area #2 Release Condition has been satisfied, the Trustee shall pay Improvement Area #2 Project Costs from funds in the Improvement Area #2 Bond Improvement Account pursuant to a Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Bond Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account of the

Project Fund will ever be expended for the purposes of the Improvement Area #1 Bond Improvement Account of the Project Fund, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Bond Improvement Account of the Project Fund. If such City Order is so filed, the amounts on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall be transferred to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Order filed with the Trustee. Upon such transfers, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #2 Bond Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #2 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Bond Improvement Account of the Project Fund will ever be expended for the purposes of the Improvement Area #2 Bond Improvement Account of the Project Fund, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #2 Bond Improvement Account of the Project Fund. If such City Order is so filed, the amounts on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund shall be transferred to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Order filed with the Trustee. Upon such transfers, the Improvement Area #2 Bond Improvement Account of the Project Fund shall be closed.

(f) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(g) Upon the filing of a City Order stating that all Improvement Area #1 Projects have been completed and that all Improvement Area #1 Project Costs have been paid, or that any Improvement Area #1 Project Costs are not required to be paid from the Improvement Area #1 Bond Improvement Account of the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Order filed with the Trustee; provided, however, that the City shall not file a City Order pursuant to this Section if the Developer has submitted a Certificate for Payment to the City requesting payment from the Improvement Area #1 Bond Improvement Account of the Project Fund and the City has not yet completed its review of such Certificate for Payment. Upon such transfers, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(h) Upon the filing of a City Order stating that all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Project Costs have been paid, or that any Improvement Area #2 Project Costs are not required to be paid from the Improvement Area #2 Bond Improvement Account of the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as

directed by the City Representative in a City Order filed with the Trustee; provided, however, that the City shall not file a City Order pursuant to this Section if the Developer has submitted a Certificate for Payment to the City requesting payment from the Improvement Area #2 Bond Improvement Account of the Project Fund and the City has not yet completed its review of such Certificate for Payment. Upon such transfers, the Improvement Area #2 Bond Improvement Account of the Project Fund shall be closed.

(i) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay Improvement Area #1 Project Costs or to the Improvement Area #2 Bond Improvement Account of the Project Fund and used to pay Improvement Area #2 Project Costs or, if no Improvement Area #1 Project Costs or Improvement Area #2 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

(j) (1) The aggregate amount of funds that the Trustee may disburse from the Improvement Area #1 Bond Improvement Account shall not exceed \$5,823,947.98 (the "*Improvement Area #1 Authorized Amount*") except and until an Improvement Area #1 Release Condition has been satisfied. The Trustee may make disbursements from the Improvement Area #1 Bond Improvement Account that exceed the Improvement Area #1 Authorized Amount only when the Developer provides written certification to the Trustee and the City in a Certificate for Payment that an Improvement Area #1 Release Condition has been satisfied. The first Certificate for Payment that requests funds in excess of the Improvement Area #1 Authorized Amount from the Improvement Area #1 Bond Improvement Account after satisfaction of an Improvement Area #1 Release Condition shall be submitted to the City, the Trustee, the City's financial advisor, Bond Counsel and the Administrator for review and confirmation.

(2) Money may be disbursed from the Improvement Area #1 Bond Improvement Account in excess of the Improvement Area #1 Authorized Amount only if either (i) the Improvement Area #1 Value to Lien Ratio equals at least 3.00 to 1.00 or (ii) the City has issued a certificate of occupancy or approval of the final inspection for at least 13 homes within Improvement Area #1 (each an "*Improvement Area #1 Release Condition*"). The City may not approve a Certificate for Payment for payment from the Improvement Area #1 Bond Improvement Account for any amounts that exceed the Improvement Area #1 Authorized Amount until at least one of the Improvement Area #1 Release Conditions has been satisfied. In determining the estimated taxable assessed value of the property within Improvement Area #1 for purposes of the above-described Improvement Area #1 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #1 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #1 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #1 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

(3) The aggregate amount of funds that the Trustee may disburse from the Improvement Area #2 Bond Improvement Account shall not exceed \$800,292.02 (the "*Improvement Area #2 Authorized Amount*") except and until an Improvement Area #2 Release Condition has been satisfied. The Trustee may make disbursements from the Improvement Area #2 Bond Improvement Account that exceed the Improvement Area #2 Authorized Amount only when the Developer provides written certification to the Trustee and the City in a Certificate for Payment that an Improvement Area #2 Release Condition has been satisfied. The first Certificate for Payment that requests funds in excess of the Improvement Area #2 Authorized Amount from the Improvement Area #2 Bond Improvement Account after satisfaction of an Improvement Area #2 Release Condition shall be submitted to the City, the Trustee, the City's financial advisor, Bond Counsel and the Administrator for review and confirmation.

(4) Money may be disbursed from the Improvement Area #2 Bond Improvement Account in excess of the Improvement Area #2 Authorized Amount only if either (i) the Improvement Area #2 Value to Lien Ratio equals at least 3.00 to 1.00 or (ii) the City has issued a certificate of occupancy or approval of a final inspection for at least 13 homes within Improvement Area #2 (each an "*Improvement Area #2 Release Condition*"). The City may not approve a Certificate for Payment for payment from the Improvement Area #2 Bond Improvement Account for any amounts that exceed the Improvement Area #2 Authorized Amount until at least one of the Improvement Area #2 Release Conditions has been satisfied. In determining the estimated taxable assessed value of the property within Improvement Area #2 for purposes of the above-described Improvement Area #2 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #2 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, pursuant to a City Order, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account an amount equal to not less than the Reserve Account Requirement. Amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purposes set forth in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of

each year, commencing March 15, 2022, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. In transferring the amounts pursuant to this Section, the Trustee may conclusively rely on a City Order (which shall be based on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan) unless and until it receives a City Order directing that a different amount be used. The Additional Interest shall continue to be collected and deposited pursuant to this Section 6.7 until the Bonds are no longer Outstanding.

(b) Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.

(c) In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4, the Trustee, pursuant to a City Order, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$5,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date as directed by a City Order, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4, unless within thirty days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof, (iv) to the Improvement Area #2 Bond Improvement Account of the Project Fund to pay Improvement Area #2 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (v) to the Redemption Fund to be applied to the redemption of Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with this Section.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency. In such event, notwithstanding anything to the contrary in Section 6.7(a) above, the Additional Interest shall be used to replenish first, the Reserve Account of the Reserve Fund and second, the Delinquency and Prepayment Reserve Account of the Reserve Fund.

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

(i) If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next date the Bonds may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

Section 6.8. Rebate Fund: Rebatable Arbitrage.

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

(b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance

with the Code and the Tax Certificate, as further set forth in a City Order sent to the Trustee. The Trustee may conclusively rely on such City Order as set forth in this Section and shall not be responsible for any loss or liability resulting from the investment of funds under this Section, but only so long as the Trustee follows such City Order in all respects.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and shall not be liable or responsible if it follows the written instructions contained in the City Order and shall not be required to take any action under this Section in the absence of instructions from the City.

(d) The first calculation to determine whether Rebatable Arbitrage is owed to the United States Government (each, a "Rebate Calculation") will be done on the date that is five years from the Delivery Date, and each subsequent Rebate Calculation will be done, at a minimum, (i) on the same date every five years thereafter and (ii) on the date the Bonds have been paid in full, either as a result of maturity or prior redemption. The City shall provide the Trustee with a City Order in connection with each Rebate Calculation made pursuant to this Section, and each City Order shall include a copy of the Rebate Calculation and shall state whether or not the City owes Rebatable Arbitrage to the United States Government.

(e) In the event it is found, after a Rebate Calculation has been done pursuant to this Section, that the City owes Rebatable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatable Arbitrage owed by the City. Such City Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the funds shall be transferred. If the final Rebate Calculation shows that the City owes Rebatable Arbitrage to the United States Government, and there are insufficient funds in the Pledged Funds to pay such Rebatable Arbitrage, the Trustee shall notify the City of such insufficiency, and the City shall transfer to the Trustee an amount equal to such insufficiency for deposit into the Rebate Fund within five (5) Business Days of receiving notice from the Trustee.

(f) If, on any date a Rebate Calculation is done, the amount on deposit in the Rebate Fund exceeds the amount of the Rebatable Arbitrage, the City may direct the Trustee, pursuant to a City Order, to transfer the amount in excess of the Rebatable Arbitrage to the Bond Fund.

Section 6.9. Administrative Fund.

(a) Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan, and other funds directed by this Indenture to be deposited therein.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

Section 6.10.

Investment of Funds.

(a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below); the City Order shall direct investment in such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, and such City Order shall provide that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested pursuant to a City Order in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in the Morgan Stanley Gov't Fund #8352 (CUSIP 61747C889), and only so long as the money required to be expended from any Fund will be available at the proper time or times.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities as directed pursuant to a City Order.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times

account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after a Rebate Calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebateable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebateable Arbitrage owed by the City. The City Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

Section 6.11. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Assessments against the Assessed Property from which the Assessment Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding and amounts are due to the Developer under the Reimbursement Agreement to reimburse it for funds it has contributed to pay reimbursable Improvement Area #1 Project Costs or Improvement Area #2 Project Costs, the City covenants, agrees and warrants that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments.

(b) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of, the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

(c) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding particular Assessed Property.

(d) The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Annual Collection Costs in connection with its covenants and agreements under this Section or otherwise other than funds on deposit in the Administrative Fund.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Trust Estate are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and any Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any Bonds are Outstanding and amounts are due to the Developer under the Reimbursement Agreement to reimburse the Developer for funds the Developer has contributed to pay reimbursable Improvement Area #1 Project Costs or Improvement Area #2 Project Costs, the City will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than twenty (20) days after the City receives such request.

Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of refunding bonds, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds or refunding bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the Delivery Date) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(9), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager and the Assistant City Manager, individually or jointly, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Improvement Area #1 Project Costs and Improvement Area #2 Project Costs on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Area #1 Projects and the Improvement Area #2 Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation unless the City obtains an opinion of nationally recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

LIABILITY OF CITY

Section 8.1. Liability of City.

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and, except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

(b) The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the

Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(c) In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

(d) No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the "Bond Documents"), shall require the City to expend or risk its own general funds or other funds or otherwise incur any financial liability (other than with respect to the Pledged Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

(e) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

(g) In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX

THE TRUSTEE

Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.

(a) The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Bonds.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that absent an Event of Default, the Trustee shall not request or require indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to deliver any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnification, and in such case the Trustee may make transfers from the Pledged Revenue Fund and Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund, to pay all fees, costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

(a) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise

expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture; or (vi) to undertake any other action unless specifically authorized pursuant to a City Order or pursuant to this Indenture.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. No implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee is not responsible for the terms or any agreement to which it is not a party and is not responsible for determining compliance with the terms of any document to which it is not a party. The Trustee is not responsible for nor have any duty to monitor the performance or any action of any other person or entity. In any event, the Trustee shall not be liable for any amount in excess of the value of the Trust Estate.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Projects or the Improvement Area #2 Projects. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(g) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of at least a majority of the aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

(j) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility it being understood that Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(k) Except as provided in Section 9.2 hereof, before taking any action under this Indenture (other than making any payment of principal, premium, or interest on the Bonds), the Trustee may require that a satisfactory indemnity be furnished to it for the payment or reimbursement of all costs and expenses (including, without limitation, attorney's fees and

expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which it adjudicated to have resulted from its negligence or willful misconduct.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

(a) The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Reimbursement Agreement or the Development Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into, and shall not be deemed to have knowledge of, any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, with such counsel being the Trustee's in-house legal counsel or outside legal counsel that is nationally recognized in the field of municipal bond law, who may or may not be Bond Counsel, and the opinion of such legal counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted to be taken by the Trustee in accordance therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent, is the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Order, unless other evidence in respect thereof be hereby specifically prescribed. Such City Order shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative. The Trustee shall be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Order shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

(c) The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13.

(d) In the event that any portion of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee, pursuant to a City Order, shall transfer from the Administrative Fund the amount provided in such City Order to provide for payment of compensation for all services rendered by the Trustee hereunder, including its services as Paying Agent/Registrar and extraordinary services rendered, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, all pursuant to a City Order, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the reasonable judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys held in the Administrative Fund, and, to the extent moneys in the Administrative Fund are insufficient, then from any moneys in its possession under the provision of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The right of the Trustee to fees, expenses and indemnification, to the extent permitted by law, shall survive the release, discharge, and satisfaction of this Indenture.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate principal amount of the Bonds then Outstanding. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed

as a duty, and the Trustee shall not be answerable for other than its own negligence or willful misconduct.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority in aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% in aggregate Outstanding principal amount of the Bonds.

Section 9.10. Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed after any such vacancy shall have occurred by the Owners of at least 50% of the aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

(c) Until such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

(c) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

(e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

(f) Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of its outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Continuation Statements.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee; provided, however, that unless the Trustee is otherwise notified by the City, the Trustee may conclusively rely upon the initial filing statements delivered to it in filing any continuation statements hereunder.

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

Section 9.16. Offering Documentation.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.17. Expenditure of Funds and Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of not less than a majority in aggregate of the principal amount of the Bonds then Outstanding, and the City's approval of such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate, or any portion thereof, superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except for the issuance of Refunding Bonds or as otherwise permitted by Applicable Laws or this Indenture), or (iii) reduce the percentage of Owners of the Bonds required for the amendment hereof. Any such amendment shall not modify any of the rights or obligations of the Trustee without its written consent.

(b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law, and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

(iv) to set forth additional provisions, if deemed necessary or advisable, in connection with the issuance of Refunding Bonds permitted under the terms of this Indenture; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect

that such amendment will not adversely affect the: (i) interests of the Owners in any material respect and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting, to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for the conduct of said meeting; provided, however, that the same may not conflict with the terms of this Indenture. Without limiting the generality of the immediately preceding sentence, such rules and regulations may not reduce the percentage of Owners of Bonds required for the amendment of this Indenture as provided herein.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, if such consent is required pursuant to Section 10.1, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture, a notice shall have been mailed as hereinafter in this Section provided, and the City has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically

provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. Procedure for Amendment Not Requiring Owner Consent.

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. The City shall direct the Trustee to provide a copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, mailed by first class mail to each Owner of Bonds, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds as of the date of such execution and delivery.

Section 10.5. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.6. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.7. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.8. Waiver of Default.

With the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.9. Execution of Supplemental Indenture.

(a) In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(b) No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (i) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (ii) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (iii) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Assessment Revenues to the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time

reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; and

(iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding hereunder shall proceed, to protect and enforce the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate, and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the

reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in Section 11.1, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds, Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the

Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due or Redemption Price and to the Owners entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners pursuant to this Section 11.4 not later than thirty (30) days after receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Full compliance with any provision in this Article for the mailing of a notice or other document to Owners shall be deemed to have occurred if the notice is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with

respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will provide written direction to the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

Section 12.2. General.

The City shall do and perform or cause to be done and performed all reasonable acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Other Obligations or Other Liens; Refunding Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue or incur bonds, notes or other obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate, or any portion thereof, including debt payable from revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract. In addition, the City reserves the right to issue bonds or other obligations secured by and payable from Pledged Revenues, so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

(b) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State. So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(c) Notwithstanding anything herein to the contrary, no Refunding Bonds or subordinate obligations described by Section 13.2(a) above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds or subordinate obligations are scheduled to mature or be subject to mandatory sinking fund redemption on September 15 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds or subordinate obligations must be scheduled to be paid on March 15 and/or September 15 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Trust Estate and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THIS INDENTURE

Section 14.1. **Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. **Satisfaction of Indenture.**

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. **Bonds Deemed Paid.**

(a) Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds and shall not be part of the Trust Estate. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

(c) Until all Defeased Debt shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar for such Defeased Debt the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Indenture.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys duly appointed in writing.

(b) Except as otherwise expressly provided herein, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

(d) Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. No Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the City

City of Midlothian, Texas
104 West Avenue E
Midlothian, Texas 76065
Attn: City Manager
Telephone: (972) 775-7195

If to the Trustee, initially also acting in
the capacity of Paying Agent/Registrar

UMB Bank, N.A.
6034 W. Courtyard Drive, Ste.370
Austin, Texas 78730
Attn: Jose A. Gaytan, Jr.
Telephone: (512) 582-5851
Fax No.: (512) 582-5855
Email: jose.gaytan@umb.com

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Owner of a Bond notice of the redemption or defeasance of all Bonds Outstanding.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that anyone or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State. Venue and exclusive jurisdiction for any action to enforce or construe this Indenture shall be a state court of competent jurisdiction in Ellis County, Texas.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Reimbursement Agreement Amendments and Supplements.

The City and the Developer may amend and supplement the Reimbursement Agreement from time to time without the consent or approval of the Owners or the Trustee.

Section 15.10. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.11. No Boycott of the State of Israel; No Terrorist Organization.

(a) In *Amawi v. Pflugerville Independent School District* (1:18-cv-01091), the United States District Court for the Western District of Texas issued a preliminary injunction (the "NBI Injunction") preventing the defendants (including the State) from enforcement of Texas Government Code §2271.001 et. seq. or any "No Boycott of Israel" clause in any state contract. On May 7, 2019, H.B. 793, 86th Texas Legislature, Regular Session, became law, amending Texas Government Code, §2271.001 et. seq. On May 10, 2019, the State Attorney General filed a Motion to Stay the NBI Injunction with the United States Court of Appeals for the Fifth Circuit. In light of the foregoing recent developments, the following representation is provided by the Trustee to avoid any uncertainty regarding the authority of the City to enter into this Indenture.

(b) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this

Indenture is a contract for goods or services, will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

(c) The Trustee 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 2271.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee 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. The Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

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IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

CITY OF MIDLOTHIAN, TEXAS

By: _____
Mayor
City of Midlothian, Texas

Attest:

City Secretary
City of Midlothian, Texas

(City Seal)

UMB BANK, N.A.,
as Trustee

By: _____
Authorized Officer

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Redden Farms Public Improvement District

SERVICE AND ASSESSMENT PLAN

MARCH 23, 2021



AUSTIN, TX | NORTH RICHLAND HILLS, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section,” an “Exhibit,” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan, or an Exhibit attached to and made a part of this Service and Assessment Plan for all purposes.

On September 22, 2020, the City Council passed and approved Resolution No. 2020-38 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 253.430 acres located within the corporate limits of the City, as described by the boundary description on **Exhibit L-1** and depicted on **Exhibit A-1**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Assessment Roll for the Major Improvement Area is included as **Exhibit E-1**. The Assessment Roll for Improvement Area #1 is included as **Exhibit F-1**. The Assessment Roll for Improvement Area #2 is included as **Exhibit G-1**.

SECTION I: DEFINITIONS

“Actual Costs” mean with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) the costs for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, architectural, engineering, and consulting fees, and governmental fees and charges, and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Owner.

“Additional Interest” means the amount collected by the application of the Additional Interest Rate.

“Additional Interest Rate” means the 0.50% additional interest rate that may be charged on Assessments pursuant to Section 372.018 of the PID Act.

“Administrator” means the City, or an independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan and the PID Act with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but

not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against a Parcel within the District, other than Non-Benefitted Property, and imposed pursuant to an Assessment Ordinance and the provisions herein as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Major Improvement Area Assessment Roll, the Improvement Area #1 Assessment Roll, and the Improvement Area #2 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Update.

“Authorized Improvements” means (1) the improvements authorized by Section 372.003 of the PID Act, as depicted on **Exhibit G-1, Exhibit G-2, and Exhibit G-3**, (2) Bond Issuance Costs, and (3) District Formation Costs, as described in **Section III**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

“City” means the City of Midlothian, Texas.

“City Council” means the governing body of the City.

“County” means Ellis County, Texas.

“Delinquent Collection Costs” mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“District” means Redden Farms Public Improvement District containing approximately 253.430 acres located within the corporate limits of the City and more specifically described in **Exhibit L-1**, generally depicted on **Exhibit A-1** and shown in the copy of the preliminary plat on **Exhibit A-5**.

“District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City directly associated with the establishment of the District.

“Engineer’s Report” means a report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property, as provided by the Owner and confirmed by the City Council, by considering such factors as density, Lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for a Lot is shown on **Exhibit I**.

“Improvement Area #1” means approximately 119.01 acres located within the District, more specifically described in **Exhibit L-3** and depicted on **Exhibit A-3**.

“Improvement Area #1 Annual Installment” means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #1; and (4) Additional Interest.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment” means an Assessment levied against Improvement Area #1 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

“Improvement Areas #1 and #2 Bonds” means those certain “City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)” that are secured by Improvement Area #1 Assessments and Improvement Area #2 Assessments.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.B.** and depicted on **Exhibit H-2**.

“Improvement Area #1 Initial Parcel” means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is levied, as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Projects” means, collectively, (1) the pro rata portion of the costs of the Major Improvements allocable to Improvement Area #1; (2) the costs of the Improvement Area #1 Improvements; (3) the first year’s Annual Collection Costs related to the Improvement Areas #1 and #2 Bonds allocable to Improvement Area #1; and (4) Bond Issuance Costs incurred in connection with the issuance of Improvement Areas #1 and #2 Bonds allocable to Improvement Area #1.

“Improvement Area #2” means approximately 18.43 acres located within the District, more specifically described in **Exhibit L-4** and depicted on **Exhibit A-4**.

“Improvement Area #2 Annual Installment” means the Annual Installment of the Improvement Area #2 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #2; and (4) Additional Interest.

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means an Assessment levied against Improvement Area #2 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #2 Assessment Roll is included in this Service and Assessment Plan as **Exhibit G-1**.

“Improvement Area #2 Improvements” means the Authorized Improvements which only benefit the Improvement Area #2 Assessed Property, as further described in **Section III.C.** and depicted on **Exhibit H-3**.

“Improvement Area #2 Initial Parcel” means all of the Improvement Area #2 Assessed Property against which the entire Improvement Area #2 Assessment is levied, as shown on the Improvement Area #2 Assessment Roll.

“Improvement Area #2 Projects” means, collectively, (1) the pro rata portion of the costs of the Major Improvements allocable to Improvement Area #2; (2) the costs of the Improvement Area #2 Improvements; (3) the first year’s Annual Collection Costs related to the Improvement Area #1-2 Bonds allocable to Improvement Area #2; and (4) Bond Issuance Costs incurred in connection with the issuance of Improvement Area #1-2 Bonds allocable to Improvement Area #2.

“Indenture” means an Indenture of Trust entered into in connection with the issuance of each series of PID Bonds, as amended from time to time, between the City and a Trustee setting forth terms and conditions related to a series of PID Bonds.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g., lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by

classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Owner and confirmed and approved by the City Council.

“Lot Type 1” means a Lot within Improvement Area #2 marketed to homebuilders as a 40’ Lot.

“Lot Type 2” means a Lot within Improvement Area #1 marketed to homebuilders as a 50’ Lot.

“Lot Type 3” means a Lot within Improvement Area #1 marketed to homebuilders as a 60’ Lot.

“Lot Type 4” means a Lot within Improvement Area #1 marketed to homebuilders as a 70’ Lot.

“Major Improvement Area” means approximately 115.99 acres located within the District, and more specifically described in **Exhibit L-2** and depicted on **Exhibit A-2**. The Major Improvement Area includes all of the District save and except Improvement Area #1 and Improvement Area #2.

“Major Improvement Area Annual Installment” means the Annual Installment of the Major Improvement Area Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to the Major Improvement Area; and (4) Additional Interest.

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

“Major Improvement Area Assessment” means an Assessment levied against Major Improvement Area Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property within the District, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any Annual Service Plan Updates. The Major Improvement Area Assessment Roll is included in this Service and Assessment Plan as **Exhibit E-1**.

“Major Improvement Area Bonds” means those certain “City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Major Improvement Area Project)” that are secured by Major Improvement Area Assessments.

“Major Improvement Area Initial Parcel” means all of the Major Improvement Area Assessed Property against which the entire Major Improvement Area Assessment is levied as shown on Major Improvement Area Assessment Roll.

“Major Improvement Area Projects” means, collectively, (1) the pro rata portion of the costs of the Major Improvements allocable to the Major Improvement Area; and (2) the first year’s Annual Collection Costs associated with the Major Improvement Area Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of the Major Improvement Area Bonds.

“Major Improvements” means those Authorized Improvements that confer special benefit to all the Assessed Property within the District, and as further described in **Section III.A.** and depicted on **Exhibit H-1.**

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A** or (2) the amount shown on **Exhibit I.**

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit J.**

“Owner” means RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

“Parcel” or **“Parcels”** means a specific property within the District identified by either a tax parcel map identification number assigned by the Ellis Appraisal District for real property tax purposes, by the legal description, or by lot and block number in a final subdivision plat recorded in the Plat or Official Public Records of the County, or by any other means determined by the City.

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs to the date of Prepayment.

“Private Improvements” include, but are not limited to, lot fine grading, retaining walls, landscape, screening, planting, the amenity center in the District, and certain paving and erosion control within the private gated community, and soft costs associated therewith, all of which is to be owned and maintained by the HOA.

“Service and Assessment Plan” means this Redden Farms Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Trustee” means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 253.430 contiguous acres located within the corporate limits of the City, as more particularly described by the boundary description on **Exhibit L-1**, depicted on **Exhibit A-1**, and shown in the plat on **Exhibit A-5**. Development of the District is anticipated to include approximately 792 Lots developed with single-family homes.

The Major Improvement Area includes approximately 115.99 contiguous acres located within the corporate limits of the City, as more particularly described by the boundary description on **Exhibit L-2** and depicted on **Exhibit A-2**. Development of the Major Improvement Area is anticipated to include approximately 366 Lots developed with single-family homes.

Improvement Area #1 includes approximately 119.01 contiguous acres located within the corporate limits of the City, as more particularly described by the boundary description on **Exhibit L-3** and depicted on **Exhibit A-3**. Development of Improvement Area #1 is anticipated to include approximately 336 Lots developed with single-family homes (174 Lots classified as Lot Type 2, 86 Lots classified as Lot Type 3, and 76 Lots classified as Lot Type 4).

Improvement Area #2 includes approximately 18.43 contiguous acres located within the corporate limits of the City, as more particularly described by the boundary description on **Exhibit L-4** and depicted on **Exhibit A-4**. Development of Improvement Area #2 is anticipated to include approximately 90 Lots developed with senior living single-family homes, all classified as Lot Type 1.

SECTION III: AUTHORIZED IMPROVEMENTS AND BOND ISSUANCE COSTS

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. All Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B**.

A. Major Improvements

▪ *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, signage and striping, and re-vegetation of all

disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the District.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances to provide storm drainage for all Lots within the District.

- *Soft Costs*

Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, contingency, District Formation Costs.

B. Improvement Area #1 Improvements

- *Street*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage and striping, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within Improvement Area #1.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control

and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

C. Improvement Area #2 Improvements

- *Grading*

Improvements including all related demolition, tree removal, clearing and grubbing, rough grading earthwork, and fine grading within the proposed District are included. The grading improvements will provide benefit to all Lots within Improvement Area #2.

- *Erosion Control*

Improvements including erosion control measures (e.g., erosion matting, rock berms, silt fence, inlet protection), construction entrance, SWPPP sign and inspections, and re-vegetation of all disturbed areas within the proposed District are included. The erosion control improvements will provide benefit to all Lots within Improvement Area #2.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within

Improvement Area #2.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #2.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #2.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

D. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest under an applicable Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds, including a fee for underwriter's counsel.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including, but not limited to, issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, fees charged by the Texas Attorney General, and any

other cost or expense incurred by the City directly associated with the issuance of PID Bonds.

E. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the Service Plan for the District.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated each year in an Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and

governmental powers and is conclusive and binding on the Owner and all future Owners, developers, and end-users of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to Authorized Improvements shall be allocated as follows:

- The costs of the Major Improvement Area Projects shall be allocated to each Parcel within the Major Improvement Area based upon the ratio of the Estimated Buildout Value of each Lot Type designated as Major Improvement Area Assessed Property to the Estimated Buildout Value of all Major Improvement Area Assessed Property. Currently, the Major Improvement Area Initial Parcel is the only Parcel within the Major Improvement Area, and, as such, the Major Improvement Area Initial Parcel is allocated 100% of the cost of the Major Improvement Area Projects.
- The costs of the Improvement Area #1 Projects shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Lot Type designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and, as such, the Improvement Area #1 Initial Parcel is allocated 100% of the cost of the Improvement Area #1 Projects.
- The costs of the Improvement Area #2 Projects shall be allocated to each Parcel within Improvement Area #2 based on the ratio of the Estimated Buildout Value of each Lot Type designated as Improvement Area #2 Assessed Property to the Estimated Buildout Value of all Improvement Area #2 Assessed Property. Currently, the Improvement Area #2 Initial Parcel is the only Parcel within Improvement Area #2, and, as such, the Improvement Area #2 Initial Parcel is allocated 100% of the cost of the Improvement Area #2 Projects.

B. Assessments

The Major Improvement Area Assessment will be levied on the Major Improvement Area Initial Parcel in the amount shown on the Major Improvement Area Assessment Roll, attached hereto as **Exhibit E-1**. The projected Major Improvement Area Annual Installments are shown on **Exhibit E-2**. Upon division or subdivision of the Major Improvement Area Initial Parcel, the Major Improvement Area Assessment will be reallocated pursuant to **Section VI**.

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Initial Parcel in the amount shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit**

F-1. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**. Upon division or subdivision of the Improvement Area #1 Initial Parcel, Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Improvement Area #2 Assessment will be levied on the Improvement Area #2 Initial Parcel in the amount shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit G-1**. The projected Improvement Area #2 Annual Installments are shown on **Exhibit G-2**. Upon division or subdivision of the Improvement Area #2 Initial Parcel, Improvement Area #2 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type within Improvement Area #1 and Improvement Area #2 is shown on **Exhibit I**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3 or Lot Type 4, respectively, exceed the corresponding Maximum Assessment for each Lot classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined:

- *Major Improvement Area*
 - The costs of the Major Improvement Area Projects equal \$3,925,000, as shown on **Exhibit B**;
 - The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Area Projects equal to or greater than the Actual Cost of the Major Improvement Area Projects;
 - The Major Improvement Area Initial Parcel will be allocated 100% of the Major Improvement Area Assessment levied for the Major Improvement Area Projects, which equals \$3,925,000 as shown on the Major Improvement Area Assessment Roll attached hereto as **Exhibit E-1**;
 - The special benefit ($\geq \$3,925,000$) received by the Major Improvement Area Initial Parcel from the Major Improvement Area Projects is greater than or equal to the amount of the Major Improvement Area Assessment (\$3,925,000) levied on the Major Improvement Area Initial Parcel for the Major Improvement Area Projects; and

- At the time the City Council approved the Service and Assessment Plan, the Owner owned 100% of the Major Improvement Area Initial Parcel. The Owner acknowledged that the Major Improvement Area Projects confer a special benefit on the Major Improvement Area Initial Parcel and consented to the imposition of the Major Improvement Area Assessments to pay for the Actual Costs associated therewith. The Owner has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of Major Improvement Area Assessment on the Major Improvement Area Initial Parcel.
- *Improvement Area #1*
 - The costs of the Improvement Area #1 Projects equal \$13,560,804 as shown on **Exhibit B**;
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Projects equal to or greater than the Actual Cost of the Improvement Area #1 Projects;
 - The Improvement Area #1 Initial Parcel will be allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Projects, which equals \$8,667,083 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
 - The special benefit ($\geq \$13,560,804$) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Projects is equal to or greater than the amount of the Improvement Area #1 Assessment (\$8,667,083) levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Projects; and
 - At the time the City Council approved the Service and Assessment Plan, the Owner owned 100% of the Improvement Area #1 Initial Parcel. The Owner acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Initial Parcel and consented to the imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and

Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Initial Parcel.

▪ *Improvement Area #2*

- The costs of the Improvement Area #2 Projects equal \$1,969,304 as shown on **Exhibit B**;
- The Improvement Area #2 Assessed Property receives special benefit from the Improvement Area #2 Projects equal to or greater than the Actual Cost of the Improvement Area #2 Projects;
- The Improvement Area #2 Initial Parcel will be allocated 100% of the Improvement Area #2 Assessment levied for the Improvement Area #2 Projects, which equals \$1,742,917 as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit G-1**;
- The special benefit ($\geq \$1,969,304$) received by the Improvement Area #2 Initial Parcel from the Improvement Area #2 Projects is equal to or greater than the amount of the Improvement Area #2 Assessment (\$1,742,917) levied on the Improvement Area #2 Initial Parcel for the Improvement Area #2 Projects; and
- At the time the City Council approved the Service and Assessment Plan, the Owner owned 100% of the Improvement Area #2 Initial Parcel. The Owner acknowledged that the Improvement Area #2 Projects confer a special benefit on the Improvement Area #2 Initial Parcel and consented to the imposition of the Improvement Area #2 Assessment to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #2 Assessment on the Improvement Area #2 Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property provided by the Owner. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type

D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property

E = the number of newly subdivided Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value for each Lot to be created after recording the subdivision plat as of the date the subdivision plat is anticipated to be recorded. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on the Estimated Buildout Value information provided by the Owner, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Parcel or Lot, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be reflected in the next Annual Service Plan Update and approved by the City Council. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C.**

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is transferred to a person or entity that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel, or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs for such Lot, Parcel, or portion thereof, prior to or concurrently with any such conveyance or act. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable “Notice of PID Assessment Termination,” a form of which is attached hereto as **Exhibit J**.

C. True-Up of Assessments if Maximum Assessment Exceeded at Plat

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City’s approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

D. Reduction of Assessments

If as a result of cost savings or the failure to construct an Authorized Improvement the Actual Costs of completed Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds are not issued, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the Actual Costs that were expended, or (ii) in the event that PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the Project Fund relating to the PID Bonds that are not expected to be used for purposes of the Project Fund, to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of any Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment. If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit E-2** shows the estimated Major Improvement Area Annual Installments, **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments, and **Exhibit G-2** shows the estimated Improvement Area #2 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the property, not including any Non-Benefitted Property or non-assessed property, as shown by Ellis Appraisal District for each tax identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment

remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute “PID Bonds.”

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to the PID Bonds shall be due when billed and shall be delinquent if not paid prior to February 1, 2022.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment on the property tax bill shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act or other applicable law.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a “**Taking**”), the portion of the Assessed Property that was taken or transferred (the “**Taken Property**”) shall be reclassified as Non-Benefitted Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the “**Remaining Property**”), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the assessment on the Remainder Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum

Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Major Improvement Area Assessment Roll is attached as **Exhibit E-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Major Improvement Area Assessment Roll and Major Improvement Area Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, said owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of the year following the City's approval of the calculation. Otherwise, said owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days of such receipt of a written notice of error from an owner. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the

PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and their successors and assigns.

D. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

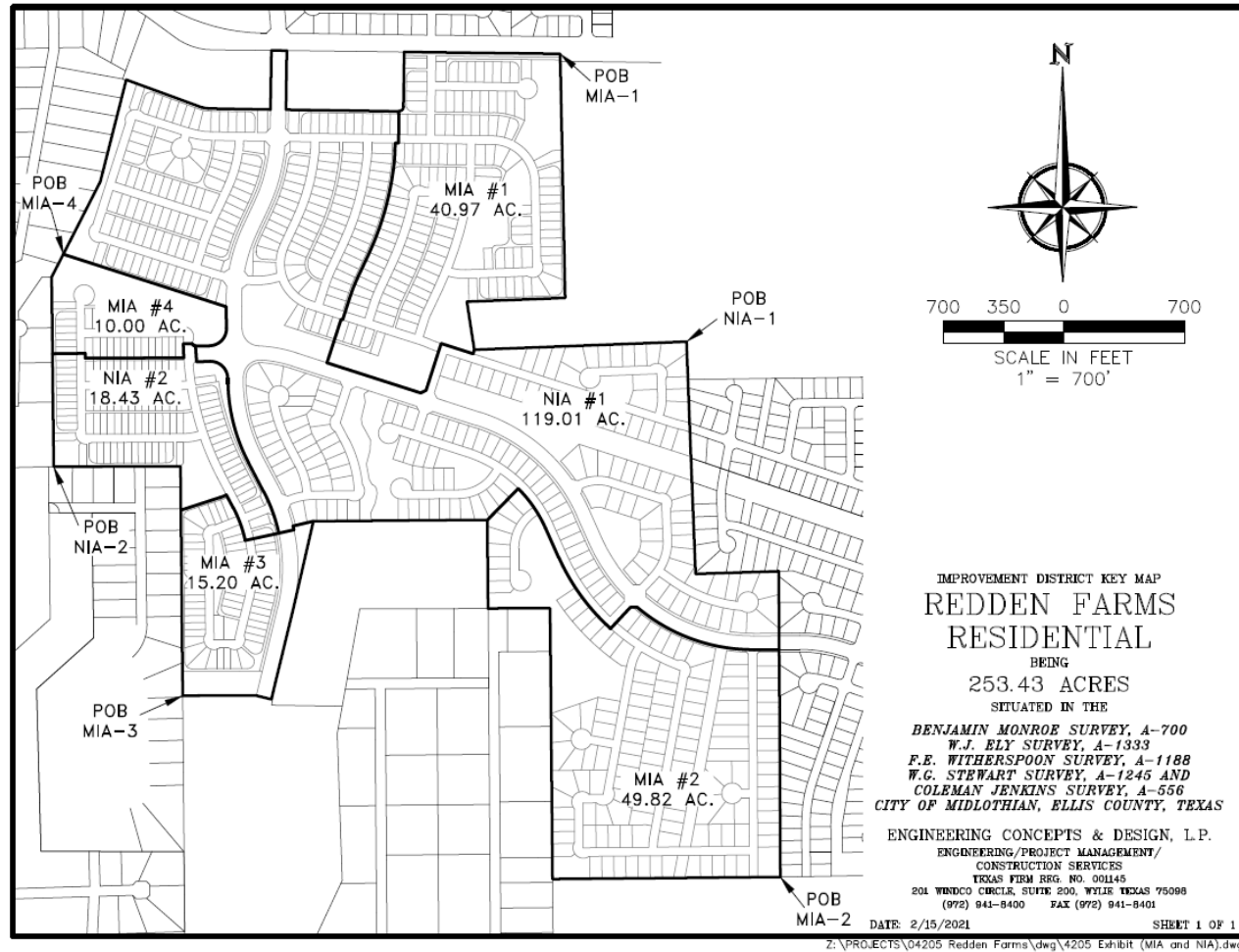
Exhibit A-1	Map of the District
Exhibit A-2	Map of Major Improvement Area
Exhibit A-3	Map of Improvement Area #1
Exhibit A-4	Map of Improvement Area #2
Exhibit A-5	Preliminary Plat of the District
Exhibit B	Project Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E-1	Major Improvement Area Assessment Roll
Exhibit E-2	Major Improvement Area Annual Installments
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area #1 Annual Installments
Exhibit G-1	Improvement Area #2 Assessment Roll
Exhibit G-2	Improvement Area #2 Annual Installments
Exhibit H-1	Maps of Major Improvements
Exhibit H-2	Maps of Improvement Area #1 Improvements
Exhibit H-3	Maps of Improvement Area #2 Improvements
Exhibit I	Maximum Assessment and Tax Rate Equivalent
Exhibit J	Form of Notice of PID Assessment Termination
Exhibit K-1	Debt Service Schedules for Major Improvement Area Bonds
Exhibit K-2	Debt Service Schedule for Improvement Area #1-2 Bonds
Exhibit L-1	District Boundary Description
Exhibit L-2	Major Improvement Area Boundary Description
Exhibit L-3	Improvement Area #1 Boundary Description
Exhibit L-4	Improvement Area #2 Boundary Description

APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

Appendix A Engineer's Report

EXHIBIT A-1 – MAP OF THE DISTRICT



Notes:

¹The Major Improvement Area is one single improvement area with 4 distinct land areas, labeled as MIA #1, MIA #2, MIA #3 and MIA #4, as identified in the map above and in the legal descriptions in **Exhibit L-2**.

EXHIBIT A-2 – MAP OF MAJOR IMPROVEMENT AREA

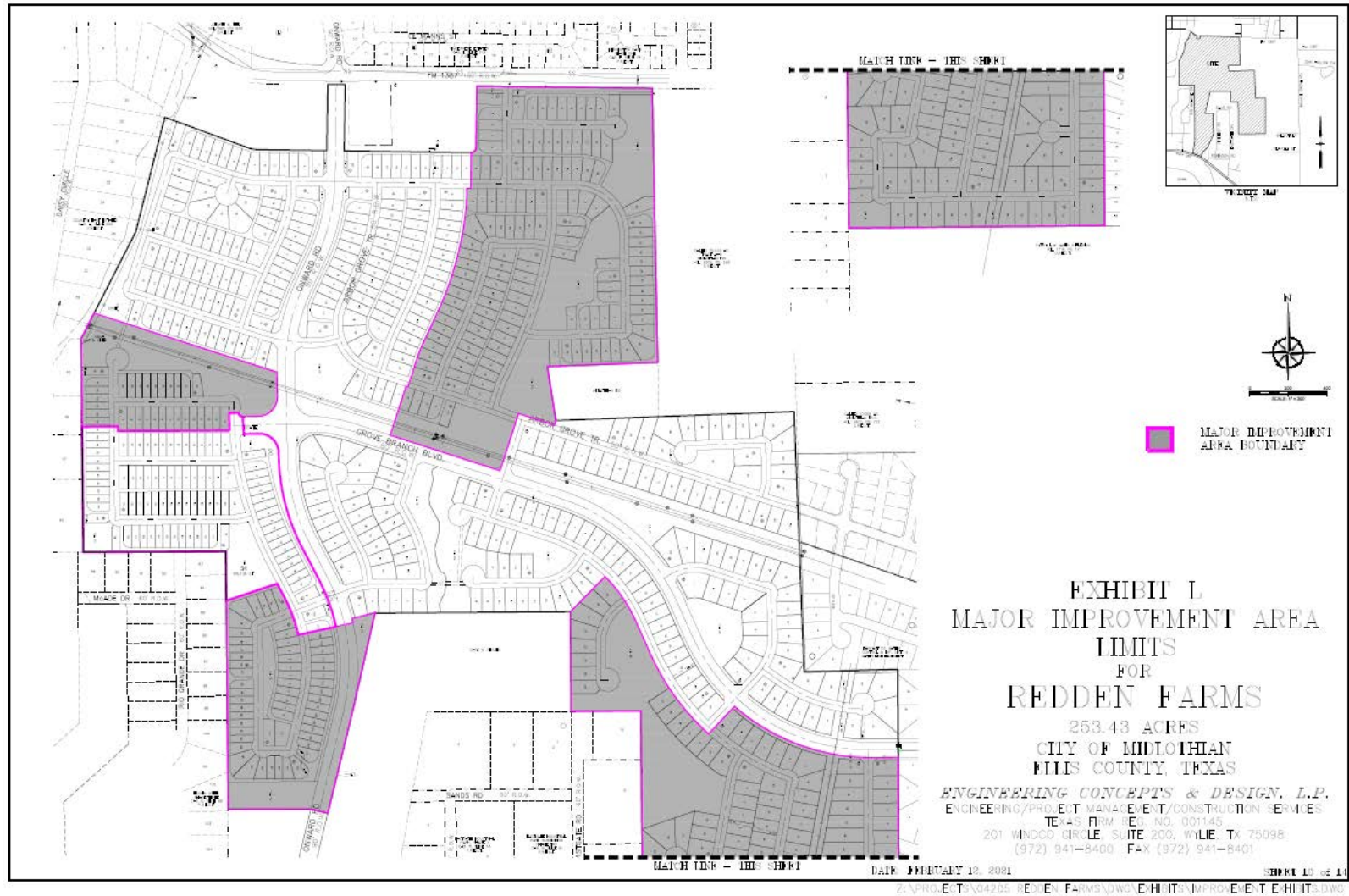


EXHIBIT A-3 – MAP OF IMPROVEMENT AREA #1

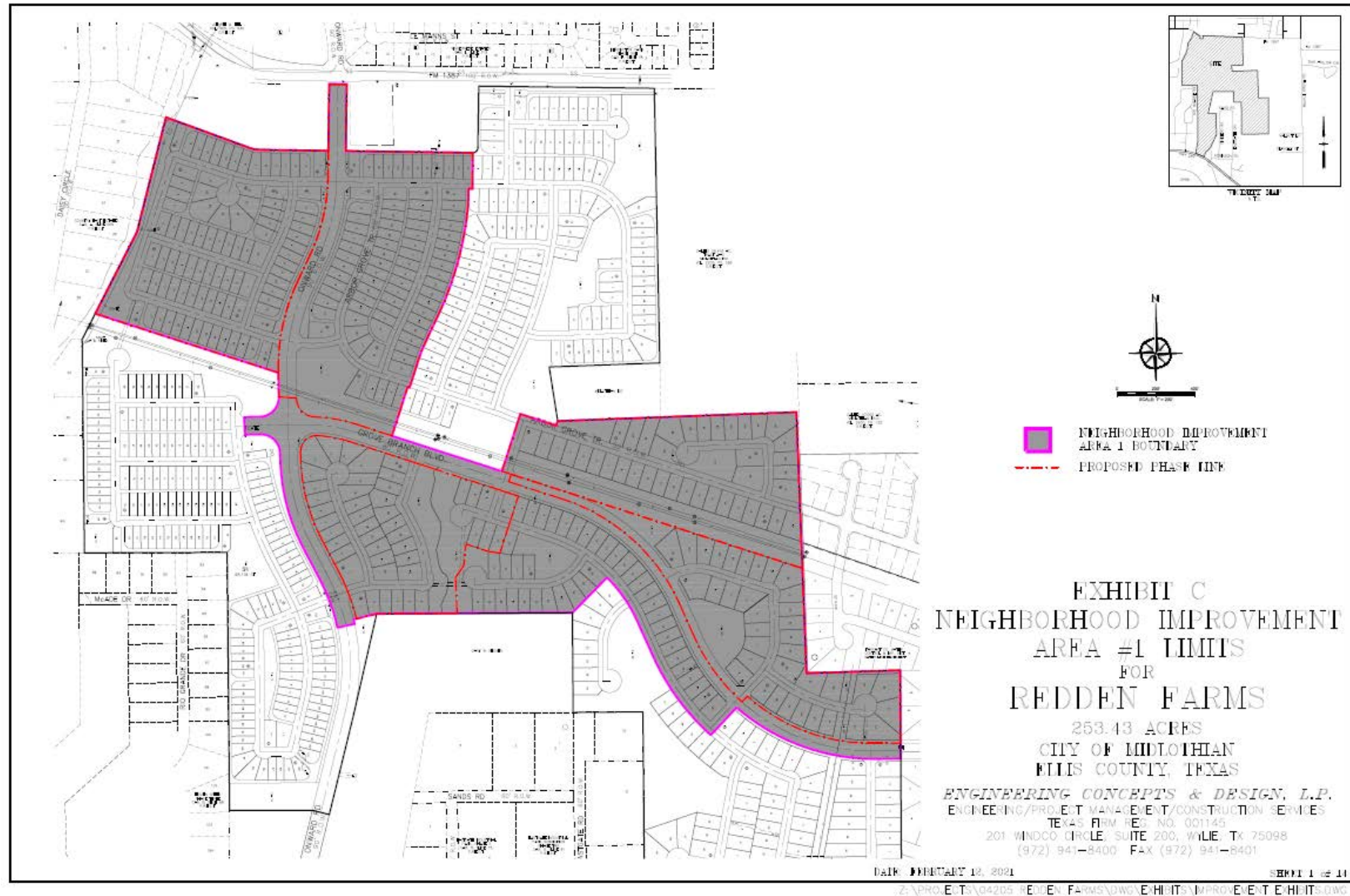


EXHIBIT A-4 – MAP OF IMPROVEMENT AREA #2

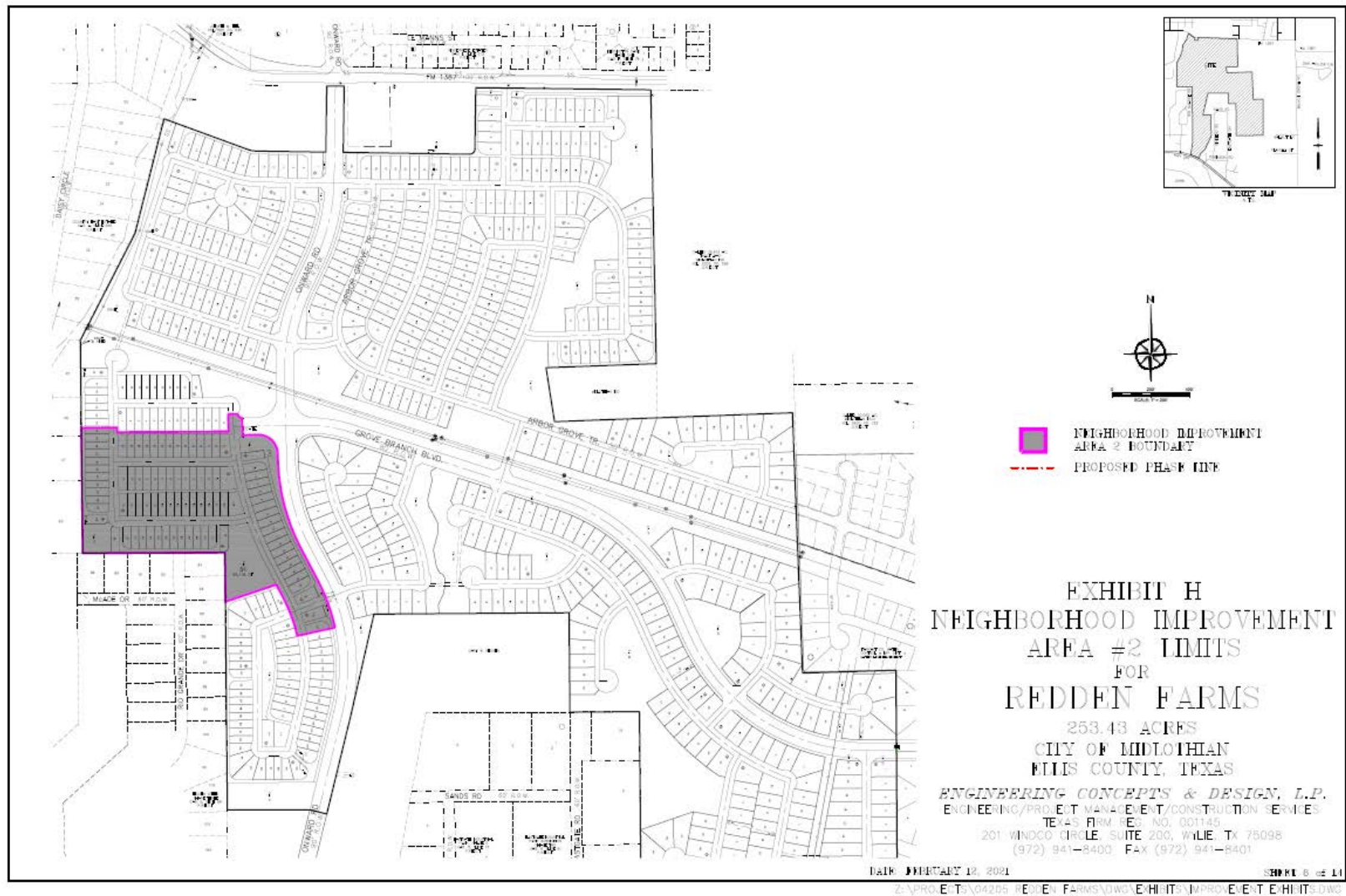
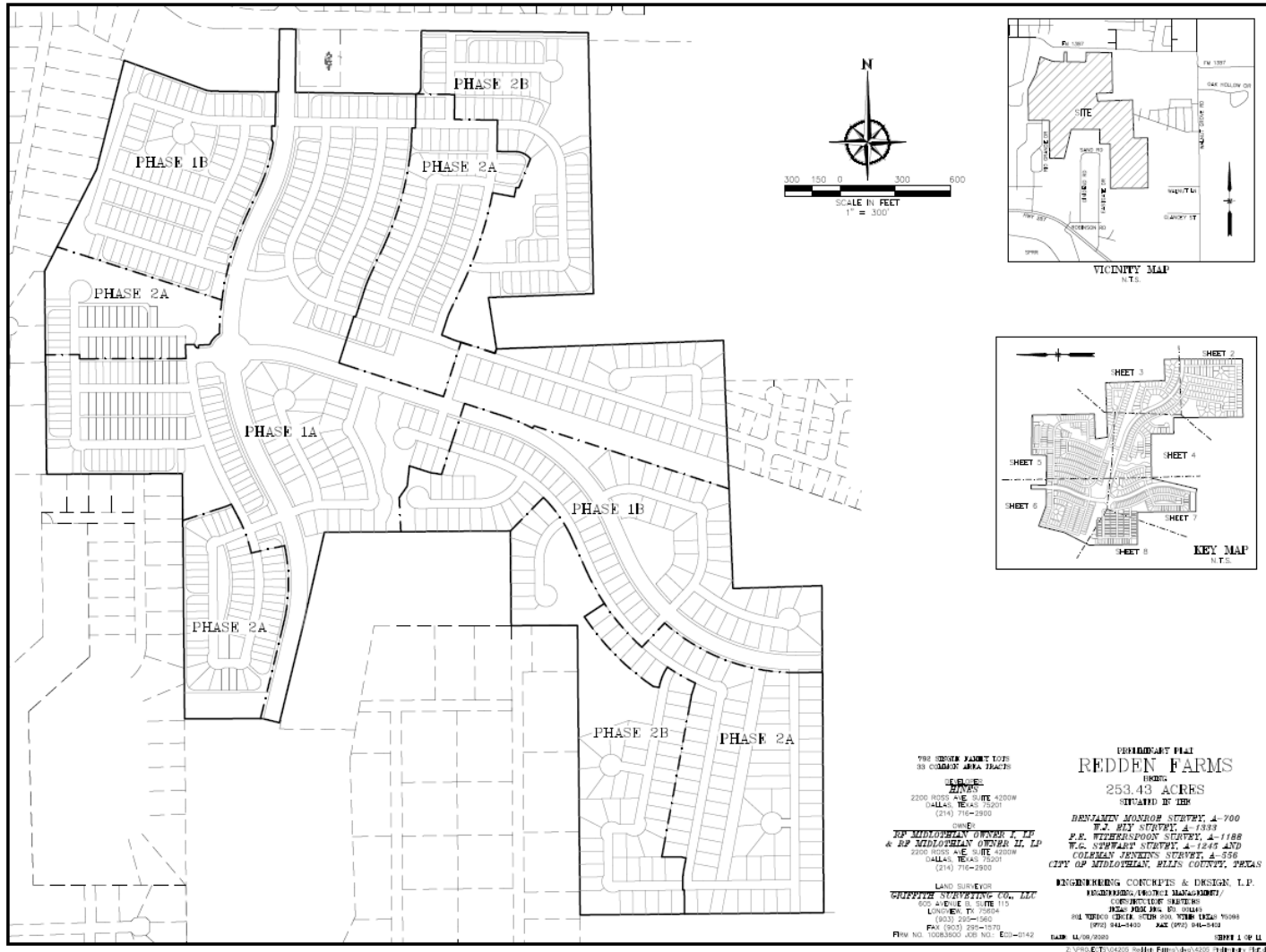
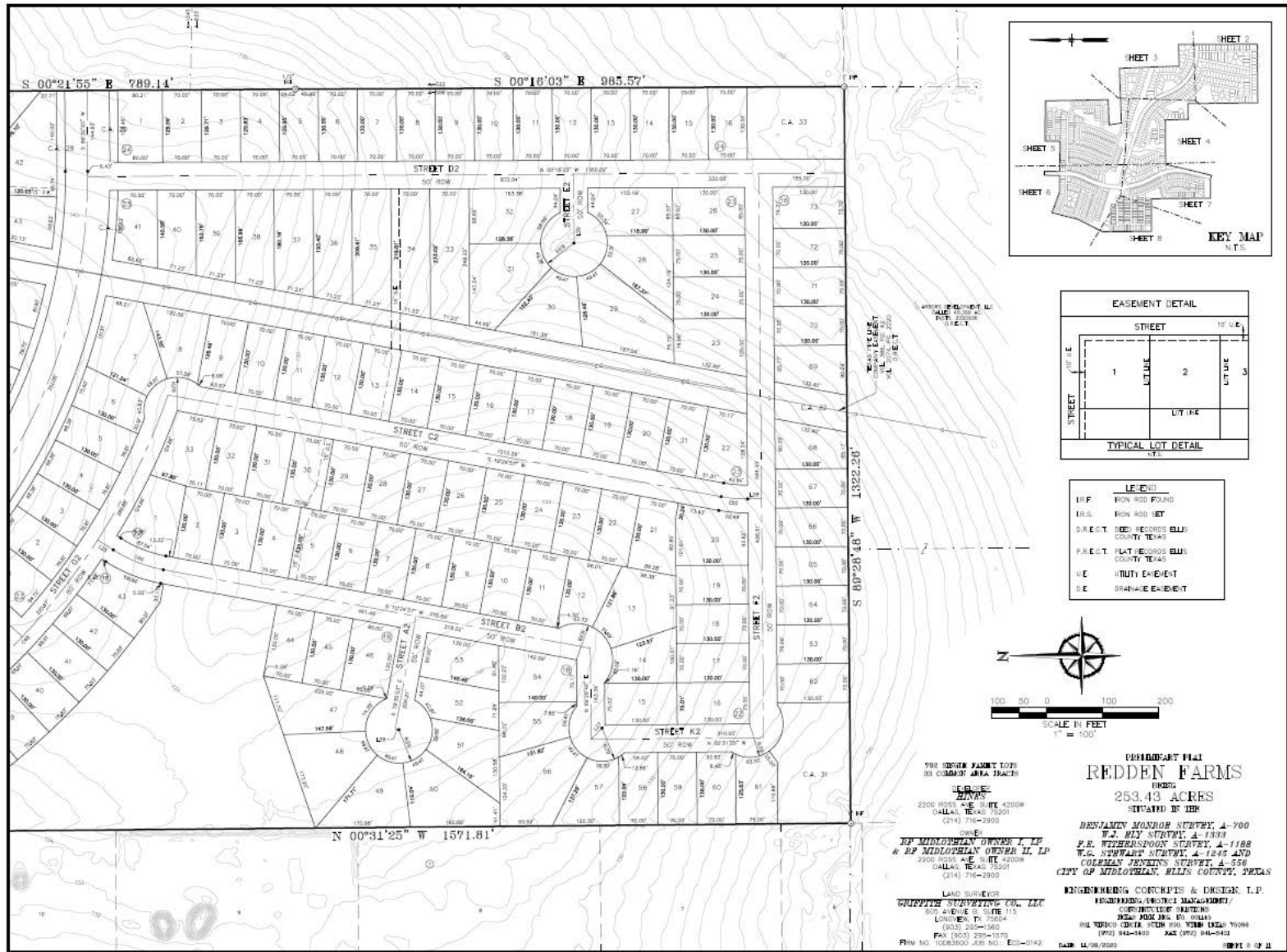
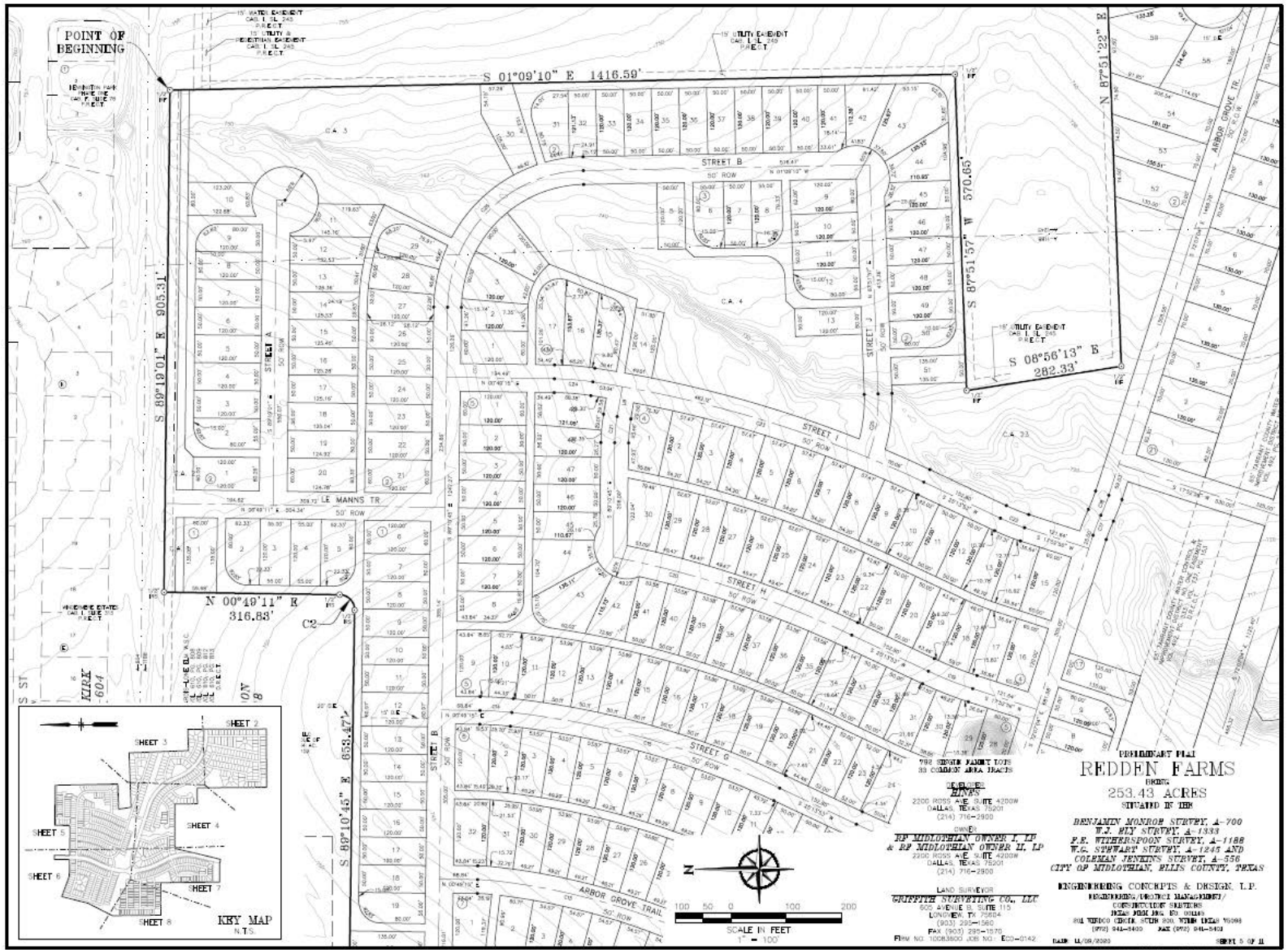


EXHIBIT A-5 – PRELIMINARY PLAT OF THE DISTRICT



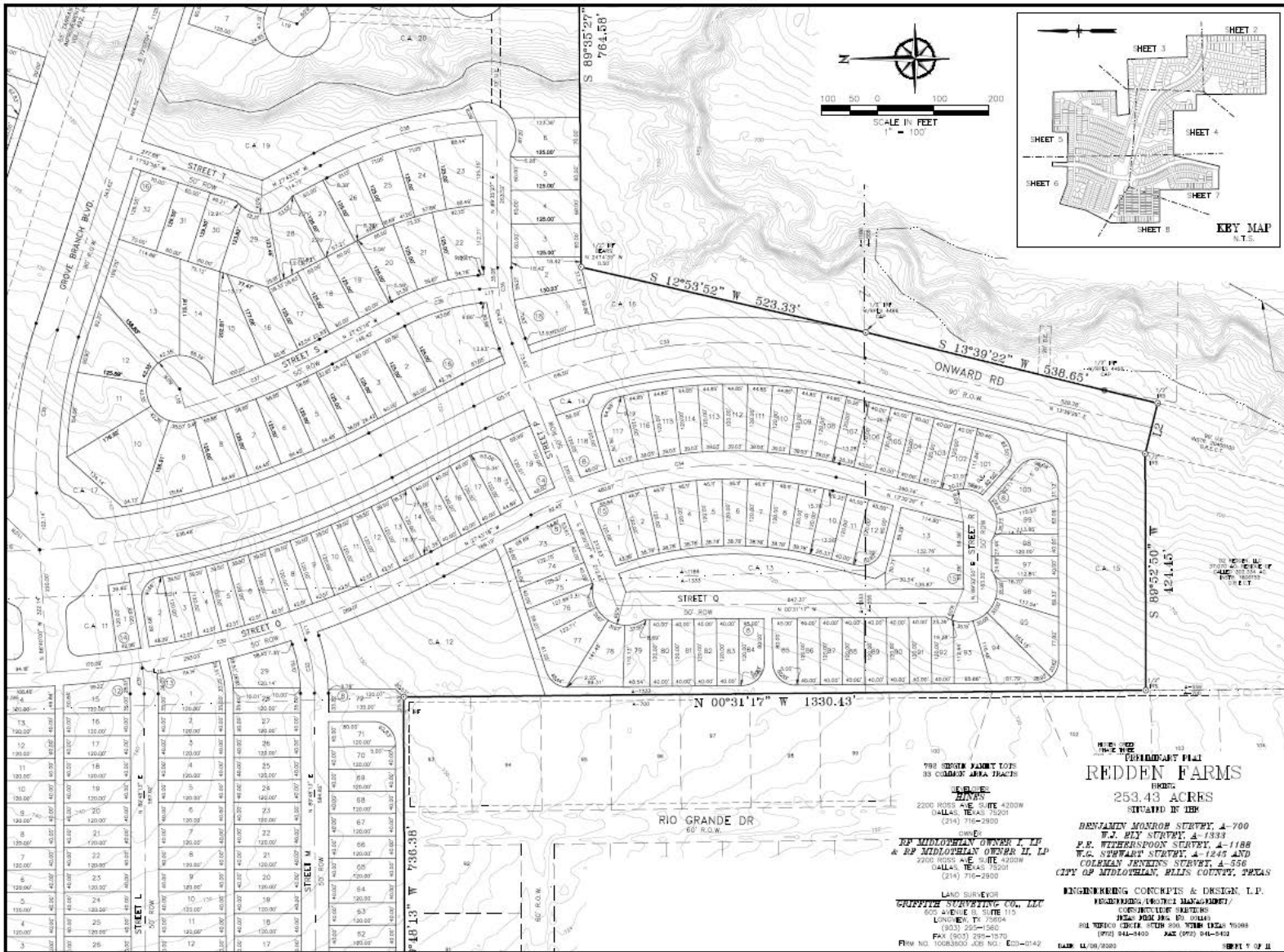




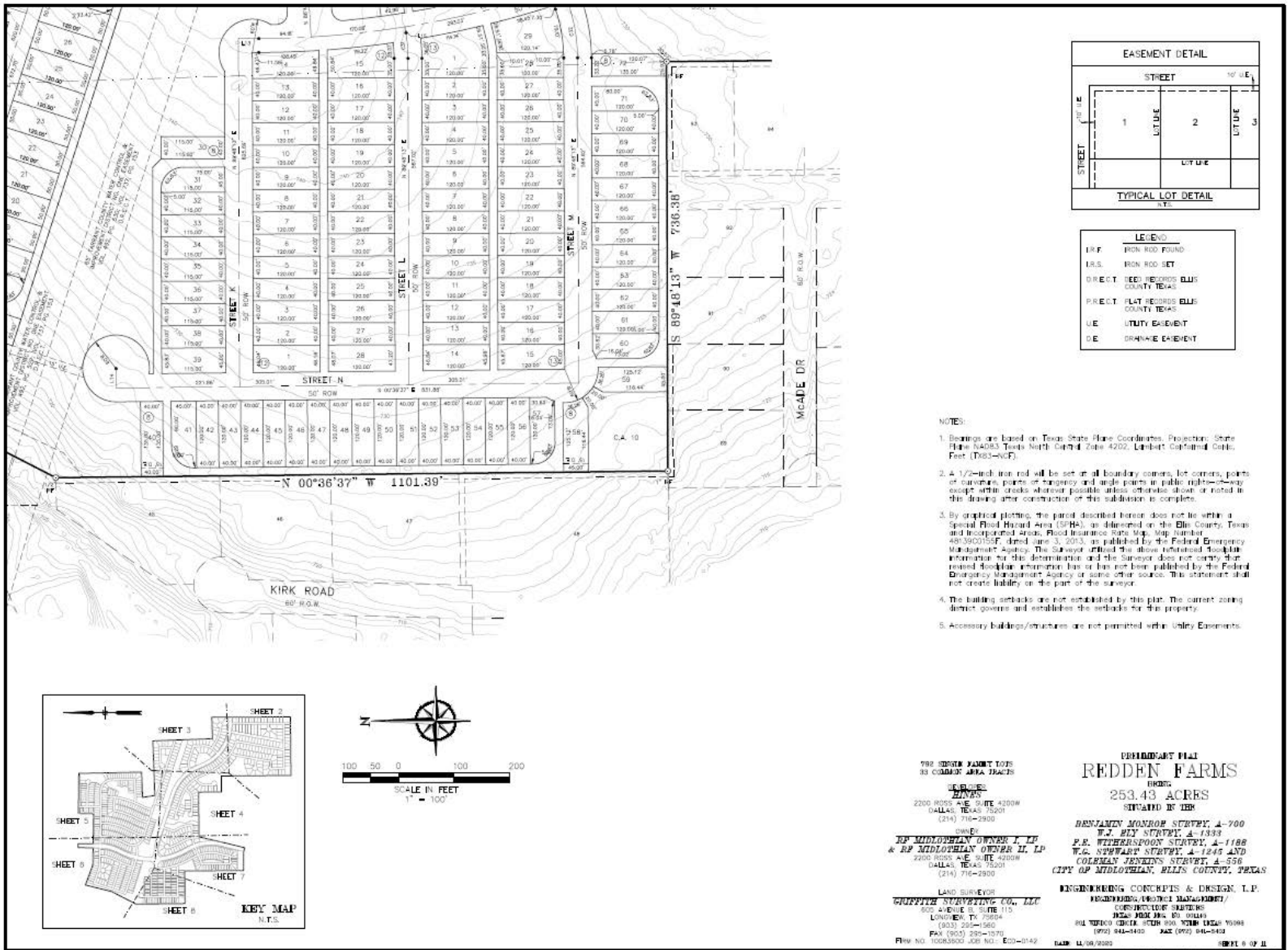
REDDEN FARMS PID
SERVICE AND ASSESSMENT PLAN



REDDEN FARMS PID
SERVICE AND ASSESSMENT PLAN



REDDEN FARMS PID
SERVICE AND ASSESSMENT PLAN



LEGAL DESCRIPTION

BEGIN a 253.43 acre tract of land situated in the Benjamin Monroe Survey, Abstract 700, the W.G. Stevens Survey, Abstract 1333, the P.E. Witherspoon Survey, Abstract 1188, the W.G. Stevens Survey, Abstract 1245, and the Collins-Jenkins Survey, Abstract 566, City of Midlothian, Ellis County, Texas, and all of a 203.61 acre tract described as deeded to RP Midlothian Owner L, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, and all of a 49.82 acre tract described in deed to RP Midlothian Owner L, LP, as recorded in Instrument 2040096, said Deed Records, Ellis County, Texas, said 253.43 acre tract being more particularly described by metes and bounds as follows:

BEGINNING on a 1/2-inch iron rod found in the south right-of-way line of Farm to Market Road 1387 (FM 1387), a 100 ft. right-of-way at this point, said corner being the common north corner of said 203.61 acre tract and Lots 1 through 3, Midlothian Heritage High School, an addition to the City of Midlothian, as recorded in Cabinet L, Slide 245, Plat Records, Ellis County, Texas;

THENCE, with the common boundary lines of said 203.61 acre tract and said Midlothian Heritage High School addition, the following five (5) courses:

- 1) South 01 degrees 09 minutes 10 seconds East, a distance of 1416.59 feet to a 1/2-inch iron rod found for the corner;
- 2) South 87 degrees 51 minutes 57 seconds West, a distance of 570.65 feet to a 1/2-inch iron rod found for corner;
- 3) South 08 degrees 56 minutes 13 seconds East, a distance of 282.33 feet to a 1/2-inch iron rod found for corner;
- 4) North 87 degrees 51 minutes 22 seconds East, a distance of 1232.53 feet to a 1/2-inch iron rod found for corner;
- 5) South 02 degrees 04 minutes 30 seconds East, a distance of 218.16 feet to a 1/2-inch iron rod found for the common west corner of said Midlothian Heritage High School addition and The Grove, Phase Two, an addition to the City of Midlothian, as recorded in Cabinet L, Slide 781 of said Plat Records;

THENCE South 02 degrees 10 minutes 43 seconds East, with the common boundary line of said 203.61 acre tract and said The Grove, Phase Two, a distance of 455.02 feet to a 1/2-inch iron rod found for the southwest corner of said Phase Two and the northwest corner of a called 76.627 acre tract of land described in deed to The Grove - EC, Ltd. as recorded in Instrument 2000428 of said Deed Records;

THENCE, with the common boundary lines of said 203.61 acre tract and said 76.627 acre tract, the following three (3) courses:

- 1) South 02 degrees 14 minutes 20 seconds East, a distance of 672.23 feet to a 1/2-inch iron rod with cap stamped 89LS 4466 found for corner;
- 2) North 88 degrees 12 minutes 18 seconds East, a distance of 483.09 feet to a 1/2-inch iron rod found for corner;
- 3) South 00 degrees 21 minutes 55 seconds East, a distance of passing the common east corner of said 203.61 acre tract and said 49.82 acre tract, a distance of 454.91 feet and containing a small distance of 789.14 feet to a 1/2-inch iron rod found for corner;

THENCE South 00 degrees 18 minutes 03 seconds East, with the common boundary line of said 76.627 acre tract and said 49.82 acre tract, a distance of 985.37 feet to a 1/2-inch iron rod found for the common north corner of said 49.82 acre tract and said 76.627 acre tract, same being in the north boundary line of a called 40.399 acre tract of land described in deed to Adams Development, LLC, as recorded in Instrument 2020035 of said Deed Records;

THENCE South 89 degrees 26 minutes 48 seconds West, with the common boundary line of said 49.82 acre tract and said 40.399 acre tract, a distance of 1322.26 feet to a 1/2-inch iron rod found for the common west corner of said 49.82 acre tract and said 40.399 acre tract, said corner being in the west boundary line of Eastgate Industrial Park, Phase Two, an addition to Ellis County, as recorded in Cabinet S, Slide 91, Plat Records, Ellis County, Texas;

THENCE Northerly, with the common boundary lines of said 49.82 acre tract and said Eastgate Industrial Park, Phase Two, the following three (3) courses:

- 1) North 00 degrees 31 minutes 25 seconds West, a distance of 1571.81 feet to a 1/2-inch iron rod found for corner;
- 2) South 89 degrees 54 minutes 05 seconds West, a distance of 249.91 feet to a 5/8-inch iron rod found for corner;
- 3) South 89 degrees 18 minutes 56 seconds West, a distance of 110.06 feet to a 1/2-inch iron rod found at the most northerly southwest corner of said 49.82 acre tract;

THENCE North 00 degrees 26 minutes 31 seconds West, along the northerly west boundary line of said 49.82 acre tract, a distance of 313.94 feet to a 1/2-inch iron rod found for the common west corner of said 49.82 acre tract and said 203.61 acre tract;

THENCE along the southerly boundary lines of said 203.61 acre tract, the following six (6) courses:

- 1) South 89 degrees 34 minutes 01 seconds West, a distance of 245.37 feet to a 1/2-inch iron rod found for corner;
- 2) South 89 degrees 35 minutes 27 seconds West, a distance of 764.58 feet to a point for corner then which a 1/2-inch iron rod found being North 24 degrees 14 minutes 35 seconds East, a distance of 5.20 feet;
- 3) South 12 degrees 53 minutes 52 seconds West, a distance of 523.33 feet to a 1/2-inch iron rod with cap stamped 89LS 4466 found for corner;
- 4) South 13 degrees 39 minutes 22 seconds West, a distance of 538.65 feet to a 1/2-inch iron rod set for the northerly southeast corner of said 203.61 acre tract;
- 5) North 76 degrees 12 minutes 11 seconds West, a distance of 92.95 feet to a 1/2-inch iron rod set for corner;
- 6) South 89 degrees 52 minutes 50 seconds West, a distance of 424.45 feet to a 1/2-inch iron rod set for the southwest corner of said 203.61 acre tract, same being in east boundary line of Hidden Creek, Phase Three, an addition to Ellis County, as recorded in Cabinet S, Slide 88 of said Plat Records;

THENCE North 00 degrees 31 minutes 17 seconds West, with the common boundary line of said 203.61 acre tract and said Hidden Creek, Phase Three, a distance of 1330.43 feet to a 1/2-inch iron rod found for the northeast corner of said Hidden Creek, Phase Three and an all corner of said 203.61 acre tract;

THENCE South 89 degrees 48 minutes 13 seconds West, with the common boundary line of said 203.61 acre tract and said Hidden Creek, Phase Three, a distance of 736.38 feet to a 1/2-inch iron rod found for the common south corner of said 203.61 acre tract and County East Entrance, an addition to Ellis County, as recorded in Cabinet A, Slide 368 of said Plat Records;

THENCE Northerly, with the common boundary lines of said 203.61 acre tract and said County East Entrance, the following courses:

- 1) North 00 degrees 36 minutes 37 seconds West, a distance of 1101.39 feet to a 1/2-inch iron pipe found for corner;
- 2) North 27 degrees 05 minutes 37 seconds East, a distance of 620.73 feet to a 1/2-inch iron rod found for corner;
- 3) North 14 degrees 13 minutes 03 seconds East, passing a 1/2-inch iron rod found for the northeast corner of Lot 30 of the last mentioned addition, a distance of 503.87 feet and containing a small distance of 610.36 feet to a 1/2-inch iron rod set the most southerly northeast corner of said 203.61 acre tract;

THENCE along the northerly boundary lines of said 203.61 acre tract, the following ten (10) courses:

- 1) South 89 degrees 56 minutes 37 seconds East, a distance of 468.37 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 108.50 feet whose chord bears South 79 degrees 33 minutes 43 seconds East, a distance of 34.35 feet;
- 2) Southeastly, with said curve to the left, through a central angle of 19 degrees 14 minutes 12 seconds, an arc distance of 34.41 feet to a 1/2-inch iron rod set for the end of said curve;
- 3) South 89 degrees 10 minutes 49 seconds East, a distance of 363.64 feet to a 1/2-inch iron rod set for corner;
- 4) North 00 degrees 49 minutes 11 seconds East, a distance of 342.21 feet to a 1/2-inch iron rod set for corner in the south right-of-way line of above-mentioned FM 1387;
- 5) South 89 degrees 27 minutes 54 seconds East, with the south line of said FM 1387, a distance of 90.00 feet to a 1/2-inch iron rod set for corner;
- 6) South 00 degrees 49 minutes 11 seconds West, a distance of 342.66 feet to a 1/2-inch iron rod set for corner;
- 7) South 89 degrees 10 minutes 45 seconds East, a distance of 653.47 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 27.50 feet whose chord bears North 45 degrees 49 minutes 13 seconds East, a distance of 38.89 feet;
- 8) Northeasterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 04 seconds, an arc distance of 43.20 feet to a 1/2-inch iron rod set for the end of said curve;
- 9) North 00 degrees 49 minutes 11 seconds East, a distance of 316.83 feet to a 1/2-inch iron rod set for corner in the south line of said FM 1387;
- 10) South 89 degrees 19 minutes 01 seconds East, with the south line of said FM 1387, a distance of 905.31 feet to the POINT OF BEGINNING AND CONTAINING 11,039,420square feet or 253.43 acres of land.

APPROVAL CERTIFICATE

Approved: _____, 2020.

City of Midlothian
Ellis County, Texas

By: _____, Planning Director

Attest: _____, Planning Representative

By: _____, City Engineer

Attest: _____, Engineering Representative

This Preliminary Plat was prepared
and is by signature.

Todd D. Winters
Todd D. Winters, P.E.
State of Texas, Registration No. 87085



788 SOUTH FAHNEY TOWNSHIP
93 COUNTY AREA TRACTS

DEVELOPER
2200 ROSS AVE. SUITE 4200W
DALLAS, TEXAS 75201
(214) 716-2900

OWNER
RP MIDLOTHIAN OWNER L, LP
& RP MIDLOTHIAN OWNER II, LP
2200 ROSS AVE. SUITE 4200W
DALLAS, TEXAS 75201
(214) 716-2900

LAND SURVEYOR
SUFFITZ SURVEYING CO., LLC
505 AVENUE B, SUITE 115
LONGVIEW, TX 75804
(903) 295-1860
FAX (903) 295-1870
PLAT NO. 10083000, JOB NO. 1, EDD-0142

PERMANENT PLAT
REDDEN FARMS
PHASE
253.43 ACRES
STANDARD DEED

BENJAMIN MONROE STRUTY, A-700
W.J. ELY STRUTY, A-1333
P.E. WITHERSPOON STRUTY, A-1188
W.C. SPWART STRUTY, A-1245 AND
CORREY JENNIS STRUTY, A-556
CITY OF MIDLOTHIAN, ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
16000 WOODBRIDGE WAY
CONSTRUCTION SYSTEMS
1600 WOODBRIDGE WAY
DALLAS, TEXAS 75201
(972) 944-9400 FAX (972) 944-9400
DATE: 11/09/2020 SHEET 6 OF 11

Z:\PROJECTS\24200 Redden Farms\24200 Preliminary Plat.dwg

LOT SIZE TABLE											
BLOCK #	LOT #	AREA (SF)	ACREAGE	BLOCK #	LOT #	AREA (SF)	ACREAGE	BLOCK #	LOT #	AREA (SF)	ACREAGE
1	3	8,078	0.190	2	55	11,779	0.270	5	8	6,299	0.140
1	3	7,186	0.160	2	56	14,545	0.330	5	9	6,299	0.140
1	3	6,600	0.150	2	56	12,600	0.290	5	10	6,351	0.150
1	4	6,600	0.150	2	56	16,795	0.390	5	11	6,246	0.140
1	5	7,136	0.160	2	57	28,998	0.670	5	12	6,246	0.140
1	6	7,350	0.170	2	58	14,673	0.340	5	13	6,246	0.140
1	7	6,000	0.140	2	59	16,506	0.380	5	14	6,246	0.140
1	8	6,000	0.140	2	60	10,110	0.230	5	15	6,246	0.140
1	9	6,000	0.140	2	61	9,300	0.210	5	16	6,246	0.140
1	10	6,000	0.140	2	62	9,300	0.210	5	17	6,246	0.140
1	11	6,000	0.140	2	63	9,300	0.210	5	18	6,246	0.140
1	12	7,317	0.170	2	64	9,300	0.210	5	19	6,246	0.140
1	13	6,000	0.140	2	65	9,534	0.220	5	20	6,246	0.140
1	14	6,000	0.140	2	66	17,615	0.400	5	21	6,246	0.140
1	15	6,000	0.140	2	67	11,906	0.270	5	22	6,246	0.140
1	16	6,000	0.140	2	68	9,043	0.210	5	23	6,246	0.140
1	17	6,000	0.140	2	69	9,518	0.220	5	24	6,258	0.140
1	18	6,000	0.140	2	70	14,561	0.330	5	25	6,262	0.140
1	19	6,257	0.140	3	1	7,200	0.170	5	26	6,076	0.140
1	20	8,100	0.190	3	2	6,337	0.150	5	27	7,200	0.170
2	1	7,217	0.170	3	3	7,820	0.180	5	28	7,200	0.170
2	2	6,257	0.140	3	4	7,820	0.180	5	29	6,000	0.140
2	3	6,000	0.140	3	5	6,000	0.140	5	30	6,425	0.150
2	4	6,000	0.140	3	6	6,257	0.140	5	31	6,191	0.140
2	5	6,000	0.140	3	7	6,000	0.140	5	32	6,000	0.140
2	6	6,000	0.140	3	8	6,866	0.160	5	33	6,000	0.140
2	7	6,000	0.140	3	9	7,823	0.180	5	34	6,093	0.140
2	8	6,000	0.140	3	10	6,000	0.140	5	35	6,216	0.140
2	9	5,957	0.130	3	11	6,000	0.140	5	36	6,216	0.140
2	10	7,056	0.160	3	12	6,257	0.140	5	37	6,216	0.140
2	11	7,511	0.170	3	13	6,000	0.140	5	38	6,216	0.140
2	12	6,924	0.160	3	14	6,289	0.140	5	39	6,216	0.140
2	13	6,446	0.150	3	15	6,449	0.150	5	40	6,216	0.140
2	14	6,285	0.140	3	16	7,861	0.180	5	41	6,216	0.140
2	15	6,273	0.140	3	17	7,572	0.170	5	42	6,796	0.150
2	16	6,267	0.140	4	1	7,966	0.180	5	43	11,043	0.250
2	17	6,261	0.140	4	2	6,700	0.150	5	44	6,202	0.140
2	18	6,255	0.140	4	3	6,700	0.150	5	45	5,862	0.130
2	19	6,249	0.140	4	4	6,700	0.150	5	46	6,000	0.140
2	20	7,510	0.170	4	5	6,700	0.150	5	47	6,000	0.140
2	21	7,500	0.170	4	6	6,700	0.150	5	48	6,340	0.150
2	22	6,000	0.140	4	7	6,700	0.150	5	49	7,506	0.170
2	23	6,000	0.140	4	8	6,700	0.150	6	1	7,362	0.170
2	24	6,000	0.140	4	9	6,700	0.150	6	2	6,967	0.160
2	25	6,000	0.140	4	10	6,219	0.140	6	3	6,171	0.140
2	26	6,000	0.140	4	11	6,000	0.140	6	4	6,171	0.140
2	27	6,382	0.150	4	12	6,000	0.140	6	5	6,171	0.140
2	28	6,614	0.160	4	13	6,460	0.150	6	6	6,171	0.140
2	29	6,509	0.150	4	14	6,137	0.140	6	7	6,171	0.140
2	30	6,789	0.220	4	15	7,200	0.170	6	8	6,171	0.140
2	31	7,165	0.160	4	16	7,200	0.170	6	9	6,171	0.140
2	32	6,009	0.140	4	17	6,138	0.140	6	10	6,171	0.140
2	33	6,000	0.140	4	18	6,442	0.150	6	11	6,147	0.140
2	34	6,000	0.140	4	19	6,058	0.140	6	12	6,000	0.140
2	35	6,000	0.140	4	20	6,000	0.140	6	13	6,000	0.140
2	36	6,000	0.140	4	21	6,000	0.140	6	14	6,000	0.140
2	37	6,000	0.140	4	22	6,304	0.140	6	15	9,011	0.210
2	38	6,000	0.140	4	23	6,128	0.140	6	16	10,447	0.240
2	39	6,000	0.140	4	24	6,128	0.140	6	17	8,155	0.190
2	40	6,000	0.140	4	25	6,128	0.140	6	18	8,155	0.190
2	41	5,929	0.140	4	26	6,128	0.140	6	19	8,155	0.190
2	42	7,489	0.170	4	27	6,128	0.140	6	20	6,532	0.150
2	43	12,443	0.290	4	28	6,128	0.140	6	21	6,000	0.140
2	44	8,218	0.190	4	29	6,128	0.140	6	22	6,000	0.140
2	45	5,961	0.130	4	30	7,954	0.180	6	23	6,133	0.140
2	46	6,000	0.140	5	1	7,200	0.170	6	24	6,190	0.140
2	47	6,000	0.140	5	2	6,000	0.140	6	25	6,190	0.140
2	48	6,000	0.140	5	3	6,000	0.140	6	26	6,190	0.140
2	49	6,000	0.140	5	4	6,000	0.140	6	27	6,190	0.140
2	50	5,657	0.130	5	5	6,000	0.140	6	28	6,190	0.140
2	51	6,790	0.150	5	6	6,000	0.140	6	29	6,190	0.140
2	52	5,991	0.130	5	7	6,000	0.140	6	30	6,190	0.140

7902 DOWNEY JACINTO LOTS
 33 COLEMAN AREA TRACTS
 2200 ROWLANDS BLVD. SUITE 4200W
 DALLAS, TEXAS 75201
 (214) 716-2900
 OWNED BY
RP MIDLOTHIAN OWNER I, LP
& RP MIDLOTHIAN OWNER II, LP
 2200 ROWLANDS BLVD. SUITE 4200W
 DALLAS, TEXAS 75201
 (214) 716-2900
 LAND SURVEYOR
GUFFITH SURVEYING CO., LLC
 505 ARBOL BLVD. SUITE 110
 LONDON, TX 75854
 (505) 292-5462
 FAX (505) 292-0770
 PROJ. NO. 10083900 JOB NO. E00-0742
 DATE 11/06/2008
 SHEET 13 OF 13
 7902 DOWNEY JACINTO LOTS
 33 COLEMAN AREA TRACTS
 253.43 ACRES
 SITUATED IN THE
 F.F. ST. STEWART & 13th
 F.F. WITHERSPOON STREET, A-1188
 F.F. STEWART STREET, A-1245 AND
 COLEMAN JEWINS STREET, A-556
 CITY OF MIDLOTHIAN, HILLS COUNTY, TEXAS
 ENGINEERING CONCRETE & DESIGN, L.P.
 1800 W. 11th ST. SUITE 110
 FORT WORTH, TEXAS 76104
 (817) 342-1111
 FAX (817) 342-1111

[illegible]

EXHIBIT B – PROJECT COSTS

	Total	Privately Funded	Impact Fees	PID Eligible Costs	Major Improvement Area		Improvement Area #1		Improvement Area #2	
	(A)	(B)	(C)	(D) = (A) - (B) - (C)	% ¹ Cost	(E)	(F) = (E) * (D)	(E)	(F) = (E) * (D)	(E)
Authorized Improvements										
<i>Major Improvements</i>										
Streets	\$ 2,240,132	\$ -	\$ -	\$ 2,240,132	46.60%	\$ 1,043,810	44.46%	\$ 996,025	8.94%	\$ 200,297
Water	1,147,725	-	244,324	903,401	46.60%	420,948	44.46%	401,677	8.94%	80,776
Sanitary Sewer	1,049,055	-	61,131	987,924	46.60%	460,333	44.46%	439,258	8.94%	88,333
Drainage	986,724	-	-	986,724	46.60%	459,773	44.46%	438,725	8.94%	88,226
Soft Costs ²	1,162,996	-	65,499	1,097,497	46.60%	511,389	44.46%	487,977	8.94%	98,130
	<u>\$ 6,586,631</u>	<u>\$ -</u>	<u>\$ 370,954</u>	<u>\$ 6,215,677</u>		<u>\$ 2,896,253</u>		<u>\$ 2,763,663</u>		<u>\$ 555,762</u>
<i>Improvement Area #1 Improvements</i>										
Streets	\$ 3,971,311	\$ 128,875	\$ -	\$ 3,842,436	0.00%	\$ -	100.00%	\$ 3,842,436	0.00%	\$ -
Water	826,750	-	-	826,750	0.00%	-	100.00%	826,750	0.00%	-
Sanitary Sewer	991,000	-	-	991,000	0.00%	-	100.00%	991,000	0.00%	-
Drainage	1,384,501	-	-	1,384,501	0.00%	-	100.00%	1,384,501	0.00%	-
Soft Costs ²	2,075,590	-	-	2,075,590	0.00%	-	100.00%	2,075,590	0.00%	-
	<u>\$ 9,249,152</u>	<u>\$ 128,875</u>	<u>\$ -</u>	<u>\$ 9,120,277</u>		<u>\$ -</u>		<u>\$ 9,120,277</u>		<u>\$ -</u>
<i>Improvement Area #2 Improvements</i>										
Paving	\$ 868,569	\$ 868,569	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ -
Grading	140,094	28,925	-	111,169	0.00%	-	0.00%	-	100.00%	111,169
Erosion Control	23,860	6,208	-	17,652	0.00%	-	0.00%	-	100.00%	17,652
Water	200,950	-	-	200,950	0.00%	-	0.00%	-	100.00%	200,950
Sanitary Sewer	237,000	-	-	237,000	0.00%	-	0.00%	-	100.00%	237,000
Drainage	330,056	-	-	330,056	0.00%	-	0.00%	-	100.00%	330,056
Soft Costs ²	450,707	271,203	-	179,504	0.00%	-	0.00%	-	100.00%	179,504
	<u>\$ 2,251,236</u>	<u>\$ 1,174,905</u>	<u>\$ -</u>	<u>\$ 1,076,331</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 1,076,331</u>
Other Costs										
<i>Private Improvements³</i>										
Retaining Walls	\$ 206,250	\$ 206,250	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Landscape/Screening/Planting	1,413,293	1,413,293	-	-	0.00%	-	0.00%	-	0.00%	-
Amenity Center	1,865,311	1,865,311	-	-	0.00%	-	0.00%	-	0.00%	-
	<u>\$ 3,484,854</u>	<u>\$ 3,484,854</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs</i>										
Debt Service Reserve Fund	\$ 885,806			\$ 885,806		\$ 255,850		\$ 524,484		\$ 105,472
Capitalized Interest	1,006,437			1,006,437		433,442		477,061		95,935
Underwriter's Discount	430,050			430,050		117,750		260,012		52,288
Cost of Issuance	658,073			658,073		189,249		390,330		78,494
	<u>\$ 2,980,366</u>			<u>\$ 2,980,366</u>		<u>\$ 996,290</u>		<u>\$ 1,651,888</u>		<u>\$ 332,188</u>
<i>Other Costs</i>										
Initial Administrative Fund Deposit	\$ 60,000			\$ 60,000		\$ 30,000		\$ 24,977		\$ 5,023
	<u>\$ 60,000</u>			<u>\$ 60,000</u>		<u>\$ 30,000</u>		<u>\$ 24,977</u>		<u>\$ 5,023</u>
<i>Other Uses of Funds</i>										
Additional Proceeds	\$ 2,457			\$ 2,457		\$ 2,457		\$ -		\$ -
	<u>\$ 2,457</u>			<u>\$ 2,457</u>		<u>\$ 2,457</u>		<u>\$ -</u>		<u>\$ -</u>
Total	\$ 24,614,696	\$ 4,788,634	\$ 370,954	\$ 19,455,108		\$ 3,925,000		\$ 13,560,804		\$ 1,969,304

Notes:

¹ The costs of the Major Improvements are allocated between Improvement Area #1, Improvement Area #2 and the Major Improvement Area based on Estimated Buildout Value. The Estimated Buildout Value of the whole District is \$266,740,000. The Estimated Buildout Value of Improvement Area #1 is \$118,600,000, therefore Improvement Area #1 is allocated 44.46% (118,600,000/266,740,000) of the costs of the Major Improvements. The Estimated Buildout Value of Improvement Area #2 is \$23,850,000, therefore Improvement Area #2 is allocated 8.94% (23,850,000/266,740,000) of the costs of the Major Improvements. The Estimated Buildout Value of the Major Improvement Area is \$124,290,000, therefore the Major Improvement Area is allocated 46.60% (124,290,000/266,740,000) of the costs of the Major Improvements.

² Soft Costs include miscellaneous, contingency, engineering/surveying, material testing, City inspection fees, construction staking, and District Formation Costs.

³ Costs associated with private improvements necessary to complete the development are not reimbursable to the Owner.

EXHIBIT C – SERVICE PLAN

Improvement Area #1						
Annual Installment Due		1/31/2022	1/31/2023	1/31/2024	1/31/2025	1/31/2026
Principal		\$ -	\$ 166,515	\$ 174,840	\$ 179,003	\$ 183,166
Interest		\$ 335,433	\$ 335,433	\$ 330,646	\$ 325,619	\$ 320,473
Capitalized Interest		\$ (335,433)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 501,948	\$ 505,486	\$ 504,622	\$ 503,639
Additional Interest	(2)	\$ 43,335	\$ 43,335	\$ 42,503	\$ 41,629	\$ 40,734
Annual Collection Costs	(3)	\$ 25,477	\$ 25,986	\$ 26,506	\$ 27,036	\$ 27,577
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 68,812	\$ 571,269	\$ 574,495	\$ 573,287	\$ 571,949

Improvement Area #2						
Annual Installment Due		1/31/2022	1/31/2023	1/31/2024	1/31/2025	1/31/2026
Principal		\$ -	\$ 33,485	\$ 35,160	\$ 35,997	\$ 36,834
Interest		\$ 67,454	\$ 67,454	\$ 66,492	\$ 65,481	\$ 64,446
Capitalized Interest		\$ (67,454)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 100,940	\$ 101,651	\$ 101,478	\$ 101,280
Additional Interest	(2)	\$ 8,715	\$ 8,715	\$ 8,547	\$ 8,371	\$ 8,191
Annual Collection Costs	(3)	\$ 5,123	\$ 5,226	\$ 5,330	\$ 5,437	\$ 5,546
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 13,838	\$ 114,880	\$ 115,529	\$ 115,286	\$ 115,017

Major Improvement Area						
Annual Installment Due		1/31/2022	1/31/2023	1/31/2024	1/31/2025	1/31/2026
Principal		\$ -	\$ -	\$ 75,000	\$ 80,000	\$ 80,000
Interest		\$ 178,944	\$ 178,944	\$ 178,944	\$ 175,850	\$ 172,550
Capitalized Interest		\$ (178,944)	\$ (178,944)	\$ -	\$ -	\$ -
	(1)	\$ -	\$ -	\$ 253,944	\$ 255,850	\$ 252,550
Additional Interest	(2)	\$ 19,625	\$ 19,625	\$ 19,625	\$ 19,250	\$ 18,850
Annual Collection Costs	(3)	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473	\$ 33,122
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 50,225	\$ 50,837	\$ 305,405	\$ 307,573	\$ 304,522

EXHIBIT D – SOURCES AND USES OF FUNDS

	Improvement Area #1-2 Bonds	Major Improvement Area
Sources of Funds		
Improvement Area #1-2 Bond Par	\$10,410,000	\$ -
Improvement Area #1-2 Bond Discount	(11,684)	
Major Improvement Area Bond Par	-	3,925,000
Developer Contribution ¹	5,131,792	-
Developer Contribution - Private Funding ²	3,164,834	1,623,800
Developer Contribution - Oversizing ³	198,104	172,849
Total Sources	\$18,893,046	\$ 5,721,650

	Improvement Area #1	Improvement Area #2	Major Improvement Area
Uses of Funds			
Major Improvements	\$ 2,763,663	\$ 555,762	\$ 2,896,253
Improvement Area #1 Improvements	9,120,277	-	-
Improvement Area #2 Improvements	-	1,076,331	-
Private Improvements	1,678,338	1,486,496	1,623,800
Oversizing Improvements	164,936	33,168	172,849
	\$ 13,727,214	\$ 3,151,757	\$ 4,692,903
<i>Bond Issuance Costs</i>			
Debt Service Reserve Fund	\$ 524,484	\$ 105,472	\$ 255,850
Capitalized Interest	477,061	95,935	433,442
Underwriter's Discount	260,012	52,288	117,750
Cost of Issuance	390,330	78,494	189,249
	\$ 1,651,888	\$ 332,188	\$ 996,290
<i>Other Costs</i>			
Initial Administrative Fund Deposit	\$ 24,977	\$ 5,023	\$ 30,000
	\$ 24,977	\$ 5,023	\$ 30,000
<i>Other Uses of Funds</i>			
Additional Proceeds	\$ -	\$ -	\$ 2,457
	\$ -	\$ -	\$ 2,457
Total Uses	\$ 15,404,078	\$ 3,488,968	\$ 5,721,650

Notes:

¹ Public improvements which are non-reimbursable to the Developer through Assessments.

² Private Improvements to be funded by Developer.

³ Oversizing to be paid with impact fees, as noted in **Exhibit B**.

EXHIBIT E-1 – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Property ID ¹	Outstanding Assessment	Annual Installment due 1/31/2022
Major Improvement Area Initial Parcel	\$ 3,925,000.00	\$ 50,225.00
Total Major Improvement Area	\$ 3,925,000.00	\$ 50,225.00

¹ The entire District is contained within Property ID 227463.

EXHIBIT E-2 – MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

Installment due 1/31	Principal	Interest ¹	Additional Interest	Capitalized Interest	Reserve Fund	Annual Collection Costs	Annual Installment
2021	\$ -	\$ 75,554	\$ -	\$ (75,554)	\$ -	\$ -	\$ -
2022	\$ -	\$ 178,944	\$ 19,625	\$ (178,944)	\$ -	\$ 30,600	\$ 50,225
2023	\$ -	\$ 178,944	\$ 19,625	\$ (178,944)	\$ -	\$ 31,212	\$ 50,837
2024	\$ 75,000	\$ 178,944	\$ 19,625	\$ -	\$ -	\$ 31,836	\$ 305,405
2025	\$ 80,000	\$ 175,850	\$ 19,250	\$ -	\$ -	\$ 32,473	\$ 307,573
2026	\$ 80,000	\$ 172,550	\$ 18,850	\$ -	\$ -	\$ 33,122	\$ 304,522
2027	\$ 85,000	\$ 169,250	\$ 18,450	\$ -	\$ -	\$ 33,785	\$ 306,485
2028	\$ 90,000	\$ 165,744	\$ 18,025	\$ -	\$ -	\$ 34,461	\$ 308,229
2029	\$ 90,000	\$ 162,031	\$ 17,575	\$ -	\$ -	\$ 35,150	\$ 304,756
2030	\$ 95,000	\$ 158,319	\$ 17,125	\$ -	\$ -	\$ 35,853	\$ 306,297
2031	\$ 100,000	\$ 154,400	\$ 16,650	\$ -	\$ -	\$ 36,570	\$ 307,620
2032	\$ 105,000	\$ 150,275	\$ 16,150	\$ -	\$ -	\$ 37,301	\$ 308,726
2033	\$ 110,000	\$ 145,550	\$ 15,625	\$ -	\$ -	\$ 38,047	\$ 309,222
2034	\$ 115,000	\$ 140,600	\$ 15,075	\$ -	\$ -	\$ 38,808	\$ 309,483
2035	\$ 115,000	\$ 135,425	\$ 14,500	\$ -	\$ -	\$ 39,584	\$ 304,509
2036	\$ 120,000	\$ 130,250	\$ 13,925	\$ -	\$ -	\$ 40,376	\$ 304,551
2037	\$ 125,000	\$ 124,850	\$ 13,325	\$ -	\$ -	\$ 41,184	\$ 304,359
2038	\$ 135,000	\$ 119,225	\$ 12,700	\$ -	\$ -	\$ 42,007	\$ 308,932
2039	\$ 140,000	\$ 113,150	\$ 12,025	\$ -	\$ -	\$ 42,847	\$ 308,022
2040	\$ 145,000	\$ 106,850	\$ 11,325	\$ -	\$ -	\$ 43,704	\$ 306,879
2041	\$ 150,000	\$ 100,325	\$ 10,600	\$ -	\$ -	\$ 44,578	\$ 305,503
2042	\$ 160,000	\$ 93,575	\$ 9,850	\$ -	\$ -	\$ 45,470	\$ 308,895
2043	\$ 165,000	\$ 85,975	\$ 9,050	\$ -	\$ -	\$ 46,379	\$ 306,404
2044	\$ 175,000	\$ 78,138	\$ 8,225	\$ -	\$ -	\$ 47,307	\$ 308,669
2045	\$ 180,000	\$ 69,825	\$ 7,350	\$ -	\$ -	\$ 48,253	\$ 305,428
2046	\$ 190,000	\$ 61,275	\$ 6,450	\$ -	\$ -	\$ 49,218	\$ 306,943
2047	\$ 200,000	\$ 52,250	\$ 5,500	\$ -	\$ -	\$ 50,203	\$ 307,953
2048	\$ 210,000	\$ 42,750	\$ 4,500	\$ -	\$ -	\$ 51,207	\$ 308,457
2049	\$ 220,000	\$ 32,775	\$ 3,450	\$ -	\$ -	\$ 52,231	\$ 308,456
2050	\$ 230,000	\$ 22,325	\$ 2,350	\$ -	\$ -	\$ 53,275	\$ 307,950
2051	\$ 240,000	\$ 11,400	\$ 1,200	\$ -	\$ (255,850)	\$ 54,341	\$ 51,091
Total	\$ 3,925,000	\$ 3,587,317	\$ 377,975	\$ (433,442)	\$ (255,850)	\$ 1,241,383	\$ 8,442,383

¹ Interest is calculated at a 4.125%, 4.500% and 4.750% rate for term bonds due 2031, 2041, and 2051 respectively.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT F-1 –IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID ¹	Outstanding Assessment	Annual Installment due 1/31/2022
Improvement Area #1 Initial Parcel	\$ 8,667,083.19	\$ 68,812.14
Total Improvement Area #1	\$ 8,667,083.19	\$ 68,812.14

¹ The entire District is contained within Property ID 227463.

EXHIBIT F-2 –IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment due 1/31	Principal	Interest ¹	Additional Interest	Capitalized Interest	Reserve Fund	Annual Collection Costs	Annual Installment
2021	\$ -	\$ 141,627	\$ -	\$ (141,627)	\$ -	\$ -	\$ -
2022	\$ -	\$ 335,433	\$ 43,335	\$ (335,433)	\$ -	\$ 25,477	\$ 68,812
2023	\$ 166,515	\$ 335,433	\$ 43,335	\$ -	\$ -	\$ 25,986	\$ 571,269
2024	\$ 174,840	\$ 330,646	\$ 42,503	\$ -	\$ -	\$ 26,506	\$ 574,495
2025	\$ 179,003	\$ 325,619	\$ 41,629	\$ -	\$ -	\$ 27,036	\$ 573,287
2026	\$ 183,166	\$ 320,473	\$ 40,734	\$ -	\$ -	\$ 27,577	\$ 571,949
2027	\$ 191,492	\$ 315,207	\$ 39,818	\$ -	\$ -	\$ 28,128	\$ 574,645
2028	\$ 195,655	\$ 308,505	\$ 38,860	\$ -	\$ -	\$ 28,691	\$ 571,711
2029	\$ 203,980	\$ 301,657	\$ 37,882	\$ -	\$ -	\$ 29,265	\$ 572,784
2030	\$ 212,306	\$ 294,517	\$ 36,862	\$ -	\$ -	\$ 29,850	\$ 573,536
2031	\$ 220,632	\$ 287,087	\$ 35,801	\$ -	\$ -	\$ 30,447	\$ 573,966
2032	\$ 228,958	\$ 279,365	\$ 34,697	\$ -	\$ -	\$ 31,056	\$ 574,076
2033	\$ 237,283	\$ 270,493	\$ 33,553	\$ -	\$ -	\$ 31,677	\$ 573,006
2034	\$ 245,609	\$ 261,298	\$ 32,366	\$ -	\$ -	\$ 32,311	\$ 571,584
2035	\$ 258,098	\$ 251,780	\$ 31,138	\$ -	\$ -	\$ 32,957	\$ 573,973
2036	\$ 266,423	\$ 241,779	\$ 29,848	\$ -	\$ -	\$ 33,616	\$ 571,666
2037	\$ 278,912	\$ 231,455	\$ 28,516	\$ -	\$ -	\$ 34,288	\$ 573,171
2038	\$ 291,400	\$ 220,647	\$ 27,121	\$ -	\$ -	\$ 34,974	\$ 574,143
2039	\$ 303,889	\$ 209,356	\$ 25,664	\$ -	\$ -	\$ 35,674	\$ 574,582
2040	\$ 316,378	\$ 197,580	\$ 24,145	\$ -	\$ -	\$ 36,387	\$ 574,489
2041	\$ 328,866	\$ 185,320	\$ 22,563	\$ -	\$ -	\$ 37,115	\$ 573,864
2042	\$ 341,355	\$ 172,577	\$ 20,918	\$ -	\$ -	\$ 37,857	\$ 572,707
2043	\$ 358,006	\$ 158,496	\$ 19,212	\$ -	\$ -	\$ 38,614	\$ 574,328
2044	\$ 374,658	\$ 143,728	\$ 17,422	\$ -	\$ -	\$ 39,387	\$ 575,194
2045	\$ 387,146	\$ 128,273	\$ 15,548	\$ -	\$ -	\$ 40,174	\$ 571,142
2046	\$ 407,961	\$ 112,304	\$ 13,613	\$ -	\$ -	\$ 40,978	\$ 574,855
2047	\$ 424,612	\$ 95,475	\$ 11,573	\$ -	\$ -	\$ 41,797	\$ 573,457
2048	\$ 441,264	\$ 77,960	\$ 9,450	\$ -	\$ -	\$ 42,633	\$ 571,307
2049	\$ 462,078	\$ 59,758	\$ 7,243	\$ -	\$ -	\$ 43,486	\$ 572,565
2050	\$ 482,892	\$ 40,697	\$ 4,933	\$ -	\$ -	\$ 44,356	\$ 572,878
2051	\$ 503,707	\$ 20,778	\$ 2,519	\$ -	\$ (524,484)	\$ 45,243	\$ 47,761
Total	\$ 8,667,083	\$ 6,513,696	\$ 812,799	\$ (335,433)	\$ (524,484)	\$ 1,033,542	\$ 16,167,203

¹ Interest is calculated at a 2.875%, 3.500%, 3.875% and 4.125% rate for term bonds due 2026, 2031, 2041 and 2051 respectively.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 –IMPROVEMENT AREA #2 ASSESSMENT ROLL

Property ID ¹	Outstanding Assessment	Annual Installment due 1/31/2022
Improvement Area #2 Initial Parcel	\$ 1,742,916.81	\$ 13,837.86
Total Improvement Area #2	\$ 1,742,916.81	\$ 13,837.86

¹ The entire District is contained within Property ID 227463.

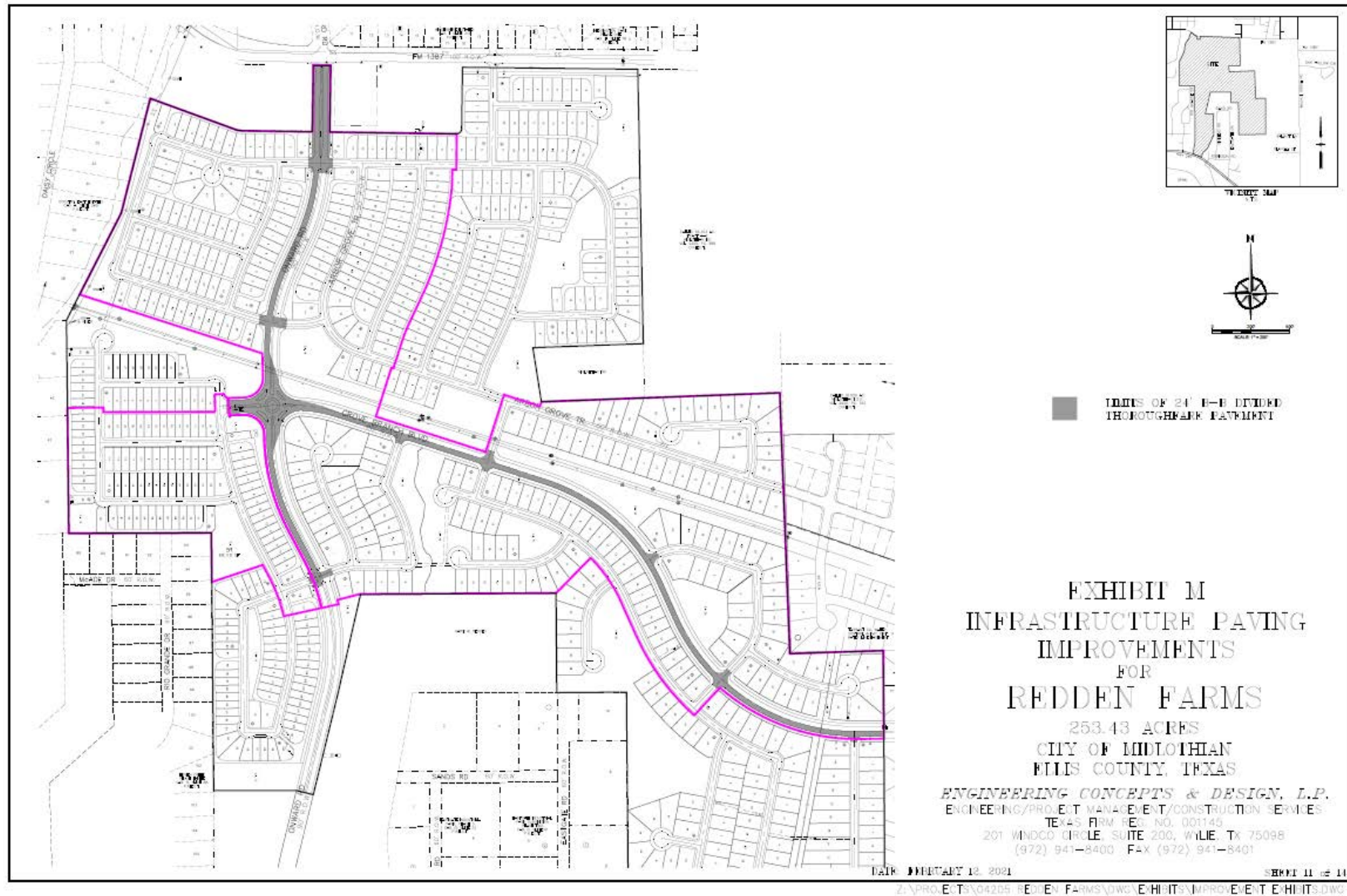
EXHIBIT G-2 –IMPROVEMENT AREA #2 ANNUAL INSTALLMENTS

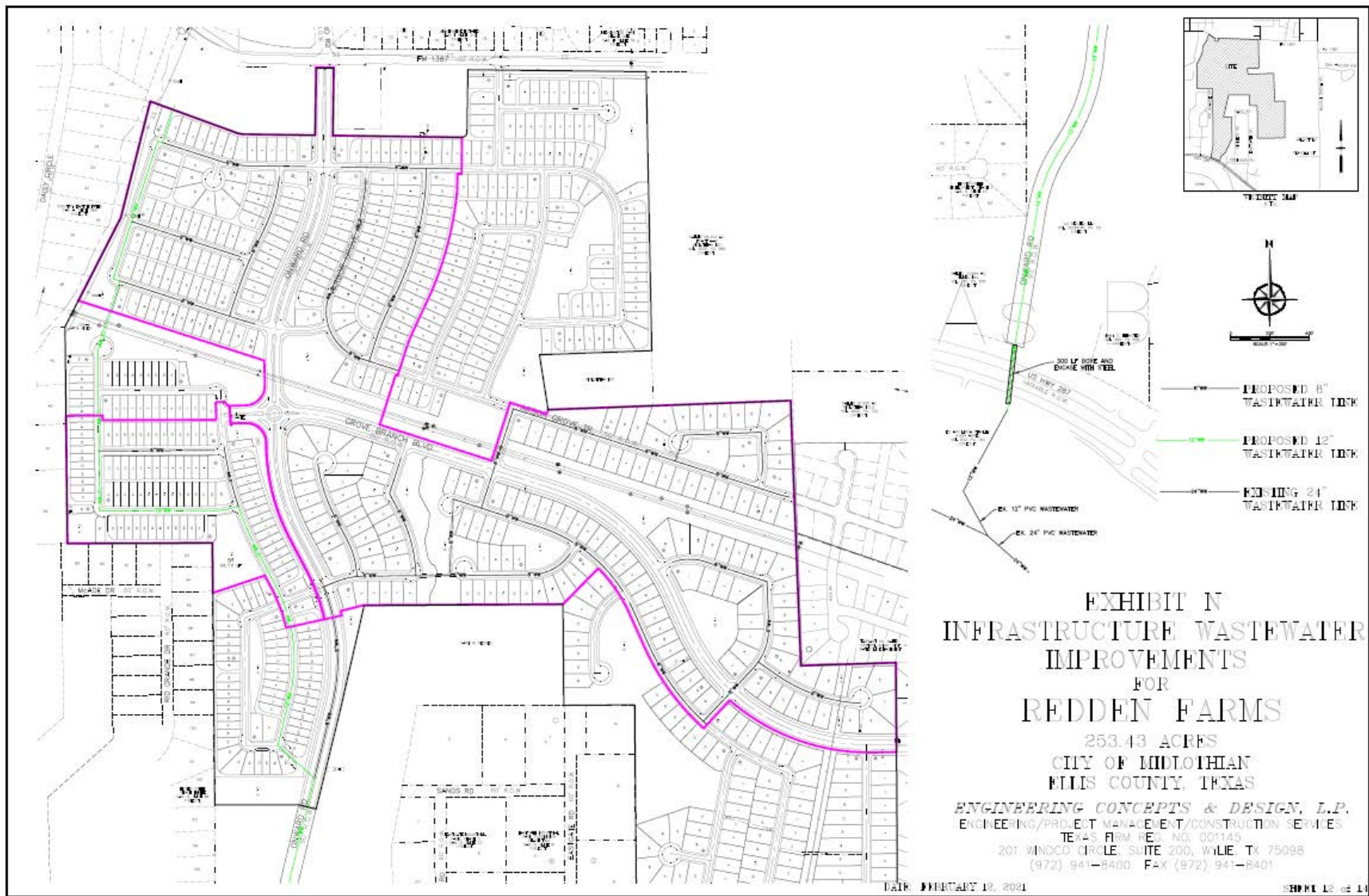
Installment due 1/31	Principal	Interest ¹	Additional Interest	Capitalized Interest	Reserve Fund	Annual Collection Costs	Annual Installment
2021	\$ -	\$ 28,481	\$ -	\$ (28,481)	\$ -	\$ -	\$ -
2022	\$ -	\$ 67,454	\$ 8,715	\$ (67,454)	\$ -	\$ 5,123	\$ 13,838
2023	\$ 33,485	\$ 67,454	\$ 8,715	\$ -	\$ -	\$ 5,226	\$ 114,880
2024	\$ 35,160	\$ 66,492	\$ 8,547	\$ -	\$ -	\$ 5,330	\$ 115,529
2025	\$ 35,997	\$ 65,481	\$ 8,371	\$ -	\$ -	\$ 5,437	\$ 115,286
2026	\$ 36,834	\$ 64,446	\$ 8,191	\$ -	\$ -	\$ 5,546	\$ 115,017
2027	\$ 38,508	\$ 63,387	\$ 8,007	\$ -	\$ -	\$ 5,657	\$ 115,559
2028	\$ 39,345	\$ 62,039	\$ 7,815	\$ -	\$ -	\$ 5,770	\$ 114,969
2029	\$ 41,020	\$ 60,662	\$ 7,618	\$ -	\$ -	\$ 5,885	\$ 115,185
2030	\$ 42,694	\$ 59,226	\$ 7,413	\$ -	\$ -	\$ 6,003	\$ 115,336
2031	\$ 44,368	\$ 57,732	\$ 7,199	\$ -	\$ -	\$ 6,123	\$ 115,422
2032	\$ 46,042	\$ 56,179	\$ 6,978	\$ -	\$ -	\$ 6,245	\$ 115,444
2033	\$ 47,717	\$ 54,395	\$ 6,747	\$ -	\$ -	\$ 6,370	\$ 115,229
2034	\$ 49,391	\$ 52,546	\$ 6,509	\$ -	\$ -	\$ 6,498	\$ 114,943
2035	\$ 51,902	\$ 50,632	\$ 6,262	\$ -	\$ -	\$ 6,627	\$ 115,424
2036	\$ 53,577	\$ 48,621	\$ 6,002	\$ -	\$ -	\$ 6,760	\$ 114,960
2037	\$ 56,088	\$ 46,545	\$ 5,734	\$ -	\$ -	\$ 6,895	\$ 115,262
2038	\$ 58,600	\$ 44,371	\$ 5,454	\$ -	\$ -	\$ 7,033	\$ 115,458
2039	\$ 61,111	\$ 42,101	\$ 5,161	\$ -	\$ -	\$ 7,174	\$ 115,546
2040	\$ 63,622	\$ 39,733	\$ 4,855	\$ -	\$ -	\$ 7,317	\$ 115,528
2041	\$ 66,134	\$ 37,267	\$ 4,537	\$ -	\$ -	\$ 7,464	\$ 115,402
2042	\$ 68,645	\$ 34,705	\$ 4,207	\$ -	\$ -	\$ 7,613	\$ 115,169
2043	\$ 71,994	\$ 31,873	\$ 3,863	\$ -	\$ -	\$ 7,765	\$ 115,495
2044	\$ 75,342	\$ 28,903	\$ 3,503	\$ -	\$ -	\$ 7,920	\$ 115,669
2045	\$ 77,854	\$ 25,795	\$ 3,127	\$ -	\$ -	\$ 8,079	\$ 114,855
2046	\$ 82,039	\$ 22,584	\$ 2,737	\$ -	\$ -	\$ 8,240	\$ 115,601
2047	\$ 85,388	\$ 19,200	\$ 2,327	\$ -	\$ -	\$ 8,405	\$ 115,320
2048	\$ 88,736	\$ 15,677	\$ 1,900	\$ -	\$ -	\$ 8,573	\$ 114,888
2049	\$ 92,922	\$ 12,017	\$ 1,457	\$ -	\$ -	\$ 8,745	\$ 115,141
2050	\$ 97,108	\$ 8,184	\$ 992	\$ -	\$ -	\$ 8,920	\$ 115,204
2051	\$ 101,293	\$ 4,178	\$ 506	\$ -	\$ (105,472)	\$ 9,098	\$ 9,605
Total	\$ 1,742,917	\$ 1,309,879	\$ 163,451	\$ (67,454)	\$ (105,472)	\$ 207,841	\$ 3,251,162

¹ Interest is calculated at a 2.875%, 3.500%, 3.875% and 4.125% rate for term bonds due 2026, 2031, 2041 and 2051 respectively.

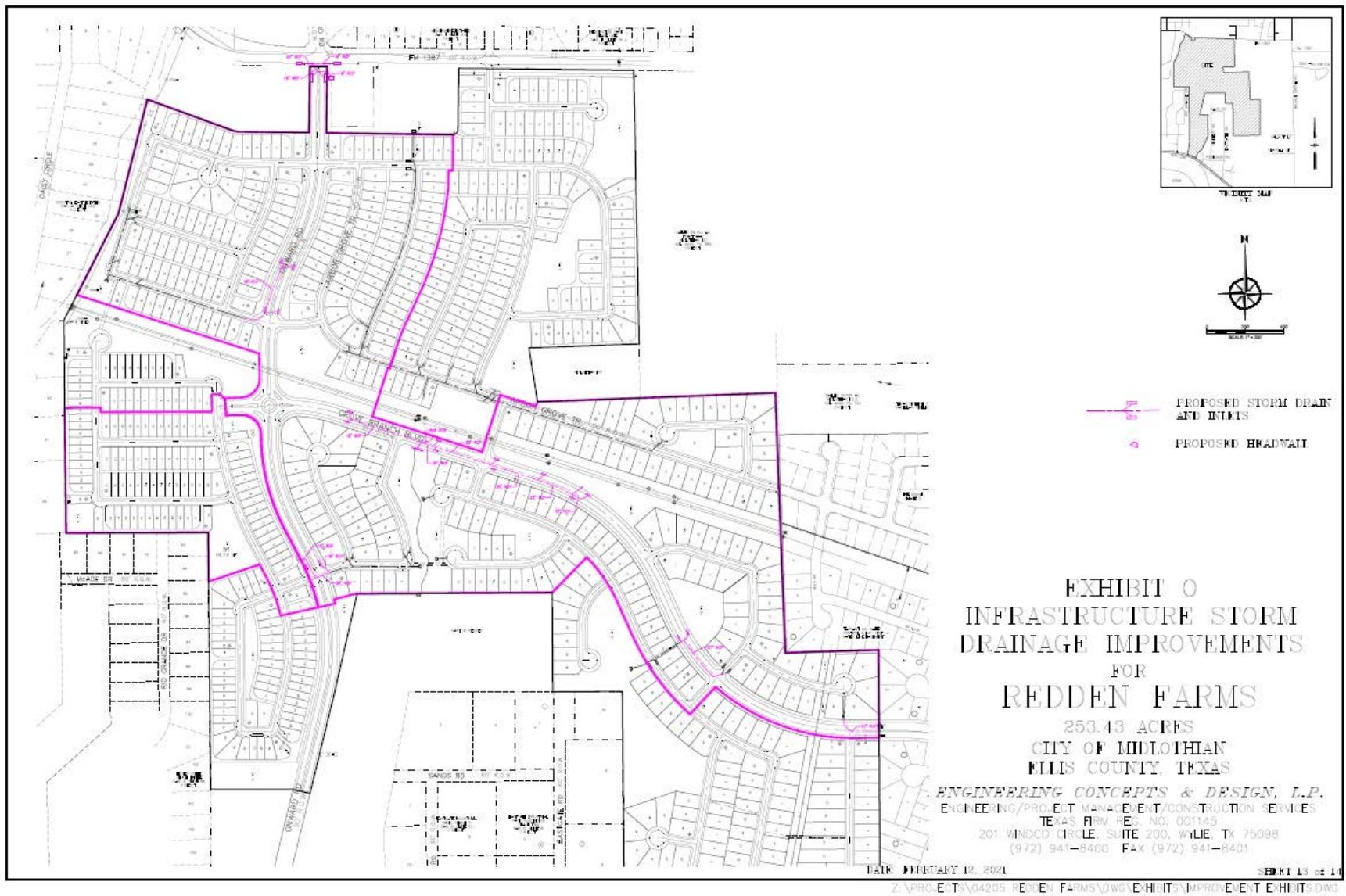
Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H-1 – MAPS OF MAJOR IMPROVEMENTS





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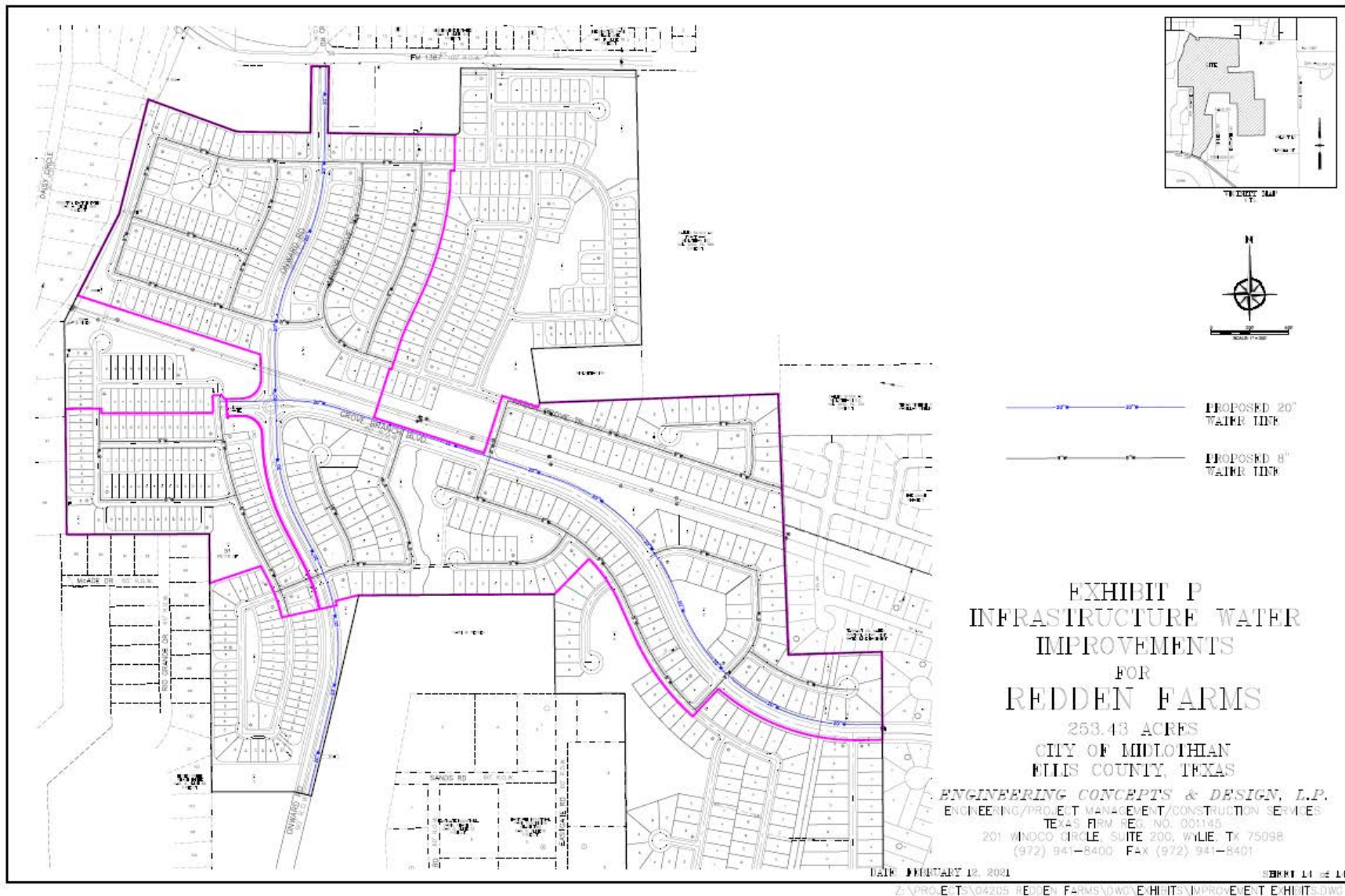
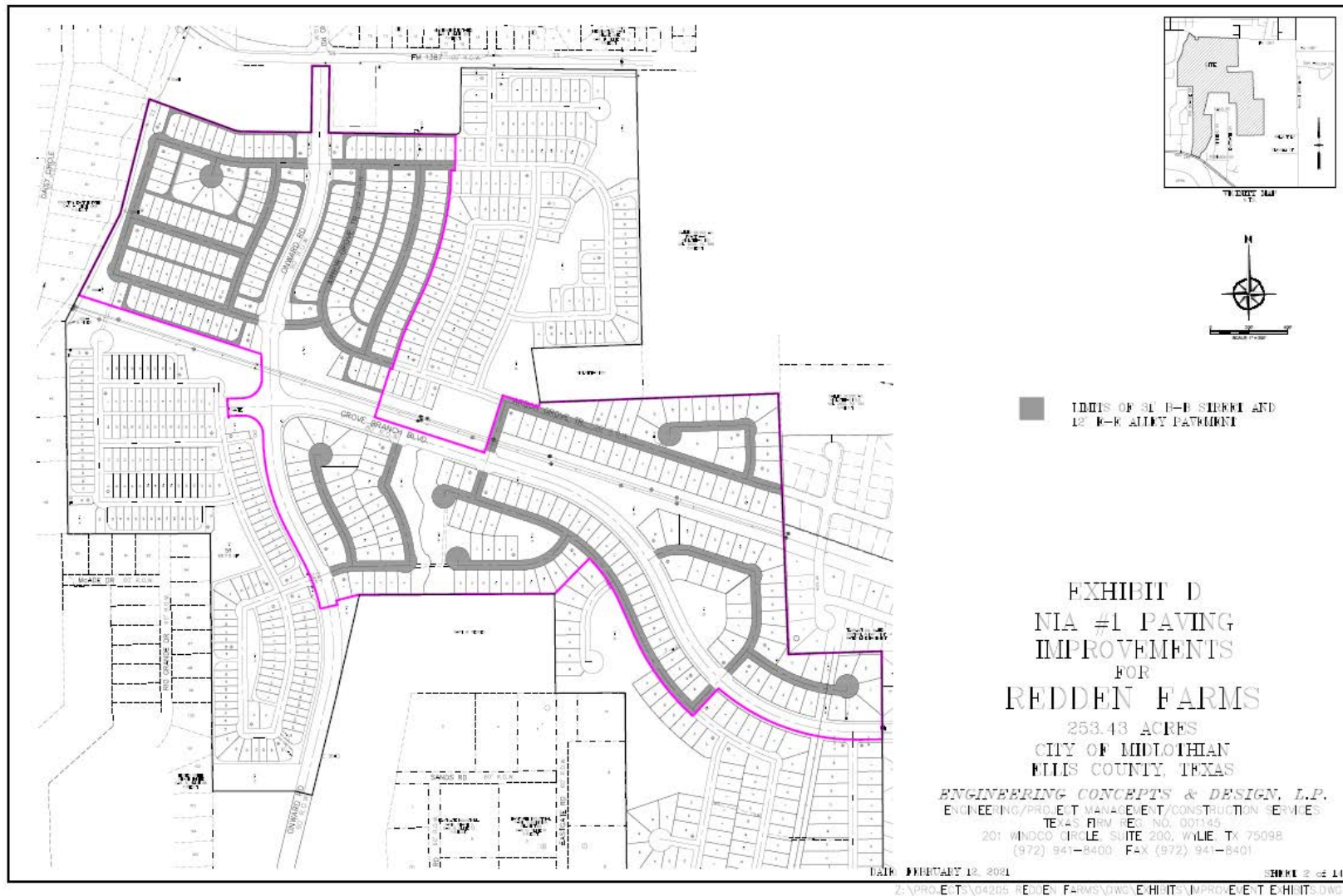
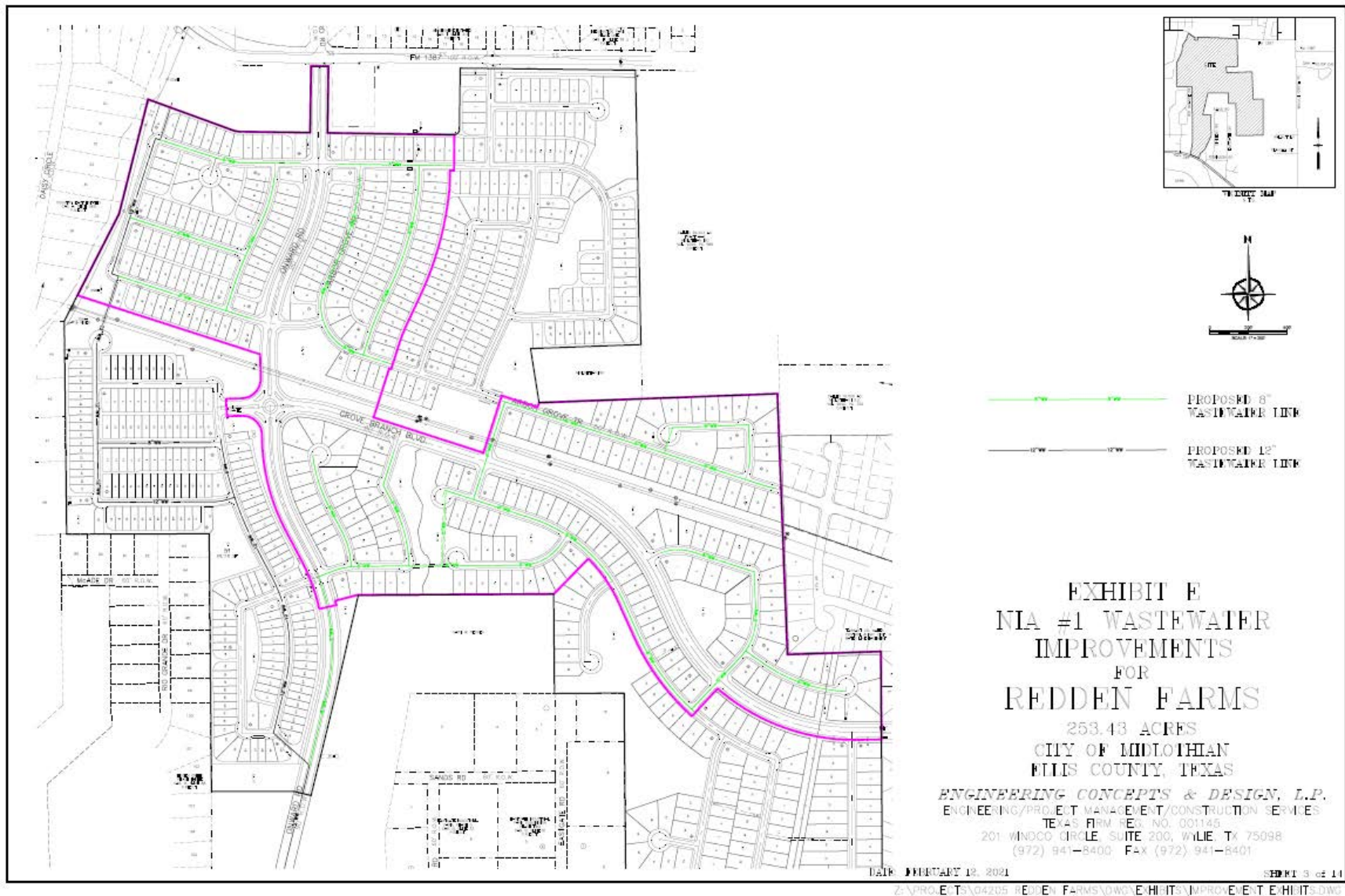
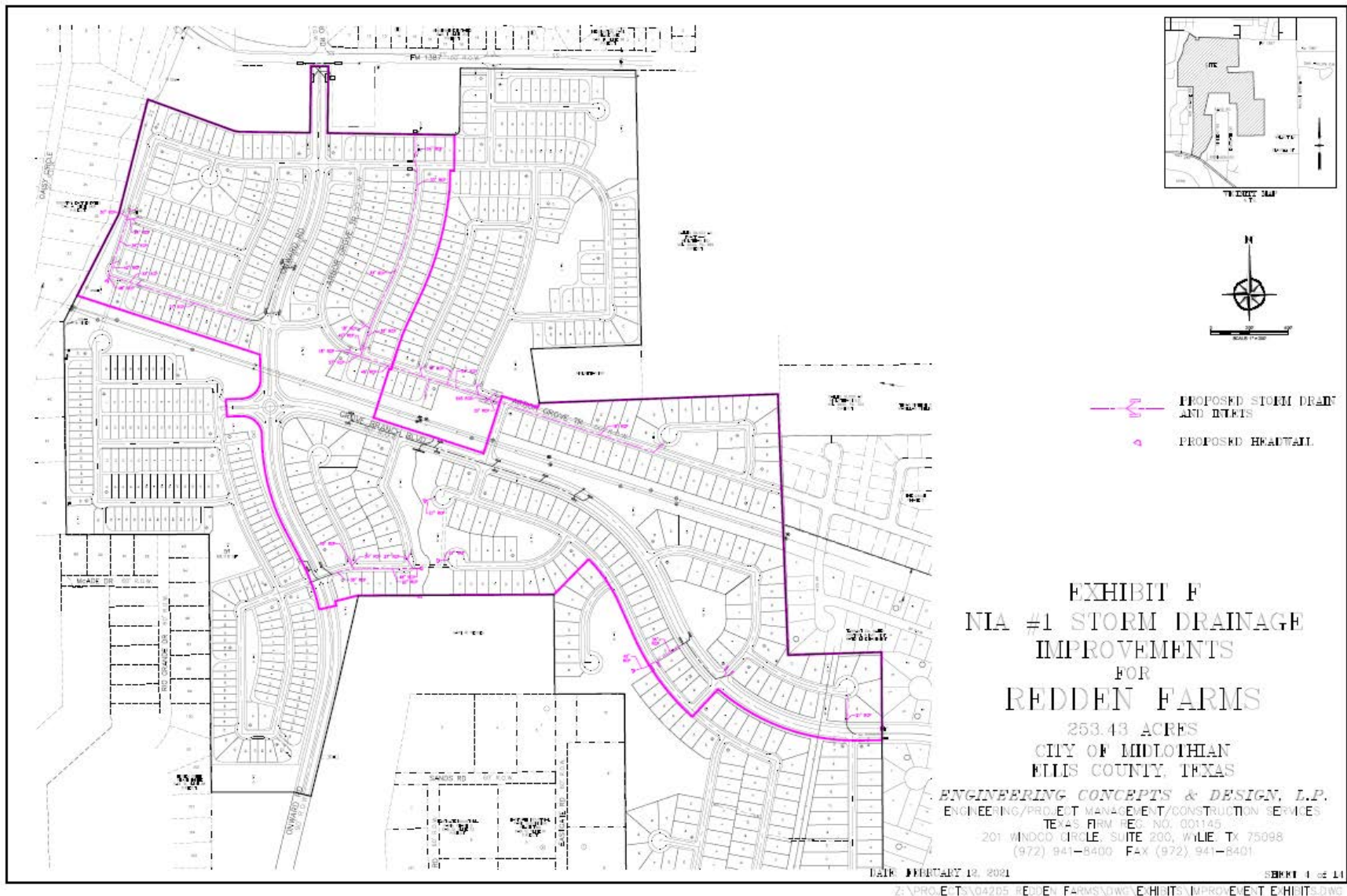


EXHIBIT H-2 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS







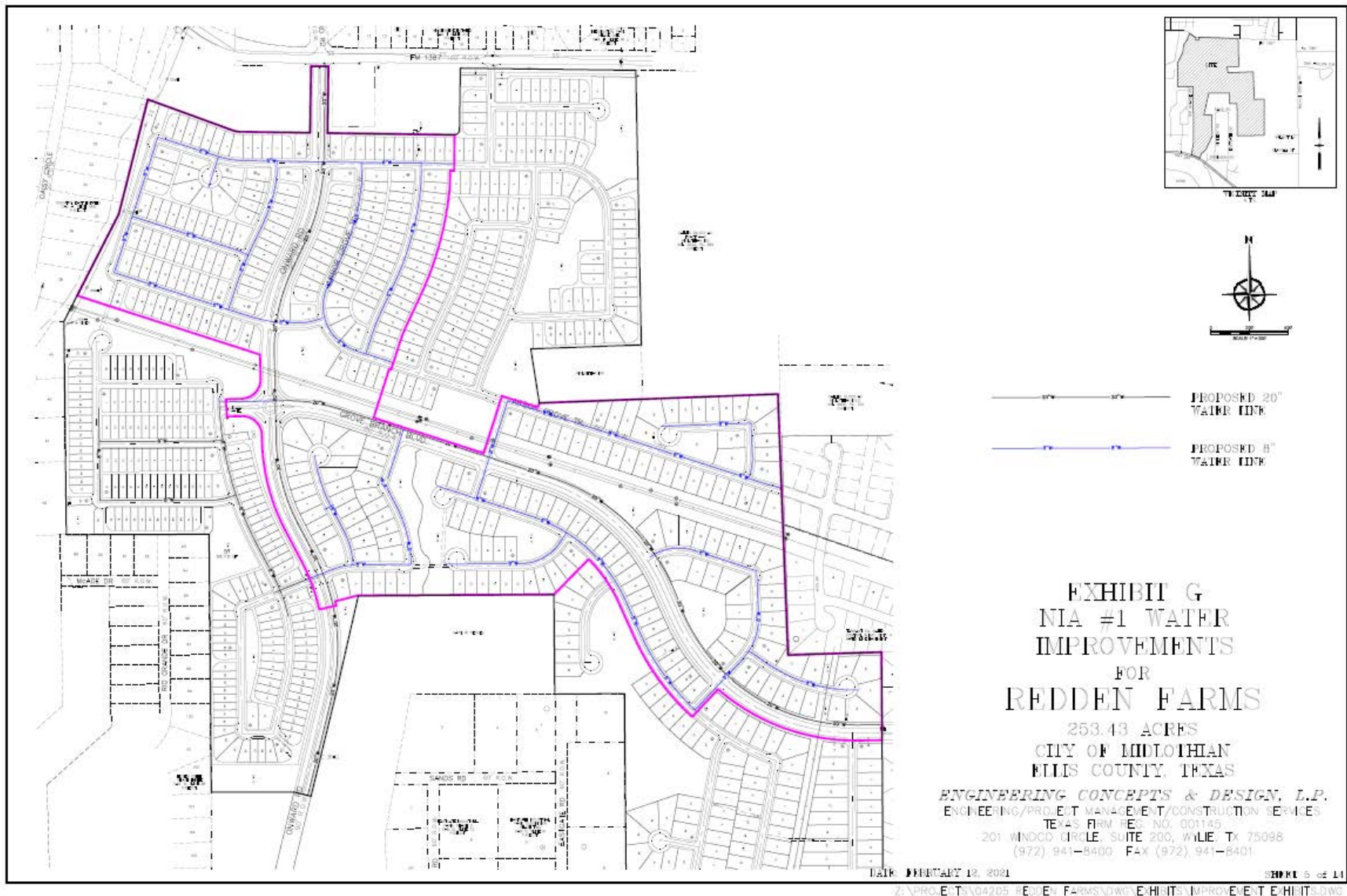
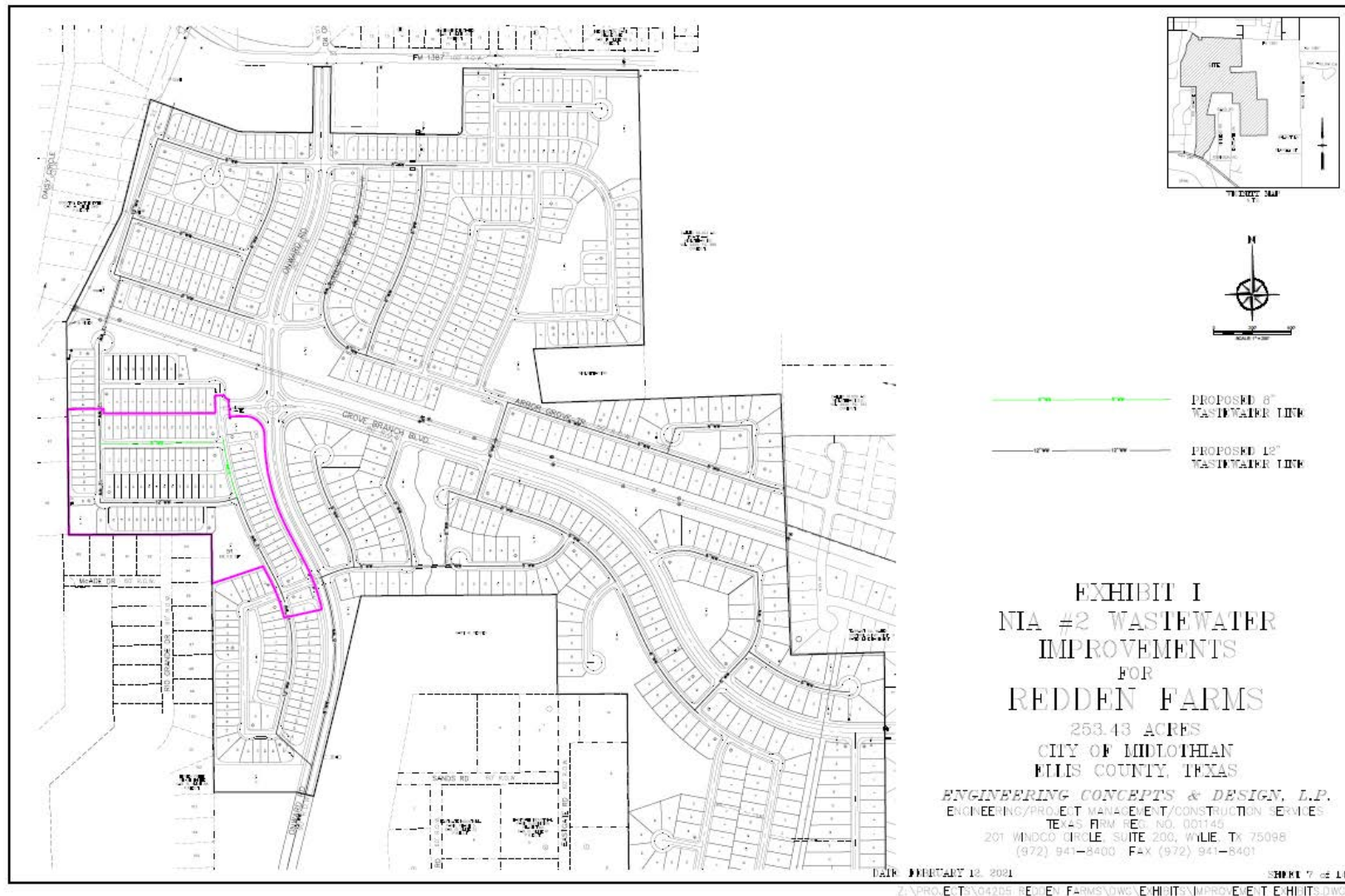
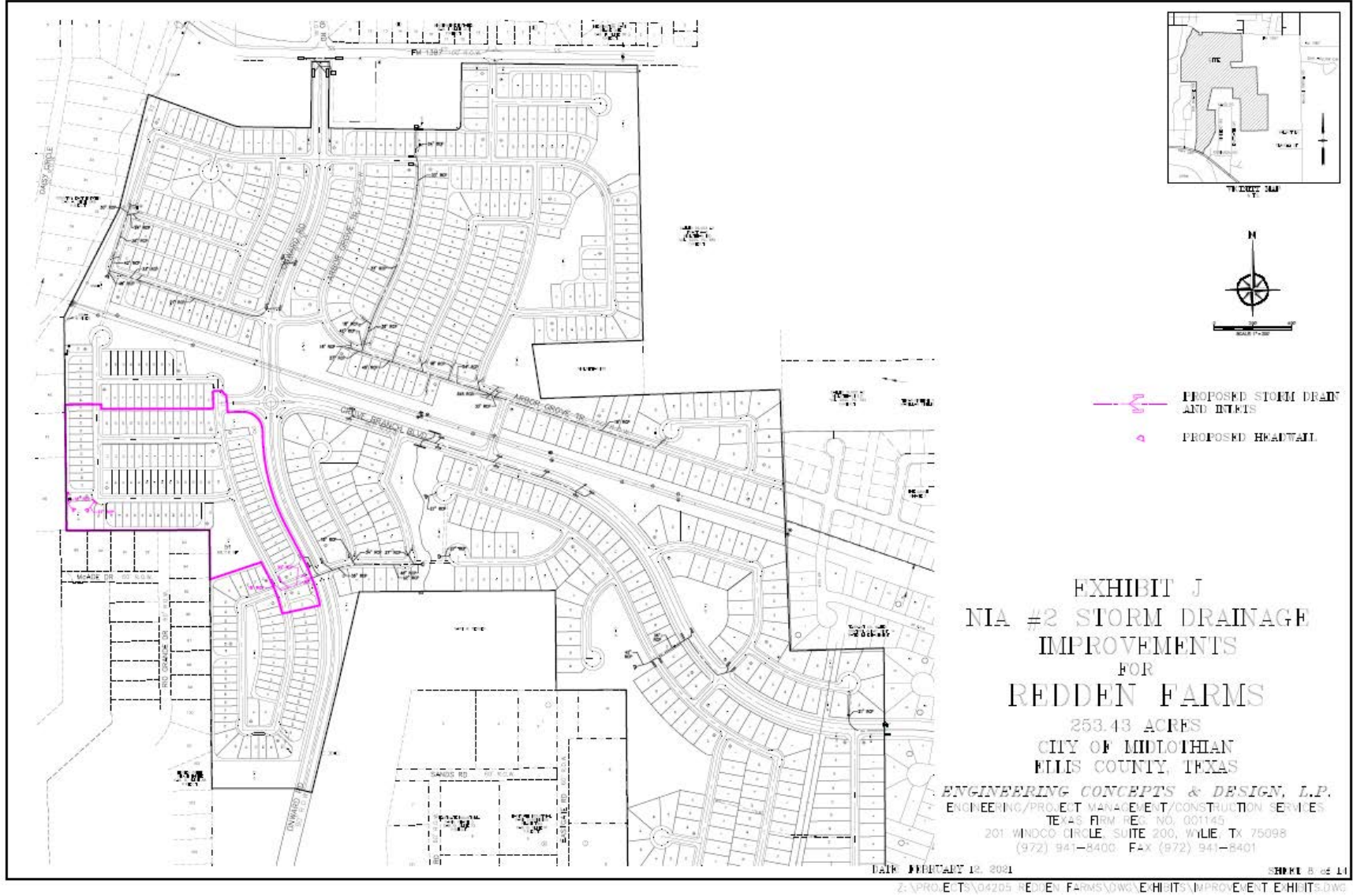


EXHIBIT H-3 – MAPS OF IMPROVEMENT AREA #2 IMPROVEMENTS





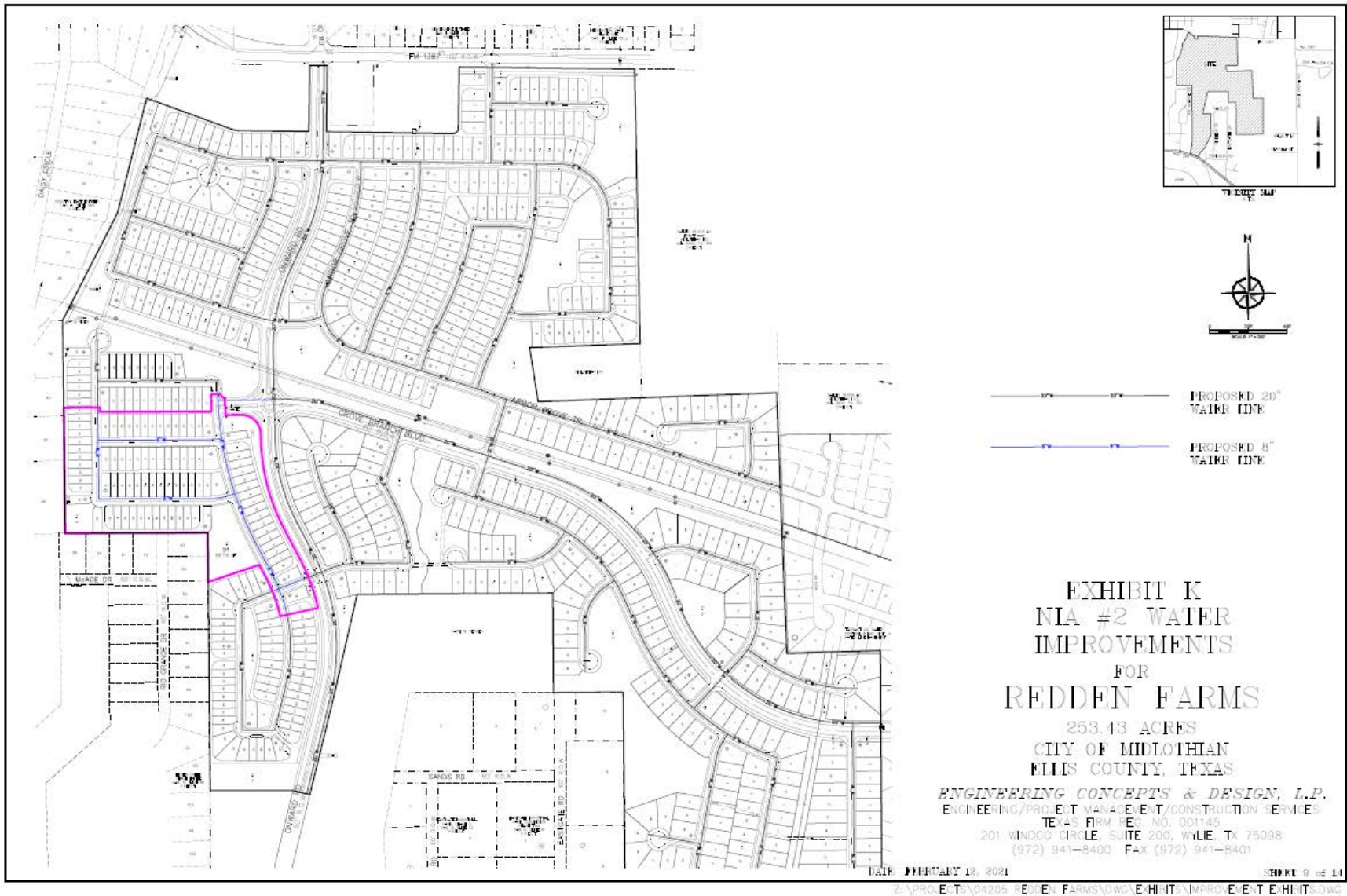


EXHIBIT I – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units	Finished Lot Value	Total Finished Lot Value	Estimated Buildout Value per Unit	Total Estimated Buildout Value	Total Assessment ²	Maximum Assessment Per Unit	Average Annual Installment	Average Annual Installment Per Unit	Tax Rate Equivalent
<i>Improvement Area #1</i>										
Lot Type 2	174	\$ 60,000	\$ 10,440,000	\$ 315,000	\$ 54,810,000	\$ 4,005,420	\$ 23,020	\$ 264,917	\$ 1,523	\$ 0.483336
Lot Type 3	86	72,000	6,192,000	375,000	32,250,000	2,356,774	27,404	155,876	1,813	0.483336
Lot Type 4	76	77,000	5,852,000	415,000	31,540,000	2,304,889	30,327	152,444	2,006	0.483336
Improvement Area #1 Subtotal	336		\$ 22,484,000		\$ 118,600,000	\$ 8,667,083		\$ 573,237		\$ 0.483336
<i>Improvement Area #2</i>										
Lot Type 1	90	\$ 48,000	\$ 4,320,000	\$ 265,000	\$ 23,850,000	\$ 1,742,917	\$ 19,366	\$ 115,276		\$ 0.483336
Improvement Area #2 Subtotal	90		\$ 4,320,000		\$ 23,850,000	\$ 1,742,917		\$ 115,276		\$ 0.483336
Major Improvement Area Subtotal	366		\$ 23,175,000		\$ 124,290,000	\$ 3,925,000		\$ 307,046		\$ 0.247040
Total	792		\$ 49,979,000		\$ 266,740,000	\$ 14,335,000		\$ 995,558		

Notes:

¹ Per information provided by the Owner.

² The Assessment being levied on the Major Improvement Area is to fund the costs of the Major Improvements. An additional Assessment will be levied in a future update to the Service and Assessment Plan which will fund the costs of Improvement Area #3 improvements.

EXHIBIT J – FORM OF NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Ellis County Clerk's Office
Honorable [County Clerk]
109 S Jackson St
Waxahachie, TX 75165

Re: City of Midlothian Lien Release documents for filing

Dear Ms./Mr. [County Clerk],

Enclosed is a lien release that the City of Midlothian is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Midlothian
Attn: [City Secretary]
104 West Avenue E
Midlothian, TX 76065

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

**[City Secretary Name]
[City Secretary Address]
Midlothian, TX 76065**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS §
 §
COUNTY OF ELLIS §

NOW ALL MEN BY THESE PRESENTS:

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Midlothian, Texas, a Texas home rule municipality.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Midlothian, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and of the City; and

WHEREAS, on or about September 22, 2020, the City Council for the City, approved Resolution No. 2020-38, creating Redden Farms Public Improvement District; and

WHEREAS, the Redden Farms Public Improvement District consists of approximately 253.430 contiguous acres within the and corporate limits of the City; and

WHEREAS, on or about March 23, 2021, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within Redden Farms Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment (the “Lien”) in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], an addition to the City of Midlothian, Ellis County, Texas, according to the map or plat thereof recorded in Document/Instrument No. _____ of the Plat Records of Ellis County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the City hereby releases and discharges, and by theses presents does hereby release and discharge the Lien to the extent that it affects and encumbers the Property.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF MIDLOTHIAN, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

STATE OF TEXAS §
 §
COUNTY OF ELLIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [City Manager], City Manager for the City of Midlothian, Texas, a Texas home rule municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT K-1 – DEBT SERVICE SCHEDULE FOR MAJOR IMPROVEMENT AREA BONDS

BOND DEBT SERVICE

City of Midlothian, Texas
Special Assessment Revenue Bonds, Series 2021
(Redden Farms Public Improvement District Major Improvement Area Project)
FINAL NUMBERS

Dated Date 04/13/2021
Delivery Date 04/13/2021

Period Ending	Principal	Interest	Debt Service
09/30/2021		75,554.03	75,554.03
09/30/2022		178,943.76	178,943.76
09/30/2023		178,943.76	178,943.76
09/30/2024	75,000	178,943.76	253,943.76
09/30/2025	80,000	175,850.00	255,850.00
09/30/2026	80,000	172,550.00	252,550.00
09/30/2027	85,000	169,250.00	254,250.00
09/30/2028	90,000	165,743.76	255,743.76
09/30/2029	90,000	162,031.26	252,031.26
09/30/2030	95,000	158,318.76	253,318.76
09/30/2031	100,000	154,400.00	254,400.00
09/30/2032	105,000	150,275.00	255,275.00
09/30/2033	110,000	145,550.00	255,550.00
09/30/2034	115,000	140,600.00	255,600.00
09/30/2035	115,000	135,425.00	250,425.00
09/30/2036	120,000	130,250.00	250,250.00
09/30/2037	125,000	124,850.00	249,850.00
09/30/2038	135,000	119,225.00	254,225.00
09/30/2039	140,000	113,150.00	253,150.00
09/30/2040	145,000	106,850.00	251,850.00
09/30/2041	150,000	100,325.00	250,325.00
09/30/2042	160,000	93,575.00	253,575.00
09/30/2043	165,000	85,975.00	250,975.00
09/30/2044	175,000	78,137.50	253,137.50
09/30/2045	180,000	69,825.00	249,825.00
09/30/2046	190,000	61,275.00	251,275.00
09/30/2047	200,000	52,250.00	252,250.00
09/30/2048	210,000	42,750.00	252,750.00
09/30/2049	220,000	32,775.00	252,775.00
09/30/2050	230,000	22,325.00	252,325.00
09/30/2051	240,000	11,400.00	251,400.00
	3,925,000	3,587,316.59	7,512,316.59

EXHIBIT K-2 – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1-2 BONDS

BOND DEBT SERVICE

City of Midlothian, Texas
Special Assessment Revenue Bonds, Series 2021
(Redden Farms Public Improvement District Improvement Areas #1-2 Project)
FINAL NUMBERS

Dated Date 04/13/2021
Delivery Date 04/13/2021

Period Ending	Principal	Interest	Debt Service
09/30/2021		170,108.06	170,108.06
09/30/2022		402,887.50	402,887.50
09/30/2023	200,000	402,887.50	602,887.50
09/30/2024	210,000	397,137.50	607,137.50
09/30/2025	215,000	391,100.00	606,100.00
09/30/2026	220,000	384,918.76	604,918.76
09/30/2027	230,000	378,593.76	608,593.76
09/30/2028	235,000	370,543.76	605,543.76
09/30/2029	245,000	362,318.76	607,318.76
09/30/2030	255,000	353,743.76	608,743.76
09/30/2031	265,000	344,818.76	609,818.76
09/30/2032	275,000	335,543.76	610,543.76
09/30/2033	285,000	324,887.50	609,887.50
09/30/2034	295,000	313,843.76	608,843.76
09/30/2035	310,000	302,412.50	612,412.50
09/30/2036	320,000	290,400.00	610,400.00
09/30/2037	335,000	278,000.00	613,000.00
09/30/2038	350,000	265,018.76	615,018.76
09/30/2039	365,000	251,456.26	616,456.26
09/30/2040	380,000	237,312.50	617,312.50
09/30/2041	395,000	222,587.50	617,587.50
09/30/2042	410,000	207,281.26	617,281.26
09/30/2043	430,000	190,368.76	620,368.76
09/30/2044	450,000	172,631.26	622,631.26
09/30/2045	465,000	154,068.76	619,068.76
09/30/2046	490,000	134,887.50	624,887.50
09/30/2047	510,000	114,675.00	624,675.00
09/30/2048	530,000	93,637.50	623,637.50
09/30/2049	555,000	71,775.00	626,775.00
09/30/2050	580,000	48,881.26	628,881.26
09/30/2051	605,000	24,956.26	629,956.26
	10,410,000	7,993,683.22	18,403,683.22

EXHIBIT L-1 – DISTRICT BOUNDARY DESCRIPTION

Boundary Descriptions for Parcels within PID

FIELD NOTES

BEING a 253.430 acre tract of land situated in the City of Midlothian situated in the Benjamin Monroe Survey, Abstract 700, the W.J. Ely Survey, Abstract 1333, the F.E. Witherspoon Survey, Abstract 1188, the W.G. Stewart Survey, Abstract 1245, and the Coleman Jenkins Survey, Abstract 556 and being part a called 302.334 acre tract described in deed to D2 Redden, LLC, as recorded in Instrument 1800152, Deed Records, Ellis County, Texas, said 253.430 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod with cap stamped RPLS 4466 found for the southwest corner of a called 70.000 acre tract of land described in deed to Arbors Development, LLC, as recorded in Volume 2760, Page 2293 of said Deed Records and an ell corner of said 302.334 acre tract;

THENCE North 88 degrees 13 minutes 55 seconds East, with a common boundary line of said 302.334 acre tract and said 70.000 acre tract, a distance of 483.09 feet to a 1-inch iron rod found for the southerly northeast corner of said 302.334 acre tract and the northwest corner of a called 63.789 acre tract described in deed to Arbors Development, LLC, as recorded in Instrument 1518152 of said Deed Records;

THENCE Southerly, with the common boundary lines of said 302.334 acre tract and said 63.789 acre tract, the following courses:

- South 00 degrees 20 minutes 19 seconds East, a distance of 789.14 feet to a 1/2-inch iron rod found for corner;
- South 00 degrees 14 minutes 27 seconds East, a distance of 985.57 feet to a 1-inch iron rod found for the common south corner of said 302.334 acre tract and said 63.789 acre tract, said corner being in the north boundary line of a called 40.399 acre tract of land described in deed to James O. Fleming and Patsy L. Fleming, as recorded in Volume 1719, Page 12 of said Deed Records;

THENCE South 89 degrees 30 minutes 24 seconds West, with the common boundary line of said 302.334 acre tract and said 40.399 acre tract, a distance of 1322.26 feet to a 1-inch iron rod found for the common west corner of said 302.334 acre tract and said 40.399 acre tract, said corner being in the east boundary line of Eastgate Industrial Park, Phase Two, an addition to Ellis County, as recorded in Cabinet B, Slide 91, Plat Records, Ellis County, Texas;

THENCE Northerly, with the common boundary lines of said 302.334 acre tract and said Eastgate Industrial Park, Phase Two, the following courses:

- North 00 degrees 29 minutes 49 seconds West, a distance of 1571.81 feet to a 1-inch iron rod found for corner;

- South 89 degrees 55 minutes 41 seconds West, a distance of 249.91 feet to a 5/8-inch iron rod found for corner;
- South 89 degrees 20 minutes 32 seconds West, a distance of 110.06 feet to a 1/2-inch iron rod found for a southwest corner of said 302.334 acre tract;

THENCE along the southerly boundary lines of said 302.334 acre tract, the following courses:

- North 00 degrees 22 minutes 55 seconds West, a distance of 513.94 feet to a 1/2-inch iron rod found for corner;
- South 89 degrees 35 minutes 37 seconds West, a distance of 245.37 feet to a 1/2-inch iron rod found for corner;
- South 89 degrees 37 minutes 03 seconds West, a distance of 764.58 feet to a point for corner from which a 1/2-inch iron rod found bears North 24 degrees 14 minutes 35 seconds West, a distance of 0.50 feet;
- South 12 degrees 55 minutes 29 seconds West, a distance of 523.33 feet to a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner;
- South 13 degrees 40 minutes 59 seconds West, passing a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner at a distance of 440.48 feet and continuing across said 302.334 acre tract, a total distance of 538.65 feet to a 1/2-inch iron rod set for corner;

THENCE North 76 degrees 10 minutes 34 seconds West, a distance of 92.95 feet to a 1/2-inch iron rod set for corner;

THENCE South 89 degrees 54 minutes 26 seconds West, a distance of 424.45 feet to a 1/2-inch iron rod set for corner in the common boundary line of said 302.334 acre tract and Hidden Creek, Phase Three, an addition to Ellis County, as recorded in Cabinet B, Slide 88 of said Plat Records;

THENCE North 00 degrees 29 minutes 41 seconds West, with the common boundary line of said 302.334 acre tract and said Hidden Creek, Phase Three, a distance of 1330.43 feet to a 1-inch iron rod found for the northeast corner of said Hidden Creek, Phase Three and an ell corner of said 302.334 acre tract;

THENCE South 89 degrees 49 minutes 49 seconds West, with the common boundary line of said 302.334 acre tract and said Hidden Creek, Phase Three, a distance of 736.38 feet to a 1-inch iron rod found for the common south corner of said 302.334 acre tract and County East Estates, an addition to Ellis County, as recorded in Cabinet A, Slide 569 of said Plat Records;

THENCE Northeasterly, with the common boundary lines of said 302.334 acre tract and said Country East Estates, the following courses:

- North 00 degrees 35 minutes 00 seconds West, a distance of 1101.39 feet to a 1/2-inch iron rod found for corner;
- North 27 degrees 07 minutes 27 seconds East, a distance of 620.73 feet to a 1/2-inch iron pipe found for corner;

- North 14 degrees 14 minutes 40 seconds East, passing a 1/2-inch iron rod found for an ell corner of said 302.334 acre tract at a distance of 603.67 feet and continuing across said 302.334 acre tract a total distance of 610.36 feet to a 1/2-inch iron rod set for corner;

THENCE South 69 degrees 55 minutes 01 seconds East, a distance of 468.37 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 102.50 feet whose chord bears South 79 degrees 32 minutes 06 seconds East, a distance of 34.25 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 19 degrees 14 minutes 12 seconds, an arc distance of 34.41 feet to a 1/2-inch iron rod set for the end of said curve;

THENCE South 89 degrees 09 minutes 12 seconds East, a distance of 363.64 feet to a 1/2-inch iron rod set for corner;

THENCE North 00 degrees 50 minutes 48 seconds East, a distance of 342.21 feet to a 1/2-inch iron rod set for corner in the south right-of-way line of Farm to Market Road 1387 (FM 1387), a variable width right-of-way and the north boundary line of said 302.334 acre tract;

THENCE South 89 degrees 26 minutes 18 seconds East, with the common boundary line of said FM 1387 and said 302.334 acre tract, a distance of 90.00 feet to a 1/2-inch iron rod set for corner;

THENCE South 00 degrees 50 minutes 48 seconds West, a distance of 342.66 feet to a 1/2-inch iron rod set for corner;

THENCE South 89 degrees 09 minutes 09 seconds East, a distance of 653.47 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 27.50 feet whose chord bears North 45 degrees 50 minutes 50 seconds East, a distance of 38.89 feet;

THENCE Northeasterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 04 seconds, an arc distance of 43.20 feet to a 1/2-inch iron rod set for the end of said curve;

THENCE North 00 degrees 50 minutes 48 seconds East, a distance of 316.83 feet to a 1/2-inch iron rod set for corner in the common boundary line of said FM 1387 and said 302.334 acre tract;

THENCE South 89 degrees 17 minutes 25 seconds East, with the common boundary line of said FM 1387 and said 302.334 acre tract, a distance of 905.31 feet to a 1/2-inch iron rod found for the common north corner of said 302.334 acre tract and a called 26.453 acre tract of land (Tract A-2) described in deed to Midlothian Independent School district, as recorded in Volume 2205, Page 588 of said Deed Records;

THENCE South 01 degrees 07 minutes 34 seconds East, with the common boundary line of said 302.334 acre tract and said 26.453 acre tract, a distance of 1416.59 feet to a 1/2-inch iron rod found for the northerly common east corner of said 302.334 acre tract and a called 3.544 acre tract of

land (Tract A-3) described in deed to Midlothian Independent School district, as recorded in Volume 2205, Page 588 of said Deed Records;

THENCE with the common boundary lines of said 302.334 acre tract and said 3.544 acre tract, the following courses:

- South 87 degrees 53 minutes 33 seconds West, a distance of 570.65 feet to a 1/2-inch iron rod found for corner;
- South 08 degrees 54 minutes 37 seconds East, a distance of 282.33 feet to a 1/2-inch iron rod found for corner;
- North 87 degrees 52 minutes 58 seconds East, passing the southerly common east corner of said 302.334 acre tract and said 3.544 acre tract and continuing with the common boundary line of said 302.334 acre tract and said 26.453 acre tract, a distance of 1232.53 feet to a 1/2-inch iron rod found for corner in the west boundary line of a called 10.000 acre tract of land described in deed to Midlothian Independent School District, as recorded in Volume 2600, Page 722 of said Deed Records;

THENCE South 02 degrees 02 minutes 54 seconds East, with the common boundary line of said 10.000 acre tract and said 302.334 acre tract, a distance of 218.16 feet to a 1/2-inch iron rod found for the northwest corner of The Grove, Phase Two, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 761 of said Plat Records;

THENCE South 02 degrees 11 minutes 07 seconds East, with the common boundary line of said 302.334 acre tract and said The Grove, Phase Two, a distance of 456.92 feet to a 1/2-inch iron rod found for the southwest corner of said Phase Two;

THENCE South 02 degrees 12 minutes 44 seconds East, with the common boundary line of said 302.334 acre tract and the aforementioned 70.000 acre tract, a distance of 672.23 feet to the POINT OF BEGINNING AND CONTAINING 11,039,420 square feet or 253.430 acres of land.

EXHIBIT L-2 – MAJOR IMPROVEMENT AREA BOUNDARY DESCRIPTION

REDDEN FARMS

MIA #1

BEING a 40.97 acre tract of land situated in the F.E. Witherspoon Survey, Abstract 1188 and the W.G. Stewart Survey, Abstract 1245, City of Midlothian, Ellis County, Texas, and being part of a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, said 40.97 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod found in the south right-of-way line of Farm to Market Road 1387 (FM 1387), a 100 ft. right-of-way at this point, said corner being the common north corner of said 203.61 acre tract and Lots 1 through 3, Midlothian Heritage High School, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 245, Plat Records, Ellis County, Texas;

THENCE, with the common boundary lines of said 203.61 acre tract and said Midlothian Heritage High School addition, the following five (5) courses:

- 1) South 01 degrees 09 minutes 10 seconds East, a distance of 1416.59 feet to a 1/2-inch iron rod found for the corner;
- 2) South 87 degrees 51 minutes 57 seconds West, a distance of 570.65 feet to a 1/2-inch iron rod found for corner;
- 3) South 08 degrees 56 minutes 13 seconds East, a distance of 282.33 feet to a 1/2-inch iron rod found for corner;

THENCE, across said 203.61 acre tract, the following seventeen (17) courses:

- 1) South 17 degrees 52 minutes 56 seconds West, a distance of 24.96 feet;
- 2) North 72 degrees 07 minutes 04 seconds West, a distance of 194.30 feet;
- 3) South 17 degrees 52 minutes 56 seconds West, a distance of 285.00 feet;
- 4) South 62 degrees 52 minutes 56 seconds West, a distance of 35.36 feet;
- 5) North 72 degrees 07 minutes 04 seconds West, a distance of 571.32 feet;
- 6) North 17 degrees 52 minutes 56 seconds East, a distance of 265.00 feet;
- 7) South 72 degrees 07 minutes 04 seconds East, a distance of 10.00 feet;
- 8) North 17 degrees 52 minutes 56 seconds East, a distance of 146.63 feet to the beginning of a tangent curve to the right having a radius of 815.00 feet whose chord bears North 21 degrees 33 minutes 24 seconds East, a distance of 104.48 feet;
- 9) Northeasterly, with said curve to the right, through a central angle of 07 degrees 21 minutes 01 seconds, an arc distance of 104.55 feet to the end of said curve;
- 10) North 25 degrees 13 minutes 53 seconds East, a distance of 152.78 feet to the beginning of a tangent curve to the left having a radius of 1685.00 feet whose chord bears North 15 degrees 45 minutes 16 seconds East, a distance of 554.89 feet;
- 11) Northeasterly, with said curve to the left, through a central angle of 18 degrees 57 minutes 17 seconds, an arc distance of 557.43 feet to the beginning of a compound curve to the left having a radius of 765.00 feet, whose chord bears North 03 degrees 32 minutes 24 seconds East, a distance of 73.06 feet;

- 12) Northeasterly, with said curve to the left, through a central angle of 05 degrees 28 minutes 27seconds, an arc distance of 73.09 feet to the end of said curve;
- 13) North 00 degrees 49 minutes 46 seconds East, a distance of 43.60 feet;
- 14) South 89 degrees 10 minutes 45 seconds East, a distance of 20.13 feet;
- 15) North 00 degrees 49 minutes 15 seconds East, a distance of 170.00 feet;
- 16) North 89 degrees 10 minutes 45 seconds West, a distance of 2.50 feet;
- 17) North 00 degrees 49 minutes 15 seconds East, a distance of 15.00 feet to a point for corner in the north boundary line of said 203.61 acre tract, said point being the beginning of a non-tangent curve to the left having a radius of 27.50 feet whose chord bears North 45 degrees 49 minutes 13 seconds East, a distance of 38.89 feet;

THENCE, with the northerly boundary lines of said 203.61 acre tract, the following three (3) courses:

- 1) Northeasterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 04seconds, an arc distance of 43.20 feet the end of said curve;
- 2) North 00 degrees 49 minutes 11 seconds East, a distance of 316.83 feet to a point for corner in the south line of said FM 1387;
- 3) South 89 degrees 19 minutes 01 seconds East, with the south line of said FM 1387, a distance of 905.31 feet to the POINT OF BEGINNING AND CONTAINING 1,784,668 square feet or 40.97 acres of land.

**REDDEN FARMS
(MIA #2)**

BEING a 49.82 acre tract of land situated in the F.E. Witherspoon Survey, Abstract 1188, the W.G. Stewart Survey, Abstract 1245, and the Coleman Jenkins Survey, Abstract 556, City of Midlothian, Ellis County, Texas, and being all of a 49.82 acre tract described in deed to RF Midlothian Owner II, LP, as recorded in Instrument 2040096, Deed Records, Ellis County, Texas, said 253.43 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1-inch iron rod found for the common south corner of said 49.82 acre tract and a called 76.627 acre tract of land described in deed to The Grove – EC, Ltd, as recorded in Instrument 2000426 of said Deed Records said 76.627 acre tract, same being in the north boundary line of a called 40.399 acre tract of land described in deed to Arbors Development, LLC, as recorded in Instrument 2020936 of said Deed Records;

THENCE South 89 degrees 28 minutes 48 seconds West, with the common boundary line of said 49.82 acre tract and said 40.399 acre tract, a distance of 1322.26 feet to a 1-inch iron rod found for the common west corner of said 49.82 acre tract and said 40.399 acre tract, said corner being in the east boundary line of Eastgate Industrial Park, Phase Two, an addition to Ellis County, as recorded in Cabinet B, Slide 91, Plat Records, Ellis County, Texas;

THENCE Northerly, with the common boundary lines of said 49.82 acre tract and said Eastgate Industrial Park, Phase Two, the following three (3) courses:

- 1) North 00 degrees 31 minutes 25 seconds West, a distance of 1571.81 feet to a 1-inch iron rod found for corner;
- 2) South 89 degrees 54 minutes 05 seconds West, a distance of 249.91 feet to a 5/8-inch iron rod found for corner;
- 3) South 89 degrees 18 minutes 56 seconds West, a distance of 110.06 feet to a 1/2-inch iron rod found at the most northerly southwest corner of said 49.82 acre tract;

THENCE North 00 degrees 24 minutes 31 seconds West, along the northerly west boundary line of said 49.82 acre tract, a distance of 513.94 feet to a 1/2-inch iron rod found for the common west corner of said 49.82 acre tract and a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, of said Deed Records;

THENCE Easterly, along the common boundary lines of said 49.82 acre tract and said 203.61 acre tract, the following eight (8) courses:

- 1) North 44 degrees 28 minutes 09 seconds East, a distance of 255.15 feet to the beginning of a non-tangent curve to the right having a radius of 765.00 feet whose chord bears South 34 degrees 33 minutes 56 seconds East, a distance of 278.73 feet;
- 2) Southeasterly, with said curve to the right, through a central angle of 20 degrees 59 minutes 35 seconds, an arc distance of 280.29 feet to the end of said curve;

- 3) South 24 degrees 04 minutes 09 seconds East, a distance of 185.73 feet to the beginning of a tangent curve to the left having a radius of 1235.00 feet, whose chord bears South 36 degrees 01 minutes 46 seconds East, a distance of 511.86 feet;
- 4) Southeasterly, with said curve to the left, through a central angle of 23 degrees 55 minutes 13 seconds, an arc distance of 515.60 feet to the end of said curve;
- 5) North 43 degrees 10 minutes 13 seconds East, a distance of 170.05 feet;
- 6) North 87 degrees 08 minutes 12 seconds East, a distance of 35.99 feet to the beginning of a non-tangent curve to the left having a radius of 1040.00 feet whose chord bears South 70 degrees 01 minutes 20 seconds East, a distance of 726.31 feet;
- 7) Southeasterly, with said curve to the left, through a central angle of 40 degrees 52 minutes 32 seconds, an arc distance of 741.95 feet to the end of said curve;
- 8) North 89 degrees 32 minutes 25 seconds East, a distance of 144.87 feet to the common east corner of said 203.61 acre tract and said 76.627 acre tract;

THENCE, with the common boundary lines of said 203.61 acre tract and said 76.627 acre tract, the following two (2) courses:

- 1) South 00 degrees 21 minutes 55 seconds East, a distance of 334.23 feet to a 1/2-inch iron rod found for corner;
- 2) South 00 degrees 16 minutes 03 seconds East, a distance of 985.57 feet to the POINT OF BEGINNING AND CONTAINING 2,169,959 square feet or 49.82 acres of land.

**REDDEN FARMS
(MIA #3)**

BEING a 15.20 acre tract of land situated in the W.J. Ely Survey, Abstract 1333, the F.E. Witherspoon Survey, Abstract 1188, and the Coleman Jenkins Survey, Abstract 556, City of Midlothian, Ellis County, Texas, and being part of a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, said 15.20 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod set for the southwest corner of said 203.61 acre tract, same being in east boundary line of Hidden Creek, Phase Three, an addition to Ellis County, as recorded in Cabinet B, Slide 88, Plat Records, Ellis County, Texas;

THENCE North 00 degrees 31 minutes 17 seconds West, a distance of 1076.73 feet;

THENCE, across said 203.61 acre tract, the following courses:

- 1) North 72 degrees 05 minutes 21 seconds East, a distance of 236.72 feet to the beginning of a tangent curve to the left having a radius of 300.00 feet, whose chord bears North 68 degrees 10 minutes 22 seconds East, a distance of 40.98 feet;
- 2) Northeasterly, with said curve to the left, through a central angle of 07 degrees 49 minutes 57seconds, an arc distance of 41.01 feet to the end of said curve;
- 3) South 27 degrees 43 minutes 18 seconds East, a distance of 83.70 feet to the beginning of a tangent curve to the right having a radius of 755.00 feet, whose chord bears South 20 degrees 00 minutes 19 seconds East, a distance of 202.75 feet;
- 4) Southeasterly, with said curve to the right, through a central angle of 15 degrees 25 minutes 58seconds, an arc distance of 203.36 feet to the end of said curve;
- 5) North 77 degrees 42 minutes 40 seconds East, a distance of 290.00 feet to the beginning of a non-tangent curve to the left having a radius of 1045.00 feet, whose chord bears North 12 degrees 55 minutes 24 seconds West, a distance of 23.14 feet; THENCE x with said curve to the left, through a central angle of 01 degrees 16 minutes 08seconds, an arc distance of 23.14 feet to the end of said curve;
- 6) North 76 degrees 47 minutes 33 seconds East, a distance of 121.97 feet to an ell corner of said 203.61 acre tract from which a 1/2-inch iron rod found bears North 24 degrees 14 minutes 35 seconds West, a distance of 0.50 feet;

THENCE South 12 degrees 53 minutes 52 seconds West, along the westerly east boundary line of said 203.61 acre tract, a distance of 523.33 feet to a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner;

THENCE South 13 degrees 39 minutes 22 seconds West, continuing , along the westerly east boundary line of said 203.61 acre tract, a distance of 538.65 feet to the westerly southeast corner of said 203.61 acre tract;

THENCE North 76 degrees 12 minutes 11 seconds West, along the westerly south boundary line of said 203.61 acre tract, a distance of 92.95 feet;

THENCE South 89 degrees 52 minutes 50 seconds West, continuing, along the westerly south boundary line of said 203.61 acre tract, a distance of 424.45 feet to the POINT OF BEGINNING AND CONTAINING 662,322 square feet or 15.20 acres of land.

**REDDEN FARMS
(MIA #4)**

BEING a 10.00 acre tract of land situated in the Benjamin Monroe Survey, Abstract 700, the W.J. Ely Survey, Abstract 1333, and the F.E. Witherspoon Survey, Abstract 1188, City of Midlothian, Ellis County, Texas, and being part of a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, said 10.00 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a point for corner in the common line of said 203.61 acre tract and County East Estates, an addition to Ellis County, as recorded in Cabinet A, Slide 569, Plat Records, Ellis County, Texas, from which a 1/2-inch iron rod found for the common north corner of said 203.61 acre tract and Lots 1 through 3, Midlothian Heritage High School, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 245, of said Plat Records bears North 45 degrees 36 minutes 06 seconds East, a distance of 1689.33 feet;

THENCE, across said 203.61 acre tract, the following ten (10) courses:

- 1) South 72 degrees 07 minutes 04 seconds East, a distance of 991.95 feet;
- 2) South 01 degrees 18 minutes 51 seconds East, a distance of 125.29 feet to the beginning of a tangent curve to the right having a radius of 100.00 feet whose chord bears South 43 degrees 41 minutes 09 seconds West, a distance of 141.42 feet;
- 3) Southwesterly, with said curve to the right, through a central angle of 90 degrees 00 minutes 00 seconds, an arc distance of 157.08 feet to the end of said curve;
- 4) South 88 degrees 41 minutes 09 seconds West, a distance of 82.09 feet to the beginning of a tangent curve to the right having a radius of 20.00 feet, whose chord bears North 53 degrees 33 minutes 10 seconds West, a distance of 24.49 feet;
- 5) Northwesterly, with said curve to the right, through a central angle of 75 degrees 31 minutes 21 seconds, an arc distance of 26.36 feet to the end of said curve;
- 6) South 88 degrees 41 minutes 09 seconds West, a distance of 50.68 feet to the beginning of a non-tangent curve to the left having a radius of 1745.00 feet, whose chord bears South 02 degrees 16 minutes 10 seconds East, a distance of 80.67 feet;
- 7) Southeasterly, with said curve to the left, through a central angle of 02 degrees 38 minutes 57 seconds, an arc distance of 80.68 feet to the end of said curve;
- 8) South 89 degrees 48 minutes 13 seconds West, a distance of 572.75 feet;
- 9) North 00 degrees 39 minutes 36 seconds West, a distance of 27.16 feet;
- 10) South 89 degrees 23 minutes 23 seconds West, a distance of 189.98 feet to a point for corner in the common boundary line of said 203.61 acre tract and said County East Estates;

THENCE North 00 degrees 36 minutes 37 seconds West, along the common boundary line of said 203.61 acre tract and said County East Estates, a distance of 445.59 feet to a 1/2-inch iron rod found for corner;

THENCE North 27 degrees 05 minutes 51 seconds East, continuing, along the common boundary line of said 203.61 acre tract and said County East Estates a distance of 148.82 feet to the POINT OF BEGINNING AND CONTAINING 435,638 square feet or 10.00 acres of land.

MIA-4

EXHIBIT L-3 –IMPROVEMENT AREA #1 BOUNDARY DESCRIPTION

REDDEN FARMS NIA #1

BEING a 119.01 acre tract of land situated in the W.J. Ely Survey, Abstract 1333, the F.E. Witherspoon Survey, Abstract 1188, the W.G. Stewart Survey, Abstract 1245, and the Coleman Jenkins Survey, Abstract 556, City of Midlothian, Ellis County, Texas, and being part of a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, said 119.01 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod found at a northeasterly corner of said 203.61 acre tract and an ell corner of Lots 1 through 3, Midlothian Heritage High School, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 245, Plat Records, Ellis County, Texas;

THENCE South 02 degrees 04 minutes 30 seconds East, with the common boundary lines of said 203.61 acre tract and said Midlothian Heritage High School addition, a distance of 218.16 feet to a 1/2-inch iron rod found for the common west corner of said Midlothian Heritage High School addition and The Grove, Phase Two, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 761 of said Plat Records;

THENCE South 02 degrees 12 minutes 43 seconds East, with the common boundary line of said 203.61 acre tract and said The Grove, Phase Two, a distance of 456.92 feet to a 1/2-inch iron rod found for the southwest corner of said Phase Two and the northwest corner of a called 76.627 acre tract of land described in deed to The Grove – EC, Ltd, as recorded in Instrument 2000426 of said Deed Records;

THENCE, with the common boundary lines of said 203.61 acre tract and said 76.627 acre tract, the following three (3) courses:

- 1) South 02 degrees 14 minutes 20 seconds East, a distance of 672.23 feet to a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner;
- 2) North 88 degrees 12 minutes 19 seconds East, a distance of 483.09 feet to a 1-inch iron rod found for corner;
- 3) South 00 degrees 21 minutes 55 seconds East, a distance of 454.91 feet to the common east corner of said 203.61 acre tract and a 49.82 acre tract described in deed to RF Midlothian Owner II, LP, as recorded in Instrument 2040096, of said Deed Records;

THENCE, with the common boundary lines of said 203.61 acre tract and said 49.82 acre tract, the following eight (8) courses:

- 1) South 89 degrees 32 minutes 25 seconds West, a distance of 144.87 feet to the beginning of a tangent curve to the right having a radius of 1040.00 feet, whose chord bears North 70 degrees 01 minutes 20 seconds West, a distance of 726.31 feet;

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- 2) Northwesterly, with said curve to the right, through a central angle of 40 degrees 52 minutes 32seconds, an arc distance of 741.95 feet to the end of said curve;
- 3) South 87 degrees 08 minutes 12 seconds West, a distance of 35.99 feet;
- 4) South 43 degrees 10 minutes 13 seconds West, a distance of 170.05 feet to the beginning of a non-tangent curve to the right having a radius of 1235.00 feet whose chord bears North 36 degrees 01 minutes 46 seconds West, a distance of 511.86 feet;
- 5) Northwesterly with said curve to the right, through a central angle of 23 degrees 55 minutes 13seconds, an arc distance of 515.60 feet to the end of said curve;
- 6) North 24 degrees 04 minutes 09 seconds West, a distance of 185.73 feet to the beginning of a tangent curve to the left having a radius of 765.00 feet, whose chord bears North 34 degrees 33 minutes 56 seconds West, a distance of 278.73 feet;
- 7) Northwesterly, with said curve to the left, through a central angle of 20 degrees 59 minutes 35seconds, an arc distance of 280.29 feet to the end of said curve;
- 8) South 44 degrees 28 minutes 09 seconds West, a distance of 255.15 feet to a 1/2-inch iron rod found for the common west corner of said 49.82 acre tract and said 203.61 acre tract;

THENCE along the southerly boundary lines of said 203.61 acre tract, the following two (2) courses:

- 1) South 89 degrees 34 minutes 01 seconds West, a distance of 245.37 feet to a 1/2-inch iron rod found for corner;
- 2) South 89 degrees 35 minutes 27 seconds West, a distance of 764.58 feet to a point for corner from which a 1/2-inch iron rod found bears North 24 degrees 14 minutes 35 seconds West, a distance of 0.50 feet;

THENCE, across said 203.61 acre tract, the following fourteen (14) courses:

- 1) South 76 degrees 47 minutes 33 seconds West, a distance of 121.97 feet to the beginning of a non-tangent curve to the right having a radius of 1045.00 feet, whose chord bears South 12 degrees 55 minutes 24 seconds East, a distance of 23.14 feet;
- 2) Southeasterly, with said curve to the right, through a central angle of 01 degrees 16 minutes 08seconds, an arc distance of 23.14 feet to the end of said curve;
- 3) South 77 degrees 42 minutes 40 seconds West, a distance of 90.00 feet to the beginning of a non-tangent curve to the left having a radius of 955.00 feet whose chord bears North 20 degrees 00 minutes 19 seconds West, a distance of 256.45 feet;
- 4) Northwesterly, with said curve to the left, through a central angle of 15 degrees 25 minutes 58seconds, an arc distance of 257.23 feet to the end of said curve;
- 5) North 27 degrees 43 minutes 18 seconds West, a distance of 189.19 feet to the beginning of a tangent curve to the right having a radius of 1045.00 feet whose chord bears North 14 degrees 31 minutes 04 seconds West, a distance of 477.39 feet;
- 6) Northwesterly, with said curve to the right, through a central angle of 26 degrees 24 minutes 27seconds, an arc distance of 481.64 feet to the end of said curve;

- 7) North 01 degrees 18 minutes 51 seconds West, a distance of 28.62 feet to the beginning of a tangent curve to the left having a radius of 100.00 feet whose chord bears North 46 degrees 18 minutes 51 seconds West, a distance of 141.42 feet;
- 8) Northwesterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 00seconds, an arc distance of 157.08 feet to the end of said curve;
- 9) South 88 degrees 41 minutes 09 seconds West, a distance of 78.31 feet;
- 10) North 03 degrees 43 minutes 29 seconds West, a distance of 90.08 feet;
- 11) North 88 degrees 41 minutes 09 seconds East, a distance of 82.09 feet to the beginning of a tangent curve to the left having a radius of 100.00 feet whose chord bears North 43 degrees 41 minutes 09 seconds East, a distance of 141.42 feet;
- 12) Northeasterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 00seconds, an arc distance of 157.08 feet to the end of said curve;
- 13) North 01 degrees 18 minutes 51 seconds West, a distance of 125.29 feet;
- 14) North 72 degrees 07 minutes 04 seconds West, a distance of 991.95 feet to a point for corner in the common boundary line of said 203.61 acre tract and County East Estates, an addition to Ellis County, as recorded in Cabinet A, Slide 569 of said Plat Records;

THENCE Northeasterly, with the common boundary lines of said 203.61 acre tract and said Country East Estates, the following two (2) courses:

- 1) North 27 degrees 05 minutes 51 seconds East, a distance of 471.91 feet to a 1/2-inch iron pipe found for corner;
- 2) North 14 degrees 13 minutes 03 seconds East, passing a 1/2-inch iron rod found for the northeast corner of Lot 30 of the last mentioned addition at a distance of 603.67 feet and continuing a total distance of 610.36 feet to a 1/2-inch iron rod set the most southerly northwest corner of said 203.61 acre tract;

THENCE, along the northerly boundary lines of said 203.61 acre tract, the following seven (7) courses:

- 1) South 69 degrees 56 minutes 37 seconds East, a distance of 468.37 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 102.50 feet whose chord bears South 79 degrees 33 minutes 43 seconds East, a distance of 34.25 feet;
- 2) Southeasterly, with said curve to the left, through a central angle of 19 degrees 14 minutes 12 seconds, an arc distance of 34.41 feet to a 1/2-inch iron rod set for the end of said curve;
- 3) South 89 degrees 10 minutes 49 seconds East, a distance of 363.64 feet to a 1/2-inch iron rod set for corner;
- 4) North 00 degrees 49 minutes 11 seconds East, a distance of 342.21 feet to a 1/2-inch iron rod set for corner in the south right-of-way line of above-mentioned FM 1387;
- 5) South 89 degrees 27 minutes 54 seconds East, with the south line of said FM 1387, a distance of 90.00 feet to a 1/2-inch iron rod set for corner;

- 6) South 00 degrees 49 minutes 11 seconds West, a distance of 342.66 feet to a 1/2-inch iron rod set for corner;
- 7) South 89 degrees 10 minutes 45 seconds East, a distance of 653.47 feet;

THENCE, across said 203.61 acre tract, the following seventeen (17) courses:

- 1) South 00 degrees 49 minutes 15 seconds West, a distance of 15.00 feet;
- 2) South 89 degrees 10 minutes 45 seconds East, a distance of 2.50 feet;
- 3) South 00 degrees 49 minutes 15 seconds West, a distance of 170.00 feet;
- 4) North 89 degrees 10 minutes 45 seconds West, a distance of 20.13 feet;
- 5) South 00 degrees 49 minutes 46 seconds West, a distance of 43.60 feet to the beginning of a non-tangent curve to the right having a radius of 765.00 feet whose chord bears South 03 degrees 32 minutes 24 seconds West, a distance of 73.06 feet;
- 6) Southwesterly, with said curve to the right, through a central angle of 05 degrees 28 minutes 27seconds, an arc distance of 73.09 feet to the beginning of a compound curve to the right having a radius of 1685.00 feet whose chord bears South 15 degrees 45 minutes 16 seconds West, a distance of 554.89 feet;
- 7) Southwesterly, with said curve to the right, through a central angle of 18 degrees 57 minutes 17seconds, an arc distance of 557.43 feet to the end of said curve;
- 8) South 25 degrees 13 minutes 53 seconds West, a distance of 152.78 feet to the beginning of a tangent curve to the left having a radius of 815.00 feet whose chord bears South 21 degrees 33 minutes 24 seconds West, a distance of 104.48 feet;
- 9) Southwesterly, with said curve to the left, through a central angle of 07 degrees 21 minutes 01seconds, an arc distance of 104.55 feet to the end of said curve;
- 10) South 17 degrees 52 minutes 56 seconds West, a distance of 146.63 feet;
- 11) North 72 degrees 07 minutes 04 seconds West, a distance of 10.00 feet;
- 12) South 17 degrees 52 minutes 56 seconds West, a distance of 265.00 feet;
- 13) South 72 degrees 07 minutes 04 seconds East, a distance of 571.32 feet;
- 14) North 62 degrees 52 minutes 56 seconds East, a distance of 35.36 feet;
- 15) North 17 degrees 52 minutes 56 seconds East, a distance of 285.00 feet;
- 16) South 72 degrees 07 minutes 04 seconds East, a distance of 194.30 feet;
- 1) North 17 degrees 52 minutes 56 seconds East, a distance of 24.96 feet to a 1/2-inch iron rod found for corner in the above mentioned common line of said 203.61 acre tract and said Midlothian Heritage High School addition;

THENCE North 87 degrees 51 minutes 22 seconds East, with the common line of said 203.61 acre tract and said Midlothian Heritage High School addition, a distance of 1232.53 feet to the POINT OF BEGINNING AND CONTAINING 5,183,940 square feet or 119.01 acres of land.

EXHIBIT L-4 –IMPROVEMENT AREA #2 BOUNDARY DESCRIPTION

REDDEN FARMS

NIA #2

BEING a 18.43 acre tract of land situated in the Benjamin Monroe Survey, Abstract 700, the W.J. Ely Survey, Abstract 1333, and the F.E. Witherspoon Survey, Abstract 1188, the City of Midlothian, Ellis County, Texas, and being part of a 203.61 acre tract described in deed to RF Midlothian Owner I, LP, as recorded in Instrument 2040095, Deed Records, Ellis County, Texas, said 18.43 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1-inch iron rod found for a southwest corner of said 203.61 acre tract in the east boundary line of County East Estates, an addition to Ellis County, as recorded in Cabinet A, Slide 569 of said Plat Records;

THENCE North 00 degrees 36 minutes 37 seconds West, with the common boundary lines of said 203.61 acre tract and said Country East Estates, a distance of 655.80 feet;

THENCE, across said 203.61 acre tract, the following eighteen (18) courses:

- 1) North 89 degrees 23 minutes 23 seconds East, a distance of 189.98 feet;
- 2) South 00 degrees 39 minutes 36 seconds East, a distance of 27.16 feet;
- 3) North 89 degrees 48 minutes 13 seconds East, a distance of 572.75 feet to the beginning of a non-tangent curve to the right having a radius of 1745.00 feet, whose chord bears North 02 degrees 16 minutes 10 seconds West, a distance of 80.67 feet;
- 4) Northwesterly, with said curve to the right, through a central angle of 02 degrees 38 minutes 57seconds, an arc distance of 80.68 feet to the end of said curve;
- 5) North 88 degrees 41 minutes 09 seconds East, a distance of 50.68 feet to the beginning of a non-tangent curve to the left having a radius of 20.00 feet, whose chord bears South 53 degrees 33 minutes 10 seconds East, a distance of 24.49 feet;
- 6) Southeasterly, with said curve to the left, through a central angle of 75 degrees 31 minutes 21seconds, an arc distance of 26.36 feet to the end of said curve;
- 7) South 03 degrees 43 minutes 29 seconds East, a distance of 90.08 feet;
- 8) North 88 degrees 41 minutes 09 seconds East, a distance of 78.31 feet to the beginning of a tangent curve to the right having a radius of 100.00 feet whose chord bears South 46 degrees 18 minutes 51 seconds East, a distance of 141.42 feet;
- 9) Southeasterly, with said curve to the right, through a central angle of 90 degrees 00 minutes 00seconds, an arc distance of 157.08 feet to the end of said curve;
- 10) South 01 degrees 18 minutes 51 seconds East, a distance of 28.62 feet to the beginning of a tangent curve to the left having a radius of 1045.00 feet whose chord bears South 14 degrees 31 minutes 04 seconds East, a distance of 477.39 feet;
- 11) Southeasterly, with said curve to the left, through a central angle of 26 degrees 24 minutes 27seconds, an arc distance of 481.64 feet to the end of said curve;
- 12) South 27 degrees 43 minutes 18 seconds East, a distance of 189.19 feet to the beginning of a tangent curve to the right having a radius of 955.00 feet, whose chord bears South 20 degrees 00 minutes 19 seconds East, a distance of 256.45 feet;

- 13) Southeasterly, with said curve to the right, through a central angle of 15 degrees 25 minutes 58seconds, an arc distance of 257.23 feet to the end of said curve;
- 14) South 77 degrees 42 minutes 40 seconds West, a distance of 200.00 feet to the beginning of a non-tangent curve to the left having a radius of 755.00 feet whose chord bears North 20 degrees 00 minutes 19 seconds West, a distance of 202.75 feet;
- 15) Northwesterly, with said curve to the left, through a central angle of 15 degrees 25 minutes 58seconds, an arc distance of 203.36 feet to the end of said curve;
- 16) North 27 degrees 43 minutes 18 seconds West, a distance of 83.70 feet to the beginning of a non-tangent curve to the right having a radius of 300.00 feet whose chord bears South 68 degrees 10 minutes 22 seconds West, a distance of 40.98 feet;
- 17) Southwesterly, with said curve to the right, through a central angle of 07 degrees 49 minutes 57seconds, an arc distance of 41.01 feet to the end of said curve;
- 18) South 72 degrees 05 minutes 21 seconds West, a distance of 236.72 feet to a point for corner in the common boundary line of said 203.61 acre tract and Hidden Creek, Phase Three, an addition to Ellis County, as recorded in Cabinet B, Slide 88 of said Plat Records;

THENCE North 00 degrees 31 minutes 17 seconds West, with the common boundary line of said 203.61 acre tract and said Hidden Creek, Phase Three, a distance of 253.70 feet to a 1-inch iron rod found for the northeast corner of said Hidden Creek, Phase Three and an ell corner of said 203.61 acre tract;

THENCE South 89 degrees 48 minutes 13 seconds West, continuing with the common boundary line of said 203.61 acre tract and said Hidden Creek, Phase Three, a distance of 736.38 feet to the POINT OF BEGINNING AND CONTAINING 802,892 square feet or 18.43 acres of land.

APPENDIX A – ENGINEER’S REPORT

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RE: *Engineer's Report*
Redden Farms
Midlothian, Texas

Introduction:

Redden Farms is a proposed single-family development including approximately 253 contiguous acres and is anticipated to include approximately 792 single-family homes located north of HWY 287 and south of FM 1387 in Midlothian, Texas as depicted in Exhibit A. This Engineer's report includes the documents requested by the City of Midlothian for the formation of the PID and the issuance of bonds by the City. Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

Development Costs:

An Engineers' opinion of probable cost (EOPC) has been prepared for all off-site and on-site infrastructure and a summary is included as Exhibit B.

Development Improvements:

Development improvements have been separated into Direct, Master and Private improvements. The Direct and Master Improvements will be included in the PID.

Direct Improvements for Neighborhood Improvement Area #1 are depicted in Exhibits C through G. Direct Improvements for Neighborhood Improvement Area #2 are depicted in Exhibits H through K. Master Improvements are depicted in Exhibits L through P.

Development Schedule:

Design Stage

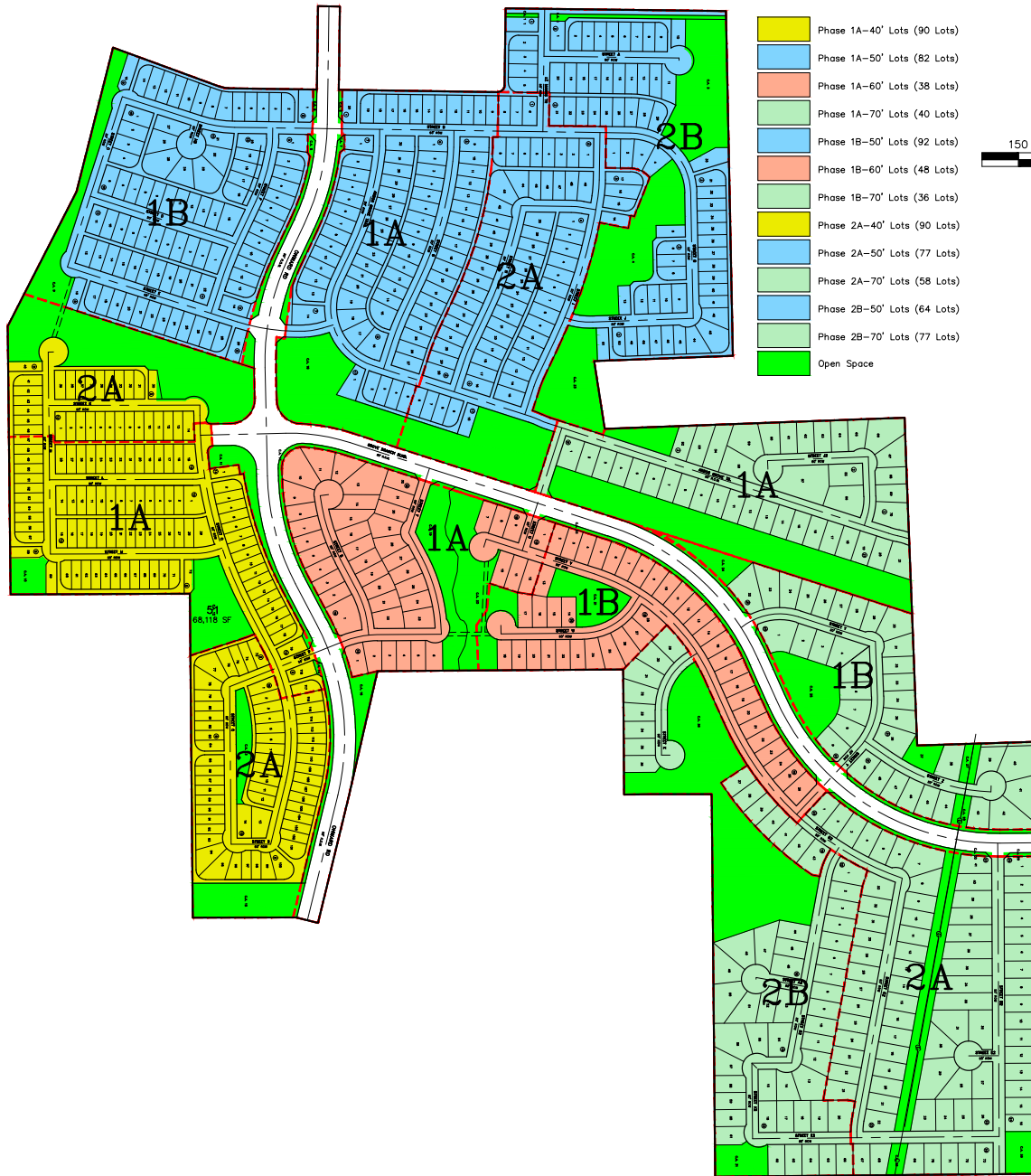
The Preliminary Plat for Neighborhood Improvement Areas #1 and #2, and the Master Improvements were approved by the City of Midlothian in December 2020.

The Final Plat for Neighborhood Improvement Area #1 is estimated to be approved by the City of Midlothian by April 2021.

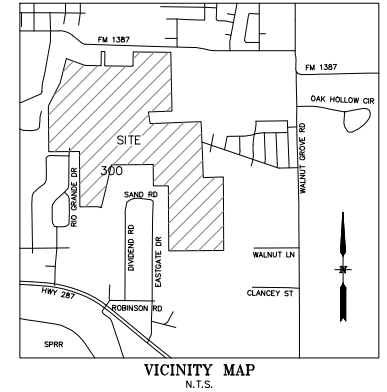
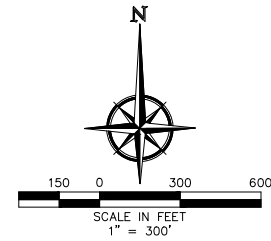
Design of the on-site and off-site civil construction plans for Neighborhood Improvement Area #1 is anticipated to be approved by the City of Midlothian by June 2021.

Construction Stage

The first phase of Redden Farms Direct and Master Improvements is estimated to begin in May of 2021 with final acceptance estimated in March 2022. A project schedule for construction is depicted in Exhibit Q.



- Phase 1A-40' Lots (90 Lots)
- Phase 1A-50' Lots (82 Lots)
- Phase 1A-60' Lots (38 Lots)
- Phase 1A-70' Lots (40 Lots)
- Phase 1B-50' Lots (92 Lots)
- Phase 1B-60' Lots (48 Lots)
- Phase 1B-70' Lots (36 Lots)
- Phase 2A-40' Lots (90 Lots)
- Phase 2A-50' Lots (77 Lots)
- Phase 2A-70' Lots (58 Lots)
- Phase 2B-50' Lots (64 Lots)
- Phase 2B-70' Lots (77 Lots)
- Open Space



Phase Area & Lot Summary						
Phase	SF	AC	Type A	Type B	Type C	Type D
1A	3,120,350.7	71.633	90	82	38	40
Phase 1A SubTotal		71.633				250
1B (NW)	957,356.8	21.978		92		
1B (SE)	1,155,048.3	26.516			48	36
Phase 1B SubTotal		48.494				186
2A (NW)	798,574.0	18.717		77		
2A (W)	425,715.5	9.796		10		
2A (SW)	1,393,961.2	31.736		60		
2A (SE)	1,158,663.6	26.599				58
Phase 2A SubTotal		67.008				225
2B (NW)	991,416.9	22.760		64		
2B (S)	997,677.4	22.904				77
Phase 2B SubTotal		45.664				141
ROW	898,467.1	20.676				
ROW SubTotal		111.953				
Total	11,039,180.5	253.425	180	315	86	211

792 SINGLE FAMILY LOTS
33 COMMON AREA TRACTS

DEVELOPER
HINES
2200 ROSS AVE, SUITE 4200W
DALLAS, TEXAS 75201
(214) 716-2900

OWNER
RF MIDLOTHIAN OWNER I, LP
& **RF MIDLOTHIAN OWNER II, LP**
2200 ROSS AVE, SUITE 4200W
DALLAS, TEXAS 75201
(214) 716-2900

LAND SURVEYOR
GRIFFITH SURVEYING CO., LLC
605 AVENUE B, SUITE 115
LONGVIEW, TX 75604
(903) 295-1560
FAX (903) 295-1570
FIRM NO. 10083600 JOB NO.: ECD-0142

REDDEN FARMS
BEING
253.43 ACRES
SITUATED IN THE

BENJAMIN MONROE SURVEY, A-700
W.J. ELY SURVEY, A-1333
F.E. WITHERSPOON SURVEY, A-1188
W.C. STEWART SURVEY, A-1245 AND
COLEMAN JENKINS SURVEY, A-556
CITY OF MIDLOTHIAN, ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING/PROJECT MANAGEMENT/
CONSTRUCTION SERVICES
TEXAS FIRM REG. NO. 001145
201 WINDCO CIRCLE, SUITE 200, WYLLIE TEXAS 75098
(972) 941-8400 FAX (972) 941-8401

DATE: 11/23/2020 SHEET 1 OF 11

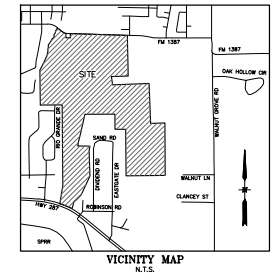
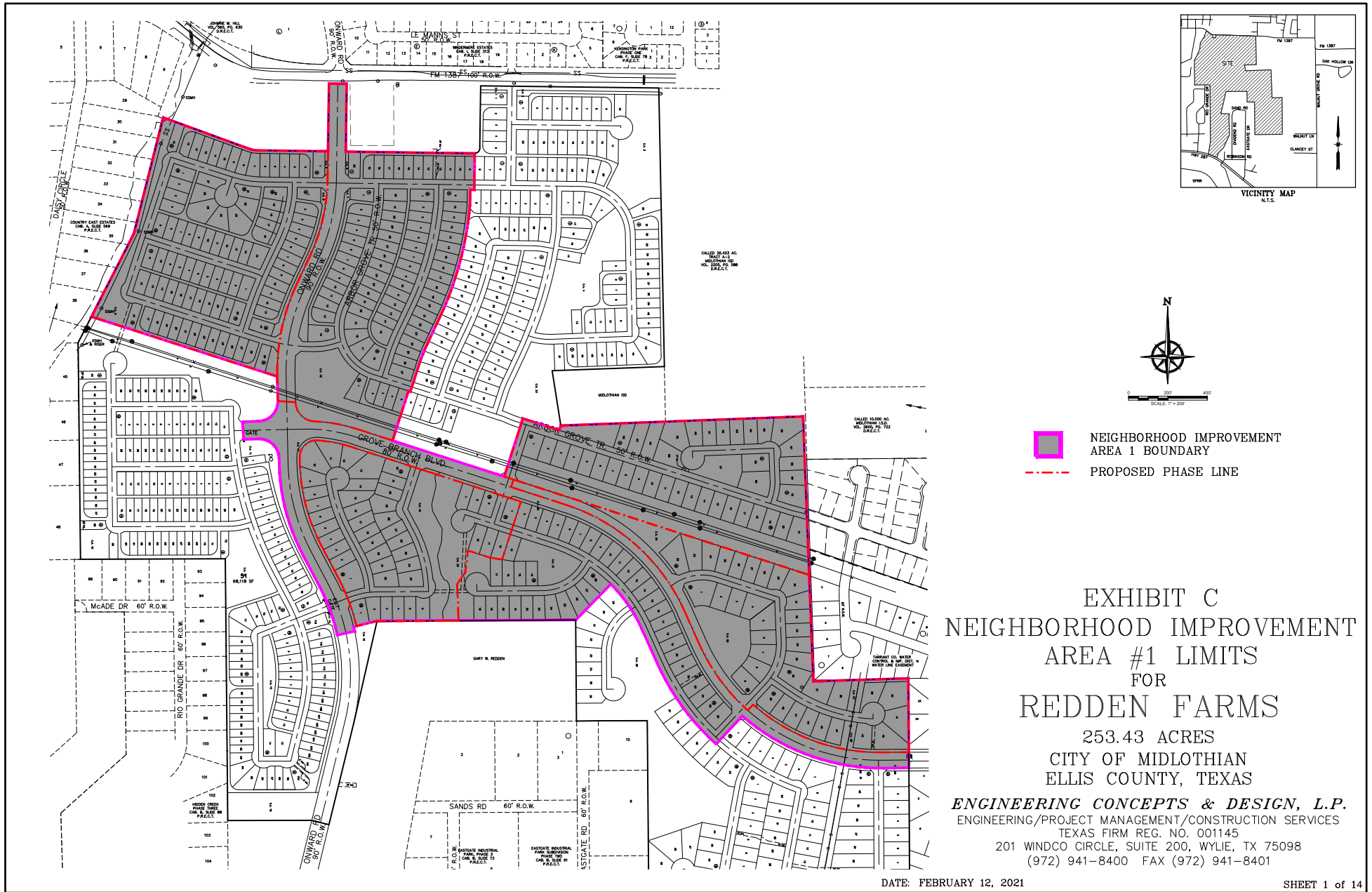
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Project: Summary of Redden Farms - NIA #1 & NIA #2 Direct and Major Infrastructure Costs
 Project #: 4205
 Date: 12-Feb-2021

Lots: 792
 # Acres: 253.43
 Density: 3.125

EXHIBIT B
SUMMARY

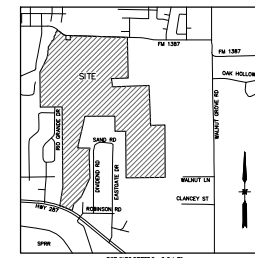
	DIRECT		MASTER	
NIA #1 Internal Improvements	PUBLIC	PRIVATE	M.I.	TOTAL
A. PAVING	\$ 3,225,244	\$ -		\$ 3,225,244
B. GRADING	\$ 484,357	\$ 128,875		\$ 613,232
C. EROSION CONTROL	\$ 132,835	\$ -		\$ 132,835
D. WATER	\$ 826,750	\$ -		\$ 826,750
E. SANITARY SEWER	\$ 991,000	\$ -		\$ 991,000
F. DRAINAGE	\$ 1,384,501	\$ -		\$ 1,384,501
G. RETAINING WALLS	\$ -	\$ 93,750		\$ 93,750
H. AMENITY CENTER	\$ -	\$ 1,865,311		\$ 1,865,311
I. LANDSCAPE/SCREENING/PLANTING	\$ -	\$ 1,308,293		\$ 1,308,293
J. MISCELLANEOUS	\$ 360,750	\$ -		\$ 360,750
K. CONTINGENCY	\$ 734,019	\$ -		\$ 734,019
L. ENGINEERING/SURVEYING	\$ 430,414	\$ -		\$ 430,414
M. MATERIAL TESTING	\$ 215,207	\$ -		\$ 215,207
N. CITY INSPECTION FEES	\$ 192,825	\$ -		\$ 192,825
O. CONTSTRUCTION STAKING	\$ 142,375	\$ -		\$ 142,375
SUBTOTAL	\$ 9,120,277	\$ 3,396,229	\$ -	\$ 12,516,506
NIA #2 Internal Improvements	PUBLIC	PRIVATE	M.I.	TOTAL
A. PAVING	\$ -	\$ 868,569		\$ 868,569
B. GRADING	\$ 111,169	\$ 28,925		\$ 140,094
C. EROSION CONTROL	\$ 17,652	\$ 6,208		\$ 23,860
D. WATER	\$ 200,950	\$ -		\$ 200,950
E. SANITARY SEWER	\$ 237,000	\$ -		\$ 237,000
F. DRAINAGE	\$ 330,056	\$ -		\$ 330,056
G. RETAINING WALLS	\$ -	\$ 112,500		\$ 112,500
H. AMENITY CENTER	\$ -	\$ -		\$ -
I. LANDSCAPE/SCREENING/PLANTING	\$ -	\$ 105,000		\$ 105,000
J. MISCELLANEOUS	\$ -	\$ 68,350		\$ 68,350
K. CONTINGENCY	\$ 72,587	\$ 60,800		\$ 133,387
L. ENGINEERING/SURVEYING	\$ 55,918	\$ 52,114		\$ 108,032
M. MATERIAL TESTING	\$ 27,959	\$ 26,057		\$ 54,016
N. CITY INSPECTION FEES	\$ 23,040	\$ 26,057		\$ 49,097
O. CONTSTRUCTION STAKING	\$ -	\$ 37,825		\$ 37,825
SUBTOTAL	\$ 1,076,331	\$ 1,392,405	\$ -	\$ 2,468,736
NIA #1 Major Improvements	PUBLIC	PRIVATE	M.I.	TOTAL
A. PAVING	\$ 915,469	\$ -	\$ 824,305	\$ 1,739,775
B. GRADING	\$ 199,942		\$ 180,032	\$ 379,974
C. EROSION CONTROL	\$ 63,346		\$ 57,038	\$ 120,383
D. WATER	\$ 603,933	\$ -	\$ 543,792	\$ 1,147,725
E. SANITARY SEWER	\$ 552,013	\$ -	\$ 497,042	\$ 1,049,055
F. DRAINAGE	\$ 519,214	\$ -	\$ 467,510	\$ 986,724
G. CONTINGENCY	\$ 277,397	\$ -	\$ 249,773	\$ 527,170
H. ENGINEERING.SURVEYING	\$ 171,235	\$ -	\$ 154,183	\$ 325,418
I. MATERIAL TESTING	\$ 85,618	\$ -	\$ 77,092	\$ 162,709
J. CITY INSPECTION FEES	\$ 77,719	\$ -	\$ 69,979	\$ 147,698
SUBTOTAL	\$ 3,465,885	\$ -	\$ 3,120,746	\$ 6,586,631
TOTAL	\$ 13,662,493	\$ 4,788,634	\$ 3,120,746	\$ 21,571,873

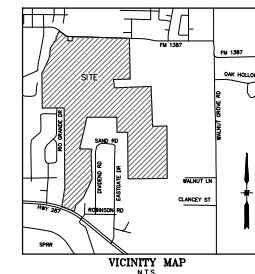
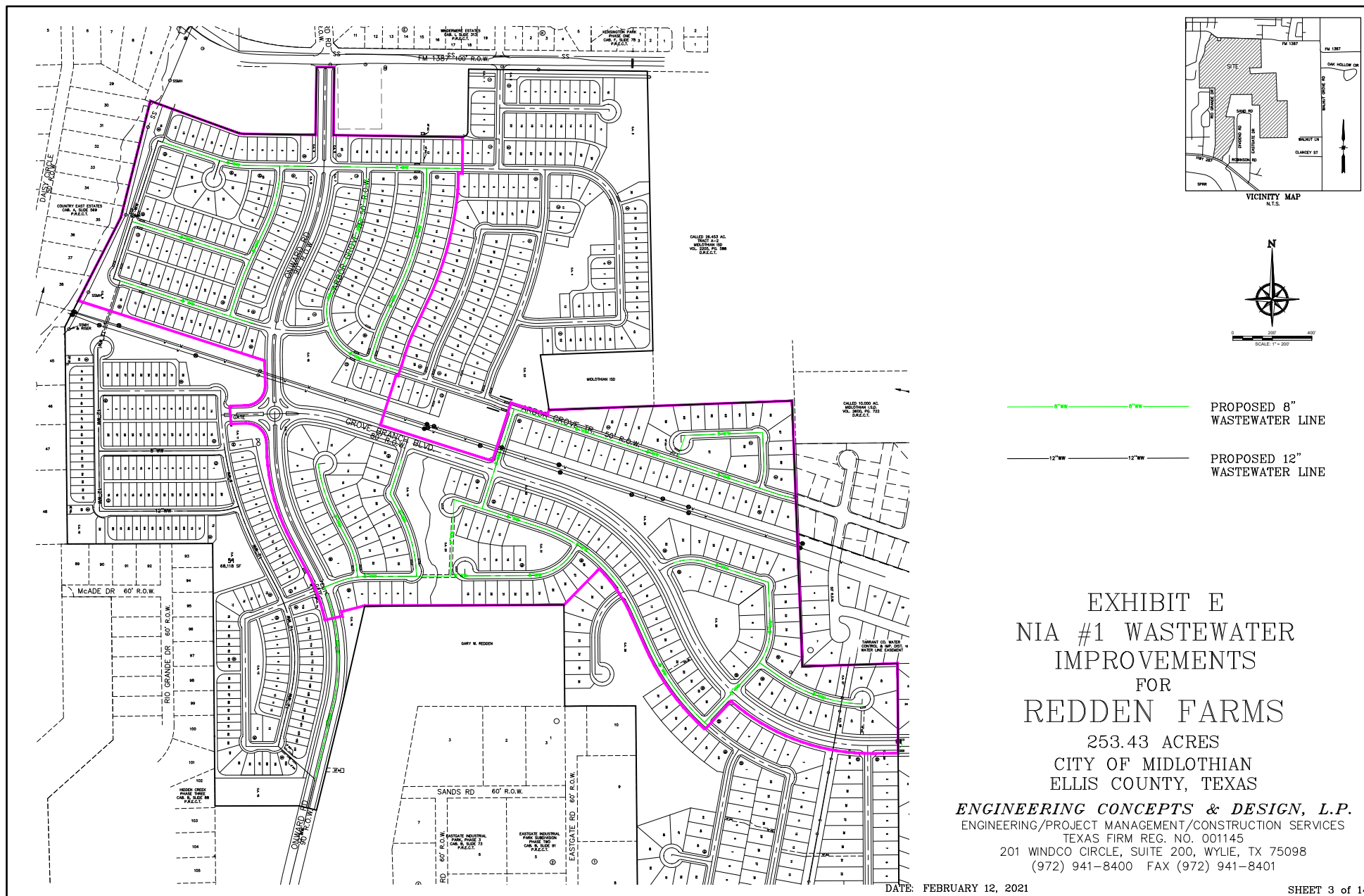




- NEIGHBORHOOD IMPROVEMENT
AREA #1 BOUNDARY
- PROPOSED PHASE LINE

EXHIBIT C NEIGHBORHOOD IMPROVEMENT AREA #1 LIMITS FOR REDDEN FARMS

253.43 ACRES
CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS
ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES
TEXAS FIRM REG. NO. 001145
201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098
(972) 941-8400 FAX (972) 941-8401





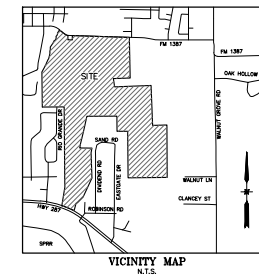
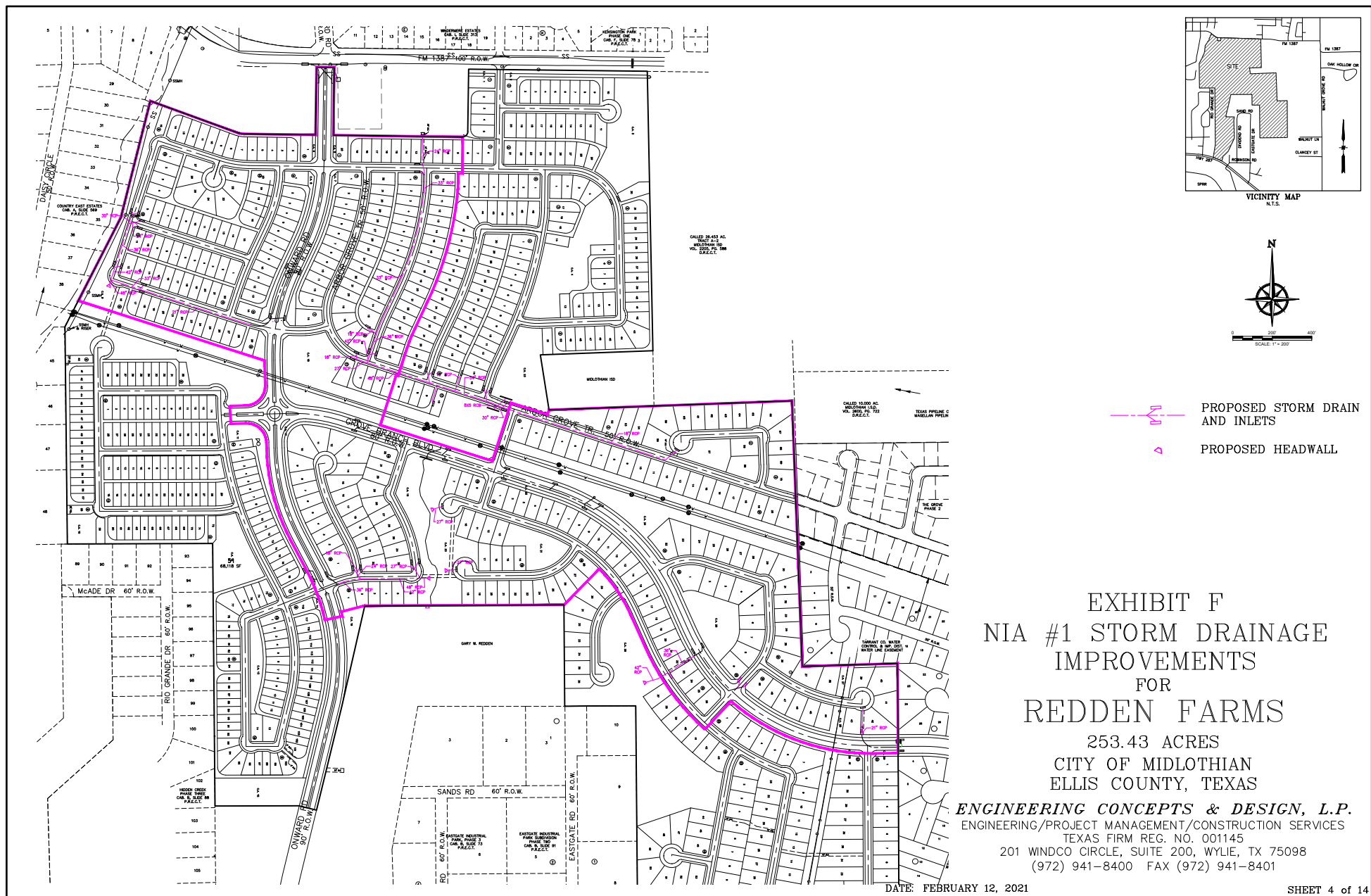
 8"WW
 12"WW

PROPOSED 8" WASTEWATER LINE
 PROPOSED 12" WASTEWATER LINE

EXHIBIT E NIA #1 WASTEWATER IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES
 CITY OF MIDLOTHIAN
 ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
 ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES
 TEXAS FIRM REG. NO. 001145
 201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098
 (972) 941-8400 FAX (972) 941-8401



- PROPOSED STORM DRAIN AND INLETS
- ▲ PROPOSED HEADWALL

EXHIBIT F NIA #1 STORM DRAINAGE IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES

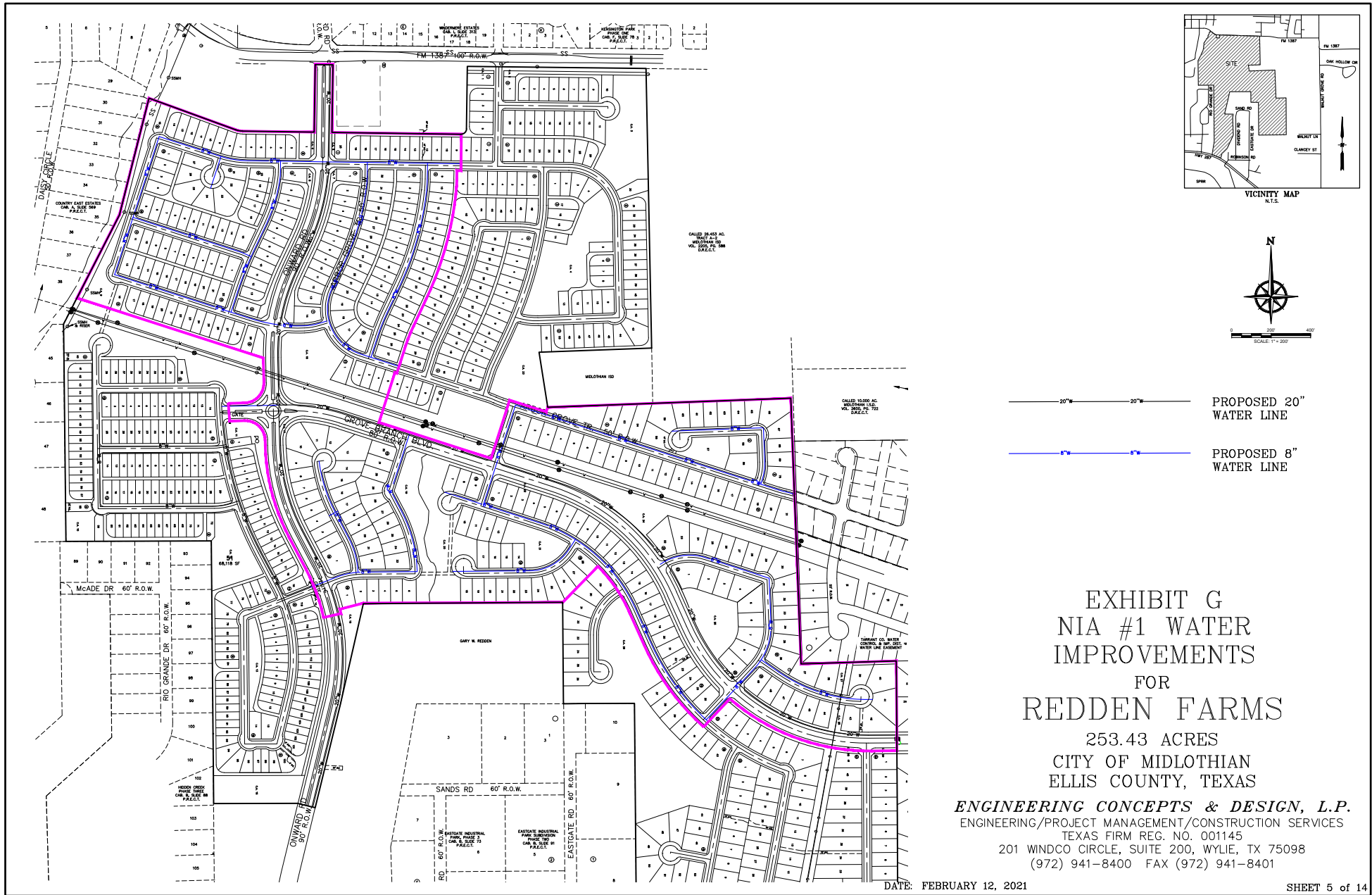
CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

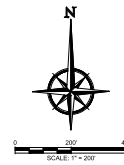
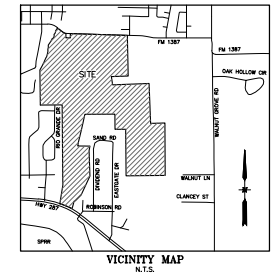
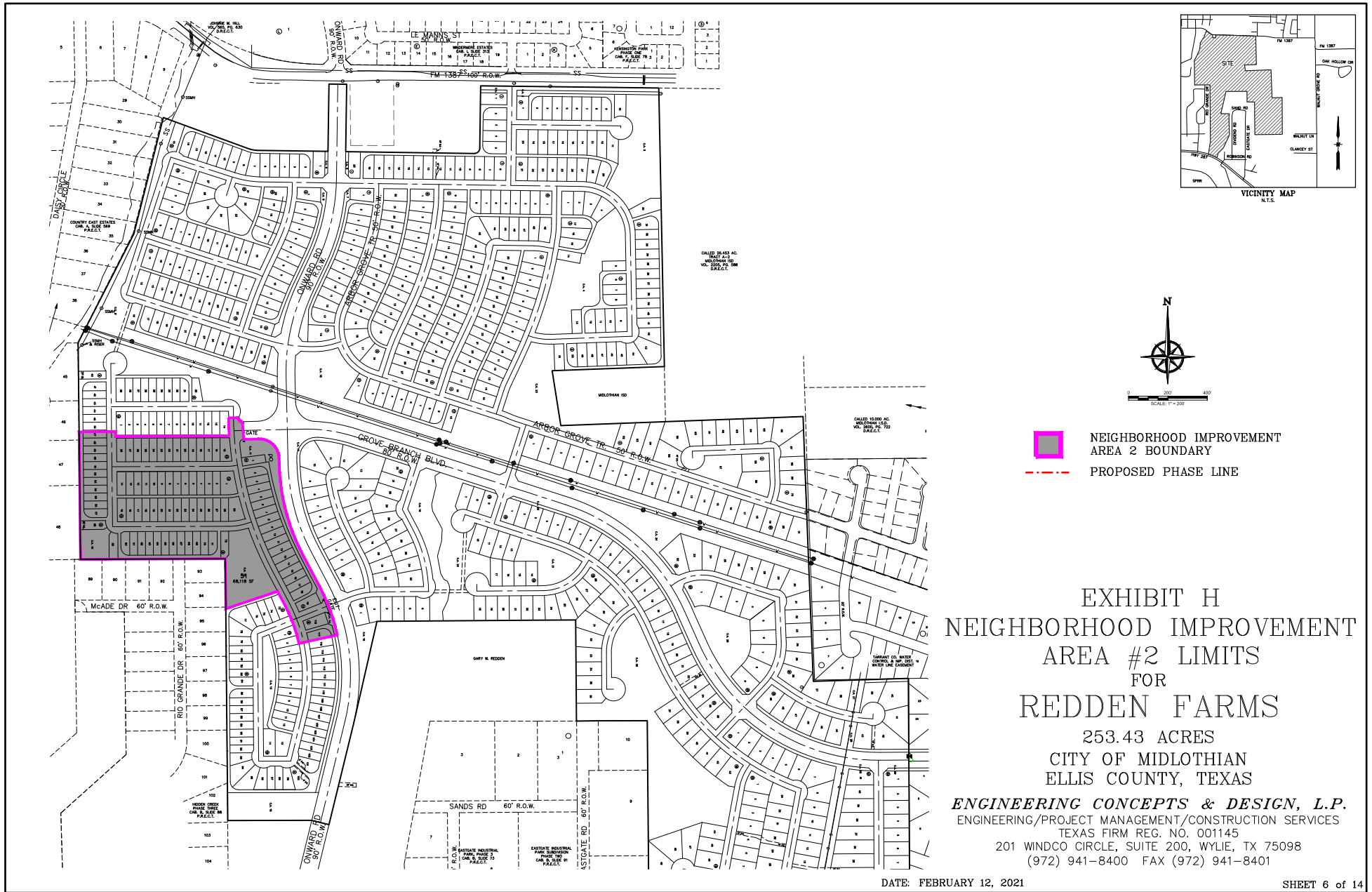
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ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES
TEXAS FIRM REG. NO. 001145
201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098
(972) 941-8400 FAX (972) 941-8401

DATE: FEBRUARY 12, 2021

SHEET 4 of 14

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- NEIGHBORHOOD IMPROVEMENT AREA #2 BOUNDARY
- PROPOSED PHASE LINE

EXHIBIT H NEIGHBORHOOD IMPROVEMENT AREA #2 LIMITS FOR REDDEN FARMS

253.43 ACRES

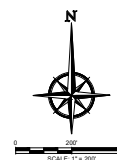
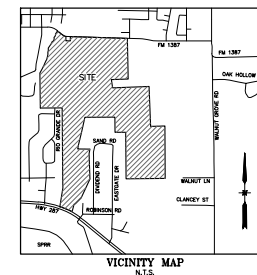
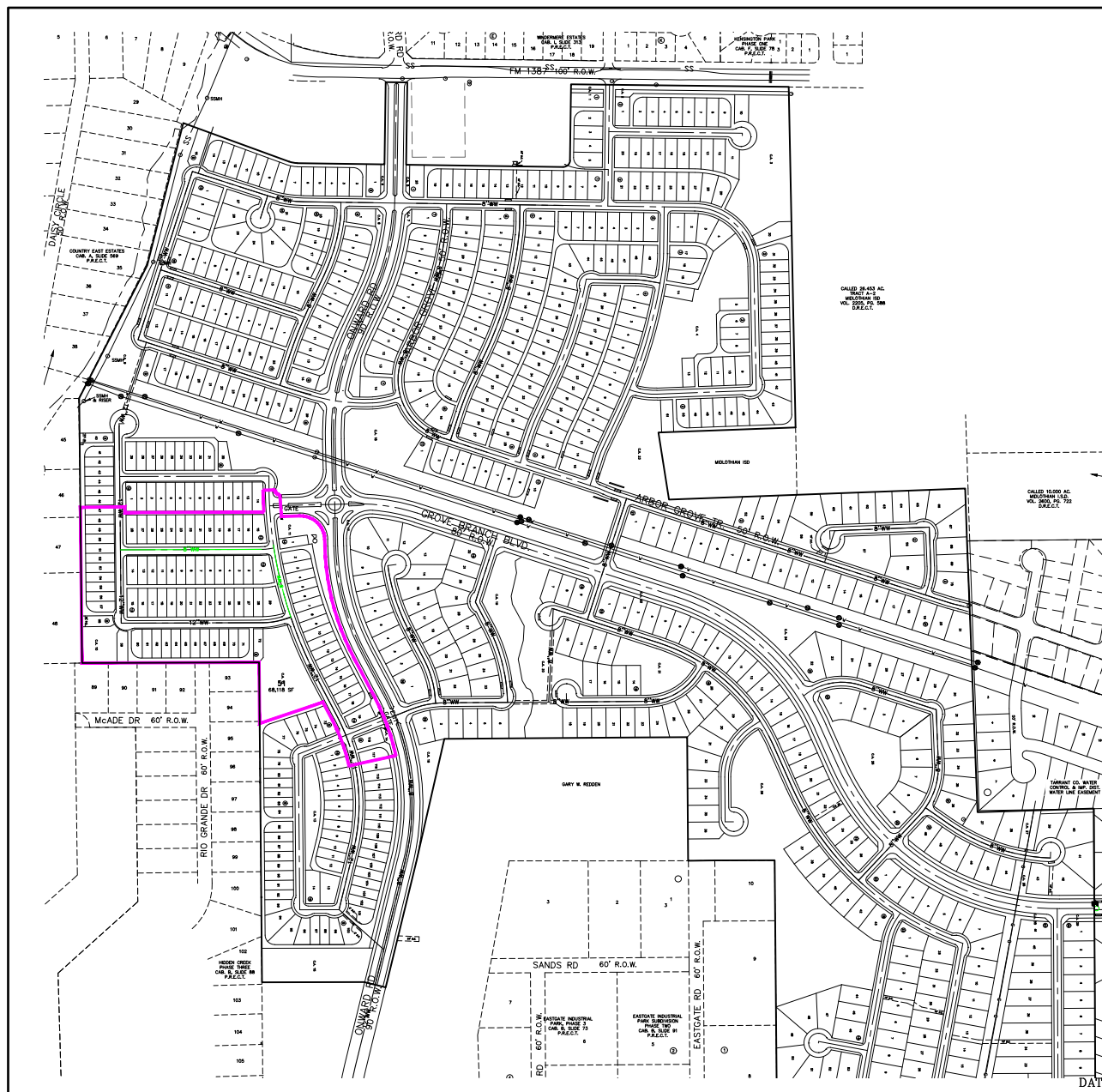
CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES
TEXAS FIRM REG. NO. 001145
201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098
(972) 941-8400 FAX (972) 941-8401

DATE: FEBRUARY 12, 2021

SHEET 6 of 14

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— 8"WW — 8"WW — PROPOSED 8" WASTEWATER LINE

— 12"WW — 12"WW — PROPOSED 12" WASTEWATER LINE

EXHIBIT I NIA #2 WASTEWATER IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES

CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.

ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES

TEXAS FIRM REG. NO. 001145

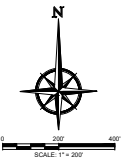
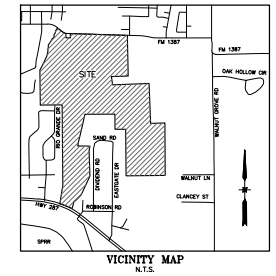
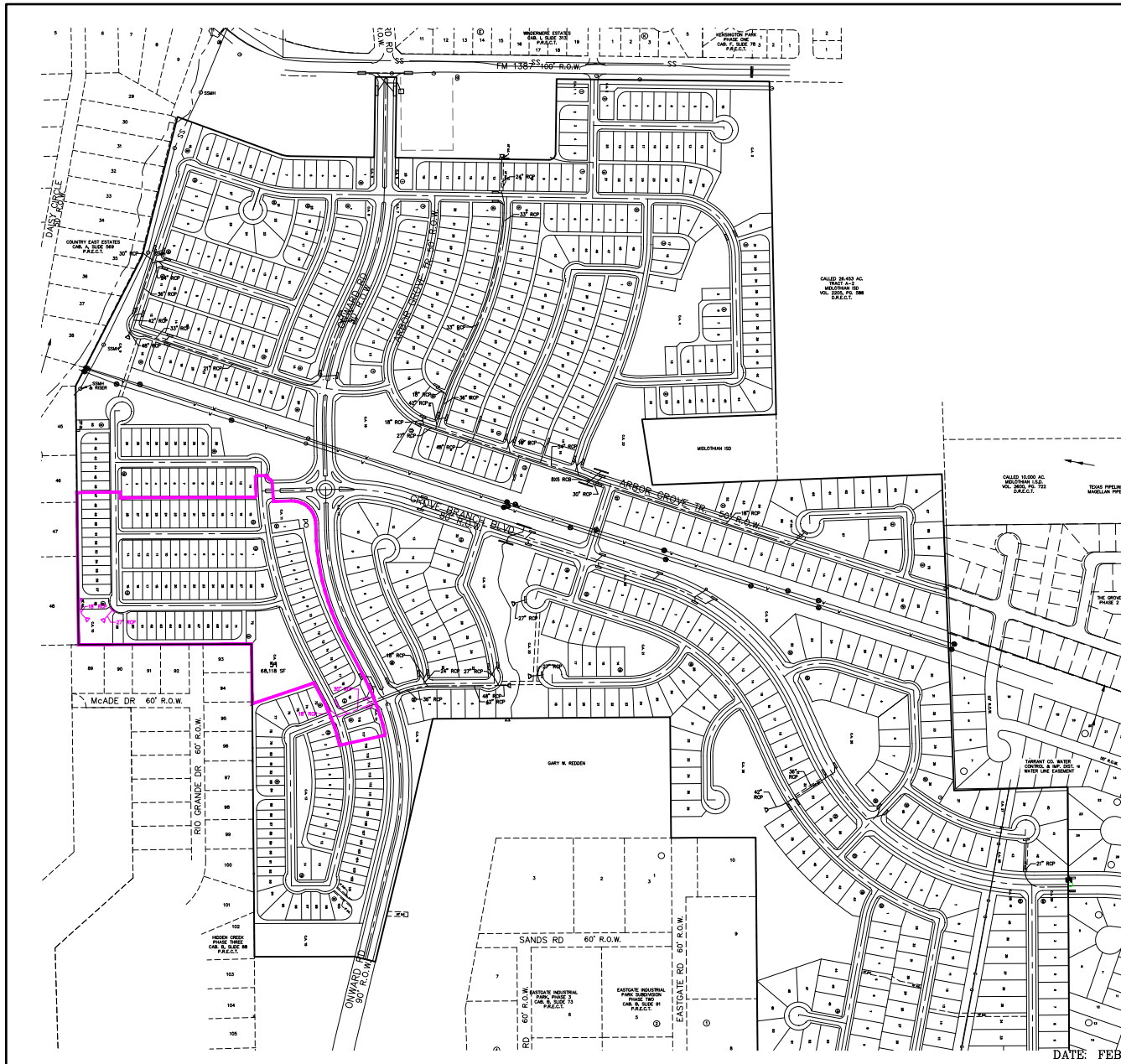
201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098

(972) 941-8400 FAX (972) 941-8401

DATE: FEBRUARY 12, 2021

SHEET 7 of 14

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- + PROPOSED STORM DRAIN AND INLETS
- v PROPOSED HEADWALL

EXHIBIT J NIA #2 STORM DRAINAGE IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES

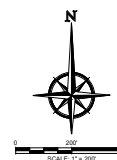
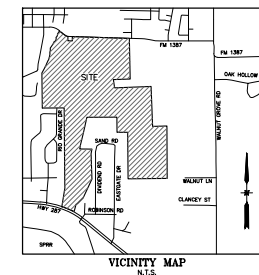
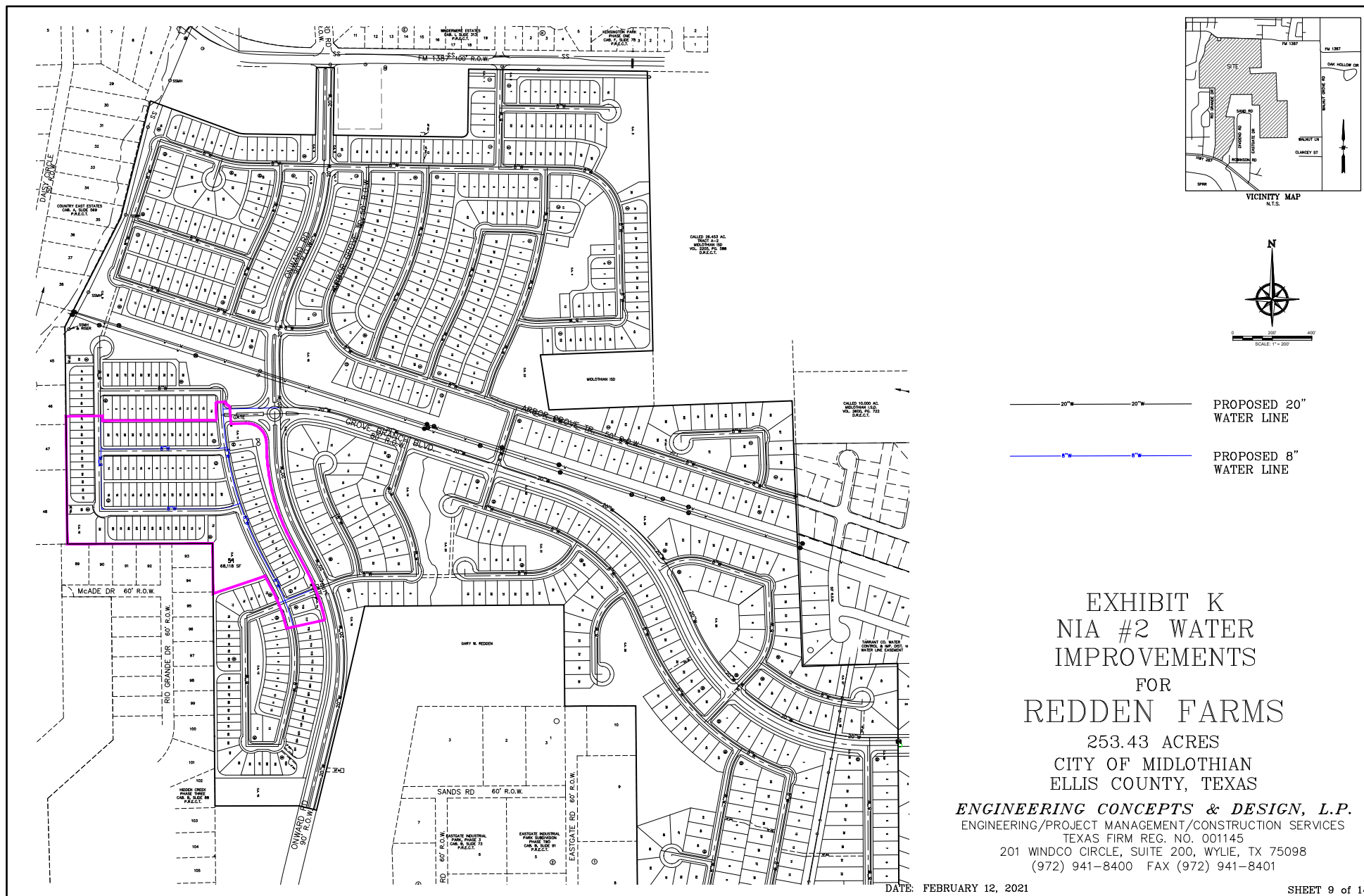
CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

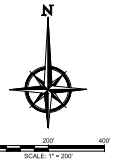
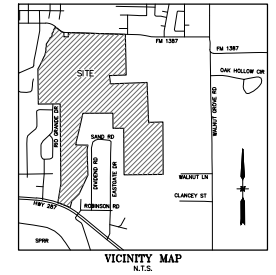
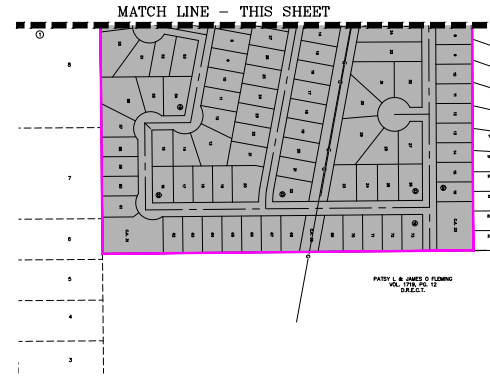
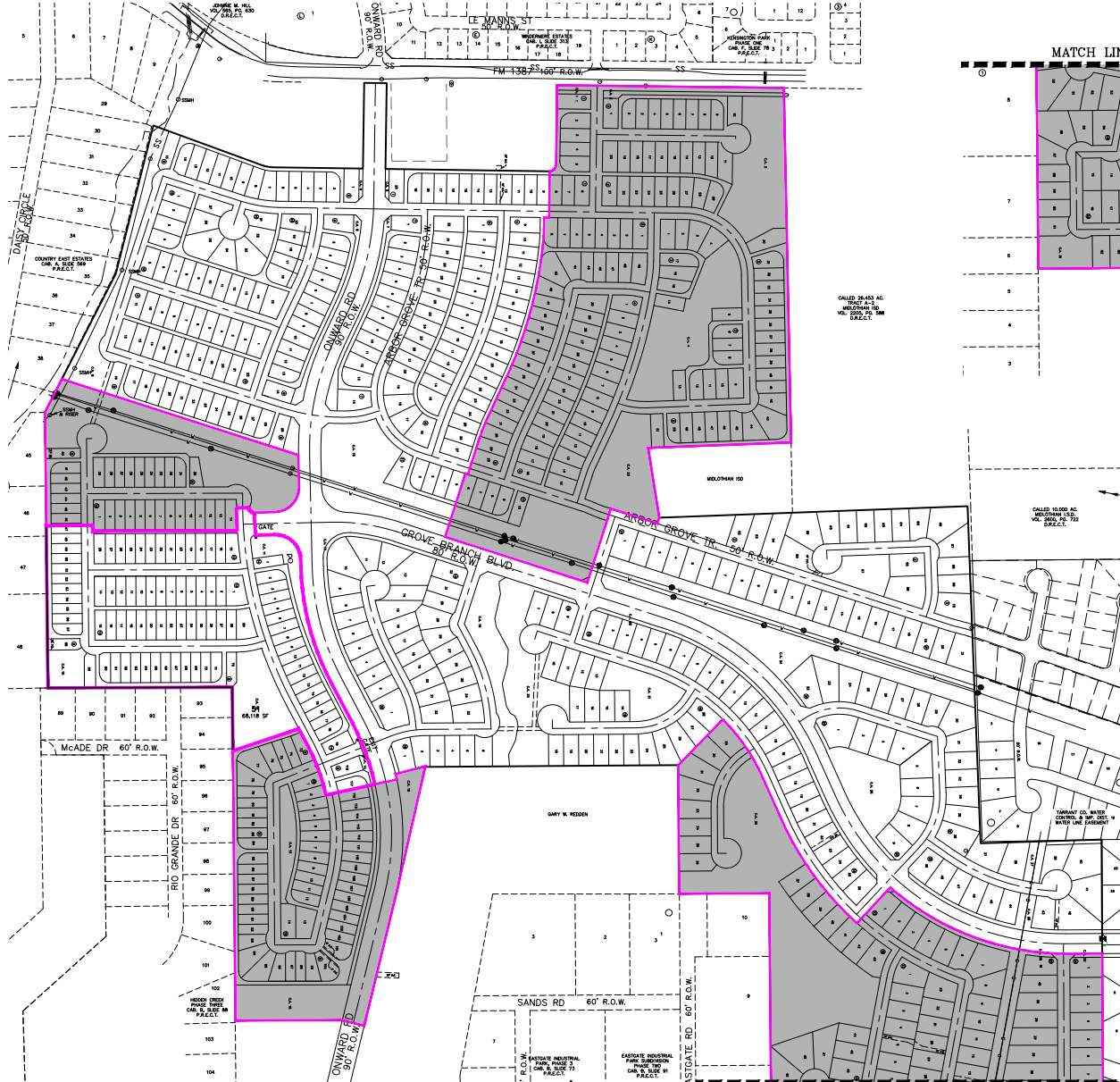
ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES
TEXAS FIRM REG. NO. 001145
201 WINDCO CIRCLE, SUITE 200, WYLIE, TX 75098
(972) 941-8400 FAX (972) 941-8401

DATE: FEBRUARY 12, 2021

SHEET 8 of 14

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MAJOR IMPROVEMENT
AREA BOUNDARY

EXHIBIT L MAJOR IMPROVEMENT AREA LIMITS FOR REDDEN FARMS

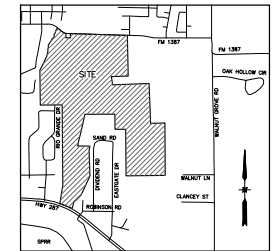
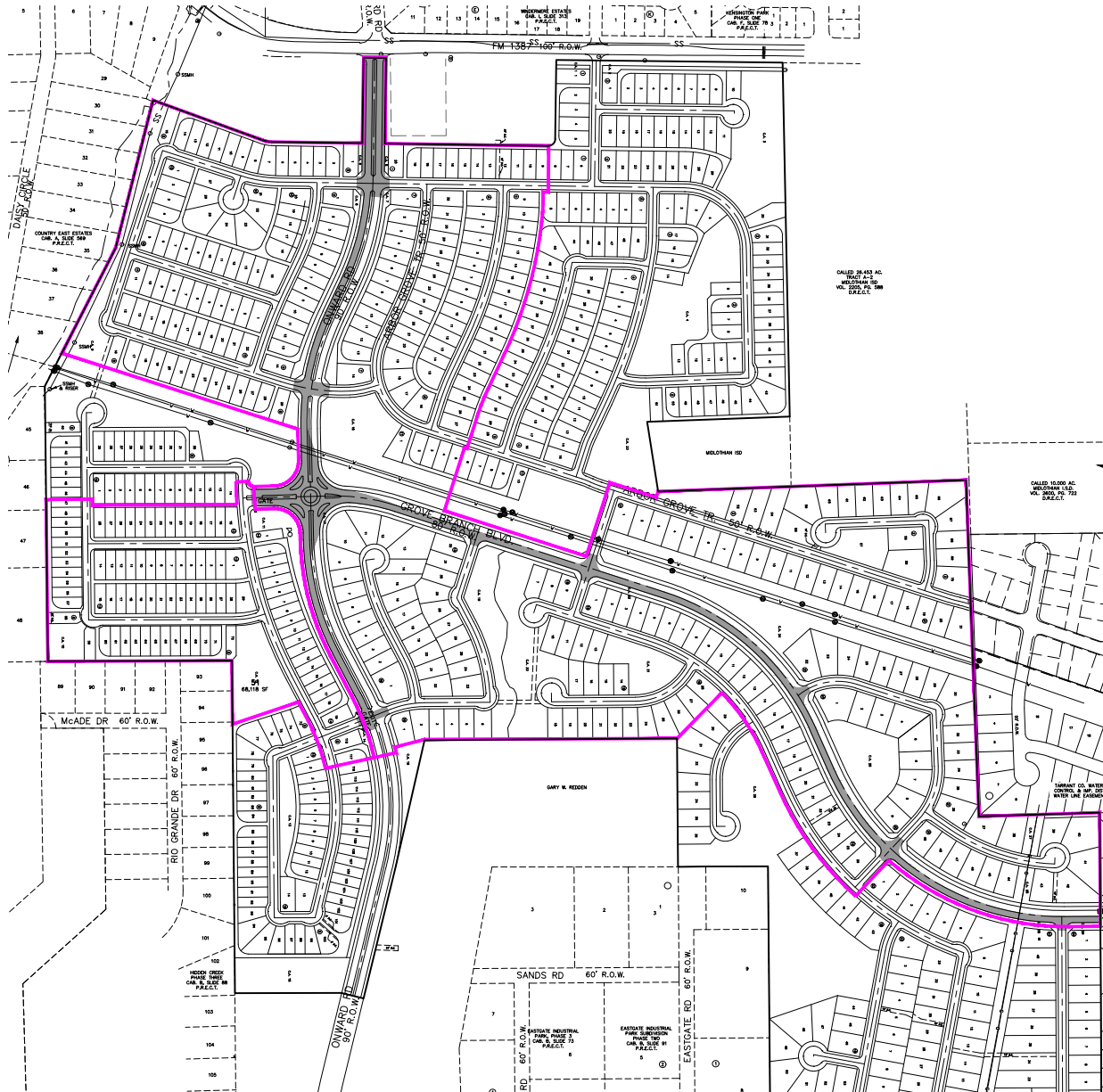
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CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS
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TEXAS FIRM REG. NO. 001145
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(972) 941-8400 FAX (972) 941-8401

MATCH LINE - THIS SHEET

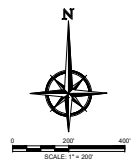
DATE: FEBRUARY 12, 2021

SHEET 10 of 14

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VICINITY MAP
N.T.S.



LIMITS OF 24' B-B DIVIDED
THOROUGHFARE PAVEMENT

EXHIBIT M INFRASTRUCTURE PAVING IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES

CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.

ENGINEERING/PROJECT MANAGEMENT/CONSTRUCTION SERVICES

TEXAS FIRM REG. NO. 001145

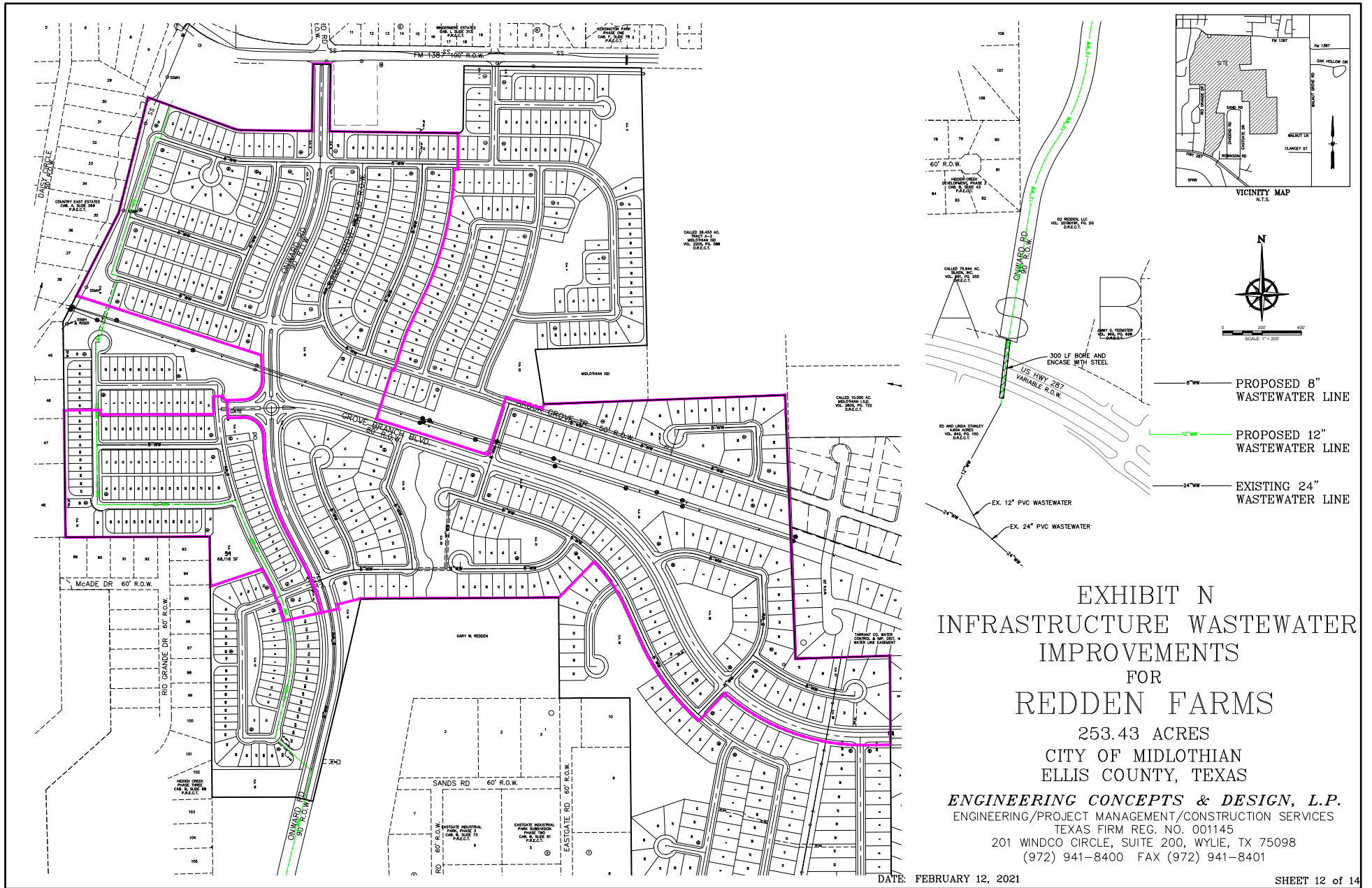
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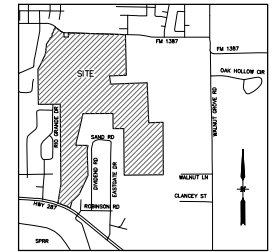
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SHEET 11 of 14

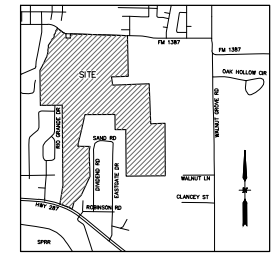
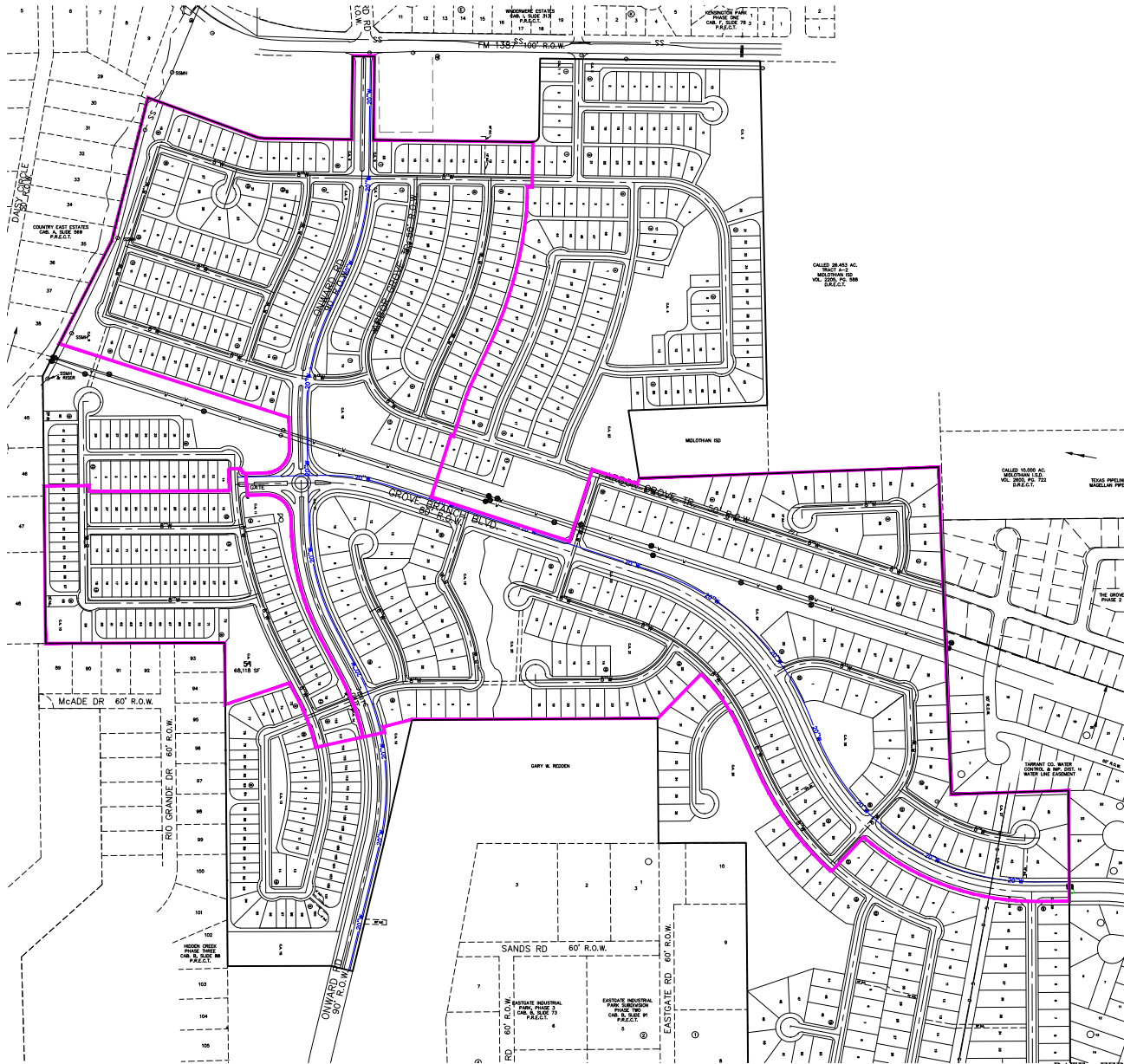
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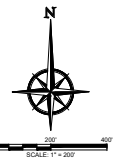


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SHEET 13 of 14



VICINITY MAP
N.T.S.



— 20" — 20" — PROPOSED 20"
WATER LINE

— 8" — 8" — PROPOSED 8"
WATER LINE

EXHIBIT P INFRASTRUCTURE WATER IMPROVEMENTS FOR REDDEN FARMS

253.43 ACRES

CITY OF MIDLOTHIAN
ELLIS COUNTY, TEXAS

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DATE: FEBRUARY 12, 2021

SHEET 14 of 14

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Redden Farms Phase
256 - Lots
Midlothian, Texas

Updated 2/4/2021

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

**CITY OF MIDLOTHIAN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2021 (REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$10,410,000

AS BOND COUNSEL for the City of Midlothian, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and UMB Bank, N.A., dated as of April 1, 2021 (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners

600 Congress Ave., Suite 1800
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood, Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

700 N. St. Mary's Street, Suite 1525
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

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of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.



WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF MIDLOTHIAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of April 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Midlothian, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A. (acting solely in its capacity as the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)” (the “Bonds”). The Issuer, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of April 1, 2021, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the initial Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessment(s)” shall have the meaning assigned to the defined term “Assessment(s)” in the Indenture.

“Audited Financial Statements” shall mean the audited financial statements of the Issuer that have been prepared in accordance with generally accepted accounting principles

applicable from time to time to the Issuer and that have been audited by one or more independent certified public accountants or firm(s) thereof.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee.

“Developer” shall mean RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct the Improvement Area #1 Projects (as defined in the Disclosure Agreement of Developer), the Improvement Area #2 Projects and/or the Private Improvements (as defined in the Disclosure Agreement of Developer) and their designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of even date herewith executed and delivered by the Developer, the Administrator and the Trustee, as the initial dissemination agent thereunder.

“Disclosure Representative” shall mean the Finance Director of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Redden Farms Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the calendar year from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Areas #1-2” shall mean, collectively, Improvement Area #1 and Improvement Area #2.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean UMB Bank, N.A., acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) Commencing with the Fiscal Year ending September 30, 2020, the Issuer shall provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB (i) not later than six (6) months after the end of the Issuer’s Fiscal Year, its Annual Financial Information and (ii) not later than twelve (12) months after the end of the Issuer’s Fiscal Year, its Audited Financial Statements. In each case, the Annual Financial Information and the Audited Financial Statements, as applicable, may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Financial Information or Audited Financial Statements, as applicable, pursuant to Section 4 of this Disclosure Agreement. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Upon delivery by the Issuer of the Annual Financial Information or the Audited Financial Statements, as applicable, to the Dissemination Agent together, with written instructions of the Issuer to the Dissemination Agent to file such information or financial statements, as applicable, with the MSRB, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required in subsection (a); and

(ii) file the Annual Financial Information or the Audited Financial Statements, as applicable, containing or incorporating by reference the information set forth in Section 4 hereof;

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required, together with written instructions of the Issuer to the Dissemination Agent to file such financial information or financial statements with the MSRB and the Dissemination Agent has filed such financial information or financial statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or the Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which such financial information or financial statements shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Financial Information and Audited Financial Statements. The Annual Financial Information and the Audited Financial Statements shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) *Annual Financial Information.* Within six (6) months after the end of each Fiscal Year, the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the CUSIP number(s), the maturity date(s), the interest rate(s), the original aggregate principal amount and principal amount remaining Outstanding and the amount of interest remaining;

(B) The amounts in the funds and accounts under the Indenture securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type, in substantially similar form to that shown in the tables provided under Sections 4(a)(ii)(A) and 4(a)(ii)(B) of Exhibit B attached hereto. Such information shall be provided: (a) as of the end of the Fiscal Year (for tables in Section 4(a)(ii)(A) of Exhibit B), and (b) both as of the end of the Fiscal Year and through February 1 of the calendar year immediately succeeding such Fiscal Year (for tables in Section 4(a)(ii)(B) of Exhibit B).

(iii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments in Improvement Areas #1-2.

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total the Assessments levied within Improvement Areas #1-2, the Annual Financial Information (in the SAP Update or otherwise) shall include the number of certificates of occupancy (“COs”) issued for new homes completed in Improvement Areas #1-2 during such Fiscal Year and the aggregate number of COs issued for new homes completed within Improvement Areas #1-2 since filing the initial Annual Financial Information for Fiscal Year ending September 30, 2020.

(v) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners.

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s Audited Financial Statements during such Fiscal Year.

(b) *Audited Financial Statements.* Within twelve (12) months after the end of each Fiscal Year, the Audited Financial Statements of the Issuer, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such Audited Financial Statements are not complete within twelve (12) months after the end of each Fiscal Year, then the Issuer shall provide unaudited financial statements within such period and shall provide Audited Financial Statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no third-party Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information and Audited Financial Statements under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Areas #1-2 in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over

substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB; provided, however, the Issuer shall deliver such written notice to the Dissemination Agent within nine (9) business days of the occurrence of such Listed Event in order for the Dissemination Agent to timely file such notice in a timely manner with the MSRB through EMMA. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) business day filing requirement.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide Audited Financial Statements (or unaudited financial statements, if Audited Financial Statements are not available) or Annual Financial Information, as applicable, as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting "Notice To MSRB of Failure To File."

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than three (3) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer

to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days’ notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be the Trustee. In addition, pursuant to the Disclosure Agreement of Developer, the Issuer may, from time to time, appoint or engage a Dissemination Agent or

successor Dissemination Agent to assist the Developer, and any other party responsible for providing Quarterly Information pursuant to the Disclosure Agreement of Developer, in carrying out their respective obligations under the Disclosure Agreement of Developer, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. In the event the Issuer appoints a new Dissemination Agent under the Disclosure Agreement of Developer, the Issuer shall give written notice of such change to the Administrator and any Party responsible for providing Quarterly Information at least fifteen (15) days prior to the next Quarterly Filing Date. With the exception of the term "Disclosure Agreement of Developer", capitalized terms used in this paragraph shall have the meanings given to such terms in the Disclosure Agreement of Developer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Audited Financial Statements for the fiscal year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Audited Financial Statements or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Audited Financial Statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (at the request of any Participating Underwriter or the Owners of more than fifty percent (50%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

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SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Financial Information and Audited Financial Statements) prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Collection Costs collected from the property owners in Improvement Areas #1-2, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent shall not be responsible for the Issuer's failure to submit complete Annual Financial Information or Audited Financial Statements to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Collection Costs collected from the property owners in Improvement Areas #1-2, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable

attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR, OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT OR THE ADMINISTRATOR IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Areas #1-2, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 18. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand "affiliate" to mean an entity that controls, is controlled

by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, 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. The Dissemination Agent and the Administrator understand "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

SECTION 20. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 21. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 22. [Disclosure of Interested Parties]. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.]

[Signature pages follow.]

CITY OF MIDLOTHIAN, TEXAS

By: _____

Name: _____

Title: _____

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Midlothian, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021 (Redden Farms
Public Improvement District Improvement Areas #1-2 Project)
Date of Delivery: _____, 20____
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Midlothian, Texas, has not provided [an Annual Financial Information] [Audited Financial Statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer related to such bonds, between the Issuer, P3Works, LLC, as Administrator and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that [the Annual Financial Information] [Audited Financial Statements] will be filed by _____.

Dated: _____

UMB Bank, N.A.,
on behalf of the City of Midlothian, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Midlothian, Texas

EXHIBIT B

CITY OF MIDLOTHIAN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.
Address: [_____
City: [_____
Telephone: (____) ____ - ____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

* Excluding Audited Financial Statements of the Issuer

Section 4(a)(i)(A)**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE****ASSETS**

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)(A)**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR****Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top Assessment Payers⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the Improvement Areas #1-2 of the District

The [YEAR] certified total assessed value for the land in the Improvement Areas #1-2 of the District is approximately \$[AMOUNT] according to the applicable appraisal district(s).

Section 4(a)(ii)(B)**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR****Foreclosure History Related to the Assessments**

<u>Time Period</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment</u>		<u>Foreclosure Proceeds Received</u>
		<u>Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.**Collection and Delinquency History of Assessments**

<u>Time Period</u>	<u>Total Assessment Levied</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 2/1</u>	<u>Delinquent % as of 2/1</u>	<u>Delinquent Amount as of 8/1</u>	<u>Delinquent % as of 8/1</u>	<u>Total Assessments Collected⁽²⁾</u>
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

History of Prepayment of Assessments

<u>Time Period</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.**ITEMS REQUIRED BY SECTION 4(a)(iii) - (vi)**

[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES*

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	<p>Assessments delinquent if not received.</p> <p>Upon receipt but no later than February 1, Issuer forwards payment to Trustee for all collections received as of February 1, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding February and August.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for February and August payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the Issuer's counsel or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be</p>

* Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code or otherwise, such modifications shall control.

referred for commencement of foreclosure, in accordance with the Tax/Assessor Collector's procedures.

If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full February and August payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Tax/Assessor Collector's procedures.

February 15 15

Issuer and/or Administrator should be aware of actual and specific delinquencies.

Trustee pays bond interest payments to Owners.

Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

July 1 152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Tax/Assessor Collector's procedures.

Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.

Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the

Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF MIDLOTHIAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREAS #1-2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of April 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and among the Developer (defined below), the Administrator (defined below), and Dissemination Agent (defined below) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of even date herewith, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the initial Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessed Property” means, collectively, the Improvement Area #1 Assessed Property and the Improvement Area #2 Assessed Property.

“Assessments” means, collectively, the Improvement Area #1 Assessments and the Improvement Area #2 Assessments.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Dissemination Agent or the Trustee.

“Certification Letter” shall mean a certification letter provided by the Developer or Significant Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct the Improvement Area #1 Projects, Improvement Area #2 Projects, and/or the Private Improvements and their designated successors and assigns.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer dated as of even date herewith executed and delivered by and among the Issuer, the Administrator and the Trustee, as the initial dissemination agent thereunder.

“Dissemination Agent” shall mean UMB Bank, N.A., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Redden Farms Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Assessed Property” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Assessment(s)” shall have the meaning assigned to the term “Assessment(s)” in the Indenture.

“Improvement Area #1 Projects” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 Assessed Property” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 Assessment(s)” shall have the meaning assigned to the term “Assessment(s)” in the Indenture.

“Improvement Area #2 Projects” shall have the meaning assigned to such term in the Indenture.

“Improvement Areas #1-2” means, collectively, Improvement Area #1 and Improvement Area #2.

“Issuer” shall mean the City of Midlothian, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Areas #1-2, any lot purchase and sale agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall mean any legal person, including any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

“Private Improvements” shall mean the private paving improvements, amenity center and associated swimming pool and/or splash pad, retaining walls, landscaping, screening, planting, and other similar improvements to be constructed by or on behalf of the Developer within the District and to be owned and/or operated by a homeowners’ association or similar entity.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 2021.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns five percent (5%)¹ or more of the single family residential lots within Improvement Areas #1-2).

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall mean UMB Bank, N.A., acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with June 30, 2021, the information required for the preparation of the Quarterly Report (with respect to each party, the “Quarterly Information”). The Developer and any Significant Homebuilder shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Developer and/or Significant Homebuilder pursuant to subsection (a) above and (ii) provide to the Developer and/or Significant Homebuilder, as applicable, each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. The Developer and/or any Significant Homebuilder, as applicable, shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, the Developer and/or any Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in this Section 3, the Certification Letter(s) provided by the Developer and/or any Significant Homebuilder, as applicable, and written direction to the Dissemination Agent to file such documents with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s) with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent’s receipt thereof pursuant to this subsection 3(c); provided, however, that the Administrator must submit the Quarterly Report and the Certification Letter(s) timely to the Dissemination Agent for timely filing with the MSRB not later than each Quarterly Filing Date. In the event that the Developer, any Significant Homebuilder or the Administrator does not provide the

¹ At closing of the Bonds, based on the Service and Assessment Plan, five percent (5%) of the total single family residential lots within Improvement Area #1 of the District is currently equal to approximately twenty-two (22) lots.

information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the Developer, Significant Homebuilder or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information is provided by the Developer or any Significant Homebuilder to the Dissemination Agent, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If the Developer and/or any Significant Homebuilder timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner, shall not be deemed a default by the Developer, or any Significant Homebuilder, as applicable, under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to that as Table 3(d)(i) in Exhibit A attached hereto, the composition of the property within Improvement Areas #1-2 subject to the Assessments, as of the Quarterly Ending Date, including:

- A. The number of single family residential parcels;
- B. The number of acres of single family residential parcels;
- C. The number of platted single family residential lots;
- D. The number of single family residential lots identified in the original Service and Assessment Plan; and
- E. An explanation as to any change to the number of lots/parcels within Improvement Areas #1-2 from the original Service and Assessment Plan;

(ii) In a form similar to that as Table 3(d)(ii) in Exhibit A attached hereto, the landowner composition of Improvement Areas #1-2, including:

- A. The number of lots owned by each type of landowner (i.e., Developer, Homebuilders, end-user); and
- B. The percentage of single family residential lots relative to the total single family residential lots for the Developer, each Homebuilder, and end-users (end-users being reported collectively), as of the Quarterly Ending Date;

(iii) In a form similar to that as Table 3(d)(iii) in Exhibit A attached hereto, for each parcel designated as single family residential, lot absorption statistics by lot type, on a quarter over quarter basis, including:

- A. The number of single family lots platted in Improvement Areas #1-2;

B. The number of single family lots in Improvement Areas #1-2 owned by the Developer closed with a Homebuilder;

C. The number of single family lots in Improvement Areas #1-2 owned by the Developer under contract (but not closed) with a Homebuilder; and

D. The number of single family lots in Improvement Areas #1-2 owned by the Developer not closed or under contract with a Homebuilder;

(iv) In a form similar to that as Table 3(d)(iv) in Exhibit A attached hereto, for each parcel designated as single family residential, for each Homebuilder, broken down by lot type and phase, on a quarter over quarter basis:

A. The number of homes under construction in Improvement Areas #1-2;

B. The number of completed homes not under contract with end-users in Improvement Areas #1-2;

C. The number of homes under contract with end-users in Improvement Areas #1-2;

D. The number of homes closed with (delivered to) end-users in Improvement Areas #1-2;

E. The average sales price of homes closed with end-users; and

F. The estimated date of completion of all homes to be constructed by the Homebuilder;

(v) In a form similar to that as Table 3(d)(v) in Exhibit A attached hereto, with respect to the Private Improvements:

A. Type of Private Improvement;

B. Budgeted costs of each type of Private Improvement;

C. Expected or actual construction start date;

D. Expected or actual construction completion date

E. Total actual costs spent, as of Quarterly Ending Date; and

F. In the event of any delay in expected or actual completion date since the date of the immediately preceding Quarterly Report, an explanation of such delay.

(vi) In a form similar to that as Table 3(d)(vi) in Exhibit A attached hereto, materially adverse changes or determinations to permits/approvals for the development of Improvement Areas #1-2 that necessitate changes to the land use plans of the Developer;

(vii) In a form similar to that as Table 3(d)(vii) in Exhibit A attached hereto, the occurrence of any new or modified mortgage debt on the land owned by the Developer, including the amount, interest rate and terms of repayment; and

(e) In a form similar to that as Tables 3(e)(i)-(iii) in Exhibit A attached hereto, with respect to each category of the Improvement Areas #1-2 Projects, as set forth in the Service and Assessment Plan, and the Private Improvements, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Construction budget and timeline for the Improvement Area #1 Projects, including:

A. Total budgeted costs of all Improvement Area #1 Projects;

B. Total actual costs of the Improvement Area #1 Projects drawn from the Improvement Area #1 Bond Improvement Account, as of the Quarterly Ending Date;

C. Total actual costs of Improvement Area #1 Projects financed with other sources of funds (non-bond financed), as of the Quarterly Ending Date;

D. Forecast completion date; and

E. Actual Issuer acceptance date;

(ii) Construction budget and timeline for the Improvement Area #2 Projects, including:

A. Total budgeted costs of all Improvement Area #2 Projects;

B. Total actual costs of the Improvement Area #2 Projects drawn from the Improvement Area #2 Bond Improvement Account, as of the Quarterly Ending Date;

C. Total actual costs of Improvement Area #2 Projects financed with other sources of funds (non-bond financed), as of the Quarterly Ending Date;

D. Forecast completion date; and

E. Actual Issuer acceptance date;

(iii) Narrative update on construction milestones for the Improvement Area #1 Projects, Improvement Area #2 Projects and Private Improvements since the date of the immediately preceding Quarterly Report.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Areas #1-2 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Areas #1-2 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within the Improvement Areas #1-2, including the Improvement Area #1 Projects, the Improvement Area #2 Projects, and the Private Improvements;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the acquisition, development or permanent financing of Improvement Areas #1-2 undertaken by the Developer or any of the Developer's affiliates;

(iv) Material default by the Developer or any of Developer's affiliates on any loan secured by property within Improvement Areas #1-2 owned by the Developer or any of the Developer's affiliates;

(v) The bankruptcy, insolvency or similar filing of the Developer or any of the Developer's affiliates or any determination that the Developer or any of the Developer's affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages, in excess of \$1,000,000 against the Developer or any of the Developer's affiliates that may adversely affect the completion of development of Improvement Areas #1-2 or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's affiliates;

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 herein.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Areas #1-2 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Areas #1-2 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever the Developer obtains knowledge of the occurrence of a Developer Listed Event, the Developer shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and the Developer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Developer becomes aware of the occurrence of such Developer Listed Event. If the Developer provides written notification to the Dissemination Agent within nine (9) business days of the occurrence of a Developer Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

Whenever a Significant Homebuilder obtains knowledge of the occurrence of a Significant Homebuilder Listed Event, the applicable Significant Homebuilder shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and such Significant Homebuilder shall direct the Dissemination Agent in writing to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer, the Developer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Significant Homebuilder becomes aware of the occurrence of such Significant Homebuilder Listed Event. If the Significant Homebuilder provides written notification to the Dissemination Agent within nine (9) business days of the occurrence of a Significant Homebuilder Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a

timely manner shall not be deemed a default by the Significant Homebuilder under this Disclosure Agreement.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Developer or Significant Homebuilder, as applicable, desires to make, the written authorization of the Developer or the Significant Homebuilder, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer or Significant Homebuilder, as applicable, desires for the Dissemination Agent to disseminate the information (which written direction from the Developer or Significant Homebuilder, as applicable, to the Dissemination Agent shall within nine (9) business days after the occurrence of the Developer Listed Event or Significant Homebuilder Listed Event, as applicable, or failure to file and date of such filing provided by the Developer or Significant Homebuilder, as applicable, shall not be more than ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the Developer Listed Event or Significant Homebuilder Listed Event, as applicable).

The Developer and each Significant Homebuilder, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such reporting Person and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other reporting Person, regardless if such Person is providing Quarterly Information on behalf of any other reporting Person. In all cases, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the applicable Listed Event.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Issuer, the Developer and the Significant Homebuilder, if applicable, of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Developer or Significant Homebuilder, as applicable, to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer or Significant Homebuilder, as applicable, and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Developer and Significant Homebuilder, as applicable, as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Developer, Significant Homebuilder, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by the Developer or Significant Homebuilder to report the occurrence of a Listed Event in accordance with this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from the Developer or Significant Homebuilder, as applicable; provided that

all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations by Developers.

The Developer shall cause each Person, who, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects, Improvement Area #2 Projects or Private Improvements to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement and assumption from each Person who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects, Improvement Area #2 Projects or Private Improvements, in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilders.

If a Homebuilder acquires ownership of real property in Improvement Areas #1-2 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer shall cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Sections 3(d)(iv) and 4(b) hereof, with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement; provided, however, a Significant Homebuilder who is also a Developer shall be required to provide the disclosure information required by Sections 3 and 4(a), as applicable, pursuant to Section 5 above. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Sections 4(a)(ix) and 4(b)(vi) above, the Developer or Significant Homebuilder, as applicable, shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) the later of when (a) all of the Improvement Area #1 Projects, Improvement Area #2 Projects and Private Improvements are complete and at least ninety percent (90%)² of the single family residential lots within Improvement Areas #1-2 are either under contract with Homebuilders or sold to end-users, or (b) the Developer no longer owns at least twenty percent (20%)³ of the single family residential lots within Improvement Areas #1-2 and at least ninety percent (90%)² of the single family residential lots within Improvement Areas #1-2 are either under contract with Homebuilders or sold to end-users.

(b) The reporting obligations of a Significant Homebuilder, if any, under this Disclosure Agreement shall terminate upon the earlier of when (i) none of the Bonds remain Outstanding, or (ii) the Significant Homebuilder no longer owns at least five percent (5%) of the single family residential lots within Improvement Areas #1-2.

(c) At such time that the reporting obligations of the Developer or Significant Homebuilder, if any, terminate in accordance with subsection (a) or (b) of this Section 7, the Administrator shall provide written notice to the Developer or Significant Homebuilder, as applicable, the Participating Underwriter, the Issuer and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating the applicable party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to the Developer or Significant Homebuilder occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of the Developer's and all Significant Homebuilder's, if any, reporting obligations in accordance with subsection (a) or (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter.

SECTION 8. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be the Trustee. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer, the Developer and the Administrator; provided, however, that if the Dissemination Agent is

² At closing of the Bonds, based on the Service and Assessment Plan, ninety percent (90%) of the total single family residential lots within Improvement Areas #1-2 of the District is equal to approximately three hundred and eighty-four (384) lots.

³ At closing of the Bonds, based on the Service and Assessment Plan, twenty percent (20%) of the total single family residential lots within Improvement Areas #1-2 of the District is equal to approximately eighty-five (85) lots.

serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof of any change in the identity of the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures provided hereunder.

SECTION 12. Default. In the event of a failure of the Developer, any Significant Homebuilder or the Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (at the request of any Participating Underwriter or the Owners of more than fifty percent (50%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Developer, Significant Homebuilder and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Significant Homebuilder or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer, or any Significant Homebuilder, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Significant Homebuilder or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, any Significant Homebuilder, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, any Significant Homebuilder, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed,

entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Areas #1-2, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Areas #1-2, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

DEVELOPER:

RF Midlothian Owner I, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

RF Midlothian Owner II, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

P3WORKS, LLC
(as Administrator)

By: _____
Name: _____
Title: _____

EXHIBIT A

CITY OF MIDLOTHIAN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)

DEVELOPER QUARTERLY REPORT [INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.
Address: 6034 W. Courtyard Drive, Suite 370, Austin, TX 78730
City: Austin, TX 78730
Telephone: ☐
Contact Person: Attn: ☐

TABLE 3(d)(i)

IMPROVEMENT AREAS #1-2 OVERVIEW (as of [Insert Quarterly Ending Date])				
NUMBER OF SINGLE FAMILY PARCELS, ACREAGE OF SUCH PARCELS AND NUMBER OF PLATTED SINGLE FAMILY LOTS IN IMPROVEMENT AREA #1-2 SUBJECT TO ASSESSMENTS:				
	Improvement Areas #1-2 ⁽¹⁾		Original Service and Assessment Plan ⁽²⁾	
	Explanation as to any change in Lots/Parcels from Original Service and Assessment Plan			
Single Family				
Total SF Parcels/Acres				
Lot Type	-		-	
40' Lot				
50' Lot				
60' Lot				
70' Lot				
[Future SF]				
Total SF Lots:				

⁽¹⁾ Single family lots represent the number of platted single family lots in Improvement Areas #1-2, as of [Insert Quarterly Ending Date].

⁽²⁾ Single family lots represent the number of planned single family lots included in the original Service and Assessment Plan.

TABLE 3(d)(ii)

LANDOWNER COMPOSITION (as of <i>[Insert Quarterly Ending Date]</i>) OF IMPROVEMENT AREAS #1-2		
Landowner Composition	Number of Actual Single Family Residential Lots Owned	Percentage of Total Actual Single Family Residential Lots
Developer Owned		
40' Lot		
50' Lot		
60' Lot		
70' Lot		
[Future SF]		
<i>Total Developer Owned SF Lots:</i>		
[Homebuilder] Owned⁽¹⁾		
40' Lot		
50' Lot		
60' Lot		
70' Lot		
[Future SF]		
<i>Total Homebuilder Owned SF Lots:</i>		
End-User Owned		
40' Lot		
50' Lot		
60' Lot		
70' Lot		
[Future SF]		
<i>Total End-User Owned SF Lots:</i>		
<i>Total Development:</i>		

⁽¹⁾ Add additional rows for each Homebuilder.

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

TABLE 3(d)(iii)

DEVELOPER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREAS #1-2											
	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__
# of platted SF lots: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] TOTAL											
# of SF lots under contract with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' ○ [Future SF] Subtotal TOTAL											
# of SF lots closed with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' ○ 50' ○ 60' ○ 70' 											

<div> <div>○ [Future SF]</div> <div><i>Subtotal</i></div> <div>TOTAL</div> </div>											
<div> <div># of SF lots not under contract with Homebuilders:</div> <div> <div>• 40'</div> <div>• 50'</div> <div>• 60'</div> <div>• 70'</div> <div>• [Future SF]</div> </div> <div>TOTAL</div> </div>											

TABLE 3(d)(iv)

[Homebuilder] ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREAS #1-2 ⁽¹⁾								
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__
# of SF homes under construction: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] TOTAL								
# of completed SF homes NOT under contract with end-user: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] TOTAL								
# of SF homes under contract with end-user: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] TOTAL								
# of SF homes delivered to end-users: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] TOTAL								
Average home prices of homes delivered to end-users: <ul style="list-style-type: none"> • 40' • 50' • 60' • 70' • [Future SF] • Average 								

⁽¹⁾ Additional tables to be added for each Homebuilder

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

STATUS OF DEVELOPMENT:

TABLE 3(d)(v)

PRIVATE IMPROVEMENTS BUDGET AND TIMELINE OVERVIEW					
Type of Private Improvement	Budgeted Costs	Expected or actual construction start date	Expected or actual construction completion date	Actual Costs spent as of [Insert Quarterly Ending Date]	If Delay in Expected Completion Date from Previously Reported, an Explanation of Delay
Total costs required to complete Private Improvements:					
• Paving	\$ _____	_____	_____	\$ _____	_____
• Amenity center	\$ _____	_____	_____	\$ _____	_____
• Swimming pool/splash pad	\$ _____	_____	_____	\$ _____	_____
• Retaining Walls	\$ _____	_____	_____	\$ _____	_____
• Landscaping/Screening/Planting	\$ _____	_____	_____	\$ _____	_____
• [Other]	\$ _____	_____	_____	\$ _____	_____

TABLE 3(d)(vi)

PERMITS/APPROVALS	
Change or Determination to Permit/Approval	Description of the Change to the Land Use Plan

TABLE 3(d)(vii)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms of Repayment

[Remainder of page intentionally left blank]

STATUS OF IMPROVEMENT AREA #1 PROJECTS AND NARRATIVE UPDATE:

TABLES 3(e)(i)-(iii)

IMPROVEMENT AREA #1 PROJECTS BUDGET AND TIMELINE OVERVIEW					
	Budgeted Costs	Actual Costs Draw from Improvement Area #1 Bond Improvement Account as of <i>[Insert Quarterly Ending Date]</i>	Actual Costs financed with sources other than Bond proceeds as of <i>[Insert Quarterly Ending Date]</i>	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Improvement Area #1 Projects:					
Major Improvements:					
• Street	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs	\$ _____	\$ _____	\$ _____	_____	_____
Improvement Area #1					
Improvements:					
• Street	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs	\$ _____	\$ _____	\$ _____	_____	_____

IMPROVEMENT AREA #2 PROJECTS BUDGET AND TIMELINE OVERVIEW					
	Budgeted Costs	Actual Costs Draw from Improvement Area #2 Bond Improvement Account as of <i>[Insert Quarterly Ending Date]</i>	Actual Costs financed with sources other than Bond proceeds as of <i>[Insert Quarterly Ending Date]</i>	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Improvement Area #2 Projects:					
Major Improvements:					
• Street	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs	\$ _____	\$ _____	\$ _____	_____	_____
Improvement Area #2 Improvements:					
• Street	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs	\$ _____	\$ _____	\$ _____	_____	_____

Narrative update on construction milestones for Improvement Area #1 Projects, Improvement Area #2 Projects and Private Improvements since last Quarterly Report:

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Midlothian, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Redden Farms Public Improvement District Improvement Areas
#1-2 Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”] [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] for the period ending on [Insert Quarterly Ending Date]
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer
related to such Bonds, by and among RF Midlothian Owner I, LLC and RF Midlothian Owner II,
LLC, each a Texas limited liability company (collectively, the “Developer”), P3Works, LLC, as
the “Administrator” and UMB Bank, N.A., as Trustee, as the “Dissemination Agent.” The
[Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly
Report] will be [provided][filed] by _____.

Dated: _____

UMB Bank, N.A., as Trustee,
on behalf of the Developer
(acting solely in its capacity as
Dissemination Agent)

By: _____

Title: _____

cc: City of Midlothian, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Midlothian, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Redden Farms Public Improvement District Improvement Areas
#1-2 Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, TX 78730

City of Midlothian, Texas
104 West Avenue E
Midlothian, Texas 76065

RF Midlothian Owner I, LLC
RF Midlothian Owner II, LLC
2200 Ross Avenue, Suite 4200W
Dallas, Texas 75201

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a
_____ (the [“Developer”] [“Significant Homebuilder”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among RF Midlothian Owner I, LLC and
RF Midlothian Owner II, LLC, each a Texas limited liability company (collectively, the
“Developer”), P3Works, LLC, as the “Administrator” and UMB Bank, N.A., as Trustee, as the
“Dissemination Agent.”

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant Homebuilder]
(solely in its capacity as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Midlothian, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021
(Redden Farms Public Improvement District Improvement Area #1-2 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Redden Farms Public Improvement District – Improvement Areas #1-2

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company¹ (collectively, the “Developer”), P3Works, LLC, as the “Administrator”, and UMB Bank, N.A., as Trustee, as the “Dissemination Agent,” this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____
Name: _____
Title: _____

AND

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____
Name: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

Title: _____

[OR

SIGNIFICANT HOMEBUILDER

(as Significant Homebuilder)

By: _____

Title: _____]

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Redden Farms Public Improvement District Improvement Areas #1-2 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects, Improvement Area #2 Projects or Private Improvements (as those terms are defined in the Disclosure Agreement of Developer) within Improvement Areas #1-2 of the Redden Farms Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company (the “Initial Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., as Trustee (the “Dissemination Agent”) with respect to the “City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project),” any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects, Improvement Area #2 Projects or Private Improvements within Improvement Areas #1-2 of the District is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____

Name: _____

Title: _____

AND

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____

Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Redden Farms Public Improvement District Improvement Areas #1-2 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20____, you own _____ lots within Improvement Areas #1-2 of the Redden Farms Public Improvement District (the “District”), which is equal to approximately ____% of the single family residential lots within Improvement Areas #1-2 of the District.

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company (collectively, the “Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., as Trustee (the “Dissemination Agent”), with respect to the “City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project),” any entity that owns five percent (5%) or more of the single family residential lots within Improvement Areas #1-2 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____
Name: _____
Title: _____

AND

RF Midlothian Owner I, LLC,
a Texas limited liability company¹

By: _____
Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

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APPENDIX F

FORM OF REIMBURSEMENT AGREEMENT

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REIMBURSEMENT AGREEMENT
Redden Farms Public Improvement District
Improvement Areas #1-2 Project & Major Improvement Area Project

This **Reimbursement Agreement** (this “**Agreement**”) is entered into by **RF Midlothian Owner I, LLC** and **RF Midlothian Owner II, LLC**, each a Texas limited liability company (“**Developer**”), and the **City of Midlothian**, a Texas home rule municipality (“**City**”) of the Effective Date. Developer and the City are individually referred to herein as a “**Party**” and collectively as the “**Parties**.”

SECTION 1.
RECITALS

1.1 WHEREAS, Developer and the City are parties to the Development Agreement; and

1.2 WHEREAS, on September 22, 2020, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, encompassing approximately 253 contiguous acres within the City's corporate limits, which land is described in the PID Creation Resolution (the “**Property**”); and

1.3 WHEREAS, prior to the issuance of PID Bonds, Developer has paid and may continue to pay for the Actual Costs of the Improvement Area #1 Projects, Improvement Area #2 Projects and Major Improvement Area Projects benefitting the property within the PID; and

1.4 WHEREAS, the Parties desires to enter into this Agreement in relation to the City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project) and City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Major Improvement Area Project), which constitutes a “reimbursement agreement” authorized by Section 372.023(d)(1) of the Act.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth herein, the Parties agree as follows:

SECTION 2.
DEFINITIONS

2.1 Definitions: Unless the context clearly indicates a different meaning, the following words and phrases shall have the following meanings as used in this Agreement:

“**Act**” means Chapter 372, Texas Local Government Code, as amended.

“**Actual Cost(s)**” are as defined in the SAP.

“**Annual Collection Costs**” are as defined in the SAP.

“**Annual Installment**” is as defined in the SAP.

“Assessed Property” in this Agreement has the same meaning as “Improvement Area #1 Assessed Property,” “Improvement Area #2 Assessed Property” and/or “Major Improvement Area Assessed Property,” as applicable and as defined in the SAP.

“Assessment(s)” means, collectively, the Improvement Area #1 Assessments, the Improvement Area #2 Assessments and the Major Improvement Area Assessments.

“Assessment Ordinance” means the ordinance(s) adopted by the City Council levying Assessments on Assessed Property within the PID to pay Project Costs, PID Bonds and obligations under this Agreement.

“Assessment Revenue” means, collectively, the Improvement Area #1 Assessment Revenue, the Improvement Area #2 Assessment Revenue and the Major Improvement Area Assessment Revenue.

“Assessment Roll” is as defined in the SAP.

“Bond Indenture” means the indenture(s) of trust pursuant to which the PID Bonds are issued.

“Bond Proceeds” mean the proceeds derived from the issuance and sale of the PID Bonds that are deposited into the PID Project Fund and made available to pay Project Costs including design, engineering, construction and inspection costs in accordance with this Agreement and any Bond Indenture or SAP.

“Business Day” means any day that is not a Saturday, Sunday, or a recognized federal holiday in which national banks are closed for business, or the Friday following Thanksgiving.

“Certificate for Payment” means a certificate (substantially in the form of Exhibit A or as otherwise approved by Developer and the City Representative) executed by a representative of Developer and approved by the City Representative, delivered to the City Representative (and/or, if applicable, to the Trustee named in the Bond Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Project Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that the Projects (or their completed segment(s)) covered by the certificate have been inspected by the City.

“City Council” means the governing body of the City.

“City Representative” means the person authorized by the City Council to undertake the actions referenced herein.

“Closing Disbursement Request” means a request in the form of Exhibit B or as otherwise approved by the Parties.

“Cost Overrun” means, with respect to each Authorized Improvement, the amount of the Actual Cost paid for the Authorized Improvement in excess of the budgeted cost for such Authorized Improvement as provided for in the Service and Assessment Plan.

“Default” is as defined in Section 4.6.1.

“Delinquent Collection Costs” are as defined in the SAP.

“Development Agreement” means that certain Development Agreement, effective as of August 25, 2020, by and between Developer (by assignment effective October 28, 2020, from D2 Redden, LLC, a Texas limited liability company, predecessor-in-interest to Developer) pertaining to the construction and installation of certain Authorized Improvements on the Property, as described therein and benefitting the PID, as amended or otherwise modified from time to time.

“Developer Advances” mean advances made by Developer to pay Project Costs.

“Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of PID Bonds.

“Effective Date” means the date that the signatures of the authorized representatives of the Parties is affixed to this Agreement, whether on the same or identical counterparts of this Agreement.

“Failure” is as defined in Section 4.6.1.

“Final Completion” means completion of an Authorized Improvement in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Improvement Area #1” is defined in the SAP.

“Improvement Area #1 Account” means an account within the PID Reimbursement Fund wherein Assessment Revenues derived from Assessments levied on Improvement Area #1 shall, until the issuance and delivery of PID Bonds for the Improvement Area #1 Projects, be deposited.

“Improvement Area #1 Assessment Revenue” means the revenues received by the City from the collection of Improvement Area #1 Assessments.

“Improvement Area #1 Assessments” means an assessment levied against Assessed Property located in Improvement Area #1 pursuant to the provisions of the Act for the payment of Improvement Area #1 Project Costs, including the payment of PID Bonds and obligations under this Agreement.

“Improvement Area #1 Improvements” are defined in the SAP.

“Improvement Area #1 Projects” are defined in the SAP.

“Improvement Area #1 Project Costs” means the Actual Costs of the Improvement Area #1 Projects.

“Improvement Area #2” is defined in the SAP.

“Improvement Area #2 Account” means an account within the PID Reimbursement Fund wherein Assessment Revenues derived from Assessments levied on Improvement Area #2 shall, until the issuance and delivery of PID Bonds for the Improvement Area #2 Projects, be deposited.

“Improvement Area #2 Assessment Revenue” means the revenues received by the City from the collection of Improvement Area #2 Assessments.

“Improvement Area #2 Assessments” means an assessment levied against the Assessed Property located in Improvement Area #2 pursuant to the provisions of the Act for the payment of Improvement Area #2 Project Costs, including the payment of PID Bonds and obligations under this Agreement.

“Improvement Area #2 Improvements” are defined in the SAP.

“Improvement Area #2 Projects” are defined in the SAP.

“Improvement Area #2 Project Costs” means the Actual Costs of the Improvement Area #2 Projects.

“Major Improvements” are defined in the SAP.

“Major Improvement Area” is defined in the SAP.

“Major Improvement Area Account” means an account within the PID Reimbursement Fund wherein Assessment Revenues derived from Assessments levied on the Major Improvement Area shall, until the issuance and delivery of PID Bonds for the Major Improvement Area Projects, be deposited.

“Major Improvement Area Assessment Revenue” means the revenues received by the City from the collection of Major Improvement Area Assessments.

“Major Improvement Area Assessments” means an assessment levied against Assessed Property located in the Major Improvement Area pursuant to the provisions of the Act for the payment of Major Improvement Area Project Costs, including the payment of PID Bonds and obligations under this Agreement.

“Major Improvement Area Projects” are defined in the SAP.

“Major Improvement Area Project Costs” means the Actual Costs of the Major Improvement Area Projects.

“Maturity Date” is the date one year after the final scheduled and non-delinquent Annual Installment is collected.

“PID” means the Redden Farms Public Improvement District created by the PID Creation Resolution.

“PID Bonds” means the bonds issued pursuant to the provisions of the Act in one or more series to fund Project Costs or to reimburse Developer for Project Costs.

“PID Creation Resolution” means the resolution passed and approved by the City Council on September 22, 2020, authorizing the creation of the PID.

“PID Pledged Revenue Fund” means the Pledged Revenue Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing PID Bonds issued and still outstanding, as described in the Bond Indenture.

“PID Project Fund” means the Project Fund, as defined in the Bond Indenture, including all accounts and subaccounts created within such fund, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the Bond Indenture. Notwithstanding anything seemingly to the contrary herein, amounts in the PID Project Fund and each account and subaccount created therein may only be used for the purposes authorized by the applicable Bond Indenture.

“PID Reimbursement Fund” means the fund established by the City under this Agreement (and segregated from all other funds of the City) into which the City deposits Assessment Revenue until the issuance and delivery of PID Bonds for the Projects. Notwithstanding anything seemingly to the contrary herein, amounts in the: (1) Improvement Area #1 Account may only be used to reimburse Improvement Area #1 Project Costs, (2) Improvement Area #2 Account may only be used to reimburse Improvement Area #2 Project Costs, and (3) Major Improvement Area Account may only be used to reimburse Major Improvement Area Project Costs.

“Prepayments” means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

“Projects” means the Improvement Area #1 Projects, the Improvement Area #2 Projects and/or the Major Improvement Area Projects.

“Project Costs” mean the Improvement Area #1 Project Costs, the Improvement Area #2 Project Costs, and/or the Major Improvement Area Project Costs.

“Reimbursement Agreement Balance” is as defined in Section 3.3.

“Service and Assessment Plan” or “SAP” means the service and assessment plan and any updates thereto approved by the City Council, prepared in relation to the property within the PID.

“Trustee” is defined herein.

2.2 “Sections,” “Exhibits,” “Ordinances,” and “Resolutions”. Unless otherwise defined herein:

- (a) all references to “sections” shall mean sections of this Agreement;
- (b) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and
- (c) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council.

SECTION 3. **FUNDING PROJECT COSTS**

3.1 Fund Deposits.

3.1.1 Unless and until PID Bonds are issued, the City shall bill, collect, and immediately deposit (i) all Improvement Area #1 Assessment Revenue into the Improvement Area #1 Account, (ii) all Improvement Area #2 Assessment Revenue into the Improvement Area #2 Account and (iii) all Major Improvement Area Assessment Revenue into the Major Improvement Account, as applicable, of the PID Reimbursement Fund, which PID Reimbursement Fund is hereby created and established as a fund under this Agreement. After the issuance and delivery of PID Bonds for the Projects, the City shall bill, collect, and immediately deposit all Assessment Revenue in the manner set forth in the Bond Indenture. The City shall also deposit Bond Proceeds in the manner set forth in the Bond Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as the City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with the Bond Indenture. Funds in the PID Reimbursement Fund shall only be used to pay all or any portion of the Reimbursement Agreement Balance in accordance with this Agreement.

3.1.2 The City hereby confirms, covenants, and agrees that for so long as amounts are due to Developer under this Agreement and for so long as PID Bonds are outstanding, the City will do the following in the manner and to the maximum extent permitted by applicable law, subject to any conflicting provisions in the Bond Indenture take and pursue all actions reasonable and necessary to:

- (a) cause the Assessments to be collected;
- (b) cause the liens related to the Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Assessments, including Annual Installments; and
- (c) cause no reduction, abatement or exemption of the Assessments.

Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding Assessed Property. The Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Project Costs.

3.2.1 Unless and until PID Bonds are issued to pay Project Costs, Developer may elect to make Developer Advances to pay such Project Costs. Prior to the City's adoption of an ordinance authorizing the issuance of a series of PID Bonds, Developer shall provide evidence of financial security and a Construction Completion Agreement as described in the Development Agreement (or portion thereof) securing the remaining costs not funded by the PID Bonds. If such evidence of financial security is not available, or if Developer so elects, Developer may deposit into the PID Project Fund an amount equal to the remaining costs not funded by the PID Bonds necessary to pay Project Costs.

3.2.2 Bond Proceeds (i) may be used to construct Projects and directly pay Project Costs in lieu of Developer Advances and reimbursement and (ii) shall be used in the manner provided in the Bond Indenture. Developer may, but shall not have the obligation, to make Developer Advances unless the Bond Proceeds, on deposit in the PID Project Fund, are insufficient to pay any remaining Project Costs, in which case Developer shall make Developer Advances to pay the deficit.

3.2.3 As evidence of Developer Advances required in connection with the issuance of PID Bonds, Developer shall submit to the City for approval all information related to such costs that would be required by a Closing Disbursement Request not later than the fifteenth (15th) Business Day prior to the closing of the PID Bonds. Developer shall also make Developer Advances to pay for Cost Overruns (after applying cost savings or reallocation of budget line items to reflect actual costs). Upon the Final Completion of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, if the Actual Costs of such Authorized Improvement is less than the Budgeted Cost (a "**Cost Underrun**"), any remaining budgeted cost, as shown in the SAP, will be available to pay Cost Overruns on any other Authorized Improvement. The City Representative shall promptly confirm that such remaining amounts are available to pay such Cost Overruns, and Developer, the Administrator, and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements. Any Cost Underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement. The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of Developer to pay Project Costs.

3.3 Payment of Reimbursement Agreement Balance.

3.3.1 Unless and until PID Bonds are issued, the City agrees to pay Developer solely from funds on deposit in the PID Reimbursement Fund, and Developer shall be entitled to receive payments from the City only from such source until the Maturity Date for amounts shown on each Certificate for Payment (which amounts include only Project Costs paid by or at the direction of Developer) (any unpaid amount owed Developer for all Certificates of Payment is referred to as the "**Reimbursement Agreement Balance**"). Upon the issuance of PID Bonds, the City agrees to pay Developer first from funds on deposit in the applicable PID Project Fund and then from funds on deposit in the PID Reimbursement Fund, if any. Notwithstanding anything in this Agreement to the contrary, the maximum amount that Developer may be reimbursed under this Agreement shall be equal to the aggregate amount of Bond Proceeds on deposit in the PID Project Fund plus amounts in the PID Reimbursement Fund, if any, plus:

(a) simple interest on the unpaid principal balance of the Reimbursement Agreement Balance at the rate of ____% for years one through five beginning on the date each Certificate of Payment is delivered to the City Representative; and

(b) simple interest on the unpaid principal balance of the Reimbursement Agreement Balance at the rate of ____% for years six through thirty thereafter.

If PID Bonds are issued, then the above interest rate shall be equal to the aggregate true interest cost of the PID Bonds; provided, however, that the interest rate for the unpaid balance of the Reimbursement Agreement Balance as set forth in this Section 3.3.1 shall not exceed the rates permitted under subsections (e)(1) and (e)(2) of Section 372.023 of the Act. Interest on the unpaid principal balance of the Reimbursement Agreement Balance shall begin to accrue on the date (i) the City accepts the completed Project (s) by recording of the final plat in association with which the applicable Project(s) was/were constructed, or (ii) if such Project(s) is/are not constructed in association with development of a portion of the Property within the boundaries of a specific recorded final plat, the latter of (y) the date the City Engineer or other authorized City representative provides written notice to Developer of acceptance for City ownership and maintenance the completed Project(s) and (z) the date the document conveying to City an easement in which such Project is located is recorded..

3.3.2 The obligation of the City to pay the Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or from Bond Proceeds on deposit in the PID Project Fund. No other City funds, revenue, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. Payments from the PID Reimbursement Fund shall be applied in accordance with this Agreement. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the PID Reimbursement Fund since the last payment. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the Parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as approved by the City Council) shall control.

3.4 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (a) paying all or a portion of the Reimbursement Agreement Balance; or (b) paying Project Costs directly. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of PID Bonds for such purpose, Developer's right to receive payments each year in accordance herewith shall be subordinate to the deposits required under the Bond Indenture related to any outstanding PID Bonds. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, Developer has a duty to construct related Projects and shall not be relieved of such duty even if there are insufficient funds in the PID Project Fund to pay Project Costs.

3.5 Disbursements and Transfers at and after Bond Closing.

3.5.1 If PID Bonds are issued, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the Trustee under the Bond Indenture to pay from the Bond Proceeds at closing of the PID Bonds approved amounts from the appropriate account to the City, Developer, or their designees, as applicable, which costs may include payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by Developer and the City as of the time of the delivery of the PID Bonds. In order to receive such a disbursement, Developer shall execute a Closing Disbursement Request in the form attached hereto as Exhibit B to be delivered to the City not later than the fifteenth (15th) Business Day prior to the scheduled closing date for the PID Bonds for payment in accordance with the provisions of the Bond Indenture. In order to receive additional disbursements from the applicable fund under the Bond Indenture, if PID Bonds are issued, or from the PID Reimbursement Fund, Developer shall sign a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the Bond Indenture, if applicable, and this Agreement.

3.5.2 Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the City) from Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefor with the terms of this Agreement and any other agreement between the Parties related to property in the PID, and to verify and approve Project Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Not later than the fifteenth (15th) Business Day following receipt of any Certificate for Payment, the City shall either:

(a) approve the Certificate for Payment and (i) forward it to the trustee designated under the Bond Indenture (the “**Trustee**”) for payment or (ii) if no funds are available for payment in the PID Project Fund, pay such amount from the PID Reimbursement Fund; or

(b) provide Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval.

Any disputes shall be resolved as required by Section 3.3 herein. If PID Bonds are issued, the City shall deliver the approved or partially approved Certificate for Payment to the Trustee for payment.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund or the PID Project Fund. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind other than the funds on deposit in the PID Reimbursement Fund or the PID Project Fund shall be used to pay: (a) the Project Costs; (b) the Reimbursement

Agreement Balance, even if the Reimbursement Agreement Balance is not paid in-full on or before the Maturity Date; or (c) debt service on any PID Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants, or representatives shall incur any liability hereunder to Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. If Developer is then in current compliance with its obligations under the Development Agreement, the Developer Continuing Disclosure Agreement, and this Agreement, and is not delinquent in payment of the Assessments and paying property taxes, then, following the inspection and acceptance by the City of any portion of the Projects for which Developer seeks reimbursement of the Project Costs by submission of a Certificate for Payment or the City's approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay disbursements (whether to Developer or to any person designated by Developer) identified in any Closing Disbursement Request or in any Certificate for Payment are unconditional and not subject to any defenses or rights of offset except as may be provided in any Bond Indenture.

3.8 City Delegation of Authority.

3.8.1 All Projects shall be constructed by or at the direction of Developer in accordance with City ordinances and standards, the Development Agreement, this Agreement and any other applicable agreement between the Parties related to development of the Property in the PID. Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Projects in a good, workmanlike, and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer has sole responsibility of ensuring that all Projects are constructed in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer shall, at all time, employ adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction, and installation of all Projects to be acquired and accepted by the City from Developer.

3.8.2 If any Projects are or will be on land owned by the City, the City hereby grants to Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) thereof; provided, however, no . Inspection and acceptance of Projects will be in accordance with applicable City ordinances and regulations. In no case shall Developer or Developer's contractor have the right to enter the City's property to construct a Project until Developer and Developer's contractor(s) have complied with Article VII of the Development Agreement including, but not limited to, Sections 7.05 and 7.06. Prior to entering onto the City's property to construct any portion of the Projects, Developer shall require Developer's contractor to provide payment and performance bonds in accordance with Chapter 2253 of the Texas Government Code with a joint obligee rider for the benefit of both the City and Developer.

3.9 Security for Projects. As a condition for acceptance by the City of any portion of the Projects, Developer shall cause a two (2) year maintenance bond to be delivered to the City in the amount required by the City's subdivision regulations relating to the applicable Project(s). Nothing in this Agreement shall be deemed to prohibit Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to Developer or the City with respect thereto so long as such delay in performance shall not subject the Projects to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Projects is contested, Developer shall be required to post or cause the delivery of a surety bond in compliance with Texas Property Code §53.172 to indemnify against a mechanic's lien claim or, in the case of a judgment lien, a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed one-hundred twenty percent (120%) of the disputed amount.

3.10 Ownership and Transfer of Projects. Developer shall furnish to the City a preliminary title report for land related to the Projects to be acquired and accepted by the City from Developer and not previously dedicated or otherwise conveyed to the City. The report shall be made available for City review and approval not later than the fifteenth (15th) Business Day prior to the scheduled transfer of title. The City shall approve the preliminary title report unless it reveals a matter, including, but not limited to, any liens or encumbrances affecting such land, which, in the reasonable judgment of the City, would materially affect the City's use and enjoyment of the Projects. If the City objects to any preliminary title report, the City shall not be obligated to accept title to the applicable Projects until Developer has cured the objections to the reasonable satisfaction of the City. Notwithstanding anything to the contrary, the City shall not be required to accept title to any land from the Developer that is subject to any lien (except for the lien for current year property taxes); provided, however, the City may, in its reasonable discretion, accept an easement interest subject to a prior lien if the holder of such lien agrees to consent and subordinate its lien to the City's interest in the easement.

3.11. Correction of Defects. Conveyance of the Projects to the City shall not relieve Developer of liability for the correction of any existing engineering or construction defects then existing in the Projects or for satisfaction of any unpaid claim for materials or labor. The City shall be under no obligation to contest or challenge any claim for labor or materials; provided, however, that in the event Developer fails to promptly correct any such defect or satisfy any such claim, the City may elect to do so and, in such event, shall have full rights of subrogation. Subject to any applicable statutes of limitation, Developer shall pay the City for the City's costs in correcting any defect or satisfying any claim for defects including, but not limited to, construction costs, engineering fees, attorneys' fees, building or construction permits, filing fees or court costs. Developer shall not be liable for maintenance and repair of the Projects after conveyance of the Projects to the City except for the application of any maintenance bond.

3.12 Indemnity. DEVELOPER SHALL INDEMNIFY AND HOLD THE CITY HARMLESS FROM AND AGAINST ALL LOSSES, COSTS, DAMAGES, EXPENSES, AND LIABILITIES (HEREIN COLLECTIVELY REFERRED TO AS "LOSSES") OF WHATSOEVER NATURE, INCLUDING, BUT NOT LIMITED TO, ATTORNEYS' FEES, COSTS OF LITIGATION, COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS RELATING TO ANY CLAIM, LAWSUIT, CAUSE OF ACTION OR OTHER LEGAL ACTION OR PROCEEDING BROUGHT AGAINST THE CITY OR TO

WHICH THE CITY MAY BE A PARTY, DIRECTLY OR INDIRECTLY RESULTING FROM, ARISING OUT OF, OR RELATING TO THE ACQUISITION, PURCHASE OR CONSTRUCTION OF THE PROJECTS PRIOR TO THE ISSUANCE OF ANY APPLICABLE MAINTENANCE BOND. IN THE EVENT OF ANY ACTION BROUGHT AGAINST THE CITY IN WHICH INDEMNIFICATION BY DEVELOPER IS APPLICABLE, THE CITY SHALL PROMPTLY GIVE WRITTEN NOTICE TO DEVELOPER AND DEVELOPER SHALL ASSUME THE INVESTIGATION AND DEFENSE OF SUCH ACTION, INCLUDING THE EMPLOYMENT OF COUNSEL AND THE PAYMENT OF ALL EXPENSES. THE CITY SHALL HAVE THE RIGHT, AT THE CITY'S EXPENSE, TO EMPLOY SEPARATE COUNSEL AND TO PARTICIPATE IN THE INVESTIGATION AND DEFENSE OF ANY SUCH ACTION. DEVELOPER SHALL NOT BE LIABLE FOR THE SETTLEMENT OF ANY SUCH ACTION MADE BY THE CITY WITHOUT THE CONSENT OF DEVELOPER; PROVIDED, HOWEVER, IN THE EVENT OF ANY SETTLEMENT ENTERED INTO WITH THE CONSENT OF DEVELOPER OR OF ANY FINAL JUDGMENT FOR A PLAINTIFF IN ANY SUCH ACTION, DEVELOPER SHALL INDEMNIFY AND HOLD THE CITY HARMLESS FROM AND AGAINST ANY LOSSES INCURRED BY REASON OF SUCH SETTLEMENT OR JUDGMENT. THE EXPIRATION OF THE TERM OF THIS AGREEMENT SHALL NOT RELIEVE DEVELOPER FROM ANY LIABILITY HEREUNDER ARISING PRIOR TO THE EXPIRATION OF THIS AGREEMENT.

SECTION 4. **ADDITIONAL PROVISIONS**

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of: (i) the Maturity Date, (ii) the date on which the Reimbursement Agreement Balance is paid in full, or (iii) the date on which the PID Bonds are fully retired.

4.2 No Competitive Bidding. Construction of the Projects shall not require competitive bidding pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor. The City shall have the right to examine and approve the contractor selected by Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

4.3 Independent Contractor. In performing this Agreement, Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon not less than three (3) Business Days' prior written notice to Developer, to review all books and records of Developer relating to costs and expenses incurred by Developer with respect to any of the Projects. For a period of two (2) years after completion of the Projects, books shall be maintained in accordance with customary real estate accounting principles.

4.5 Representations and Warranties.

4.5.1 Developer represents and warrants to the City that: (a) Developer has the authority to enter into and perform its obligations under this Agreement; (b) Developer has the financial

resources, or the ability to obtain sufficient financial resources, to satisfy and comply with Developer's obligations under this Agreement; (c) the person executing this Agreement on behalf of Developer has been duly authorized to do so; (d) this Agreement is binding upon Developer in accordance with its terms; and (e) the execution of this Agreement and the performance by Developer of its obligations under this Agreement do not constitute a breach or event of default by Developer under any other agreement, instrument, or order to which Developer is a party or by which Developer is bound.

4.5.2 The City represents and warrants to Developer that: (a) the City has the authority to enter into and perform its obligations under this Agreement; (b) the person executing this Agreement on behalf of the City has been duly authorized to do so; (c) this Agreement is binding upon the City in accordance with its terms; and (d) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

4.6 Default/Remedies.

4.6.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "**Failure**") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "**Default**." If a Failure is monetary, the non-performing Party shall have ten (10) Business Days following delivery of written notice by the other Party within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days following delivery of written notice by the other Party within which to cure.

4.6.2 If Developer is in Default, the City shall have available all remedies at law or in equity; provided no default by Developer shall entitle the City to terminate this Agreement, cease collection of the Assessments and deposit of the Assessment Revenues, or to withhold properly due payments to Developer from the PID Reimbursement Fund or the PID Project Fund in accordance with this Agreement and the Bond Indenture or on deposit in the PID Reimbursement Fund.

4.6.3 Subject to Section 3.7, if the City is in Default, Developer shall have available all remedies at law or in equity; provided, however, that no Default by the City shall entitle Developer to terminate this Agreement and that any financial obligation of the City will only be payable from monies available under the Bond Indenture.

4.7 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against Developer or any other person or entity involved in the design, construction, or installation of the Projects. The obligations of Developer hereunder shall be those of a Party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City's or Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.8 Applicable Law; Venue. This Agreement is being signed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Ellis County, Texas.

4.9 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (a) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (b) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City:

City of Midlothian
Attn: City Manager
104 W. Avenue E.
Midlothian, Texas 76065
chris.dick@midlothian.tx.us

With a copy to:

Nichols Jackson Dillard Hager & Smith, LLP
Attn: Joseph Gorfida, Jr.
500 N. Akard St., Suite 1800
Dallas, Texas 75201
jgorfida@njdhs.com

To Developer:

RF Midlothian Owner I, LLC
RF Midlothian Owner II, LLC
Attn: Jeffrey Kennemer
2200 Ross Avenue, Suite 4200 W
Dallas, Texas 75201
jeff.kennemer@hines.com

With a copy to:

Winstead PC
Attn: Ross Martin
2728 N. Harwood St., Suite 500
Dallas, Texas 75201
rmartin@winstead.com

Any Party may change its address by delivering notice of the change in accordance with this section.

4.10 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.11 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.12 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.13 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City and Developer, any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City and Developer.

4.14 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.15 Employment of Undocumented Workers. During the term of this Agreement, Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay the amount of any Reimbursement Payment or other funds received by Developer from City from the date of this Agreement to the date of such violation within 120 days after the date Developer is notified by City of such violation, plus interest at the rate of 4% compounded annually from the date of violation until paid. Developer is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts.

4.16 Boycott Israel. Developer verifies that the Developer (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer) does not Boycott Israel and agrees that during the term of this Agreement will not Boycott Israel as that term is defined in Texas Government Code Section 808.001, as amended.

4.17 Verification Pursuant to Chapters 2252 and 2270 of the Texas Government Code. As of the Effective Date, Developer represents that, to the extent this Agreement constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Developer is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 (as enacted by Acts 2017, 85th Leg., ch. 96, Senate Bill 253) or 2252.153 of the Texas Government Code.

4.18 Form 1295 Certificate of Interested Parties. Prior to its execution of this Agreement, Developer agrees to file with the City pursuant to Texas Government Code 2252.908 a signed and completed Texas Ethics Commission ("TEC") Form 1295 and a certification of filing with TEC.

4.19 Recitals. The recitals set forth in Section 1: (a) are part of this Agreement for all purposes; (b) are true and correct; and (c) each Party has relied upon such recitals in entering into this Agreement.

4.20 Assignability. Except as otherwise provided herein, this Agreement may be assigned by Developer only upon written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, and upon written notice to the City, Developer may (a) assign this Agreement in whole or in part to any related entity or affiliate of Developer, or (b) grant security interests pursuant to a collateral assignment to any bank or lending institution in Developer's rights hereunder and to all sums to be paid to Developer by the City pursuant to this Agreement; provided that, the right of any assignee or grantee to receive payments or any other funds described in this Agreement (i) shall be subordinate to deposits required to provide for the security for and payment of PID Bonds and any administrative costs of funds created under an Indenture related to PID Bonds, (ii) shall not include revenues from the portion of Assessments levied to pay Annual Collection Costs and Additional Interest and (iii) shall be subject to the flow of funds provisions of the applicable Indenture. No assignment, whether with or without the City's prior consent, shall increase the liability of, or impose additional liabilities upon, the City beyond what is specifically provided for herein or increase the duties or expenses of, or impose additional duties or expenses upon, the City beyond what is specifically provided for herein.

4.21 Captions. The captions used in connection with the paragraphs of this Agreement are for convenience only and shall not be deemed to construe or limit the meaning of the language contained in this Agreement or used as interpreting the meanings and provisions hereof.

4.22 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three (3) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance shall give notice to the other Party, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. Any suspension of obligation(s) because of any force majeure shall terminate automatically sixty (60) days following the provision of the notice described by this section, unless otherwise separately agreed by the Parties or unless the Party whose obligation was suspended by the force majeure is prohibited by law to perform such obligation, in which case said Party shall perform such obligation(s) as soon as reasonably practical after the legal impediment to such performance has ended. The term "force majeure", as used herein, shall include, without limitation, acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemy; order of any kind of the Government of the United States or the State of Texas or any civil or military authority; insurrections; riots; epidemics and pandemics causing a disaster declaration by the State of Texas; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; restraint of government and people; civil disturbances; explosions; breakage or accidents to machinery; pipelines or canals; partial or total failure of water supply and inability to provide water necessary for operation of the sewer system, or to receive waste; and any other inability of the Party, whether similar to those enumerated or otherwise, which are not within the control of the Party, which the Party could not have avoided by the exercise of due diligence and care. It is understood

and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of such Party, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing Party when such settlement is unfavorable to it in the judgment of such Party.

[Execution pages follow.]

SIGNED AND AGREED this ____ day of _____, 2021.

CITY OF MIDLOTHIAN, TEXAS

By: _____
Chris Dick, City Manager

ATTEST:

Tammy Varner, TRMC, City Secretary

Approved as to form:

Joseph J. Gorfida, Jr., City Attorney

SIGNED AND AGREED this ____ day of _____, 2021.

DEVELOPER

**RF MIDLOTHIAN OWNER I, LLC,
a Texas limited liability company**

By: _____

Name: _____

Its: _____

**RF MIDLOTHIAN OWNER II, LLC,
a Texas limited liability company**

By: _____

Name: _____

Title: _____

Exhibit A

FORM OF CERTIFICATE FOR PAYMENT

The undersigned is an agent for RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company ("**Developer**"), and requests payment from the City of Midlothian, Texas (the "**City**") out of the [*PID Project Fund (as defined in the Bond Indenture) / PID Reimbursement Fund*] in the amount of \$_____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain [*Improvement Areas #1-2 Project / Major Improvement Area Project*] providing a special benefit to property within the Redden Farms Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement, Redden Farms Public Improvement District Improvement Areas #1-2 Project and Major Improvement Area Project, effective March __, 2021 (the "**Reimbursement Agreement**"). In connection with the above referenced payment, Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Certificate for Payment Form on behalf of Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced [*Improvement Areas #1-2 Project / Major Improvement Area Project*] has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed below is a true and accurate representation of the [*Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost*] associated with the creation, acquisition, or construction of said [*Improvement Areas #1-2 Project / Major Improvement Area Project*] and such costs: (a) are in compliance with the Reimbursement Agreement; and (b) are consistent with the Service and Assessment Plan.
4. Developer is in compliance with the terms and provisions of the Development Agreement, Developer Continuing Disclosure Agreement, Reimbursement Agreement and the Service and Assessment Plan.
5. Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity Developer controls owes, located in the Redden Farms Public Improvement District and has no outstanding delinquencies for such assessments.
6. All conditions set forth in the Bond Indenture for the payment hereby requested have been satisfied.
7. The work with respect to the [*Improvement Areas #1-2 Project / Major Improvement Area Project*] referenced below (or its completed segment, section, or portion thereof) has been completed, and the City has inspected such [*Improvement Areas #1-2 Project / Major Improvement Area Project*].

8. Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* identified may be paid until the work with respect to such *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* (or segment) has been completed and the City has accepted such *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* (or segment)

10. Developer confirms that, based on (i) all prior amounts paid to Developer from the PID Reimbursement Fund as of the date of this Certification for Payment and (ii) the percentage of completion of the *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* as of the date of this Certification for Payment as verified by the City payment of the amounts requested in this Certification for Payment, taking into account all prior payments for the *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* and the amount of work related to the *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* remaining to be completed as of the date of this Certification for Payment will not cause the amounts on deposit in the PID Reimbursement Fund to fall below the amount necessary to complete the remaining *[Improvement Areas #1-2 Project Cost / Major Improvement Area Project Cost]* taking into account the amounts available to the Developer under its private loan, a line of credit and/or any other form acceptable to the City.

11. [THIS SECTION ONLY USED FOR DRAWS FROM PROJECT FUNDS UNDER IMPROVEMENT AREA #1 BOND INDENTURE: With respect to PID Bonds for Improvement Area #1, for aggregate payments that exceed _____ DOLLARS AND __/100 (\$____) (the "**Improvement Area #1 Authorized Amount**"), when taking into account all amounts previously paid from the Improvement Area #1 Bond Improvement Account of the Project Fund (as defined in the Bond Indenture for the Improvement Area #1 Bonds (the "**Improvement Area #1 Bond Indenture**") plus the amount requested under this Certificate for Payment, the Developer represents the following: (i) the estimated taxable assessed value of the property within Improvement Area #1 equals _____ DOLLARS AND __/100 (\$____) (the "**Improvement Area #1 TAV**"), meaning the ratio of the Improvement Area #1 TAV to _____ DOLLARS AND __/100 (\$____) is equal to at least 3.00 to 1.00; or (ii) the City has issued a certificate of occupancy for at least 13 homes within Improvement Area #1 (each an "**Improvement Area #1 Release Condition**"), as required by the Improvement Area #1 Bond Indenture.

In determining the estimated taxable assessed value of the property within Improvement Area #1 for purposes of the above-described Improvement Area #1 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #1 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts

provided to the City) of property within Improvement Area #1 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #1 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

The Developer agrees and acknowledges that the City may not approve this Certificate for Payment for payment from the Improvement Area #1 Bond Improvement Account for any amounts that exceed the Improvement Area #1 Authorized Amount until at least one of the Improvement Area #1 Release Conditions has been satisfied.]

12. [THIS SECTION ONLY USED FOR DRAWS FROM PROJECT FUNDS UNDER IMPROVEMENT AREA #2 BOND INDENTURE: With respect to PID Bonds for Improvement Area #2, for aggregate payments that exceed _____ DOLLARS AND __/100 (\$_____) (the "**Improvement Area #2 Authorized Amount**"), when taking into account all amounts previously paid from the Improvement Area #2 Bond Improvement Account of the Project Fund (as defined in the Bond Indenture for the Improvement Area #2 Bonds (the "**Improvement Area #2 Bond Indenture**") plus the amount requested under this Certificate for Payment, the Developer represents the following: (i) the estimated taxable assessed value of the property within Improvement Area #2 equals _____ DOLLARS AND __/100 (\$_____) (the "**Improvement Area #2 TAV**"), meaning the ratio of the Improvement Area #2 TAV to _____ DOLLARS AND __/100 (\$_____) is equal to at least 3.00 to 1.00; or (ii) the City has issued a certificate of occupancy for at least 13 homes within Improvement Area #2 (each an "**Improvement Area #2 Release Condition**"), as required by the Improvement Area #2 Bond Indenture.

In determining the estimated taxable assessed value of the property within Improvement Area #2 for purposes of the above-described Improvement Area #2 Release Condition, the Developer may use: (i) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 that has been sold and for which development on that property has begun; (ii) the sale price (as evidenced by executed real estate contracts provided to the City) of property within Improvement Area #2 which has been sold but for which development has not begun; (iii) the Ellis Appraisal District's value of property within Improvement Area #2 established by the last tax statement sent by the Ellis County Tax Assessor; or (iv) any combination of (i) through (iii) without duplication.

The Developer agrees and acknowledges that the City may not approve this Certificate for Payment for payment from the Improvement Area #2 Bond Improvement Account for any amounts that exceed the Improvement Area #2 Authorized Amount until at least one of the Improvement Area #2 Release Conditions has been satisfied.]

Payments requested are as follows:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment / Wire Instructions

Attached hereto are invoices, cancelled checks, receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto

are **"bills paid" affidavits and supporting documentation** in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

[remainder of page left blank intentionally]

REMINDER NOTE: IA#1 Projects can only be paid from the IA#1 subaccount of the Project Fund, IA#2 Projects can only be paid from the IA#2 subaccount the Project Fund and MIA Projects can only be paid from the MIA Project Fund. If a Certificate for Payment is requesting reimbursement from more than one subaccount of the Project Fund, customize the form to properly reflect that fact and include with the Certificate a table that identifies the Project area where the work was completed and for which reimbursement is sought and how much is to be reimbursed from which Project Fund subaccount in relation to such completed work, which table can be similar to the following example.]

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Total Actual Costs of Improvement Area #1 Projects</u>	<u>Total Actual Costs of Improvement Area #2 Projects</u>	<u>Total Actual Costs of Major Improvement Area Projects</u>
		\$	\$	\$

DEVELOPER:

RF MIDLOTHIAN OWNER I, LLC,
a Texas limited liability company

By: _____

Name: _____

Its: _____

RF MIDLOTHIAN OWNER II, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY THE CITY

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Projects (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and directs UMB Bank, National Association, as Trustee for the PID Bonds, to make such payments from the PID Project Fund to Developer or to any person designated by Developer.

CITY OF MIDLOTHIAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for RF Midlothian Owner I, LLC and RF Midlothian Owner II, LLC, each a Texas limited liability company ("Developer") and requests payment to Developer (or to the person designated by Developer) from the applicable account of the PID Project Fund from UMB Bank, National Association (the "Trustee") in the amount of _____ (\$_____) to be transferred from the applicable account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of Redden Farms Public Improvement District (the "District") and costs associated with the issuance of PID Bonds, as follows.

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of April 1, 2021 (the "Indenture") relating to the ["*City of Midlothian, Texas, Special Assessment Revenue Bonds, Series 2021 (Redden Farms Public Improvement District Improvement Areas #1-2 Project)*" / "*City of Midlothian, Texas, Special Assessment Review Bonds, Series 2021 (Redden Farms Public Improvement District Major Improvement Area Project)*"] (the "PID Bonds").

In connection with the above referenced payment, Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Closing Disbursement Request on behalf of Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below costs is a true and accurate representation of the [*Improvement Areas #1-2 Project Costs / Major Improvement Area Project Costs*] associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Bond Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

DEVELOPER:

RF MIDLOTHIAN OWNER I, LLC,
a Texas limited liability company

By: _____

Name: _____

Its: _____

RF MIDLOTHIAN OWNER II, LLC,
a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY THE CITY

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and directs payment to be made from Costs of Issuance Account upon delivery of the PID Bonds.

CITY OF MIDLOTHIAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX G

APPRAISAL OF IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2

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Integra Realty Resources
Dallas

Appraisal of Real Property

Redden Farms Public Improvement District

A Master-Planned Development
South side of FM-1387, west of S. Walnut Grove Road
Midlothian, Ellis County, Texas 76065

Prepared For:

City of Midlothian and FMSbonds, Inc.

Effective Dates of the Appraisal:

December 1, 2021

December 1, 2022

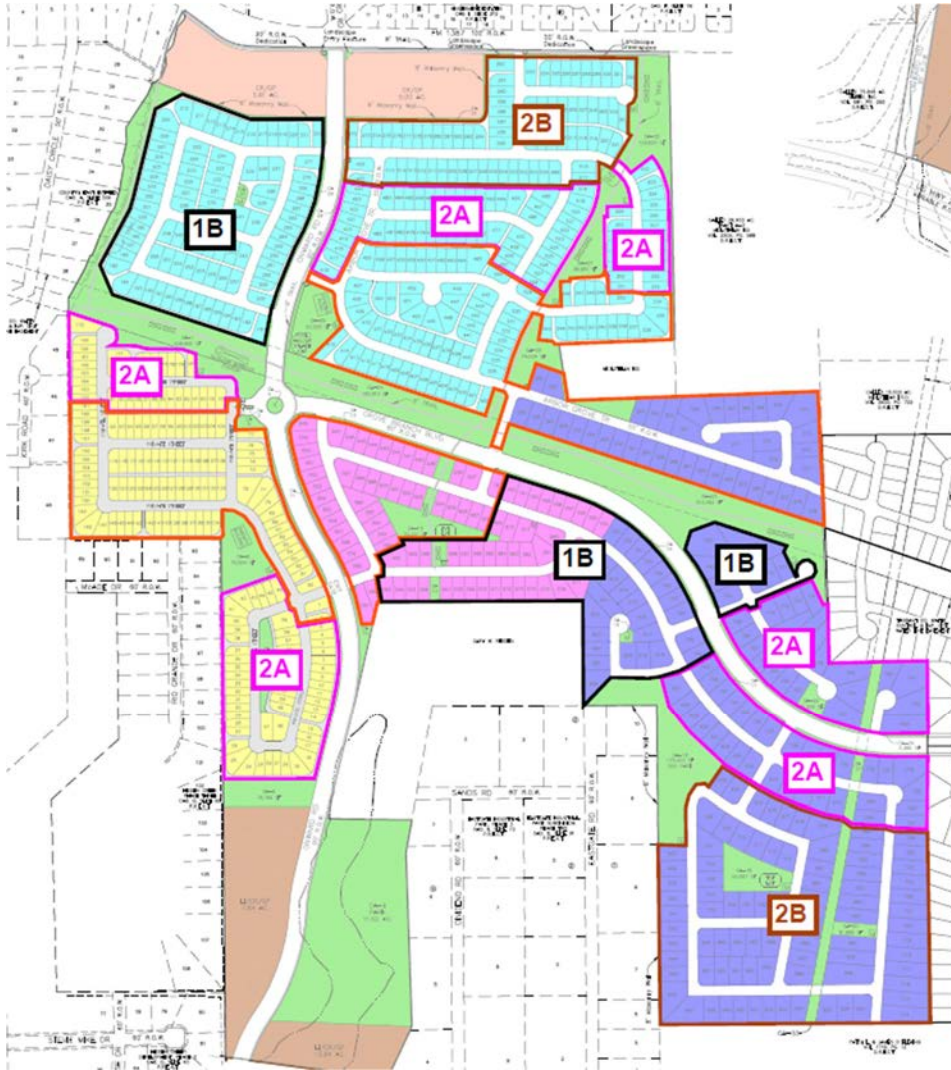
Report Format:

Appraisal Report – Comprehensive Format

IRR - DFW

File Number: 191-2020-0860





Redden Farms Public Improvement District
South side of FM-1387, west of S. Walnut Grove Road
Midlothian, Ellis County, Texas



January 11, 2021

City of Midlothian
Mr. Chris Dick
City Manager
104 West Avenue E
Midlothian, TX 76065

FMSbonds, Inc.
Mr. R. R. "Tripp" Davenport, III
Underwriter
5 Cowboys Way, Suite 300-V
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Redden Farms Public Improvement District
 South side of FM-1387, west of S. Walnut Grove Road
 Midlothian, Ellis County, Texas 76065
 IRR - DFW File No. 191-2020-0860

Dear Messrs. Dick and Davenport:

Integra Realty Resources – DFW is pleased to submit the accompanying appraisal of the referenced property. The purpose of this appraisal is to provide a “prospective” opinion of market value upon the completion of the proposed development. The values to be provided are as follows:

- 250 lots proposed for Phase 1A, as of December 1, 2021 (87.922 acres)
- 176 lots proposed for Phase 1B, as of December 1, 2022 (52.42 acres)
- 53.481 acres (135 Future lots on Sections 2A (SE)/2A (S), and 2B (S)), as of December 1, 2022
- 25.016 acres (90 Future lots on Sections 2A (W)/2A (SW)), as of December 1, 2021
- 34.587 acres (141 Future lots on Sections 2A (N)/2B (N)), as of December 1, 2021

The clients for the assignment are the City of Midlothian and FMSbonds, Inc., and the intended use is for the underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the “PID” nor it is the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the “PID”.

The subject represents the residential development within the Redden Farms Public Improvement District ("PID") to be located in the City of Midlothian, Ellis County, Texas. The "PID" is planned to eventually be developed with a total of 792 lots (426 lots in Neighborhood Improvement Area #1 and 366 future lots in the Major Improvement Area) on a total of 253.430 acres (3.1 upa). The lots will be developed with four typical lot types as follows:

Lot Type A: 180 lots - 40' x 120' or 4,800 square feet (90 lots in NIA#1)

Lot Type B: 315 lots - 50' x 120' or 6,000 square feet (174 lots in NIA#1)

Lot Type C: 86 lots - 60' x 125' or 7,500 square feet (86 lots in NIA#1)

Lot Type D: 211 lots - 70' x 130' or 9,100 square feet (76 lots in NIA#1)

It is noted that the 40' frontage lots will be designated as 55+ age-restricted phases of the community. The 40'/50' lots are designed for alley access, while the 60'/70' lots are designed for front access. Amenities are to include an amenity center with a covered pavilion/pool/children's splash pad, an outdoor exercise and workout area, a covered playground area, a dog park area, and a park system throughout the community that will be connected by a linear trail system. The property is zoned PD-107, Planned Development, which permits a combination of single-family residential, general professional, community retail, and light industrial uses; however, all of the property within the "PID" is restricted to single-family residential development only.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR's available report types.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Value at Completion - Phase 1A, 250 Lots	Fee Simple	December 1, 2021	\$14,220,000
Prospective Value at Completion - Phase 1B, 176 Lots	Fee Simple	December 1, 2022	\$11,730,000
Prospective Value at Completion - 53.481 Acres/Sections 2A (SE)/2A (S), and 2B (S)	Fee Simple	December 1, 2022	\$7,640,000
Prospective Value at Completion - 25.016 Acres/Sections 2A (W)/2A (SW)	Fee Simple	December 1, 2021	\$3,020,000
Prospective Value at Completion - 34.587 Acres/Sections 2A (N)/2B (N)	Fee Simple	December 1, 2021	\$5,890,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The individual tract values are based on the site sizes and uses found on the site plans/exhibits found herein.
2. All information relative to the undeveloped property located within the Redden Farms Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Engineering Concepts & Design, L.P. (engineering/planning/surveying), Hines (owner/developer), the City of Midlothian, and the Ellis Central Appraisal District is assumed to be correct.
3. Our opinion of prospective market values assume that the proposed improvements are completed in accordance with plans and specifications as of the effective appraisal dates.
4. This appraisal assumes the City of Midlothian will agree to a development agreement to create a Public Improvement District (PID) for the subject property. The "PID" will provide for a levy on the property to assist in paying for major infrastructure. The values found herein assume the completion within the PID of Phases 1A by December 1, 2021 and 1B by December 1, 2022.
5. Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further detailed costs.)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. Our values assume that the subject tracts are located within a Public Improvement District (PID).

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to "shelter in place," causing widespread closures of businesses and a massive disruption to general commerce. The status of economic conditions is changing rapidly, creating great uncertainty in the markets. Our analysis of these and related issues is presented in the attached report. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - DFW



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Summary of Salient Facts and Conclusions

Property Name	Redden Farms Public Improvement District		
Address	South side of FM-1387, west of S. Walnut Grove Road Midlothian, Ellis County, Texas 76065		
Property Type	Land - Residential		
Owner of Record	D2 Redden, LLC		
Tax ID	Part of 227463		
Land Area - Total	253.426 Acres; 11,039,237 SF		
NIA#1 - Phase 1A	87.922 Acres; 250 Lots		
NIA#1 - Phase 1B	52.420 Acres; 176 Lots		
NIA#2 (Sections 2A(SE)/2A(S)/2B(S))	53.481 Acres (135 Future Lots)		
NIA#2 (Sections 2A(W)/2A(SW))	25.016 Acres (90 Future Lots)		
NIA#2 (Sections 2A(N)/2B(N))	34.587 Acres (141 Future Lots)		
Zoning Designation	PD-107, Planned Development		
Highest and Best Use	Single-family residential use		
Exposure Time; Marketing Period	6 - 12 months; 6 - 12 months		
Effective Dates of the Appraisal	December 1, 2021; December 1, 2022		
Date of the Report	January 11, 2021		
Value Conclusions			
Developed 40' Lots	\$48,000	(\$1,200/Front Foot)	
Developed 50' Lots	\$60,000	(\$1,200/Front Foot)	
Developed 60' Lots	\$72,000	(\$1,200/Front Foot)	
Developed 70' Lots	\$80,500	(\$1,150/Front Foot)	
Cumulative Retail Value - NIA#1 - Phase 1A	\$15,196,000	(\$60,784 Average/Lot)	
Cumulative Retail Value - NIA#1 - Phase 1B	\$12,586,440	(\$71,514 Average/Lot)	
Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value at Completion - Phase 1A, 250 Lots	Fee Simple	December 1, 2021	\$14,220,000
Prospective Market Value at Completion - Phase 1B, 176 Lots	Fee Simple	December 1, 2022	\$11,730,000
Prospective Value at Completion - 53.481 Acres/Sections 2A (SE)/2A (S), and 2B (S)	Fee Simple	December 1, 2022	\$7,640,000
Prospective Value at Completion - 25.016 Acres/Sections 2A (W)/2A (SW)	Fee Simple	December 1, 2021	\$3,020,000
Prospective Value at Completion - 34.587 Acres/Sections 2A (N)/2B (N)	Fee Simple	December 1, 2021	\$5,890,000
The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Midlothian and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.			

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The individual tract values are based on the site sizes and uses found on the site plans/exhibits found herein.
2. All information relative to the undeveloped property located within the Redden Farms Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Engineering Concepts & Design, L.P. (engineering/planning/surveying), Hines (owner/developer), the City of Midlothian, and the Ellis Central Appraisal District is assumed to be correct.
3. Our opinion of prospective market values assume that the proposed improvements are completed in accordance with plans and specifications as of the effective appraisal dates.
4. This appraisal assumes the City of Midlothian will agree to a development agreement to create a Public Improvement District (PID) for the subject property. The "PID" will provide for a levy on the property to assist in paying for major infrastructure. The values found herein assume the completion within the PID of Phases 1A by December 1, 2021 and 1B by December 1, 2022.
5. Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further detailed costs.)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. Our values assume that the subject tracts are located within a Public Improvement District (PID).

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

General Information

Identification of Subject

The subject represents the residential development within the Redden Farms Public Improvement District ("PID") to be located in the City of Midlothian, Ellis County, Texas. The "PID" is planned to eventually be developed with a total of 792 lots (426 lots in Neighborhood Improvement Area #1 and 366 future lots in the Major Improvement Area) on a total of 253.430 acres (3.1 upa). The lots will be developed with four typical lot types as follows:

Lot Type A: 180 lots - 40' x 120' or 4,800 square feet (90 lots in NIA#1)

Lot Type B: 315 lots - 50' x 120' or 6,000 square feet (174 lots in NIA#1)

Lot Type C: 86 lots - 60' x 125' or 7,500 square feet (86 lots in NIA#1)

Lot Type D: 211 lots - 70' x 130' or 9,100 square feet (76 lots in NIA#1)

It is noted that the 40' frontage lots will be designated as 55+ age-restricted phases of the community. The 40'/50' lots are designed for alley access, while the 60'/70' lots are designed for front access. Amenities are to include an amenity center with a covered pavilion/pool/children's splash pad, an outdoor exercise and workout area, a covered playground area, a dog park area, and a park system throughout the community that will be connected by a linear trail system. The property is zoned PD-107, Planned Development, which permits a combination of single-family residential, general professional, community retail, and light industrial uses; however, all of the property within the "PID" is restricted to single-family residential development only. A legal description of the property is in the addendum.

Property Identification

Property Name	Redden Farms Public Improvement District
Address	South side of FM-1387, west of S. Walnut Grove Road Midlothian, Texas 76065
Tax ID	227463
Owner of Record	D2 Redden, LLC

Following is a brief summary of the Redden Farms Public Improvement District:

Redden Farms PID, Midlothian, Ellis County, Texas										
Section/Phase	NIA Areas	Acres	Density/Acre	Typical Lot Dimensions				Total Lots	Projected Completion Date	Development Costs (Private)*
				Type A 40' x 120'	Type B 50' x 120'	Type C 60' x 125'	Type D 70' x 130'			
Phase 1A	NIA#1	87.922	2.8	90	82	38	40	250	December 1, 2021	Not Applicable
Phase 1B	NIA#1	52.420	3.4	0	92	48	36	176	December 1, 2022	Not Applicable
2A(SE)/2A(S)/2B(S)	NIA#2	53.481	2.5	0	0	0	135	135	December 1, 2022	\$855,360
2A(W)/2A(SW)	NIA#2	25.016	3.6	90	0	0	0	90	December 1, 2021	\$570,240
2A(N)/2B(N)	NIA#2	34.587	4.1	0	141	0	0	141	December 1, 2021	\$893,376
Totals		253.426	3.1	180	315	86	211	792		
*Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further cost details.)										

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	December 29, 2017
Seller	Northstar Farms, Inc.
Buyer	D2 Redden, LLC
Sale Price	N/A
Recording Instrument Number	1800152

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

The subject property is currently under contract to Hines Acquisitions LLC at the following terms dependent on the property being placed into a Public Improvement District and the City of Midlothian agreeing to reimburse impact fees.

Contract Date	April 1, 2019
Seller	D2 Redden, LLC
Buyer	Hines Acquisitions LLC
Sale Price	\$9,500,000
Comments	The purchase is dependent on the City of Midlothian approving a Public Improvement District and impact fee reimbursements estimated at \$3.6M.

The purchase price equates to \$37,486/acre based upon the subject's size of 253.43 acres. As this appraisal is providing prospective values, the value as vacant land is irrelevant to our valuations.

Lot Contracts

The proposed lots are contracted as follows (it is noted that of the 657 total lots contracted, 426 lots are located within Phases 1A & 1B with 90 lots (40'); 174 lots (50'); 86 lots (60'); and 76 lots (70'). A total of 229 lots are to be located in future phases:

Lot Contract Summary - Redden Farms PID											
Home Builder	Lot Type					Base Lot Price/Lot				Absorption/Month	Total Absorption Period (Months ±)
	40' x 120'	50' x 120'	60' x 125'	70' x 130'	Total Lots*	40'	50'	60'	70'		
Antares Acquisitions, LLC	0	158	0	25	183	N/A	60,000	N/A	\$77,000	1.4 (70') - 2.7 (50')	17.8 (70') - 57.5 (50')
Weekley Homes, LLC	0	0	43	25	68	N/A	N/A	\$72,000	\$77,000	2.6	25.7
Impression Homes, LLC	180	157	0	0	337	\$48,000	60,000	N/A	N/A	2.8 (50') - 3.8 (40')	47.8 (40') - 56.4 (50')
J Houston Homes, LLC	0	0	43	26	69	N/A	N/A	\$72,000	\$77,000	1.6 (70') - 2.3 (60')	15.8 (70') - 18.5 (60')
Totals	180	315	86	76	657						

All lots are contracted with an annual 6% escalation, a \$1,500/lot amenity fee, and a \$500/lot marketing fee.
 The 40', 50', and 60' lots are contracted based upon a base price of \$1,200/front footage and the 70' lots on \$1,100/front footage.
 *Of the 657 total lots contracted, 426 lots are within Phases 1A & 1B (90 lots - 40'; 174 lots - 50'; 86 lots - 60'; and 76 lots - 70'). A total of 231 lots are contracted in future phases (90 - 40' lots and 141 lots - 50').

The contracted lot prices and absorption are well supported by current market data.

Purpose of the Appraisal

The purpose of this appraisal is to provide a "prospective" opinion of market value upon the completion of the proposed development. The values to be provided are as follows:

- 250 lots proposed for Phase 1A, as of December 1, 2021 (87.922 acres)
- 176 lots proposed for Phase 1B, as of December 1, 2022 (52.42 acres)
- 53.481 acres (135 Future lots on Sections 2A (SE)/2A (S), and 2B (S)), as of December 1, 2022
- 25.016 acres (90 Future lots on Sections 2A (W)/2A (SW)), as of December 1, 2021
- 34.587 acres (141 Future lots on Sections 2A (N)/2B (N)), as of December 1, 2021

This appraisal is not for purposes of determining the amount of any assessments to be levied by the PID nor it is the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the PID. The date of the report is January 11, 2021. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is to estimate the underwriting of a proposed Public Improvement District bond transaction. The client and intended user is City of Midlothian and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than City of Midlothian and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR’s available report types.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized
Development Approach	Applicable	Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

In the Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Ernest Gatewood and Shelley Sivakumar conducted an on-site inspection of the property on . Jimmy H. Jackson, MAI, did not inspect the property.

Economic Analysis

The reader is reminded that the demographics presented on this and the following pages were gathered during the period that preceded the COVID-19 pandemic and imminent recession. The data provides useful information for purposes of considering the population and economy of the local area under stabilized market conditions. However, job losses, unemployment (overall and in different sectors), impaired commerce, and reduced income levels will result in demographic statistics after February 2020 that do not follow the stabilized trend that would have been expected based only on a review of data through 2019 and the first few weeks of 2020.

Ellis County Area Analysis

Ellis County is located in Texas approximately 935 square miles in size and has a population density of 204 persons per square mile.

Population

Ellis County has an estimated 2021 population of 190,851, which represents an average annual 2.2% increase over the 2010 census of 149,610. Ellis County added an average of 3,749 residents per year over the 2010-2021 period, and its annual growth rate exceeded the Dallas MSA rate of 1.8%.

Looking forward, Ellis County's population is projected to increase at a 1.6% annual rate from 2021-2026, equivalent to the addition of an average of 3,208 residents per year. Ellis County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.5%.

	Population			Compound Ann. % Chng	
	2010 Census	2021 Estimate	2026 Projection	2010 - 2021	2021 - 2026
Ellis County, TX	149,610	190,851	206,893	2.2%	1.6%
Dallas-Fort Worth-Arlington, TX Metro	6,366,542	7,735,087	8,313,926	1.8%	1.5%
Texas	25,145,561	29,570,729	31,576,003	1.5%	1.3%
USA	308,745,538	330,946,040	340,574,349	0.6%	0.6%

Source: Environics Analytics

Employment

Total employment in Ellis County was estimated at 52,520 jobs as of September 2019. Between year-end 2009 and 2019, employment rose by 14,943 jobs, equivalent to a 39.8% increase over the entire period. There were gains in employment in nine out of the past ten years, as the national economy expanded following the downturn of 2007-2009. Ellis County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 29.1% or 818,934 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Ellis County has had a 5.4% average unemployment rate, which is the same as the rate for the Dallas MSA. The two areas are performing similarly according to this measure.

Recent data shows that the Ellis County unemployment rate is 5.3% in comparison to a 6.3% rate for the Dallas MSA, a positive sign that is consistent with the fact that Ellis County has outperformed the Dallas MSA in the rate of job growth over the past two years.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Ellis County	% Change	Dallas MSA	% Change	Ellis County	Dallas MSA
2009	37,577		2,818,709		7.9%	7.8%
2010	38,056	1.3%	2,876,418	2.0%	8.0%	8.1%
2011	39,144	2.9%	2,943,465	2.3%	7.7%	7.6%
2012	41,935	7.1%	3,044,114	3.4%	6.7%	6.6%
2013	43,893	4.7%	3,127,712	2.7%	6.2%	6.1%
2014	45,863	4.5%	3,254,583	4.1%	4.9%	5.0%
2015	47,960	4.6%	3,360,668	3.3%	3.9%	4.1%
2016	49,421	3.0%	3,441,839	2.4%	3.8%	3.9%
2017	50,516	2.2%	3,526,930	2.5%	3.5%	3.7%
2018	52,538	4.0%	3,606,436	2.3%	3.3%	3.5%
2019*	52,520	0.0%	3,637,643	0.9%	3.0%	3.2%
Overall Change 2009-2019	14,943	39.8%	818,934	29.1%		
Avg Unemp. Rate 2009-2019					5.4%	5.4%
Unemployment Rate - August 2020					5.3%	6.3%

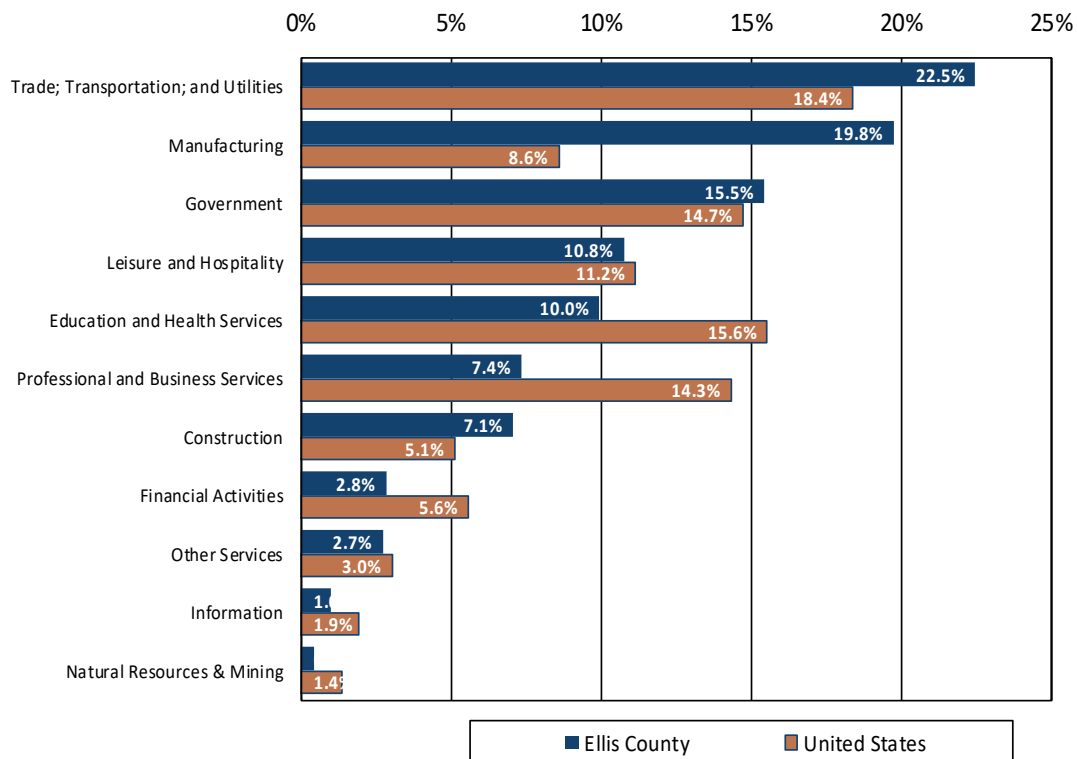
*Total employment data is as of September 2019; unemployment rate data reflects the average of 12 months of 2019.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Ellis County job market is depicted in the chart below. A complete data set is not available for the Dallas MSA, so we will compare Ellis County to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Ellis County jobs in each category.

Employment Sectors - 2019



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Ellis County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 22.5% of Ellis County payroll employment compared to 18.4% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Manufacturing, representing 19.8% of Ellis County payroll employment compared to 8.6% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Government, representing 15.5% of Ellis County payroll employment compared to 14.7% for the nation overall. This sector includes employment in local, state, and federal government agencies.

4. Construction, representing 7.1% of Ellis County payroll employment compared to 5.1% for the nation overall. This sector includes construction of buildings, roads, and utility systems.

Ellis County is underrepresented in the following sectors:

1. Leisure and Hospitality, representing 10.8% of Ellis County payroll employment compared to 11.2% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
2. Education and Health Services, representing 10.0% of Ellis County payroll employment compared to 15.6% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. Professional and Business Services, representing 7.4% of Ellis County payroll employment compared to 14.3% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Financial Activities, representing 2.8% of Ellis County payroll employment compared to 5.6% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in Dallas County are shown in the following table.

Major Employers - Dallas County	
Name	Number of Employees
1 American Airlines	24,700
2 Bank of America Corp	20,000
3 Texas Health Resources Inc.	19,230
4 Dallas ISD	18,314
5 Baylor Health Care System	17,097
6 AT&T	15,800
7 Lockheed Martin Aeronautics Co.	14,126
8 JP Morgan Chase & Co.	13,500
9 UT-Southwestern Medical Center	13,122
10 City of Dallas	12,836
Source: destinationdfw.com	

Major employers in Ellis County are shown in the following table.

Major Employers - Ellis County, TX	
Name	Number of Employees
1 Baylor Medical Center at Waxahachie	500 or more
2 Dart Container Corp.	500 or more
3 Waxahachie ISD	500 or more
4 Walgreen Company	500 or more
5 City of Waxahachie	250-499
6 Ownes Corning Fiberglass	250-499
7 Univar	250-499
8 A.E.P. Industries	100-249
9 Berry Global	100-249
10 C.R. Laurence	100-249
Source: http://www.waxahachie.com/departments/economic_development_new/site_location_center/top_employers.php	

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably lower in Ellis County than the Dallas MSA overall during the past eight years. Ellis County has grown at a 2.5% average annual rate while the Dallas MSA has grown at a 3.7% rate. However, Ellis County has recently performed better than the Dallas MSA. GDP for Ellis County rose by 6.6% in 2018 while The Dallas MSA's GDP rose by 3.9%.

Ellis County has a per capita GDP of \$29,333, which is 53% less than the Dallas MSA's GDP of \$62,772. This means that Ellis County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

Gross Domestic Product

Year	(\$,000s) Ellis County	% Change	(\$,000s) Dallas MSA	% Change
2011	4,428,951		362,930,984	
2012	4,654,141	5.1%	375,286,232	3.4%
2013	4,787,792	2.9%	386,681,388	3.0%
2014	4,804,958	0.4%	404,622,644	4.6%
2015	4,757,978	-1.0%	425,323,274	5.1%
2016	4,910,556	3.2%	436,717,395	2.7%
2017	4,939,819	0.6%	451,414,779	3.4%
2018	5,263,388	6.6%	468,918,434	3.9%
Compound % Chg (2011-2018)		2.5%		3.7%
GDP Per Capita 2018	\$29,333		\$62,772	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2019. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

Household Income

Ellis County has a higher level of household income than the Dallas MSA. Median household income for Ellis County is \$85,690, which is 13.3% greater than the corresponding figure for the Dallas MSA.

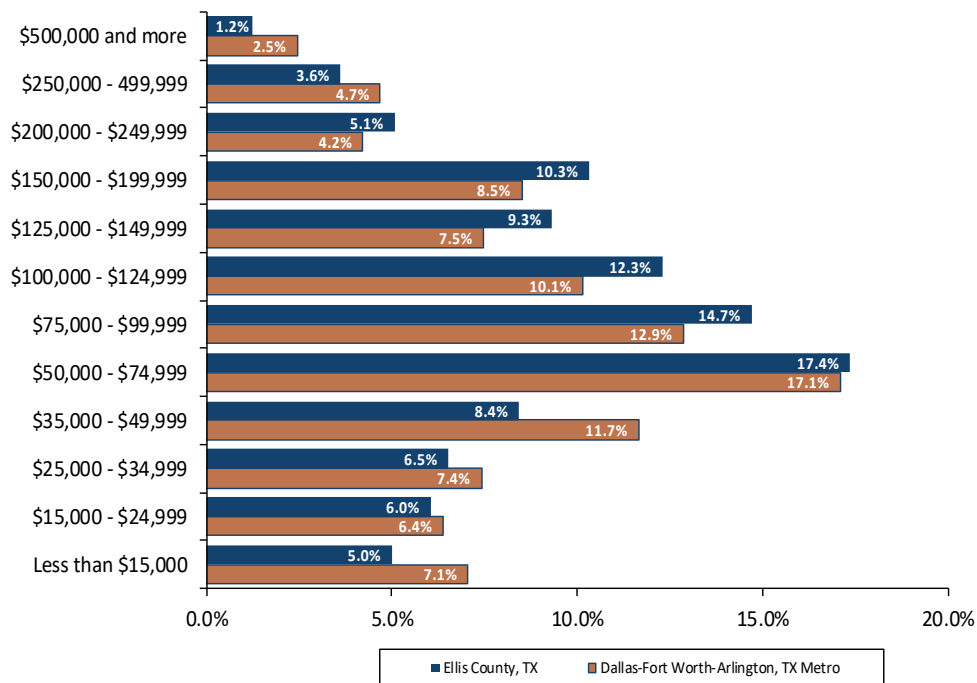
Median Household Income - 2021

	Median
Ellis County, TX	\$85,690
Dallas-Fort Worth-Arlington, TX Metro	\$75,635
Comparison of Ellis County, TX to Dallas-Fort Worth-Arlington, T	+ 13.3%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Ellis County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 57% of Ellis County households are at the \$75,000 or greater levels in household income as compared to 50% of Dallas MSA households. A lesser concentration of households is apparent in the lower income levels, as 18% of Ellis County households are below the \$35,000 level in household income versus 21% of Dallas MSA households.

Household Income Distribution - 2021

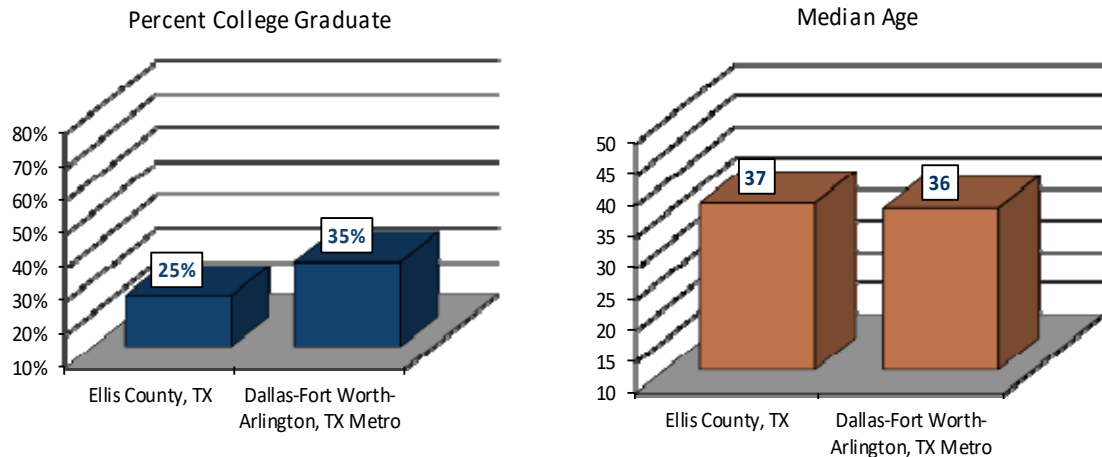


Source: Environics Analytics

Education and Age

Residents of Ellis County have a lower level of educational attainment than those of the Dallas MSA. An estimated 25% of Ellis County residents are college graduates with four-year degrees, versus 35% of Dallas MSA residents. People in Ellis County are slightly older than their Dallas MSA counterparts. The median age for Ellis County is 37 years, while the median age for the Dallas MSA is 36 years.

Education & Age - 2021



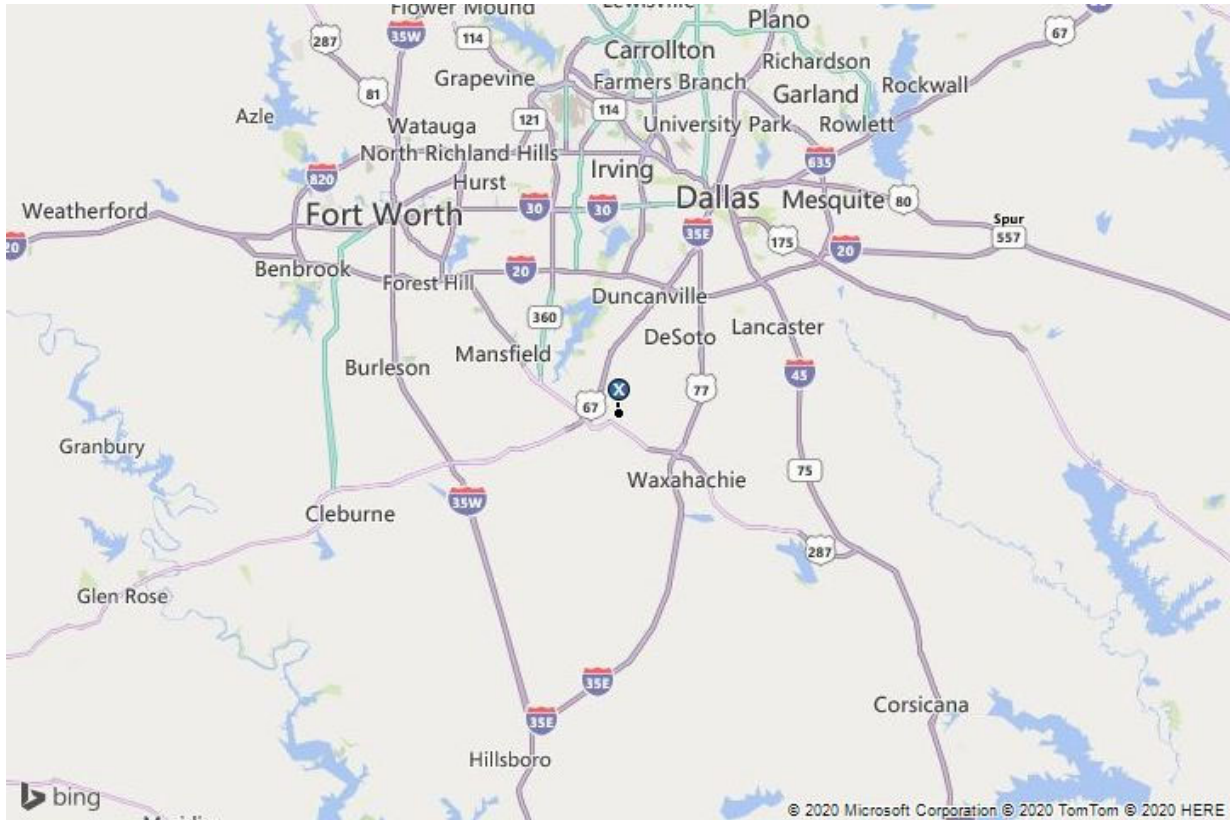
Source: Environics Analytics

Conclusion

The Ellis County economy will benefit from a growing population base and a higher level of median household income. Ellis County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. We anticipate that the Ellis County economy will improve, and employment will grow, strengthening the demand for real estate.

As previously referenced, COVID-19 has pushed the economy at all levels into a recession which has yet to be statistically proven or definitively quantified. Therefore, the statistical summary of the region provided above must be considered in light of the fact that economic indicators available in the near future will show a substantial contraction of economic activity beginning in the first quarter of 2020. This issue is discussed more fully after the Market Analysis section of this report.

Area Map



Surrounding Area Analysis

Boundaries

The “PID” is located in the northwest portion of Ellis County within the city boundary of Midlothian, Texas and is within the Midlothian Independent School District. This area is part of the “Southeast DFW Periphery” submarket and is generally delineated as follows:

North	City of Midlothian
South	City of Midlothian
East	City of Midlothian
West	City of Midlothian

A map identifying the location of the property follows this section.

Access and Linkages

Primary access to the area is provided by US-67, a major arterial that crosses the Dallas-Fort Worth area in a north/south direction and from US-287, a major arterial crossing the DFW area in an east/west direction. Additional access is provided from IH-35E, a major interstate highway that crosses DFW in a north/south direction. Access to the subject is provided from US-287 and FM-1387 and travel time from the major arterials to the subject is less than five minutes. Overall, vehicular access is average.

The Dallas-Fort Worth International Airport is located about 40 miles from the property; travel time is about fifty minutes, depending on traffic conditions. The Dallas CBD, the economic and cultural center of the region, is approximately 36 miles from the property.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2021 Estimates	3-Mile Radius	5-Mile Radius	10-Mile Radius	Ellis County, TX	Dallas-Fort Worth-Arlington, TX Metro
Population 2010	16,548	29,114	176,005	149,610	6,366,542
Population 2021	22,482	41,197	230,529	190,851	7,735,087
Population 2026	24,689	45,144	250,990	206,893	8,313,926
Compound % Change 2010-2021	2.8%	3.2%	2.5%	2.2%	1.8%
Compound % Change 2021-2026	1.9%	1.8%	1.7%	1.6%	1.5%
Households 2010	5,708	9,825	58,974	50,503	2,296,410
Households 2021	7,733	13,851	76,127	65,005	2,764,947
Households 2026	8,489	15,182	82,695	70,668	2,966,316
Compound % Change 2010-2021	2.8%	3.2%	2.3%	2.3%	1.7%
Compound % Change 2021-2026	1.9%	1.9%	1.7%	1.7%	1.4%
Median Household Income 2021	\$102,808	\$111,365	\$90,385	\$85,690	\$75,635
Average Household Size	2.9	3.0	3.0	2.9	2.8
College Graduate %	34%	35%	31%	25%	35%
Median Age	37	38	36	37	36
Owner Occupied %	79%	84%	76%	75%	62%
Renter Occupied %	21%	16%	24%	25%	38%
Median Owner Occupied Housing Value	\$260,021	\$279,130	\$237,082	\$226,287	\$260,197
Median Year Structure Built	2003	2004	2001	1998	1991
Average Travel Time to Work in Minutes	35	36	34	34	31

Source: Environics Analytics

As shown above, the current population within a five-mile radius of the subject is 41,197, and the average household size is 3.0. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Ellis County overall, the population within a five-mile radius is projected to grow at a faster rate.

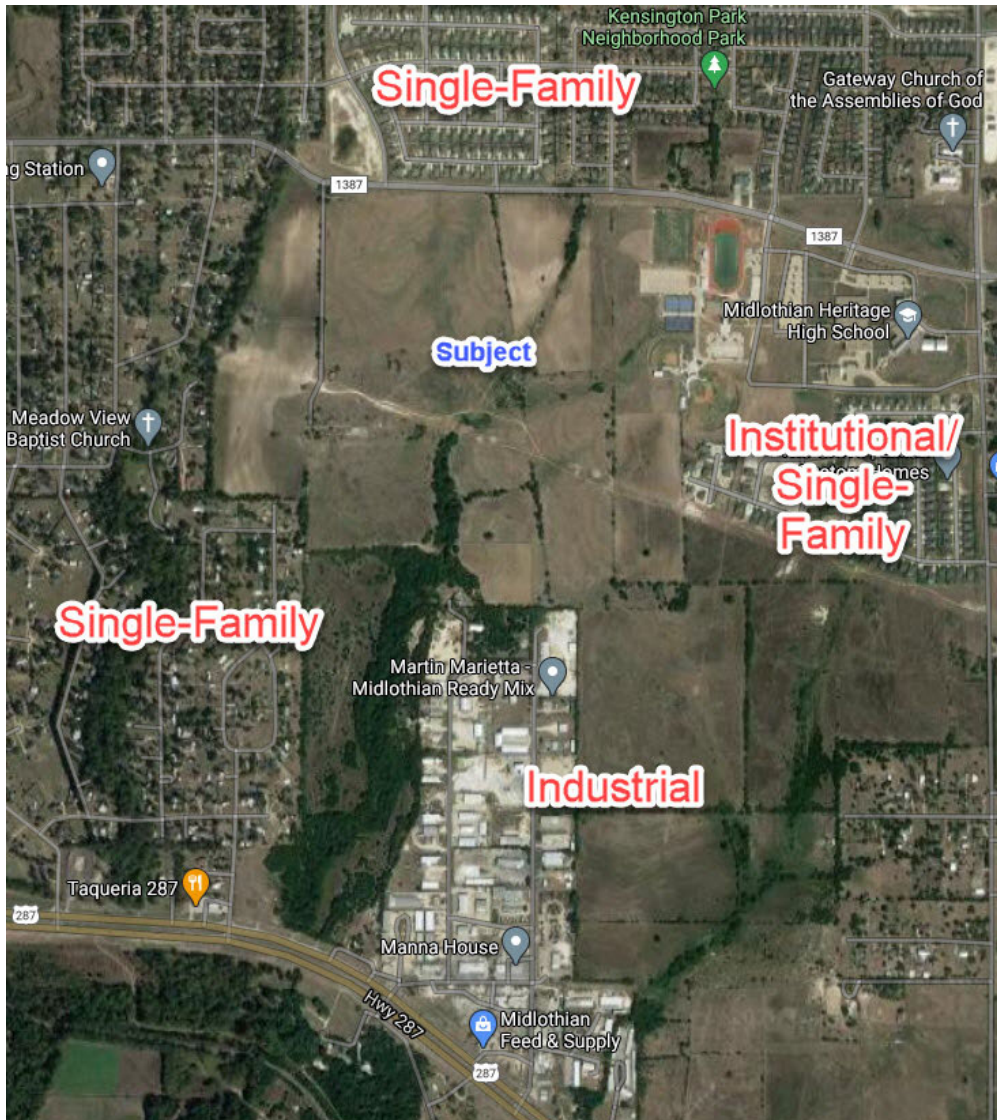
Median household income is \$111,365, which is higher than the household income for Ellis County. Residents within a five-mile radius have a considerably higher level of educational attainment than those of Ellis County, while median owner-occupied home values are considerably higher.

Land Use

In the immediate vicinity of the subject, predominant land uses are single-family residential. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses

Character of Area	Suburban
Predominant Age of Improvements	New to 50± years
Predominant Quality and Condition	Average
Approximate Percent Developed (±)	40% - 50%
Infrastructure/Planning	Average



Development Activity and Trends

During the last five years, development has been predominantly of residential uses with supportive commercial uses. The subject neighborhood and immediate surrounding areas have several high-profile developments. The most important are discussed as follows:

Midlothian is located at the crossroads of US-287 and US-67, connecting to IH-35E and IH-35W - major NAFTA routes. With the extension of SH-360 from Arlington, Midlothian enjoys an easy, direct route to the Dallas/Fort Worth International Airport. Other major interstate highways connecting Midlothian to high-traveled routes include IH-20, IH-30, and IH-45. These roads connect the city to all major transportation arteries within the Dallas/Fort Worth metroplex.

Midlothian Independent School District with a total enrollment of over 9,700 students, is a public-school district based in Midlothian, Texas. In addition to Midlothian, the district serves parts of Cedar Hill, Mansfield, Grand Prairie, Ovilla, and Venus as well as rural areas in northwestern Ellis County.

Mid-Way Regional Airport is a city-owned public airport that serves Midlothian and Waxahachie. The airport is located at 131 Airport Drive and is five nautical miles southeast of the central business district of Midlothian. The airport covers 243 acres and has one runway, an 8,000 square-foot terminal building, and 68 aircraft rental hangars.

Navarro College is a two-year public institution consisting of a main campus located in Corsicana with branches in Mexia, Midlothian, and Waxahachie. Navarro College is also home to the Cook Education Center, which houses the largest planetarium in Texas with a 60-foot diameter dome and seating for 200±, and the Pearce Collections Museum, home to many Civil War items and a world-class western art collection. The Corsicana campus has strong ties with Texas A & M – Commerce which has branches at the Navarro College main campus in Corsicana and the Midlothian campus.

FM-663 - Road construction to improve traffic safety was completed on FM-663. The extension of southbound FM-663 created an additional southbound lane and right-turn lanes at Autumn Run Drive and Byrd Ranch Road easing congestion and boosting safety at these intersections.

Baylor Scott & White Medical Center - Waxahachie is a six-story medical hospital/center with 129 beds. To help in the treatment of all types of cancers the Charles A. Sammons Cancer Center was built into the new hospital. The center incorporates the latest technology and treatment options that are available for patients. It will offer both chemo infusion therapy and radiation therapy.

Midlothian ISD Multipurpose Stadium built in 2006 and is located at the corner of US-287 Bypass and 14th Street. The stadium currently has seating for 8,000, but at build-out will seat 12,000. The field is a state-of-the-art Field Turf monofilament playing surface and features a 36' x 50' Fair Play scoreboard. The scoreboard has a high resolution 14' x 18' Barco True Color instant replay video screen with a built-in state-of-the-art sound system.

Martin Marietta acquired TXI In July 2014, the largest cement maker in Texas located on Ward Road in Midlothian, Texas.

American National Power – Built in 1998, is a combined-cycle gas plant that was funded by American National Power (a subsidiary of the UK-based National Power and now called International Power). Midlothian was ANP's first greenfield development in the United States. National Power is a large UK power generation company which has expanded aggressively in the United States and other markets. The cost of the project was estimated at more than \$400 million. Midlothian delivers its energy into the Texas ERCOT market (Electricity Reliability Council of Texas). The station received an Environmental Excellence award from the Texas Commission of Environmental Quality in recognition of its low emission combustion technology and air cooling.

Ennis, Inc. is a public company categorized under “tool and die makers” and located in Midlothian, Texas. Established in 1909, the company has expanded into 20 states with 55 locations with an annual revenue of approximately \$397.2 million employing a staff of approximately 2,470. The company is a leading wholesale print manufacturer. Providing quality products including forms, labels, tags, envelopes, folders and more.

The Auto Park is a 600-acre automobile processing and distribution center on the northeast side of Midlothian. Started by MidTexas International Center, Inc. in the early 1980s, The Auto Park is a secured, private facility with direct dual rail access from UP and BNSF. Additionally, highway access is excellent with US-67 fronting the property. The Auto Park offers a Foreign Trade Zone (FTZ 113), which permits tax exemptions for users dealing in imported goods. There is 24-hour, on-site security in the development and all interior roadways are closed to public traffic. In addition, vehicles are protected with the state-of-the-art ENVIRO-GARD™ environmental protection system where vehicles are protected from ultra-violet deterioration, exterior paint surfaces and interior materials, and inclement weather conditions. The ENVIRO-GARD™ system also provides a favorable work environment for employees during the summer months. Vehicle processing services include vehicle cleaning, accessory installation, paint and body work, pre-delivery services, long-term storage, quality control programs, countermeasure procedures, electronic data interchange, and rail loading/unloading. Approximately 50 percent of the land in The Auto Park is currently developed with a full-service automobile distribution and processing center in the southern portion and an intermodal rail/truck transload facility in the northern portion. Toyota Motor Sales, Mazda North America, and Kia Motors America all take advantage of The Auto Park's services and Foreign Trade Zone status.

Southwestern Assemblies of God University is a Bible-based institution for theological and professional studies that provides studies for undergraduate and graduate students. The 70-acre campus is located on Sycamore Drive, west of SH-77 in Waxahachie, and is currently comprised of approximately 130,000 square feet of administration buildings, recreation buildings, and classrooms. The current enrollment for the university is 2,064 students.

Ellis County Government Center is located in the downtown area of Waxahachie.

RailPort is a 1,600-acre TXI rail-served business park located south of Midlothian. The park is centrally located to the Dallas/Fort Worth Metroplex and is just 24 miles south of Dallas and 27 miles southeast of Fort Worth. DFW International Airport is 35 minutes from the park via SH-360, and Love Field is 30 minutes from the park via US-67. Various sized parcels (10 to 300 acres) are available in RailPort. Currently over 400 acres have been sold to tenants including Target Distribution Center, Sharka, LLC (Google Data Center), Malouf, QT (Quiktrip), WPS, Luminant, and Applied LNG.



Serving Midlothian and the metroplex are more than 80 freight forwarders and approximately 500 motor carriers, plus an extensive rail system linking the city to major markets throughout the nation.

The Dallas Logistics Hub is the largest new logistics park in North America, with 6,000 acres master-planned for 60 million square feet of distribution, manufacturing, office and retail developments. This sophisticated “inland port” in North America is located twelve miles south of downtown Dallas adjacent to Union Pacific’s Southern Dallas Intermodal Terminal, a potential BNSF intermodal facility, four major highway connectors (IH-20, IH-45, IH-35 and Loop 9/Trans-Texas Corridor) and a future air cargo facility at Lancaster Airport. The Dallas Logistics Hub, which spans across the communities of Dallas, Lancaster, Wilmer and Hutchins, will serve as a major Inland Port for regional and national distribution.

Midlothian Town Crossing is a new 53-acre development anchored by a 123,000 square-foot Kroger Marketplace, Ross, Burke’s Outlet, Jo-Ann’s, Ulta, and more. The site is located on US-287 at FM-663.

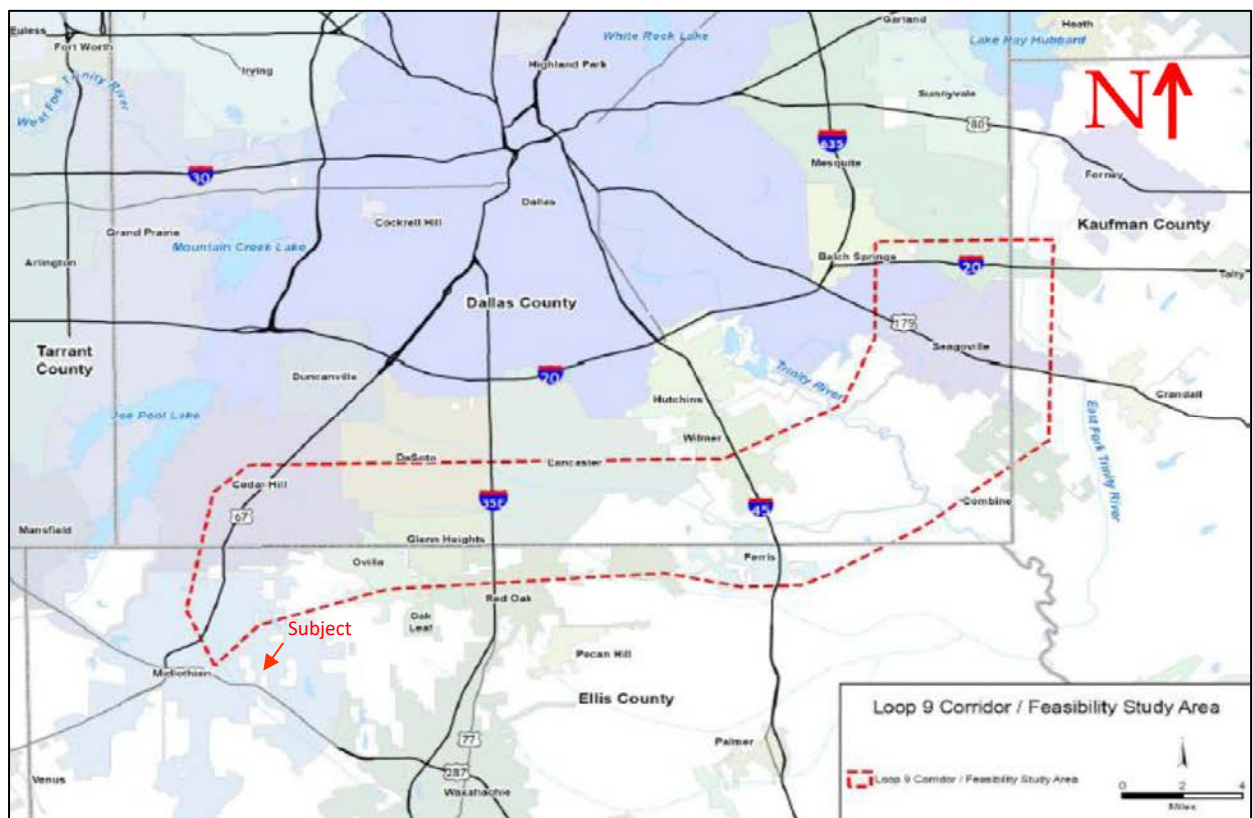
Market Place Center is a 350,000 square-foot open air retail center that was completed in 2007. This center is located on SH-77, north of US-287 Bypass, and is anchored by Home Depot, PetSmart, and J.C. Penney.

Loop 9 was first conceived in 1957 as part of an outer loop around the City of Dallas. Loop 9 has a long project history and was studied at various times by local, regional, and state agencies. During the most recent study, ending in 2011, the TxDOT prepared a draft environmental impact statement for the Loop 9 project. That study envisioned Loop 9 as a wide, high-speed toll facility from US-287 near Mansfield to IH-20 in Mesquite. Based upon several factors, including the elimination of the Trans-Texas Corridor from statewide plans and the Regional Outer Loop from regional plans, a new approach was needed for the Loop 9 Southeast project.

While the Loop 9 Southeast study was under review, TxDOT released a new vision for its corridor development process which resulted in the elimination of the Trans-Texas Corridor (TTC) concept. North Central Texas Council of Governments (NCTCOG) prepared the Regional Outer Loop Corridor Feasibility Study which did not recommend a continuous, circumferential outer loop because of expected low traffic volumes and a lack of statewide connections. The changes in TxDOT policy, funding constraints for transportation projects, and the current economic climate impacted the funding and advancement of transportation projects in the region which resulted in the suspension of the Loop 9 Southeast study until a determination on how the project should proceed was resolved.

To address the transportation concerns, a new direction was identified for the Loop 9 Southeast project. TxDOT and NCTCOG, in cooperation with local government officials, worked together to prepare a Corridor/Feasibility Study for the Loop 9 Southeast study area from US-67 to IH-20. Public Meetings were held in May and September 2013. The Corridor/Feasibility Study was completed and approved by TxDOT in March of 2014.

The Loop 9 Southeast study area begins at US-67 near Midlothian and extends east, crosses IH-35E, IH-45, and ties into IH-20 near Seagoville. TxDOT began development of the schematic and Environmental Assessment (EA) for the section of Loop 9 from IH-35E to IH-45 in April of 2014 shown in the following exhibit.



Loop 9 Southeast Corridor/Feasibility Study Conclusion - The study proposed developing the project in three major sub corridors for up to six separate and independent projects utilizing a phased construction approach. The proposed project would be developed in four phases:

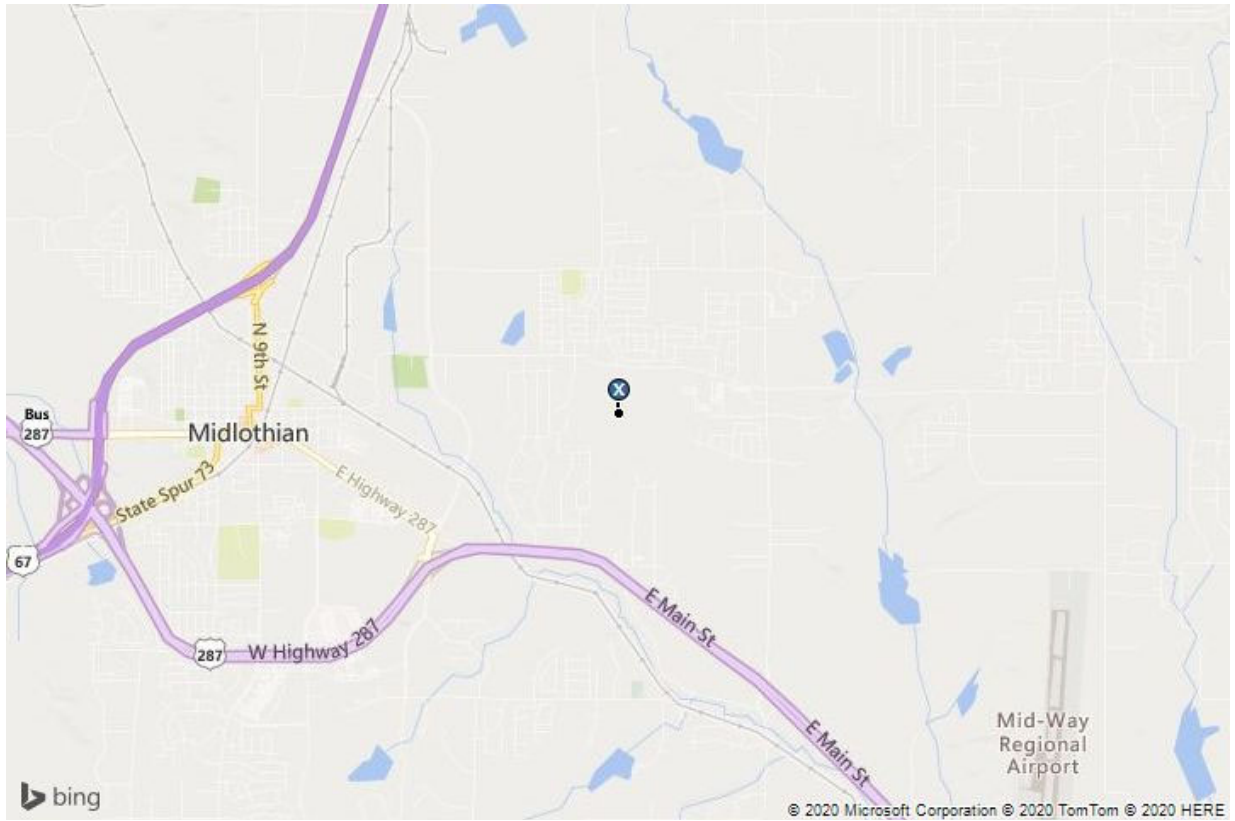
- **Phase 1:** Construct only one, two-way frontage road while purchasing the entire proposed ROW for the ultimate facility.
- **Phase 2:** Construction of the additional frontage road.
- **Phase 3:** Construction of isolated grade separations at specific high-volume intersections.
- **Phase 4:** Construction of continuous tolled main lanes in both directions.

Based upon projected traffic data, Phase 1 (one two-way frontage road) is warranted by 2025 for the section from US-67 to IH-35E (Corridor A) and the section from IH-35E to IH-45 (Corridor B). Construction of a two-way frontage road in the section from IH-45 to IH-20 (Corridor C) is warranted by 2030. All remaining sections are warranted beyond 2035, including construction of the ultimate toll facility, and are considered long-term projects to be reevaluated again at a later date as the need arises.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map

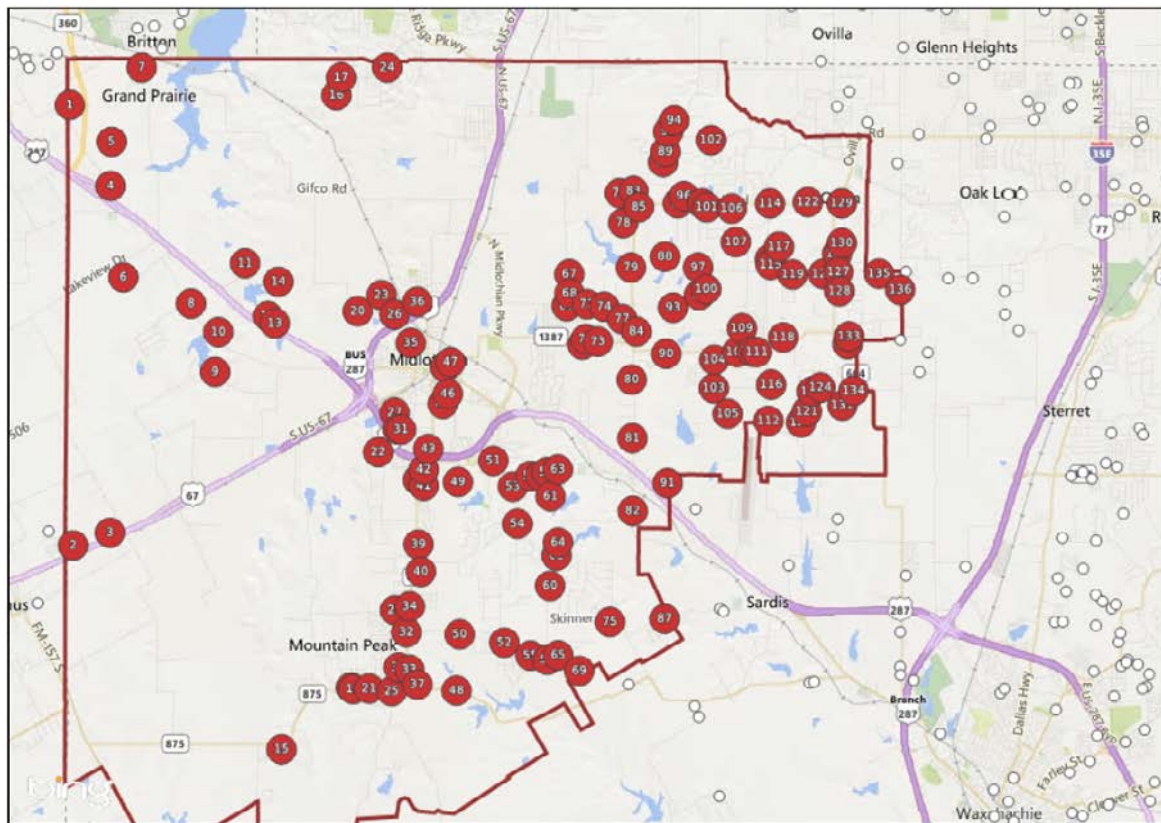


Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Metrostudy, a locally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of Midlothian in Ellis County, Texas and is within the Midlothian Independent School District. Therefore, data obtained from Metrostudy as of Third Quarter 2020 for the defined area of "Midlothian Independent School District", as shown in the following map, will be analyzed with a summary of the details following.

Defined Submarket Map Area – Midlothian Independent School District



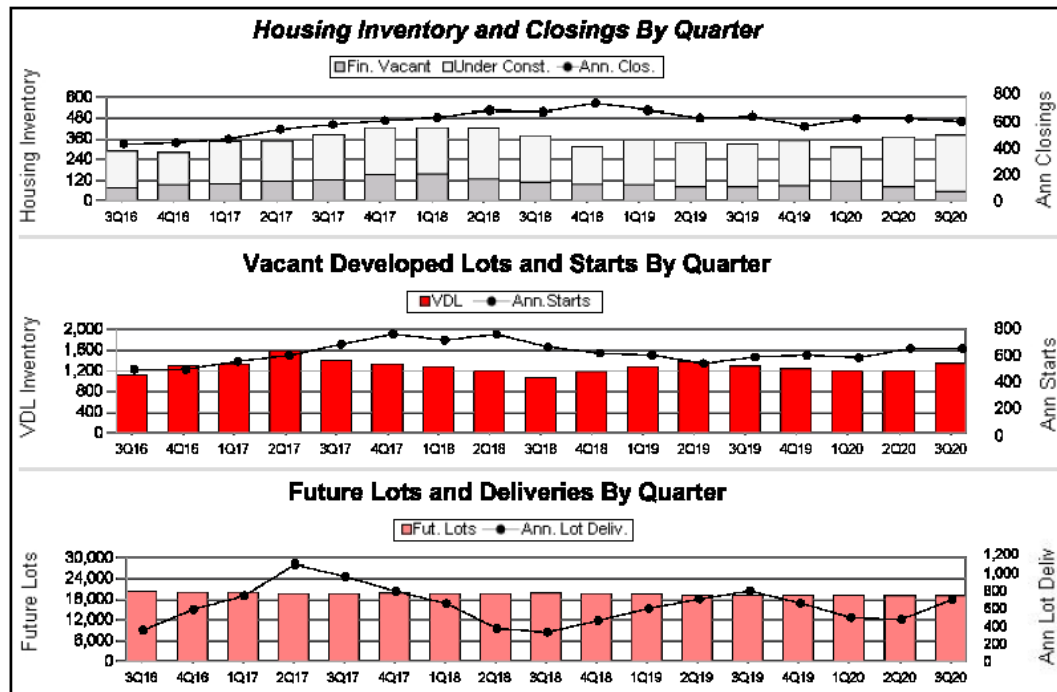
TX | Ellis Co. | Midlothian (3Q20)
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Following is a chart provided by Metrostudy summarizing the historical home/lot absorption from the past several years for the defined submarket area:

Historical Housing Chart

Historical Housing Activity Summary <i>Current Selections</i>													
Qtr	Qtr Clos	Ann Clos	Model	FinVac	UC	Total Inv	Total Supply	Qtr Starts	Ann Starts	VDL	VDL Supply	Fut Lots	Ann Lot Deliv
3Q16	154	435	16	78	210	304	8.4	143	498	1,121	27.0	20,366	361
4Q16	117	445	19	94	186	299	8.1	112	497	1,295	31.3	20,074	597
1Q17	119	472	22	99	246	367	9.3	187	558	1,337	28.8	20,032	751
2Q17	156	546	24	114	233	371	8.2	160	602	1,588	31.7	19,602	1,103
3Q17	190	582	25	121	262	408	8.4	227	686	1,402	24.5	19,640	967
4Q17	146	611	28	154	270	452	8.9	190	764	1,332	20.9	19,702	801
1Q18	142	634	28	156	268	452	8.6	142	719	1,281	21.4	19,683	663
2Q18	206	684	28	129	292	449	7.9	203	762	1,205	19.0	19,695	379
3Q18	177	671	25	108	270	403	7.2	131	666	1,074	19.4	19,810	338
4Q18	210	735	20	98	217	335	5.5	142	618	1,184	23.0	19,626	470
1Q19	92	685	18	94	260	372	6.5	129	605	1,283	25.4	19,468	607
2Q19	151	630	20	82	258	360	6.9	139	541	1,378	30.6	19,260	714
3Q19	188	641	21	84	248	353	6.6	181	591	1,288	26.2	19,275	805
4Q19	138	569	21	89	260	370	7.8	155	604	1,247	24.8	19,143	667
1Q20	150	627	18	114	198	330	6.3	110	585	1,201	24.6	19,197	503
2Q20	151	627	18	83	287	388	7.4	209	655	1,207	22.1	19,112	484
3Q20	166	605	20	54	327	401	8.0	179	653	1,344	24.7	19,076	709



Dallas/Ft. Worth Residential Survey (3Q20)
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Defined Submarket Area

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area has remained relatively stable over the past 1.75 years ranging from 604 to 653 homes/lots. According to Metrostudy, the submarket area absorbed a total of 764 homes/lots in 2017 decreasing in 2018 with 618 homes/lots absorbed. Absorption remained stable in 2019 with 604 homes/lots absorbed. As of Third Quarter 2020, an additional 498 homes/lots were absorbed. Thus, since 2017 (3.75 years), the annual average of homes/lots absorbed was 662 homes/lots which is similar to the more recent 12-month absorption of 653 homes/lot in the submarket.

According to Metrostudy, the existing supply of available housing is currently at the low end of ideal levels in the submarket. The number of vacant developed lots in the submarket decreased from a high of 1,588 vacant lots in Second Quarter 2017 to a low of 1,074 vacant lots in Third Quarter 2018 before increasing to its current level of 1,344 vacant lots in Third Quarter 2020 as developers try to meet demand.

Based upon the Metrostudy absorption figures of the past 3.75 years, there is currently a 24.0±-month (1,344 lots ÷ 662 lots = 2.0±-years) total supply of existing lots available in the submarket. This total supply is considered to be at the low end of the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.

We will now narrow our residential analysis to the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption and feasibility of the subject's proposed lots with 40', 50', 60', and 70' frontages as follows.

Subject Neighborhood

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions, including the subject's subdivision, that are considered to compete with the subject's lots.

Our analysis will be presented beginning with the 40' frontage lots followed by individual analyses of the 50', 60', and 70' frontage lots. All data is per Metrostudy as of Third Quarter 2020. Following is a summary of the subject's proposed lots within the Redden Farms PID:

Redden Farms PID, Midlothian, Ellis County, Texas										
Section/Phase	N/A Areas	Acres	Density/Acre	Typical Lot Dimensions				Total Lots	Projected Completion Date	Development Costs (Private)*
				Type A 40' x 120'	Type B 50' x 120'	Type C 60' x 125'	Type D 70' x 130'			
Phase 1A	NIA#1	87.922	2.8	90	82	38	40	250	December 1, 2021	Not Applicable
Phase 1B	NIA#1	52.420	3.4	0	92	48	36	176	December 1, 2022	Not Applicable
2A(SE)/2A(S)/2B(S)	NIA#2	53.481	2.5	0	0	0	135	135	December 1, 2022	\$855,360
2A(W)/2A(SW)	NIA#2	25.016	3.6	90	0	0	0	90	December 1, 2021	\$570,240
2A(N)/2B(N)	NIA#2	34.587	4.1	0	141	0	0	141	December 1, 2021	\$893,376
Totals		253.426	3.1	180	315	86	211	792		
*Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further cost details.)										

Competitive Supply – 40' Frontage Lots

As the subject's 40' lots are a relatively new lot product in the subject's submarket area and are planned as an age-targeted development, we have provided two absorption analyses as follows:

- Competitive supply of 40' – 55' lot frontages in the subject's immediate and surrounding area
- Competitive supply of competitive age-targeted subdivisions with 40'± lot frontages in developments located in the overall Dallas area

Competitive Supply – 40' – 55' Frontage Lots in Immediate/Surrounding Area

Competitive Supply	40' Frontage Lots				
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
Coventry Crossing Midlothian, Texas	Midlothian	\$292-\$399	21	50' x 125'	6,250
Mill Valley Mansfield, Texas	Midlothian	\$315-\$403	65	55' x 115'	6,325
The Cove of Hickory Creek Red Oak, Texas	Red Oak	\$194-\$248	26	40' x 105'	4,200
Garden Valley West Waxahachie, Texas	Waxahachie	\$219-\$383	2	50' x 105'	5,250
Total			114		
Subject: Redden Farms PID	Midlothian			40' x 120'	4,800
Source: Metrostudy as of Third Quarter 2020					

The competitive supply presented above recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 40' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 40' – 55' Frontage Lots in Immediate/Surrounding Area

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2020.

Monthly Absorption Performance 40' Frontage Lots					
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
Coventry Crossing	21	81	6	13.5	1.6
Mill Valley	65	48	15	3.2	20.3
The Cove of Hickory Creek	26	24	12	2.0	13.0
Garden Valley West	2	122	18	6.8	0.3
Totals/Averages	114	275		25.5	4.5
Average Units/Month				6.4	
Subject: Redden Farms PID					
Source: Metrostudy as of Third Quarter 2020					

Based upon the number of available lots and average absorption per month, the 114 lots remaining within these residential developments indicates only a 4.5±-month supply (0.4± years). This appears to be representative of a severe under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 2.0 units to 13.5 units per month, with an overall average of 6.4 units per month. To summarize, it is important to note the following facts:

- Three of the five residential developments presented (Coventry Crossing, The Cove of Hickory Creek, and Garden Valley West) are projected to be sold out within 13.0± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 4.5± month-supply of developed lots.

- At the effective date of this appraisal, all 180 of the subject's 40' lots are under contract to one volume homebuilder (Impression Homes) at 3.8 upm. The lot contracts are summarized as follows:

Lot Contract Summary - Redden Farms PID											
Lot Type						Base Lot Price/Lot					
Home Builder	40' x 120'	50' x 120'	60' x 125'	70' x 130'	Total Lots* 40'	50'	60'	70'	Absorption/Month	Total Absorption Period (Months ±)	
Antares Acquisitions, LLC	0	158	0	25	183	N/A	60,000	N/A	\$77,000	1.4 (70') - 2.7 (50')	17.8 (70') - 57.5 (50')
Weekley Homes, LLC	0	0	43	25	68	N/A	N/A	\$72,000	\$77,000	2.6	25.7
Impression Homes, LLC	180	157	0	0	337	\$48,000	60,000	N/A	N/A	2.8 (50') - 3.8 (40')	47.8 (40') - 56.4 (50')
J Houston Homes, LLC	0	0	43	26	69	N/A	N/A	\$72,000	\$77,000	1.6 (70') - 2.3 (60')	15.8 (70') - 18.5 (60')
Totals	180	315	86	76	657						

All lots are contracted with an annual 6% escalation, a \$1,500/lot amenity fee, and a \$500/lot marketing fee.
 The 40', 50', and 60' lots are contracted based upon a base price of \$1,200/front footage and the 70' lots on \$1,100/front footage.
 *Of the 657 total lots contracted, 426 lots are within Phases 1A & 1B (90 lots - 40'; 174 lots - 50'; 86 lots - 60'; and 76 lots - 70'. A total of 231 lots are contracted in future phases (90 - 40' lots and 141 lots - 50').

Competitive Supply – Age Targeted 40' – 55' Frontage Lots in Dallas Area

5

Competitive Supply	Age Targeted				
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>The Cove of Hickory Creek</u> Red Oak, Texas	Red Oak	\$194-\$248	26	40' x 105'	4,200
<u>Ladera Highland Village</u> Lewisville, Texas	Lewisville	\$358-\$469	16	42' x 75'	3,150
<u>Robson Ranch</u> Denton, Texas	Denton	\$285-\$482	259	55' x 80' 45' x 100'	4,400 4,500
<u>Union Park/Del Webb</u> Little Elm, Texas	Denton	\$241-\$260	164	40' x 115'	4,600
<u>Viridian Elements</u> Arlington, Texas	HEB	\$314-\$390	60	35' x 61' 45' x 123'	2,135 5,535
Total			525		
Subject: Redden Farms PID	Midlothian			40' x 120'	4,800
Source: Metrostudy as of Third Quarter 2020					

The competitive supply presented above recognizes "age targeted" residential developments which are located in the Dallas area. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 40' frontage lots. Thus, these residential developments are considered to be provide a good indicator for the absorption projection for the subject's 40' age-restricted lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – Age Targeted 40' – 55' Frontage Lots in Dallas Area

The following table outlines the monthly absorption of the residential developments listed in the competitive supply for age-targeted developments. It should be noted that all data is as of Third Quarter 2020.

Monthly Absorption Performance Age Targeted					
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
The Cove of Hickory Creek	26	24	12	2.0	13.0
Ladera Highland Village	16	86	27	3.2	5.0
Robson Ranch	259	155	33	4.7	55.1
Union Park/Del Webb	164	101	24	4.2	39.0
Viridian Elements	60	71	18	3.9	15.2
Totals/Averages	525	437		18.0	29.2
Average Units/Month				3.6	
Subject: Redden Farms PID					
Source: Metrostudy as of Third Quarter 2020					

Based upon the number of available lots and average absorption per month, the 525 lots remaining within these residential developments indicates a 29.2±-month supply (2.4± years). This appears to be representative of a lot supply within equilibrium levels within the subject's projected price/lot size range.

Overall, the competing age-targeted residential developments indicate an absorption range of 2.0 units to 4.7 units per month, with an overall average of 3.6 units per month. To summarize, it is important to note the following facts:

- Three of the five residential developments presented (The Cove of Hickory Creek, Ladera Highland Village, and Viridian Elements) are projected to be sold out within 15.2± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive vacant lot supply is within equilibrium levels at 29.2± months.

Absorption Projection – 40' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 40' frontages at 4.0 units per month (12.0 units per quarterly period) which is within the range of the overall average of the competitive supply (3.6 upm – 6.4 upm) and is supported by the subject's lot contract (3.8 upm). As such, our absorption projection is considered reasonable based upon the lack of lot supply and demand levels within the subject's submarket area for 40' age-targeted frontage lots.

Competitive Supply – 50' Frontage Lots

Competitive Supply	50' Frontage Lots				
	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Coventry Crossing</u> Midlothian, Texas	Midlothian	\$292-\$399	21	50' x 125'	6,250
<u>The Grove</u> Midlothian, Texas	Midlothian	\$306-\$350	6	63' x 140'	8,820
<u>Hawkins Meadow</u> Midlothian, Texas	Midlothian	\$296-\$440	4	60' x 125'	7,500
<u>Mill Valley</u> Mansfield, Texas	Midlothian	\$315-\$403	65	55' x 115'	6,325
<u>Prairie Ridge Estates</u> Grand Prairie, Texas	Midlothian	\$265-\$400	175	53' x 110' 60' x 120'	5,830 7,200
<u>Blue Bonnet Trails</u> Waxahachie, Texas	Waxahachie	\$233-\$311	47	50' x 110'	5,500
<u>Garden Valley West</u> Waxahachie, Texas	Waxahachie	\$219-\$383	2	50' x 105'	5,250
Total			320		
Subject: Redden Farms PID	Midlothian			50' x 120'	6,000
Source: Metrostudy as of Third Quarter 2020					

The competitive supply presented above recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 50' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 50' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2020.

Monthly Absorption Performance 50' Frontage Lots					
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
Coventry Crossing	21	81	6	13.5	1.6
The Grove	6	43	21	2.0	2.9
Hawkins Meadow	4	104	21	5.0	0.8
Mill Valley	65	47	15	3.1	20.7
Prairie Ridge Estates	175	19	6	3.2	55.3
Blue Bonnet Trails	47	24	9	2.7	17.6
Garden Valley West	2	122	18	6.8	0.3
Totals/Averages	320	440		29.5	10.9
Average Units/Month				4.2	
Subject: Redden Farms PID					
Source: Metrostudy as of Third Quarter 2020					

Based upon the number of available lots and average absorption per month, the 320 lots remaining within these residential developments indicates only a 10.9±-month supply (0.9± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 2.0 units to 13.5 units per month, with an overall average of 4.2 units per month. To summarize, it is important to note the following facts:

- Four of the seven residential developments presented (Coventry Crossing, The Grove, Hawkins Meadow, and Garden Valley West) are projected to be sold out within 2.9± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 10.9± month-supply of developed lots.
- At the effective date of this appraisal, all 315 of the subject's 50' lots are under contract to two volume homebuilders (Antares Acquisitions, LLC and Impression Homes, LLC). The lot contracts are summarized as follows:

Lot Contract Summary - Redden Farms PID											
Home Builder	Lot Type					Base Lot Price/Lot				Absorption/Month	Total Absorption Period (Months ±)
	40' x 120'	50' x 120'	60' x 125'	70' x 130'	Total Lots*	40'	50'	60'	70'		
Antares Acquisitions, LLC	0	158	0	25	183	N/A	60,000	N/A	\$77,000	1.4 (70') - 2.7 (50')	17.8 (70') - 57.5 (50')
Weekley Homes, LLC	0	0	43	25	68	N/A	N/A	\$72,000	\$77,000	2.6	25.7
Impression Homes, LLC	180	157	0	0	337	\$48,000	60,000	N/A	N/A	2.8 (50') - 3.8 (40')	47.8 (40') - 56.4 (50')
J Houston Homes, LLC	0	0	43	26	69	N/A	N/A	\$72,000	\$77,000	1.6 (70') - 2.3 (60')	15.8 (70') - 18.5 (60')
Totals	180	315	86	76	657						

All lots are contracted with an annual 6% escalation, a \$1,500/lot amenity fee, and a \$500/lot marketing fee.
The 40', 50', and 60' lots are contracted based upon a base price of \$1,200/front footage and the 70' lots on \$1,100/front footage.
*Of the 657 total lots contracted, 426 lots are within Phases 1A & 1B (90 lots - 40'; 174 lots - 50'; 86 lots - 60'; and 76 lots - 70'. A total of 231 lots are contracted in future phases (90 - 40' lots and 141 lots - 50').

Absorption Projection – 50' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 50' frontages at 5.0 units per month (15.0 units per quarterly period) which is higher relative to the overall average of the competitive supply (4.2 upm) yet is lower relative to the subject's lot contracts (total of 5.5 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 50' frontage lots.

Competitive Supply – 60' Frontage Lots

Competitive Supply	60' Frontage Lots				
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Coventry Crossing</u> Midlothian, Texas	Midlothian	\$292-\$399	21	50' x 125'	6,250
<u>The Grove</u> Midlothian, Texas	Midlothian	\$306-\$374	10	63' x 140' 73' x 120'	8,820 8,760
<u>Hawkins Meadow</u> Midlothian, Texas	Midlothian	\$296-\$440	4	60' x 125'	7,500
<u>Mill Valley</u> Mansfield, Texas	Midlothian	\$343-\$381	21	65' x 120'	7,800
<u>Prairie Ridge Estates</u> Grand Prairie, Texas	Midlothian	\$265-\$400	175	53' x 110' 60' x 120'	5,830 7,200
<u>Buffalo Ridge</u> Waxahachie, Texas	Waxahachie	\$285-\$424	12	65' x 116'	7,540
<u>North Grove/The Cove</u> Waxahachie, Texas	Waxahachie	\$234-\$390	8	60' x 120'	7,200
Total			251		
Subject: Redden Farms PID	Midlothian			60' x 125'	7,500
Source: Metrostudy as of Third Quarter 2020					

The competitive supply presented above recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 60' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 60' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2020.

Monthly Absorption Performance	60' Frontage Lots				
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
Coventry Crossing	21	81	6	13.5	1.6
The Grove	10	71	27	2.6	3.8
Hawkins Meadow	4	104	21	5.0	0.8
Mill Valley	21	17	15	1.1	18.5
Prairie Ridge Estates	175	19	6	3.2	55.3
Buffalo Ridge	12	72	15	4.8	2.5
North Grove/The Cove	8	221	45	4.9	1.6
Totals/Averages	251	585		35.1	7.2
Average Units/Month				5.0	
Subject: Redden Farms PID					
Source: Metrostudy as of Third Quarter 2020					

Based upon the number of available lots and average absorption per month, the 251 lots remaining within these residential developments indicates only a 7.2±-month supply (0.6± years). This appears to be representative of a severe under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 1.1 units to 13.5 units per month, with an overall average of 5.0 units per month. To summarize, it is important to note the following facts:

- Five of the seven residential developments presented (Coventry Crossing, The Grove, Hawkins Meadow, Buffalo Ridge, and North Grove/The Cove) are projected to be sold out within 3.8± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 7.2± month-supply of developed lots.
- At the effective date of this appraisal, all 86 of the subject's 60' lots are under contract to two volume homebuilders (Weekley Homes, LLC and J. Houston Homes, LLC). The lot contracts are summarized as follows:

Lot Contract Summary - Redden Farms PID											
Home Builder	Lot Type					Base Lot Price/Lot				Total Absorption Period	
	40' x 120'	50' x 120'	60' x 125'	70' x 130'	Total Lots* 40'	50'	60'	70'	Absorption/Month	(Months ±)	
Antares Acquisitions, LLC	0	158	0	25	183	N/A	60,000	N/A	\$77,000	1.4 (70') - 2.7 (50')	17.8 (70') - 57.5 (50')
Weekley Homes, LLC	0	0	43	25	68	N/A	N/A	\$72,000	\$77,000	2.6	25.7
Impression Homes, LLC	180	157	0	0	337	\$48,000	60,000	N/A	N/A	2.8 (50') - 3.8 (40')	47.8 (40') - 56.4 (50')
J Houston Homes, LLC	0	0	43	26	69	N/A	N/A	\$72,000	\$77,000	1.6 (70') - 2.3 (60')	15.8 (70') - 18.5 (60')
Totals	180	315	86	76	657						

All lots are contracted with an annual 6% escalation, a \$1,500/lot amenity fee, and a \$500/lot marketing fee.
The 40', 50', and 60' lots are contracted based upon a base price of \$1,200/front footage and the 70' lots on \$1,100/front footage.
*Of the 657 total lots contracted, 426 lots are within Phases 1A & 1B (90 lots - 40'; 174 lots - 50'; 86 lots - 60'; and 76 lots - 70'. A total of 231 lots are contracted in future phases (90 - 40' lots and 141 lots - 50').

Absorption Projection – 60' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 60' frontages at 3.0 units per month (9.0 units per quarterly period) which is below the overall average of the competitive supply (5.0 upm) yet is slightly above the subject's lot contracts (2.3 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 60' frontage lots.

Competitive Supply – 70' Frontage Lots

Competitive Supply		70' Frontage Lots			
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Autumn Run</u>	Midlothian	\$321-\$453	78	70' x 135'	9,450
Midlothian, Texas				80' x 120'	9,600
<u>Dove Creek</u>	Midlothian	\$300-\$394	12	75' x 125'	9,375
Midlothian, Texas				75' x 155'	11,625
<u>The Grove</u>	Midlothian	\$306-\$374	10	63' x 140'	8,820
Midlothian, Texas				73' x 120'	8,760
<u>Horizon Estates</u>	Midlothian	\$289-\$359	34	78' x 118'	9,204
Midlothian, Texas					
<u>Lawson Farms</u>	Midlothian	\$290-\$400	5	75' x 120'	9,000
Midlothian, Texas					
<u>Massey Meadows</u>	Midlothian	\$300-\$438	78	70' x 120'	8,400
Midlothian, Texas					
<u>Mill Valley</u>	Midlothian	\$327-\$378	16	75' x 120'	9,000
Mansfield, Texas					
<u>Thomas Trail Estates</u>	Midlothian	\$313-\$445	8	80' x 125'	10,000
Midlothian, Texas					
<u>The Arbor at Willow Grove</u>	Waxahachie	\$250-\$341	95	75' x 140'	10,500
Waxahachie, Texas					
<u>Garden Valley Meadows</u>	Waxahachie	\$299-\$397	17	72' x 120'	8,640
Waxahachie, Texas					
<u>North Grove/The Cove</u>	Waxahachie	\$281-\$381	7	70' x 120'	8,400
Waxahachie, Texas					
Total			360		
Subject: Redden Farms PID		Midlothian		70' x 130'	9,100
Source: Metrostudy as of Third Quarter 2020					

The competitive supply presented above recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 70' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 70' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2020.

Monthly Absorption Performance 70' Frontage Lots					
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
Autumn Run	78	44	12	3.7	21.3
Dove Creek	12	97	27	3.6	3.3
The Grove	10	71	27	2.6	3.8
Horizon Estates	34	11	9	1.2	27.8
Lawson Farms	5	219	45	4.9	1.0
Massey Meadows	78	108	15	7.2	10.8
Mill Valley	16	13	9	1.4	11.1
Thomas Trail Estates	8	81	21	3.9	2.1
The Arbor at Willow Grove	95	18	6	3.0	31.7
Garden Valley Meadows	17	52	15	3.5	4.9
North Grove/The Cove	7	58	21	2.8	2.5
Totals/Averages	360	772		37.7	9.5
Average Units/Month				3.4	
Subject: Redden Farms PID					
Source: Metrostudy as of Third Quarter 2020					

Based upon the number of available lots and average absorption per month, the 360 lots remaining within these residential developments indicates only a 9.5±-month supply (0.8± years). This appears to be representative of a severe under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 1.2 units to 7.2 units per month, with an overall average of 3.4 units per month. To summarize, it is important to note the following facts:

- Eight of the 11 residential developments presented (Dove Creek, The Grove, Lawson Farms, Massey Meadows, Mill Valley, Thomas Trail Estates, Garden Valley Meadows, and North Grove/The Cove) are projected to be sold out within 11.1± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 9.5± month-supply of developed lots.
- At the effective date of this appraisal, 76 of the subject's 211 lots with 70' lots are under contract to three volume homebuilders (Antares Acquisitions, LLC, Weekley Homes, LLC, and J. Houston Homes, LLC). The lot contracts are summarized as follows:

Lot Contract Summary - Redden Farms PID											
Home Builder	Lot Type					Base Lot Price/Lot					Total Absorption Period (Months ±)
	40' x 120'	50' x 120'	60' x 125'	70' x 130'	Total Lots* 40'	50'	60'	70'	Absorption/Month		
Antares Acquisitions, LLC	0	158	0	25	183	N/A	60,000	N/A	\$77,000	1.4 (70') - 2.7 (50')	17.8 (70') - 57.5 (50')
Weekley Homes, LLC	0	0	43	25	68	N/A	N/A	\$72,000	\$77,000	2.6	25.7
Impression Homes, LLC	180	157	0	0	337	\$48,000	60,000	N/A	N/A	2.8 (50') - 3.8 (40')	47.8 (40') - 56.4 (50')
J Houston Homes, LLC	0	0	43	26	69	N/A	N/A	\$72,000	\$77,000	1.6 (70') - 2.3 (60')	15.8 (70') - 18.5 (60')
Totals	180	315	86	76	657						

All lots are contracted with an annual 6% escalation, a \$1,500/lot amenity fee, and a \$500/lot marketing fee.
 The 40', 50', and 60' lots are contracted based upon a base price of \$1,200/front footage and the 70' lots on \$1,100/front footage.
 *Of the 657 total lots contracted, 426 lots are within Phases 1A & 1B (90 lots - 40'; 174 lots - 50'; 86 lots - 60'; and 76 lots - 70'. A total of 231 lots are contracted in future phases (90 - 40' lots and 141 lots - 50').

Absorption Projection – 70' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 70' frontages at 3.0 units per month (9.0 units per quarterly period) which is slightly below the overall average of the competitive supply (3.4 upm), yet is supported by the subject's lot contracts. As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 70' frontage lots.

Overall Absorption Summary Projections

Our quarterly absorption projections are summarized as follows for the subject:

Phase 1A – 250 Lots

Projected Quarterly Absorption Summary - Phase 1A									Total Absorp. Period	
Lot Type	Dec-21	Mar-22	Jun-22	Sept-22	Dec-22	Mar-23	Jun-23	Sept-23	Lots	(Months±)
40' Lots	12	12	12	12	12	12	12	6	90	22.5
50' Lots	15	15	15	15	15	7	0	0	82	16.4
60' Lots	9	9	9	9	2	0	0	0	38	12.7
70' Lots	9	9	9	9	4	0	0	0	40	13.3
Totals	45	45	45	45	33	19	12	6	250	

As shown, the overall absorption for the subject's 250 lots in Phase 1A is estimated to be 22.53± months (40' lots), 16.4± months (50' lots), 12.7± months (60' lots), and 13.3± months (70' lots).

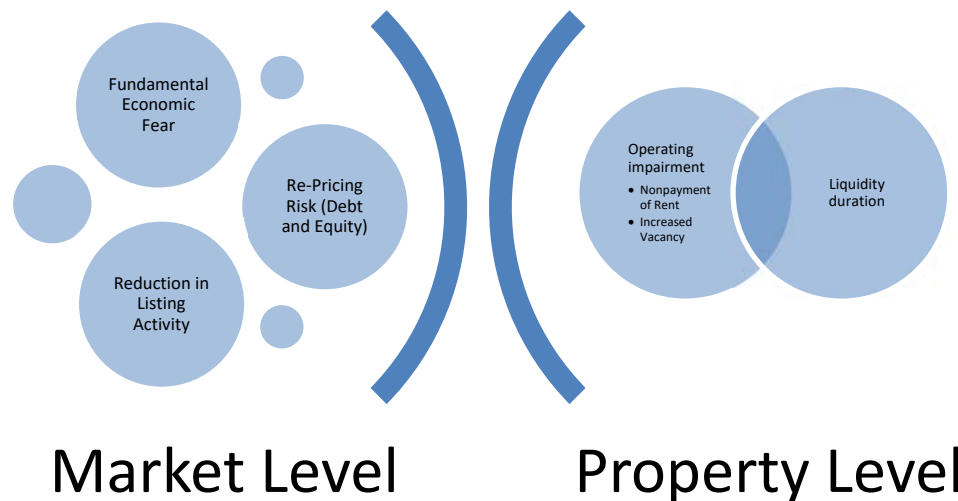
Phase 1B – 176 Lots

Projected Quarterly Absorption Summary - Phase 1B								Total Absorp. Period	
Lot Type	Dec-22	Mar-23	Jun-23	Sept-23	Dec-23	Mar-24	Jun-24	Lots	(Months±)
50' Lots	15	15	15	15	15	15	2	92	18.4
60' Lots	9	9	9	9	9	3	0	48	16.0
70' Lots	9	9	9	9	0	0	0	36	12.0
Totals	33	33	33	33	24	18	2	176	

As shown, the overall absorption for the subject's 176 lots in Phase 1B is estimated to be 18.4± months (50' lots), 16.0± months (60' lots), and 12.0± months (70' lots).

COVID-19 Impact on Current Valuations

Transaction indicators are the best measure of any impact on values due to COVID-19. Given the unique nature and recency of this event, minimal activity is evident from which to draw benchmark comparisons based on transactional data. In the absence of transaction data, market and property specific empirical data can be gleaned to assist in estimating current value. In this initial phase of the pandemic, early emerging trends include:



All or some of the above may be shorter-term issues, but others may linger and have a lasting impact on valuations in the commercial real estate (CRE) sector along a continuum of time.

At this juncture, the global question facing market participants is: “How long does this crisis last and how deep will its impact become?” At a minimum, Q2 economic results will prove dismal based upon Shelter-in-Place and Stay-at-Home Executive Orders for most of the U.S. states largely in place into late June. At the direction of State Governors, all states have begun a phased “reopening.”

Based on discussions and interviews with a wide range of market participants, a variety of factors and concerns are prevalent in the market that will likely have a negative impact broadly on CRE values, depending on property type and region. Essential Service Providers have and will be less impacted (distribution facilities, medical facilities, grocery service) as the performance of these sectors is expected to continue.

However, the broader market will experience a myriad of issues based on survey respondents including:

Uncertainty	Lender Concerns	Publicly Traded Securities	Return Requirements
<ul style="list-style-type: none"> • Restricted access to capital • Unemployment concerns (increasing to 15% in Q2) • GDP decline (~30% in Q2) • Duration of crisis 	<ul style="list-style-type: none"> • DSCR are impacted based on changes in rental revenue and collections • Loan covenants could trigger due to changes in near-term value • Borrowers are concerned about their tenants' ability to pay rent • Borrowers are concerned about their ability to keep their loans current • Lenders are also concerned about the need for loan modifications or work outs 	<ul style="list-style-type: none"> • Stock indexes were down approximately 25% to 30% but have since rebounded • REIT pricing was down approximately 25% but have since rebounded • Crude oil was down approximately 40% but has since partially rebounded 	<ul style="list-style-type: none"> • Interest rates may stay in the 4% - 4.5% range, despite the Federal Reserve's reduction efforts. Banks tightly manage their capital reserves and ratios, and therefore are requiring higher spreads for current risk profile • Durability of Cash Flow forces (new) equity investors to reprice risk. Standby (available, uncommitted) equity now has to be patient until a clearer "path forward" emerges • Impact on cap rates would be upward

Each of the above observations provides empirical evidence that the market has shifted downward, and real estate values will likewise be impacted, but to what degree is not certain.

Few experts or economists at this point are willing to state a threshold duration at which point everything will return to normal quickly, versus a duration of limited economic activity that spirals into worldwide recession. At the moment, the prevailing hope of the world is that science miraculously manufactures a cure, while in the meantime, social activity has slowed worldwide.

Integra Current Valuation Framework (June 15 - present)

The preceding property market analysis focuses on recent historic trends before the physical and social impacts of the COVID-19 pandemic were revealed in the U.S. in early March 2020. The property market analysis was current through Q4-2019 with trends and indications for solid growth by most all market indicators. Many current market participants believe the commercial real estate (CRE) markets will return to trend - the lingering question, "How long will it take?" remains uncertain.

What we do know with reasonable certainty:

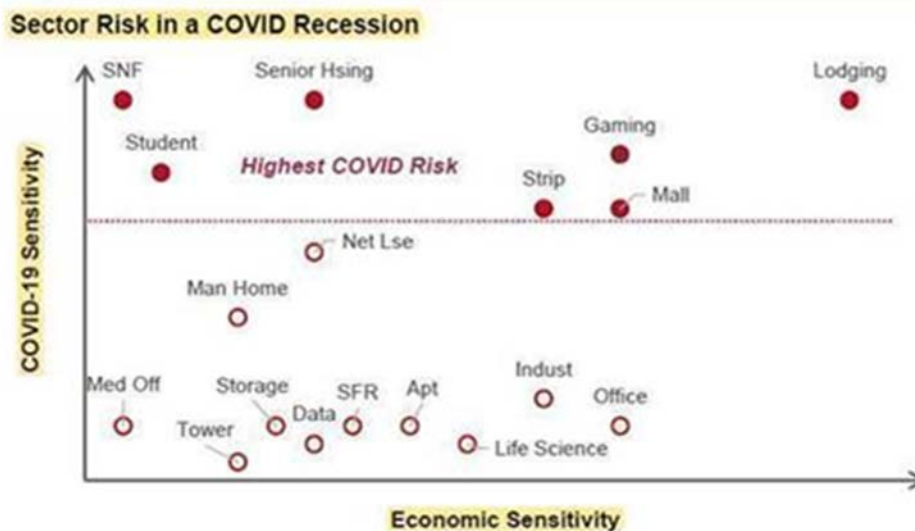
- At a minimum, Q2 economic performance will be dismal.
- Shelter-in-Place and Stay-at-Home executive orders and phased reopening's will have a profound impact on GDP with rising unemployment damaging forward economic performance for six months at a minimum.
- The Federal Reserve's attempt to lower nominal rates was thwarted by lenders setting floors on spreads. Congress subsequently approved a \$2 Trillion stimulus package on March 27, 2020. This provided some economic relief, but businesses, owners, investors, and bankers need to support payroll retention and an aggressive program of economic goodwill throughout all sectors of the economy.

Everything forward beyond those three known factors remains subject to considerable risk/uncertainty. Our recent surveys of market participants indicate a focus in the following areas impacting value:

- Impacts could (should) vary by property type, class, and location
- Cost of capital (both debt and equity) is increasing, but at different rates for different asset classes
- Declines in property operations/forecasts (NOI) vary in duration based on property type, class; location, and tenant durability under potential recessionary pressures
- Increases in cap rates (and normalized yields) will vary by property type, class and location as will the underlying assumptions on stabilized or periodic cash flow
- Marketing times for most assets will increase. To a large extent, deal flow was halted based on the sheer physical constraints imposed on property showings/due diligence, etc. under distancing restrictions. As these restrictions are lifted, the market is showing signs of activity, some pent-up demand and increased interest, although commercial property deal flow remains muted.

Impact by Property Type, Class & Location

Below is a graph prepared by Greenstreet Advisors plotting the sensitivity (and risk) associated with various property types with the negative impact on value being greater for those assets with greater sensitivity. Those assets relating to essential business operations (grocery, medical, distribution) are less affected than for example lodging and malls where social distancing is more difficult.



Cost of Capital/Liquidity

The cost of capital, both for debt and equity, had been at near historic lows pre crisis. As lenders are coming to grips with the severity of the economic outlook, many have pulled back while others have reacted by raising interest rates, lowering loan to values, or a combination of both. There are clearly some lenders who are “out” while others remain in the market. Fewer options are available in the market and those options are more expensive today. The rise in cost varies notably by property type with agency lenders and HUD determined to provide liquidity to the multi-family market, while at the other end of the spectrum, financing a hotel is challenging and land financing is nonexistent. Assets focused on essential business operations (e.g., grocery or last mile industrial) remain in favor as do net leased assets with recession-resistant business profiles.

Equity is less clear at the moment. While large pools of capital were being raised through 2019 and into Q1-2020, the strategy has suddenly shifted. Equity is available but will be deployed with stricter underwriting criteria and more cautious income growth and exit assumptions.

Declines in Property Operations/Forecasts

The lodging, retail, student housing and senior sectors are generally viewed as expecting to suffer the greatest in the short term. Once again, this varies by location and type. Restaurant retail is generally viewed as having greatest risk but is expected to rebound quickly as pent-up demand is evident as everyone can now leave their homes. Grocery retail is currently performing well with big box stores setting record sales per square foot.

Radical changes in the employment picture will begin to affect the housing sector, both single-family and apartments. Apartments will not be immune or “safe” from lost rent, varying by type and location depending on the tenant base employment and its ability to weather a 6 to 12-month contraction.

Rent projections are being held flat in modeling cash flows going forward with the length of time dependent on the asset type.

Depending upon whether values are based on yield capitalization (DCF) or direct capitalization, care must be given to provide “stabilized” forecasts to capitalize; and to normalize yield levels for projecting variable year yield cap.

Premiums on Capitalization Rates

While many deals have fallen out of contract, other deals are still closing. Some are closing at their pre-crisis contract price levels, while many deals are being re-traded in the market with discounts influenced by property type, location and buyer/seller motivations.

As the transaction market solidifies, the impact on capitalization rates will become clearer. Some market participants believe the answer to market value lies in capitalization rates while others believe rates are not moving, but net operating income in the short run is being impacted. Once again, the answers vary by property type and location.

With a rise in the cost of capital (debt and equity), valuation theory suggests a rise in capitalization rates. A 100-basis point upward movement in interest rates for example, combined with a modest rise in equity returns, can move capitalization rates up over 100 basis points. This analysis is tempered, however with the understanding that it is difficult to settle on the inputs given the wide range of data in the market. In addition, care must be taken not to “double hit” the analysis by modeling significantly lower net income via lower performance projections and at the same time raising the return requirements.

Normalization of Yields

All yield capitalization is based on forward forecasting of property performance to generate a current cash flow, and future forecasted reversion. Therefore, the timeframe for the market to reach a point of pricing transparency to “return to par” is the critical assumption in the yield cap.

The longer or less likely the assumptions are, the higher the near-term yields. Valuation theory and past downward economic cycles suggest a shortening of the holding period and a normalization of “overall yield” applied over the shorter holding period.

As the transaction market solidifies, the impact on investment rates and relationship of assumption risk to market risk will become clearer.

Marketing and Exposure Time

At the present time, there is consensus of declining market demand in CRE transactions, due to market conditions ensuing from COVID-19. It is natural to assume that exposure time on properties either for sale or lease, will likely be extended. Comparing pre-COVID-19 exposure periods (perhaps the best) to the banking crisis of 2008/2009 (perhaps the worst) can glean some differences that could extrapolate to exposure time going forward, i.e. from peak to trough.

Sector	Months on Market March 2008-09	Months on Market March 2018-19	Change in Months	% Change Peak to Trough
Office	29.6	14.8	14.8	100%
Retail	15	11.4	3.6	32%
Industrial	19.6	6.7	12.9	192%
Average	21.4	11.0	10.4	95%

Source: Costar – data presented in Months

Days on the market increased substantially in the last economic crisis of 2008-2009, with an average of 21 months on market for major property classes. The trailing 12 months preceding the COVID-19 crisis, average days on the market were 11 months.

Based on this historical perspective, marketing time could potentially double from current levels. This would have to be tempered recognizing that the depth and duration of this current economic crisis is tied to a health crisis and may have a conclusion more closely tied to its resolution.

Market Sentiment/Participant Interviews

Following is a summary of key interviews undertaken in October 2020:

Mr. Tyler Gatewood **Role/Title:** Project Manager **Company:** Brohn Homes

All of our communities are experiencing substantially higher absorption than our original 2020 projections.

Mr. Brian Stidham **Role/Title:** Director **Company:** Hines

Generally speaking, traffic and sales have been good to great since COVID. Builders say that sales have been well above what they anticipated when COVID initially hit in March. The initial uncertainty was quickly overcome once builders adapted to selling with social distancing practices. Traffic continued to come into communities. A positive is that only serious buyers are showing up eliminating wasted time on those not really looking to buy.

Mr. Don Dykstra **Role/Title:** Chairman/Owner **Company:** Bloomfield Homes

The new home industry is experiencing record sales as buyers flee higher density apartments, move up to larger homes to facilitate working / studying from home, provide space for additional family members at home, and take advantage of historically low interest rates.

Mr. Tony Shaw **Role/Title:** VP Land Development **Company:** First Texas Homes

From May to October, business is up 30%. Strong demand has allowed the company to be 30% up from their original 2020 projections.

Mr. Jed Dolson **Role/Title:** COO **Company:** Green Brick Partners

There's a lot shortage going on right now. The demand is very high. We have historically low interest rates. We are seeing very, very strong demand for anything under \$400,000 right now.

Mr. Patrick Bourne **Role/Title:** Principal **Company:** Sundance Analytics

Deals with Public Improvement Districts and assisting developers with the process and underwriting. Cities and Counties are continuing the process, yet some are having to realign their staffing which may cause some slow down but no stoppage. As far as new business is concerned, they are still seeing interest in PID's from both developers and municipalities. He has seen no change in these projects.

Mr. Robert Whittle **Role/Title:** Owner/Developer **Company:** Whittle Development

Sales have actually increased due to the protests in downtown and people ready to buy a home instead of multifamily living. Another contributing factor are the low mortgage rates.

Mr. Jeff Shirley **Role/Title:** EVP Finance **Company:** Centurion American

Strong demand on all fronts. Residential lot sales are strong at all price points. Buyers on luxury product are coming from out of state.

Conclusion

This heightened uncertainty forms the basis of defined risk. Considering the subject's relative sensitivity to the COVID-19 risks as of the effective date of the valuation, Integra rates the relative risks of the subject property as of the effective date as follows:

Risk Analysis

Property Type Sensitivity to Risk	Single-family development type is low risk
Property Location Sensitivity to Risk	Single-family development location is low risk
Cost of Capital Impact/Risk	Single-family development cost of capital impact risk is low
Property Operations Risk	Single-family development operations risk is low

Property Analysis

Location

The property (Redden Farms Public Improvement District) is located on the south side of FM-1387, west of Walnut Grove Road in Midlothian, Ellis County, Texas. The property is located within the Midlothian Independent School District.

Land Description and Analysis

Land Description	
Land Area	253.430 Acres; 11,039,420 SF
NIA#1 - Phase 1A	87.922 Acres; 250 Lots
NIA#1 - Phase 1B	52.420 Acres; 176 Lots
NIA#2 (Sections 2A(SE)/2A(S)/2B(S)	53.481 Acres (135 Future Lots)
NIA#2 (Sections 2A(W)/2A(SW)	25.016 Acres (90 Future Lots)
NIA#2 (Sections 2A(N)/2B(N)	34.587 Acres (141 Future Lots)
Source of Land Area	Public Records
Primary Street Frontage	South side of FM-1387, west of Walnut Grove Road
Shape	Irregular
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	48139C0155F
Date	June 3, 2013
Zone	A
Description	Special flood hazard areas subject to inundation by the 100-year flood.
Insurance Required?	Yes
Zoning; Other Regulations	
Zoning Jurisdiction	City of Midlothian, Texas
Zoning Designation	PD-107
Description	Planned Development
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	The subject is restricted to single-family residential use only.
Other Land Use Regulations	Development Agreement with the City of Midlothian, Texas
Utilities	
Service	Provider
Water	City of Midlothian, Texas
Sewer	City of Midlothian, Texas





General Description - Redden Farms Public Improvement District

The subject represents the residential development within the Redden Farms Public Improvement District ("PID") to be located in the City of Midlothian, Ellis County, Texas. The "PID" is planned to eventually be developed with a total of 792 lots (426 lots in Neighborhood Improvement Area #1 and 366 future lots in the Major Improvement Area) on a total of 253.430 acres (3.1 upa). The lots will be developed with four typical lot types as follows:

Lot Type A: 180 lots - 40' x 120' or 4,800 square feet (90 lots in NIA#1)

Lot Type B: 315 lots - 50' x 120' or 6,000 square feet (174 lots in NIA#1)

Lot Type C: 86 lots - 60' x 125' or 7,500 square feet (86 lots in NIA#1)

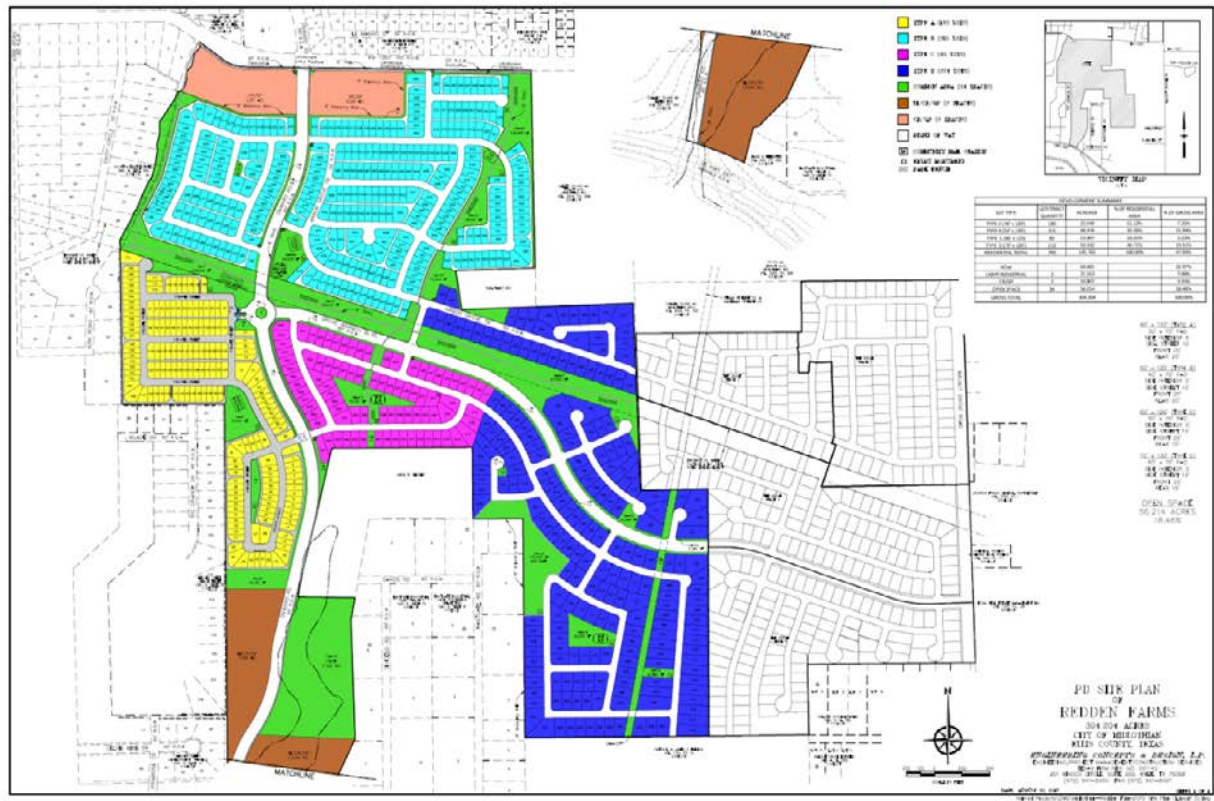
Lot Type D: 211 lots - 70' x 130' or 9,100 square feet (76 lots in NIA#1)

It is noted that the 40' frontage lots will be designated as 55+ age-restricted phases of the community. The 40'/50' lots are designed for alley access, while the 60'/70' lots are designed for front access. Amenities are to include an amenity center with a covered pavilion/pool/children's splash pad, an outdoor exercise and workout area, a covered playground area, a dog park area, and a park system throughout the community that will be connected by a linear trail system. The property is zoned PD-107, Planned Development, which permits a combination of single-family residential, general professional, community retail, and light industrial uses; however, all of the property within the "PID" is restricted to single-family residential development only.

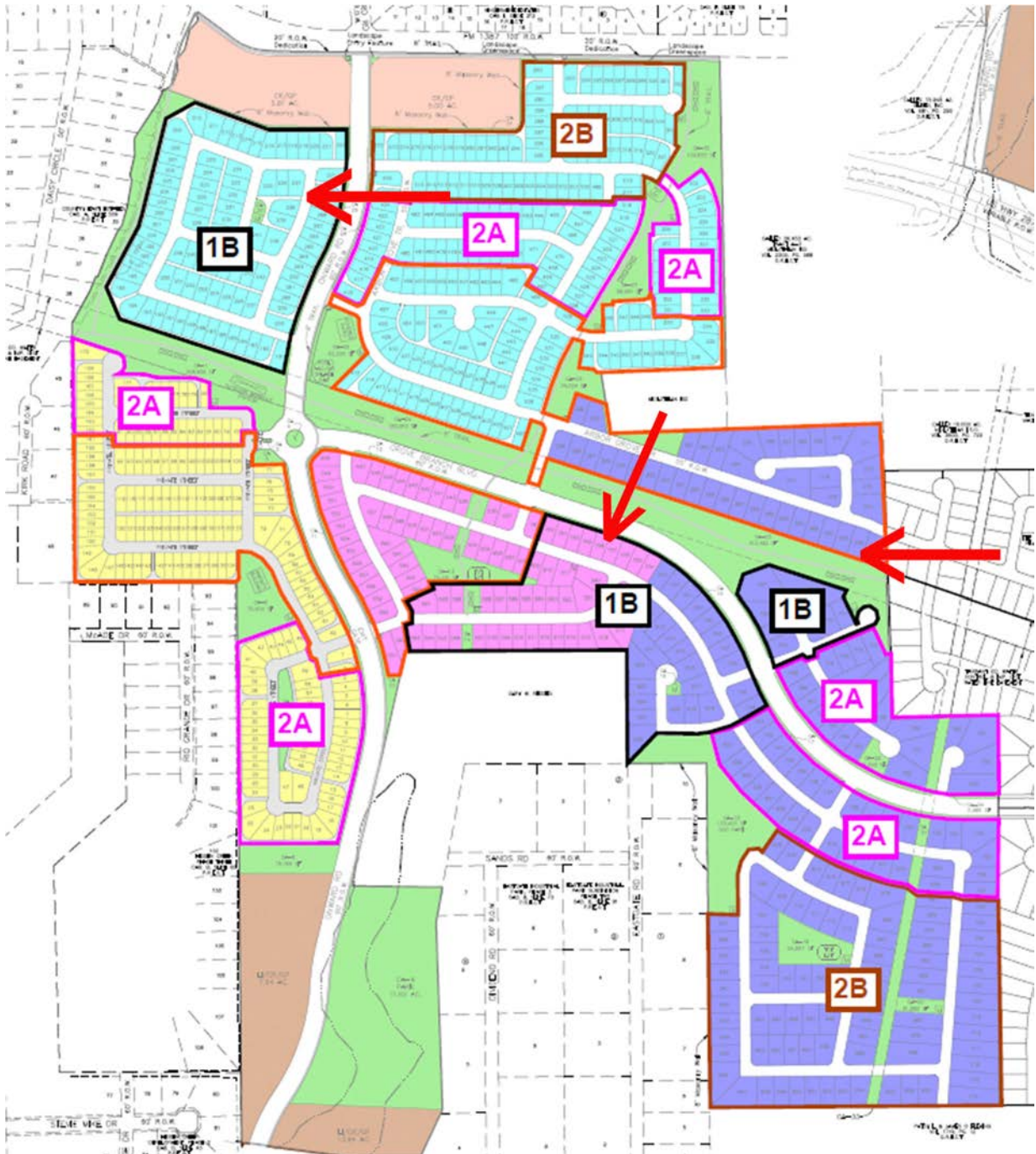
The Redden Farms Public Improvement District is summarized in the following exhibit:

Redden Farms PID, Midlothian, Ellis County, Texas										
Section/Phase	NI Areas	Acres	Density/Acre	Typical Lot Dimensions				Total Lots	Projected Completion Date	Development Costs (Private)*
				Type A 40' x 120'	Type B 50' x 120'	Type C 60' x 125'	Type D 70' x 130'			
Phase 1A	NIA#1	87.922	2.8	90	82	38	40	250	December 1, 2021	Not Applicable
Phase 1B	NIA#1	52.420	3.4	0	92	48	36	176	December 1, 2022	Not Applicable
2A(SE)/2A(S)/2B(S)	NIA#2	53.481	2.5	0	0	0	135	135	December 1, 2022	\$855,360
2A(W)/2A(SW)	NIA#2	25.016	3.6	90	0	0	0	90	December 1, 2021	\$570,240
2A(N)/2B(N)	NIA#2	34.587	4.1	0	141	0	0	141	December 1, 2021	\$893,376
Totals		253.426	3.1	180	315	86	211	792		
*Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further cost details.)										

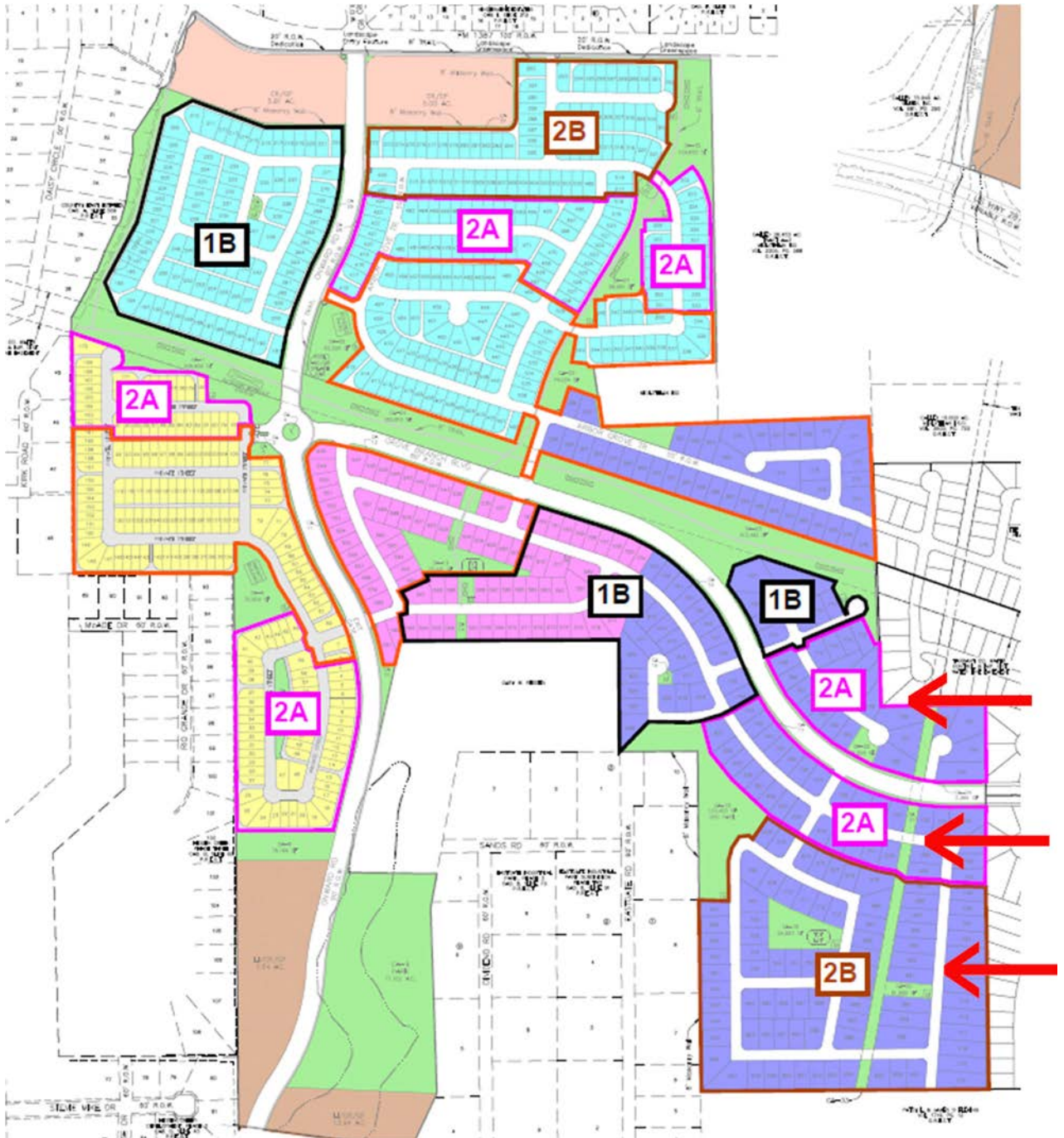
Map of Overall District



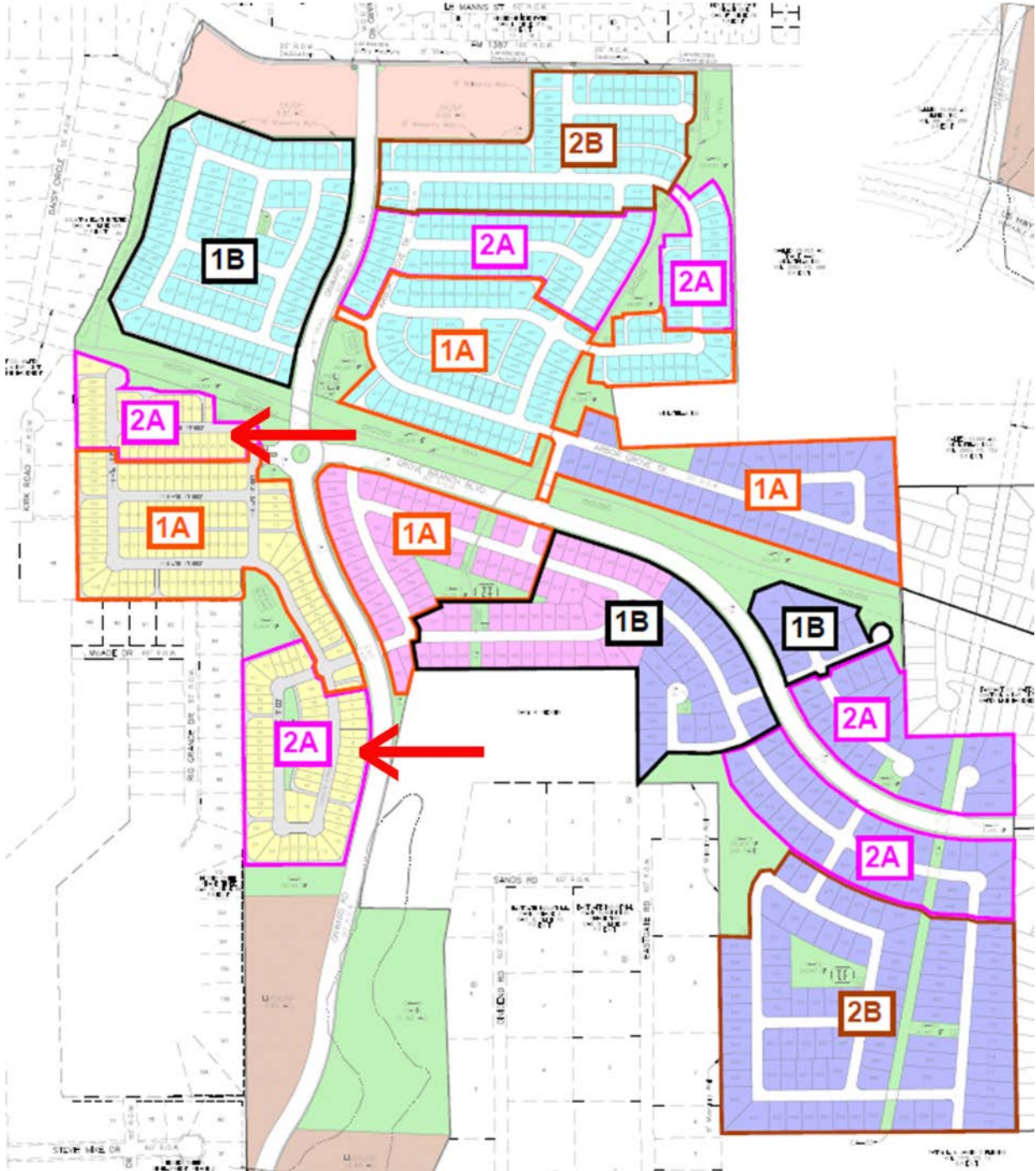
This is a detailed plat map of a residential subdivision, likely in the City of San Jose, California. The map shows several distinct lots and blocks, each color-coded and labeled with '1A'. The colors include yellow, orange, pink, purple, and blue. The map is bounded by 'GUEST CIRCLE' to the north, 'SANDS RD' to the east, and 'SILVER MEADOW' to the south. A central road is labeled 'SANDS RD'. The map includes various street names, lot numbers, and area measurements. A scale bar at the bottom indicates distances in feet and meters. The map is titled 'PLAT MAP' and 'CITY OF SAN JOSE'.

Concept Plan – Phase 1B (176 Lots on 52.42 Acres)

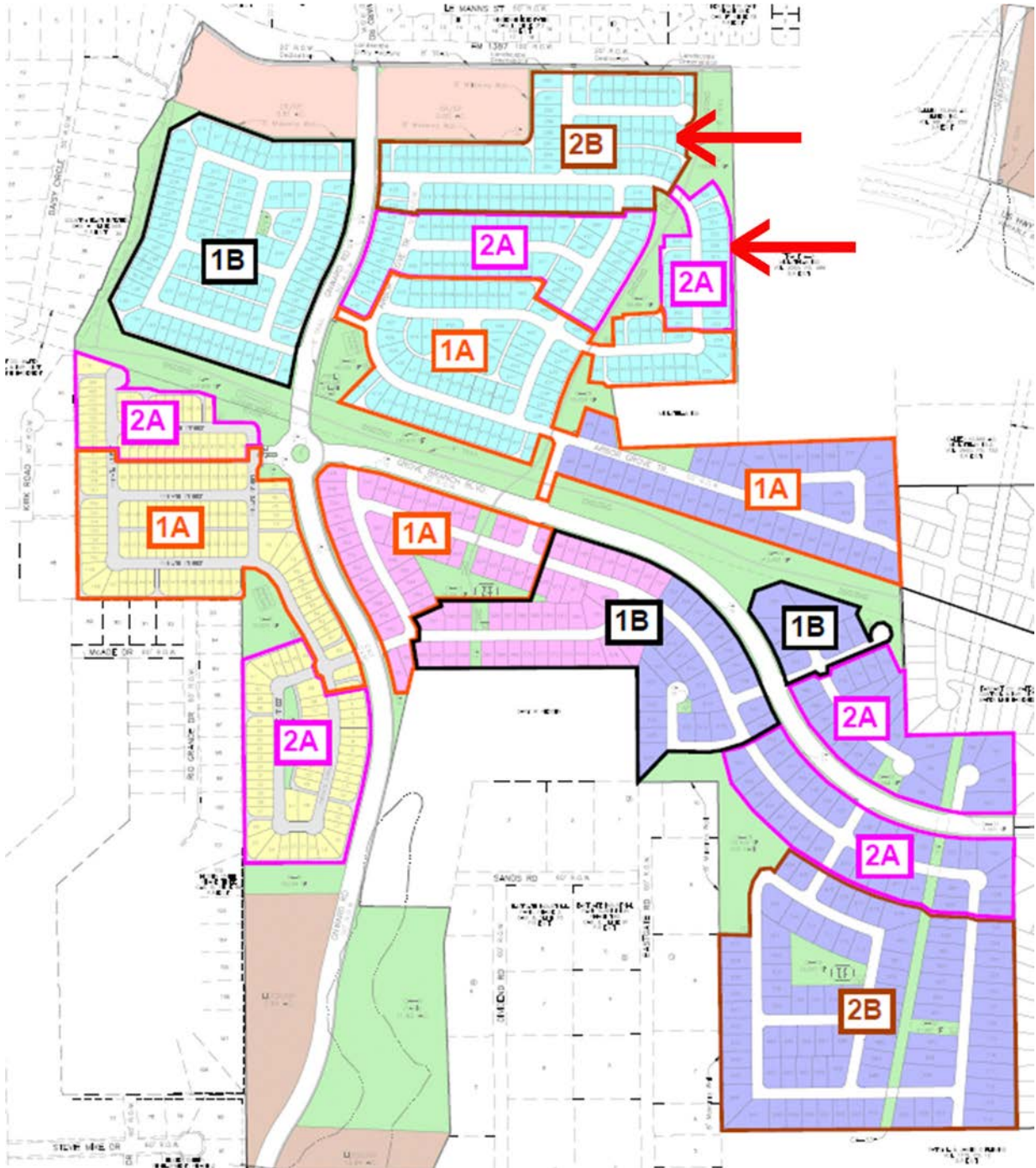
**Concept Plan – 53.481 Acres (Sections 2A (SE)/2A (S) and 2B (S)
(135 Future Lots)**

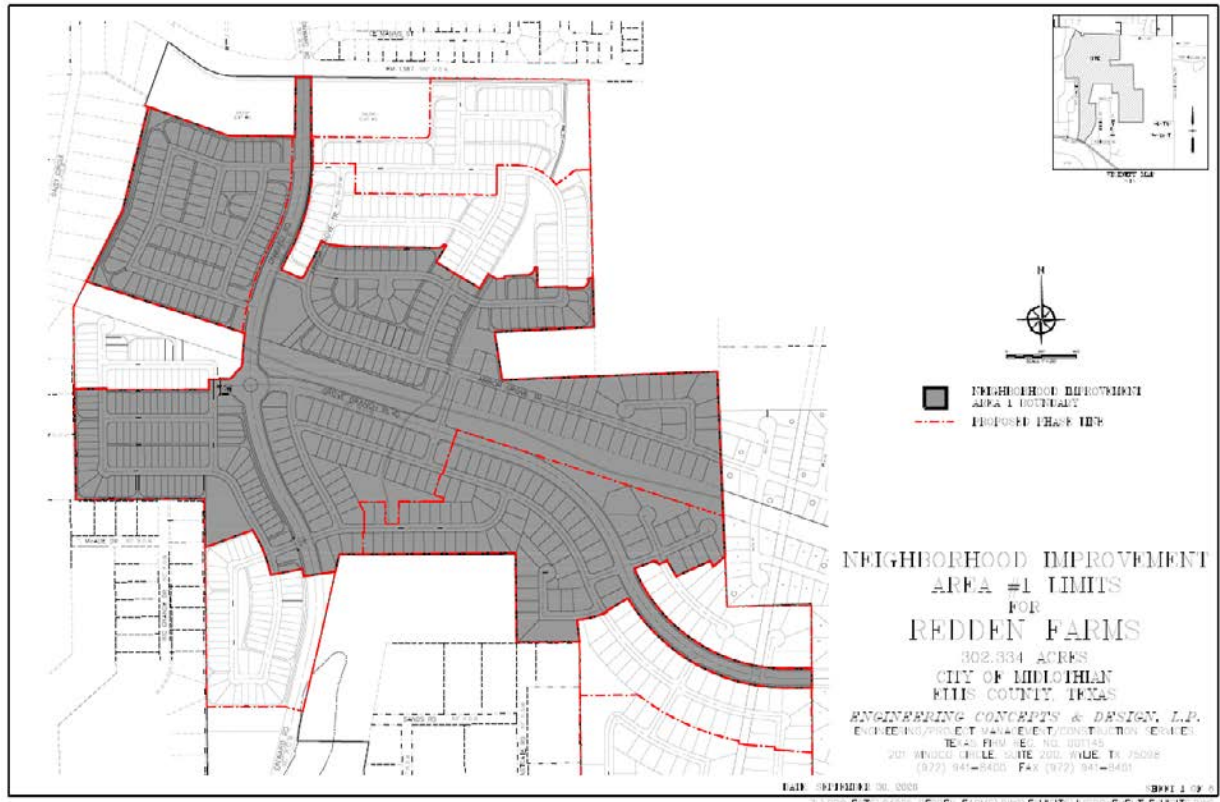


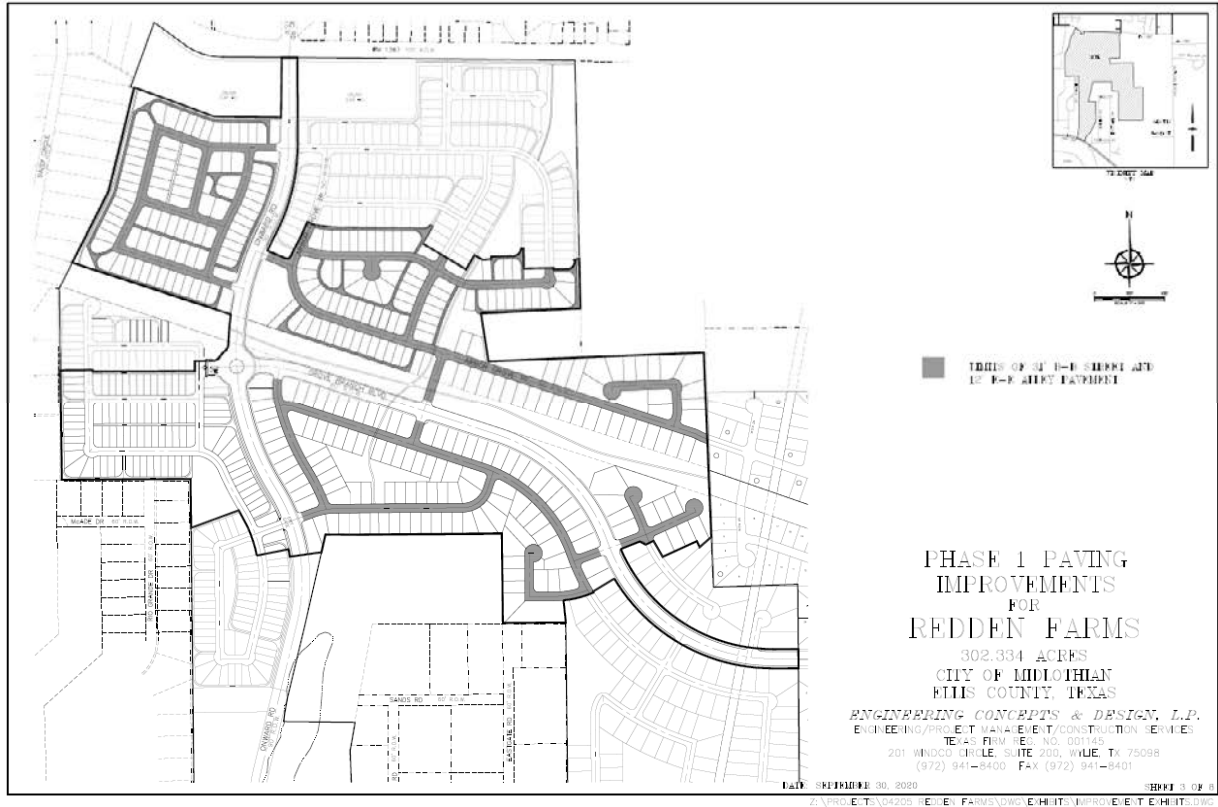
**Concept Plan – 25.016 Acres (Sections 2A (W)/2A (SW)
(90 Future Lots)**

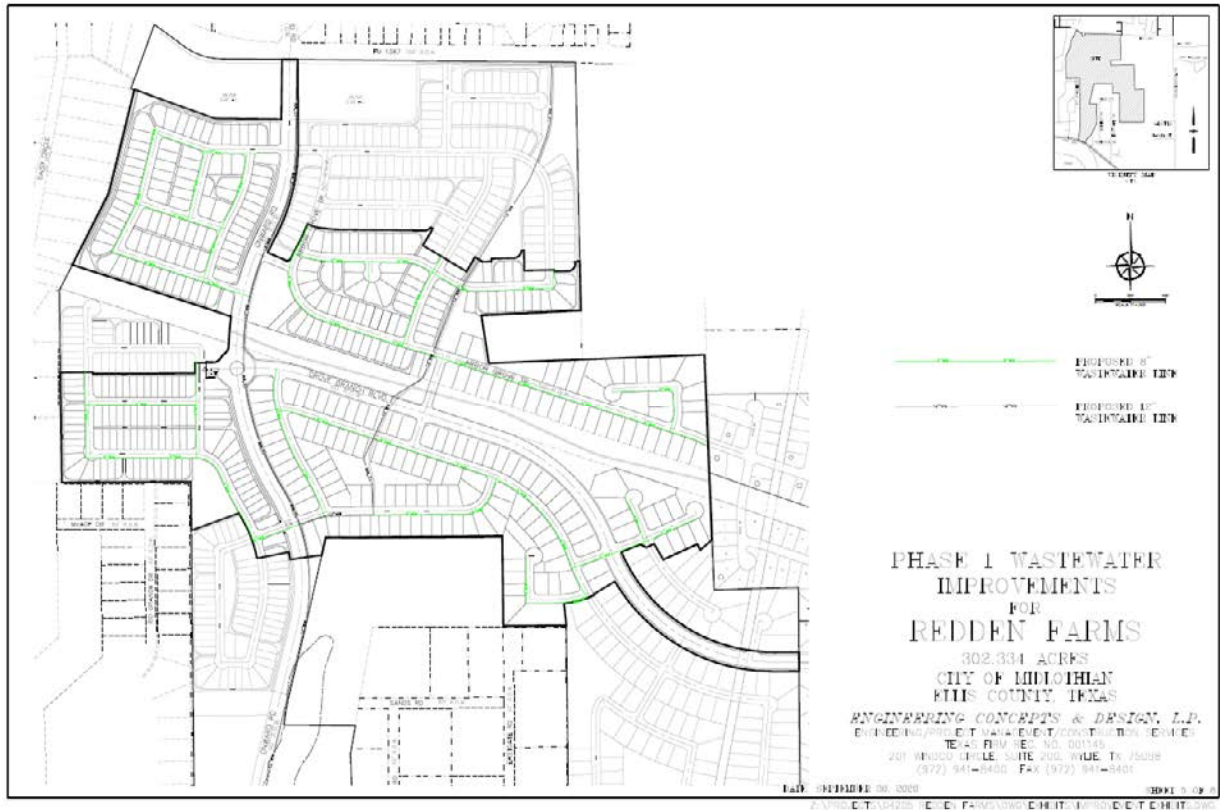


Concept Plan – 34.587 Acres (Sections 2A (N)/2B (N))
(141 Future Lots)

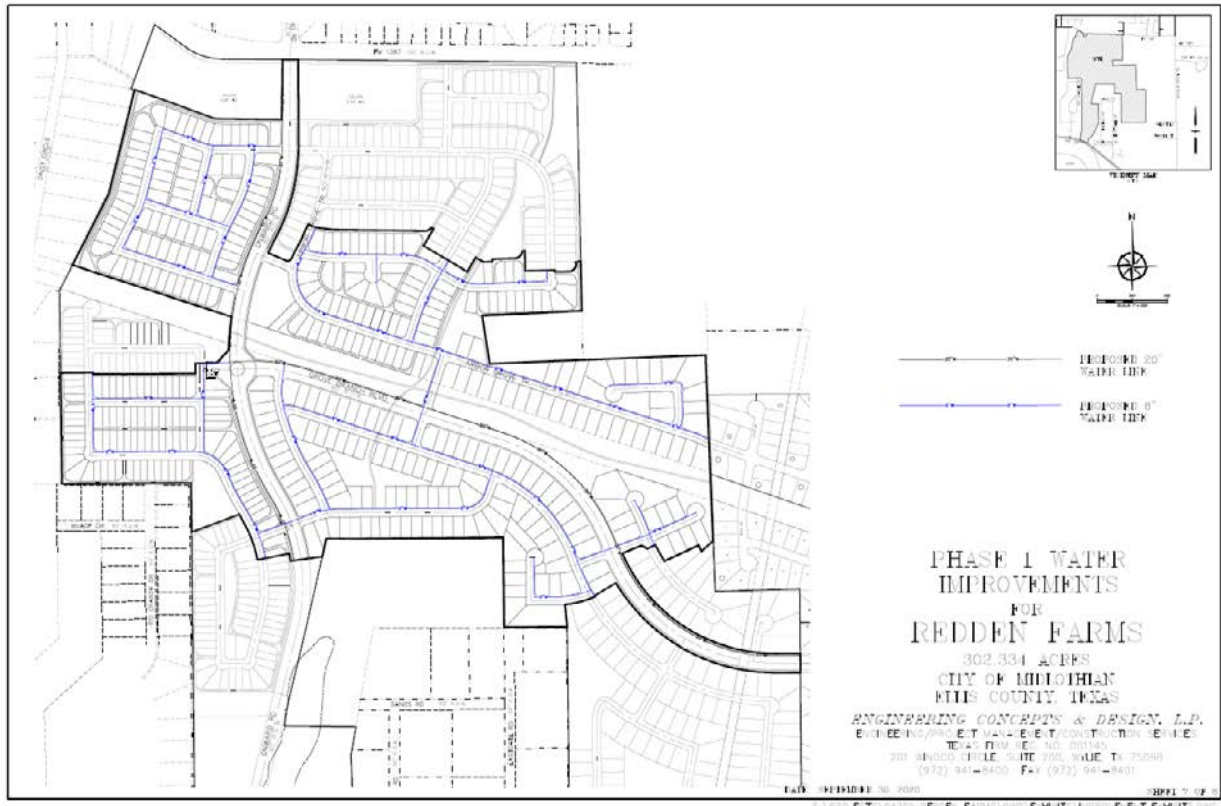


Map of NIA #1

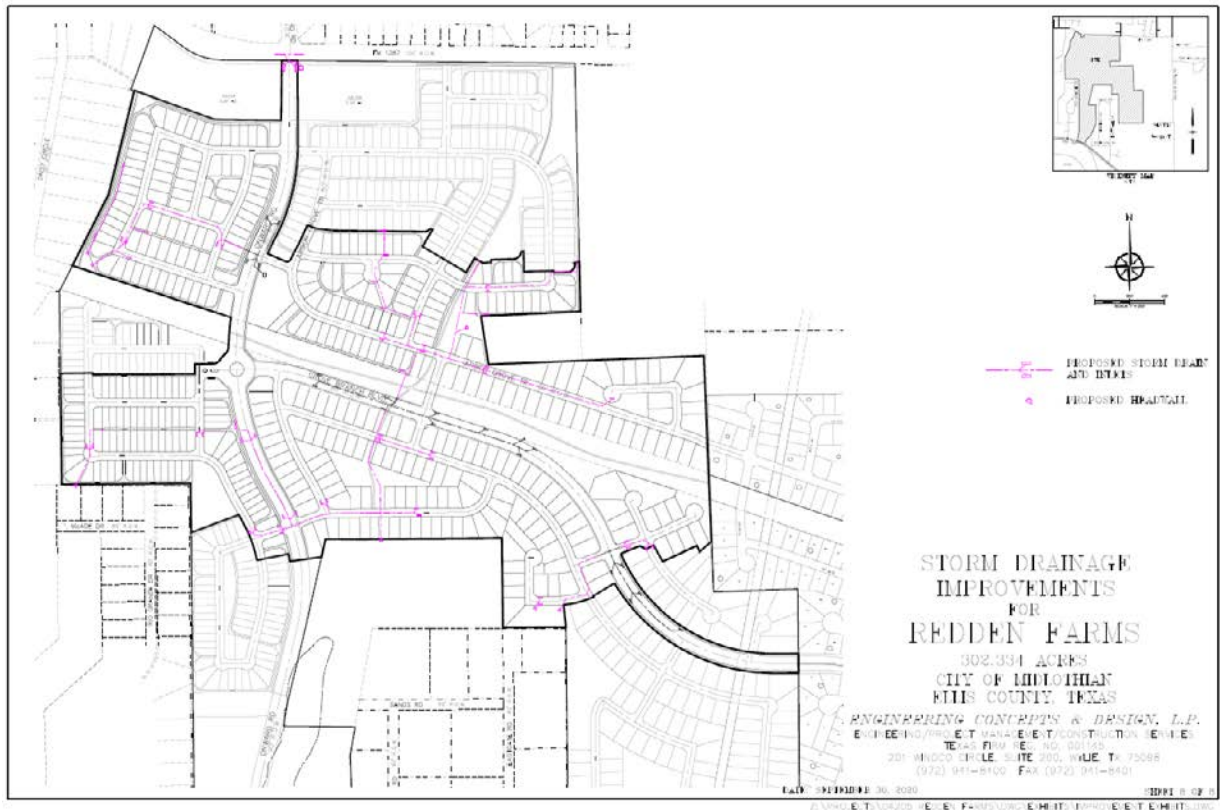
Improvement Area Exhibits – NIA#1**Paving**

Wastewater

Water Improvements

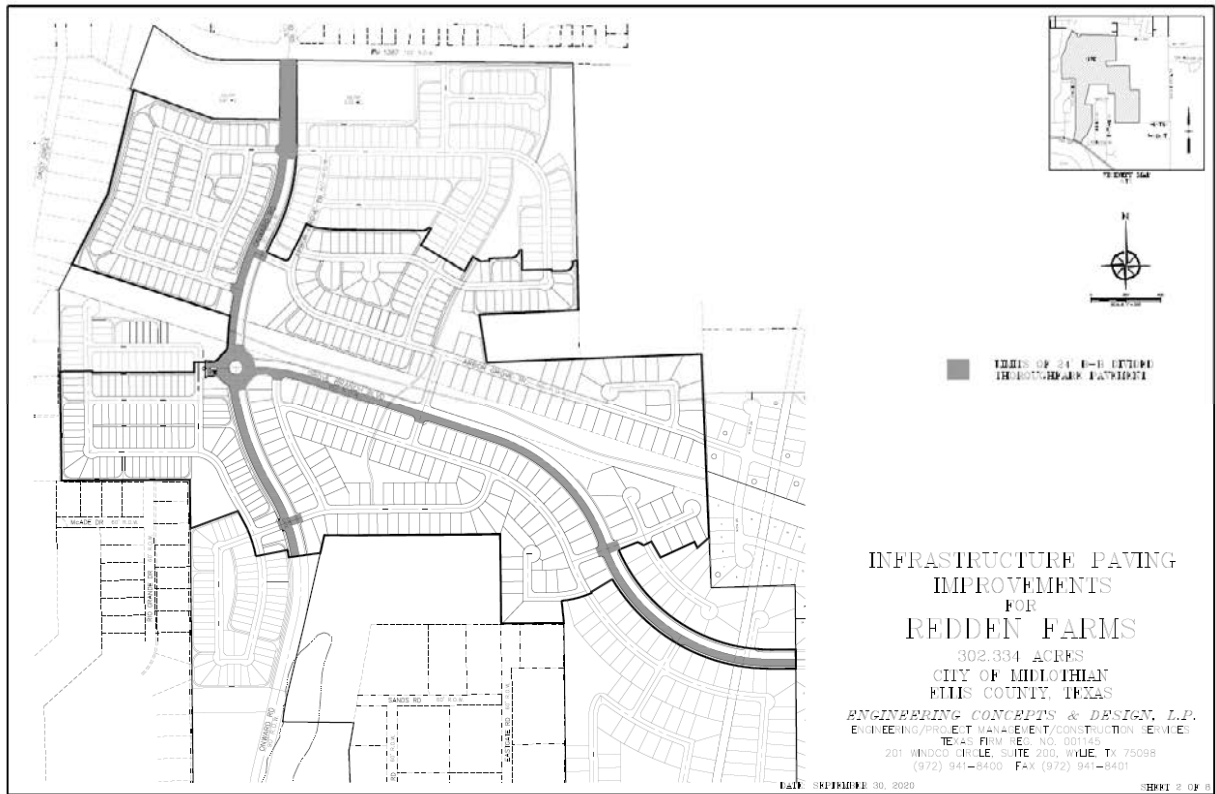


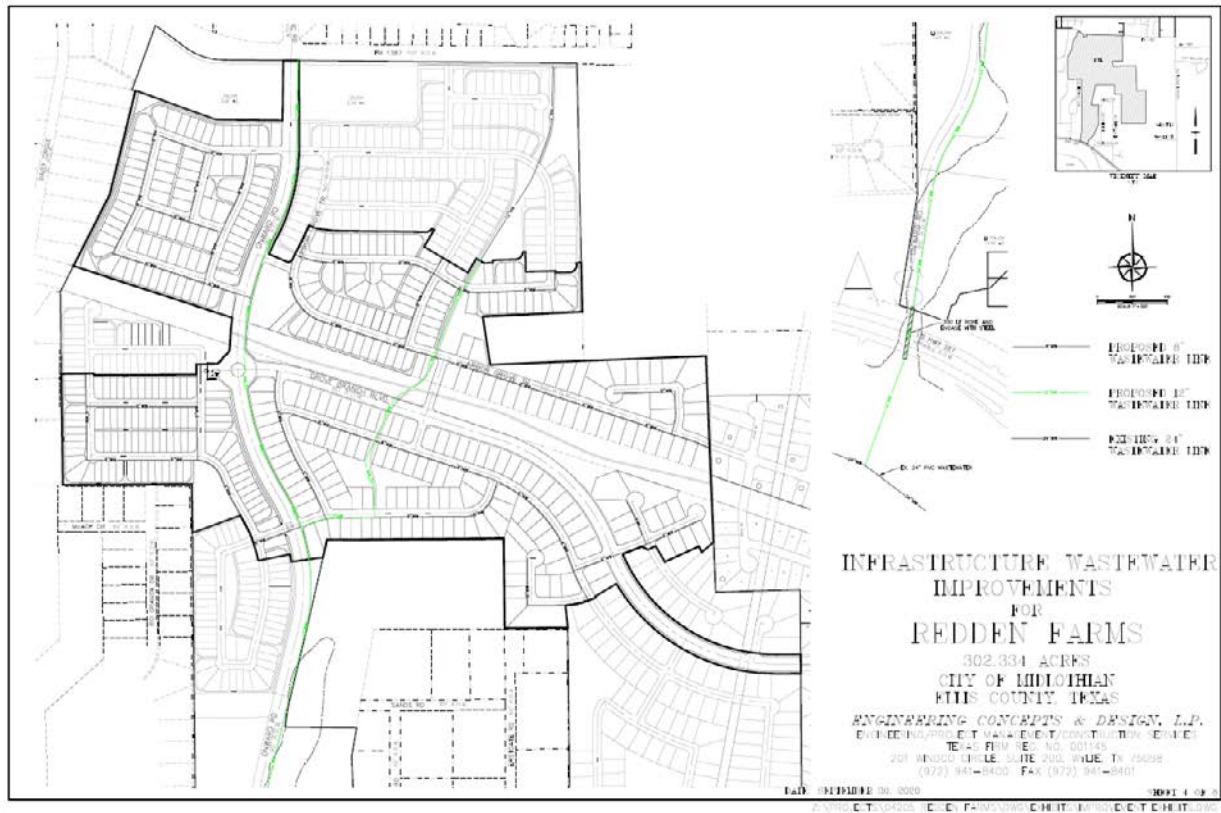
Storm Drainage



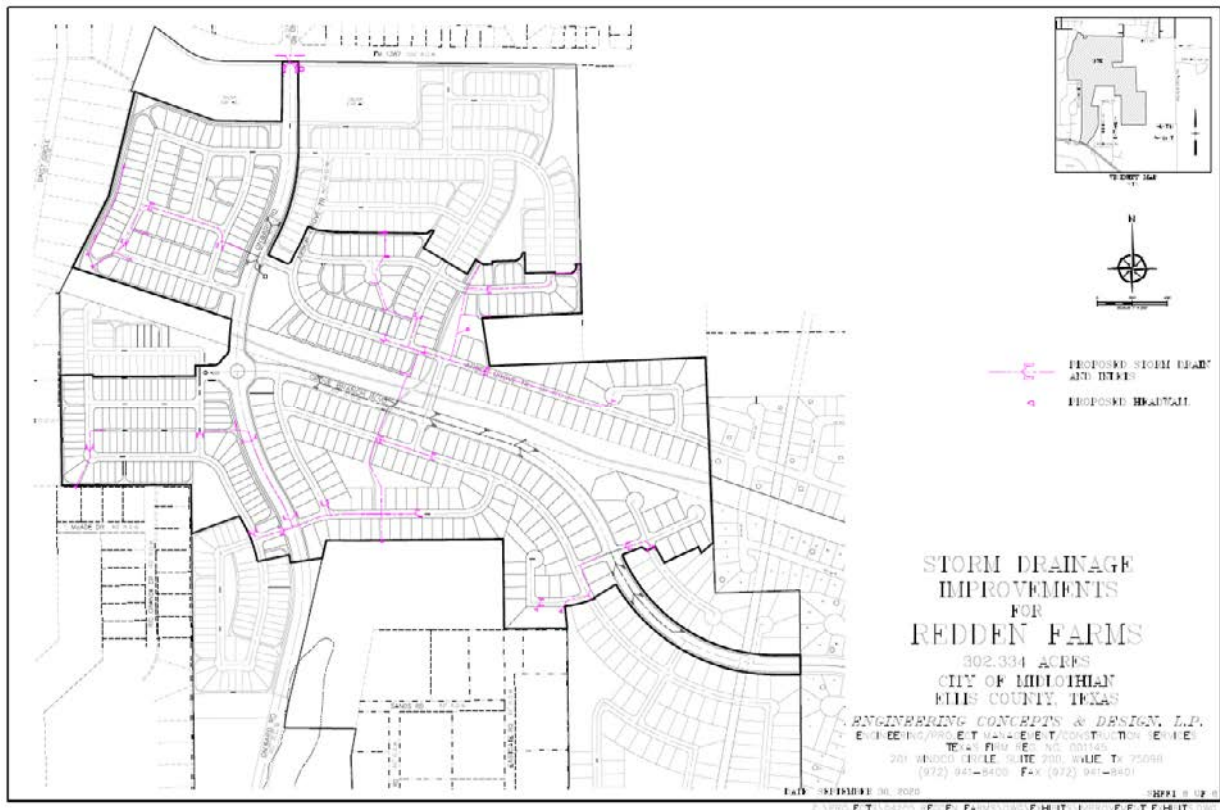
Improvement Area Exhibits - Major Improvement Area

Paving



Wastewater Improvements

Storm Drainage Improvements



Allocation of Authorized Improvements

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. All Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B**.

A. Major Improvements

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, signage and striping, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the District.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances to provide storm drainage for all Lots within the District.

- *Soft Costs*

Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, contingency, District Formation Costs.

B. Improvement Area #1 Improvements

- *Street*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage and striping, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within Improvement Area #1.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, manholes, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and necessary to provide storm drainage for all Lots within Improvement Area #1.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City fees, inspection fees, engineering, material testing, survey, construction management, and contingency.

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest under an applicable Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds, including a fee for underwriter's counsel.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including, but not limited to, issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

Midlothian - Redden Farms
Exhibit B - Authorized Improvements

	Total	Privately Funded	Impact Fees	Improvement Area #1		Major Improvement Area	
				% ¹	Cost	% ¹	Cost
<i>Major Improvements</i>							
Streets	\$ 1,739,775	\$ -	\$ -	53.40%	\$ 929,110	46.60%	\$ 810,664
Water	1,147,725	-	139,291	53.40%	538,545	46.60%	469,889
Sanitary Sewer	1,049,055	-	52,923	53.40%	531,975	46.60%	464,157
Drainage	986,724	-	-	53.40%	526,951	46.60%	459,773
Soft Costs ²	1,162,996	-	45,405	53.40%	596,839	46.60%	520,752
	<u>\$ 6,086,274</u>	<u>\$ -</u>	<u>\$ 237,619</u>		<u>\$ 3,123,419</u>		<u>\$ 2,725,236</u>
<i>Improvement Area #1 Improvements</i>							
Streets	\$ 4,170,821	\$ -	\$ -	100.00%	\$ 4,170,821	0.00%	\$ -
Water	1,027,700	-	-	100.00%	1,027,700	0.00%	-
Sanitary Sewer	1,228,000	-	-	100.00%	1,228,000	0.00%	-
Drainage	1,714,557	-	-	100.00%	1,714,557	0.00%	-
Soft Costs ²	2,526,297	-	-	100.00%	2,526,297	0.00%	-
	<u>\$ 10,667,375</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 10,667,375</u>		<u>\$ -</u>
<i>Private Improvements³</i>							
Streets	\$ 833,013	\$ 833,013	\$ -	0.00%	\$ -	0.00%	\$ -
Retaining Walls	206,250	206,250	-	0.00%	-	0.00%	-
Landscape/Screening/Planting	1,413,293	1,413,293	-	0.00%	-	0.00%	-
Amenity Center	1,865,311	1,865,311	-	0.00%	-	0.00%	-
	<u>\$ 4,317,867</u>	<u>\$ 4,317,867</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs</i>							
Reserve Fund	\$ 893,050				\$ 621,150		\$ 271,900
Capitalized Interest	876,450				457,900		418,550
Underwriter's Discount	403,350				289,200		114,150
Cost of Issuance	873,925				626,600		247,325
	<u>\$ 3,046,775</u>				<u>\$ 1,994,850</u>		<u>\$ 1,051,925</u>
<i>Other Costs</i>							
Initial Administrative Fund Deposit	\$ 60,000				\$ 30,000		\$ 30,000
	<u>\$ 60,000</u>				<u>\$ 30,000</u>		<u>\$ 30,000</u>
Total	\$ 24,178,291	\$ 4,317,867	\$ 237,619		\$ 15,815,644		\$ 3,807,161

Notes:

¹ The costs of the Major Improvements is allocated between Improvement Area #1 and the Major Improvement Area based on Estimated Buildout Value. The Estimated Buildout Value of the whole District is \$259,315,000. The Estimated Buildout Value of Improvement Area #1 is \$137,205,000, therefore Improvement Area #1 is allocated 52.91% (137,205,000/259,315,000) of the costs of the Major Improvements. The Estimated Buildout Value of the Major Improvement Area is \$122,110,000, therefore the Major Improvement Area is allocated 47.09% (122,110,000/259,315,000) of the costs of the Major Improvements.

² Soft Costs include miscellaneous, contingency, engineering/surveying, material testing, City inspection fees, construction staking, and District Formation Costs.

³ Improvements within a private gated community within the District, not open to the public. Costs associated with private improvements necessary to complete the development are not reimbursable to the Owner.

Real Estate Taxes

Real estate tax assessments are administered by the Ellis Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value (certified in July) for a property by \$100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout the state, in addition to one or more local taxing district rates. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2020								
Tax ID	Total Acres	Assessed Value			Tax Rate	Taxes and Assessments		
		Land	Improvements	Total		Ad Valorem Taxes	Assessment with Ag. Exemption	Taxes with Ag. Exemption
227463	302.334	\$3,556,950	\$111,490	\$3,668,440	2.405076%	\$88,229	\$148,350	\$3,568

The assessed value as vacant land is irrelevant as the estimated taxes for the subject's proposed lots will be based upon our market value opinions within the discounted cash flow statements within this report.

Based on the concluded market value of the subject, the assessed value appears low.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible
- Legally permissible under the zoning regulations and other restrictions that apply to the site
- Financially feasible
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses

Highest and Best Use As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned PD-107, Planned Development District by the city of Midlothian, Texas as well as a Development Agreement with the city. Permitted uses include a combination of single-family residential, general professional, community retail, and light industrial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

Development of the site, as proposed, with single-family uses is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property, as proposed.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized
Development Approach	Applicable	Utilized

Sales Comparison Approach

To develop an opinion of the subject's lot values within Neighborhood Improvement Area #1, as if vacant and available to be developed to its highest and best use, we utilize the Sales Comparison Approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to the four lot types being 40-feet, 50-feet, 60-feet, and 70-feet in lot width.

The Sales Comparison Approach will be utilized to determine lot values for the individual lot which are summarized as follows:

Land Parcels

Name	SF	Acres	Unit of Units Comparison
Developed 40' Lots	4,800	0.11	40 Front Feet
Developed 50' Lots	6,000	0.14	50 Front Feet
Developed 60' Lots	7,500	0.17	60 Front Feet
Developed 70' Lots	9,100	0.21	70 Front Feet

Developed 40' Lots (40' x 120'; 4,800 SF)

To apply the sales comparison approach to the Developed 40' Lots, we searched for sale transactions within the following parameters:

- Location: Ellis County, Texas
- Size: 35' – 60' Frontage lots
- Use: Single-family residential
- Transaction Date: January 2020 to present

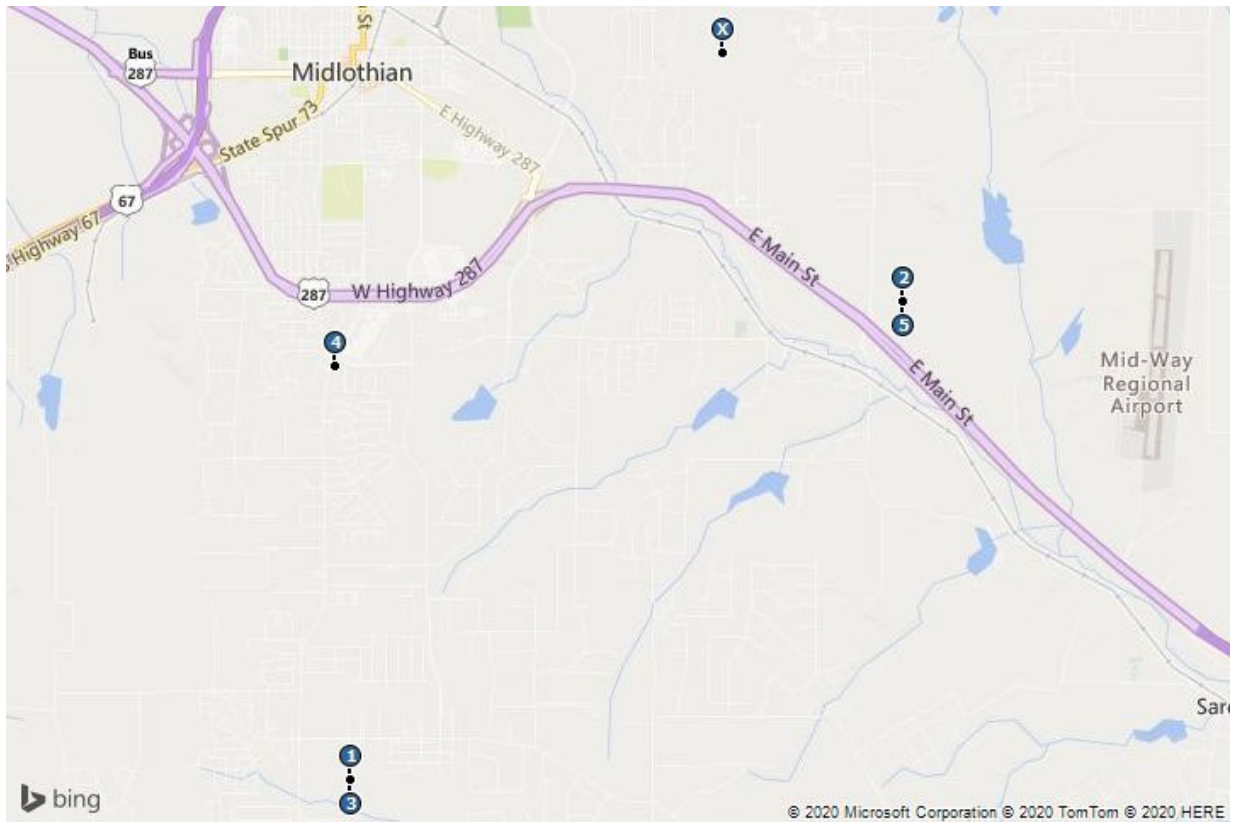
After an extensive search within these parameters, although there are several developments planned with 40' lots, no lot sales were found. Therefore, we expanded our search to include 50' – 60' frontage lots.

For this analysis, we use price per front footage as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Developed 40' Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage/Lot Dimension	Zoning	\$/Front Footage	\$/SF Land
1	Coventry Crossing, Phase 2 - 50' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX	Nov-20 Closed	\$51,250	6,250 0.14	50 50' x 125'	Planned Development - 44	\$1,025	\$8.20
<i>Comments: This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.</i>								
2	Bridgewater (Proposed) - 50' Lots Northeast quadrant of US-287 and Walnut Grove Road Midlothian Ellis County TX	Jul-22 In-Contract	\$66,250	6,000 0.14	50 50' x 120'	Planned Development	\$1,325	\$11.04
<i>Comments: This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.</i>								
3	Coventry Crossing, Phase 2 - 60' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX	Aug-20 Closed	\$61,200	7,500 0.17	60 60' x 125'	Planned Development - 44	\$1,020	\$8.16
<i>Comments: Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.</i>								
4	Hawkins Meadows, Phase 1 - 60' Lots Southeast quadrant of FM-663 and Autumn Run Drive Midlothian Ellis County TX	Jan-20 Closed	\$63,600	7,500 0.17	60 60' x 125'	Planned Development - 68	\$1,060	\$8.48
<i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.</i>								
5	Bridgewater (Proposed) - 60' Lots Northeast quadrant of US-287 and Walnut Grove Road Midlothian Ellis County TX	Jul-22 In-Contract	\$78,000	7,200 0.17	60 60' x 120'	Planned Development	\$1,300	\$10.83
<i>Comments: This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.</i>								
Subject				4,800	40	Planned Development		
Redden Farms Public Improvement District Midlothian, TX				0.11	40' x 120'			

Comparable Land Sales Map – Developed 40' Lots





Sale 1
Coventry Crossing, Phase 2 - 50' Lots



Sale 2
Bridgewater (Proposed) - 50' Lots



Sale 3
Coventry Crossing, Phase 2 - 60' Lots



Sale 4
Hawkins Meadows, Phase 1 - 60' Lots



Sale 5
Bridgewater (Proposed) - 60' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments warranted.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
*Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 6% annual appreciation was applied to each sale for improving economic conditions.
Location	Market or submarket area influences on sale price; surrounding land use influences.	No adjustments warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments warranted.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments warranted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments warranted.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	No adjustments warranted.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	No adjustments warranted.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Developed 40' Lots						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Redden Farms Public Improvement District	Coventry Crossing, Phase 2 - 50' Lots	Bridgewater (Proposed) - 50' Lots	Coventry Crossing, Phase 2 - 60' Lots	Hawkins Meadows, Phase 1 60' Lots	Bridgewater (Proposed) - 60' Lots
Address	South side of FM-1387, west of S. Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Northeast quadrant of US-287 and Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Southeast quadrant of FM-663 and Autumn Run Drive	Northeast quadrant of US-287 and Walnut Grove Road
City	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian
County	Ellis	Ellis	Ellis	Ellis	Ellis	Ellis
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Sale Status		Closed	In-Contract	Closed	Closed	In-Contract
Sale Price		\$51,250	\$66,250	\$61,200	\$63,600	\$78,000
Square Feet	4,800	6,250	6,000	7,500	7,500	7,200
Acres	0.11	0.14	0.14	0.17	0.17	0.17
Number of front footages	40	50	50	60	60	60
Price per front footage		\$1,025	\$1,325	\$1,020	\$1,060	\$1,300
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	12/1/2021	Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Annual % Adjustment	6%	6%	—	8%	11%	—
Cumulative Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Location		—	—	—	—	—
Access/Exposure		—	—	—	—	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Entitlements		—	—	—	—	—
Net \$ Adjustment		\$0	\$0	\$0	\$0	\$0
Net % Adjustment		0%	0%	0%	0%	0%
Final Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Overall Adjustment		6%	0%	8%	11%	0%
Range of Adjusted Prices		\$1,087 - \$1,325				
Average		\$1,198				
Indicated Value		\$1,200				

Land Value Conclusion – Developed 40' Lots

Prior to adjustments, the sales reflect a range of \$1,020 - \$1,325 per front footage. After adjustment, the range is narrowed to \$1,087 - \$1,325 per front footage, with an average of \$1,198 per front footage. To arrive at an indication of value, we place equal emphasis on all of the sales.

Based upon the preceding analysis, we reach a retail value per 40' lot conclusion as follows:

Land Value Conclusion

Developed 40' Lots

Indicated Value per front footage	\$1,200
Subject front footages	<u>40</u>
Indicated Value	\$48,000

Developed 50' Lots (50' x 120'; 6,000 SF)

To apply the sales comparison approach to the Developed 50' Lots, we searched for sale transactions within the following parameters:

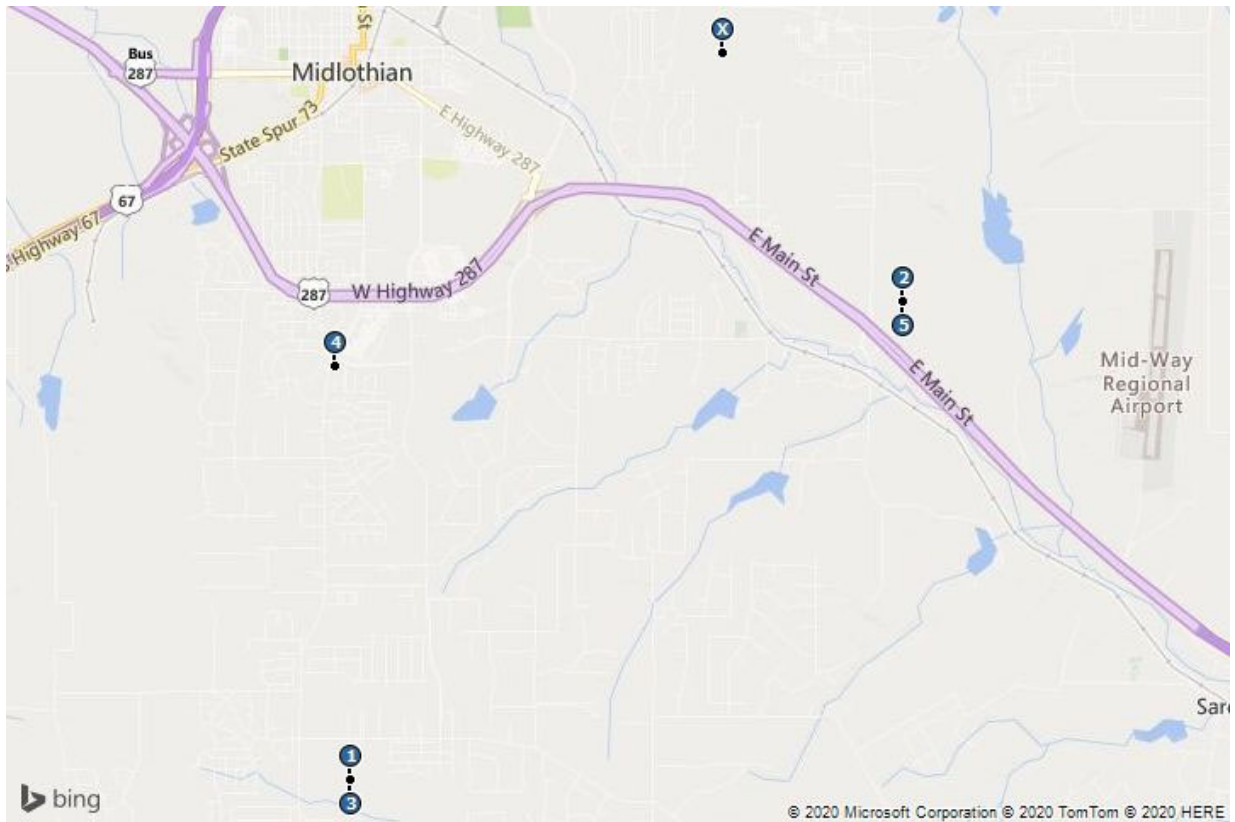
- Location: Ellis County, Texas
- Size: 50' – 60' Frontage lots
- Use: Single-family residential
- Transaction Date: January 2020 to present

For this analysis, we use price per front foot as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Lot Sales - Developed 50' Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage/Lot Dimension	Zoning	\$/Front Foot	\$/SF Land
1	Coventry Crossing, Phase 2 - 50' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX <i>Comments: This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.</i>	Nov-20 Closed	\$51,250	6,250 0.14	50 50' x 125'	Planned Development - 44	\$1,025	\$8.20
2	Bridgewater (Proposed) - 50' Lots Northeast quadrant of US-287 and Walnut Grove Road Midlothian Ellis County TX <i>Comments: This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.</i>	Jul-22 In-Contract	\$66,250	6,000 0.14	50 50' x 120'	Planned Development	\$1,325	\$11.04
3	Coventry Crossing, Phase 2 - 60' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX <i>Comments: Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.</i>	Aug-20 Closed	\$61,200	7,500 0.17	60 60' x 125'	Planned Development - 44	\$1,020	\$8.16
4	Hawkins Meadows, Phase 1 - 60' Lots Southeast quadrant of FM-663 and Autumn Run Drive Midlothian Ellis County TX <i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.</i>	Jan-20 Closed	\$63,600	7,500 0.17	60 60' x 125'	Planned Development - 68	\$1,060	\$8.48
5	Bridgewater (Proposed) - 60' Lots Northeast quadrant of US-287 and Walnut Midlothian Ellis County TX <i>Comments: This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.</i>	Jul-22 In-Contract	\$78,000	7,200 0.17	60 60' x 120'	Planned Development	\$1,300	\$10.83
Subject				6,000	50	Planned		
Redden Farms Public Improvement				0.14	50' x 120'	Development		
Midlothian, TX								

Comparable Land Sales Map – Developed 50' Lots





Sale 1
Coventry Crossing, Phase 2 - 50' Lots



Sale 2
Bridgewater (Proposed) - 50' Lots



Sale 3
Coventry Crossing, Phase 2 - 60' Lots



Sale 4
Hawkins Meadows, Phase 1 - 60' Lots



Sale 5
Bridgewater (Proposed) - 60' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments warranted.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 6% annual appreciation was applied to each sale for improving economic conditions.
Location	Market or submarket area influences on sale price; surrounding land use influences.	No adjustments warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments warranted.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments warranted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments warranted.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	No adjustments warranted.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	No adjustments warranted.

The following table summarizes the adjustments we make to each sale.

Lot Sales Adjustment Grid - Developed 50' Lots						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Redden Farms Public Improvement District	Coventry Crossing, Phase 2 - 50' Lots	Bridgewater (Proposed) - 50' Lots	Coventry Crossing, Phase 2 - 60' Lots	Hawkins Meadows, Phase 1 - 60' Lots	Bridgewater (Proposed) - 60' Lots
Address	South side of FM-1387, west of S. Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Northeast quadrant of US-287 and Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Southeast quadrant of FM-663 and Autumn Run Drive	Northeast quadrant of US-287 and Walnut Grove Road
City	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian
County	Ellis	Ellis	Ellis	Ellis	Ellis	Ellis
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Sale Status		Closed	In-Contract	Closed	Closed	In-Contract
Sale Price		\$51,250	\$66,250	\$61,200	\$63,600	\$78,000
Square Feet	6,000	6,250	6,000	7,500	7,500	7,200
Acres	0.14	0.14	0.14	0.17	0.17	0.17
Front Foot	50	50	50	60	60	60
Price per Front Foot		\$1,025	\$1,325	\$1,020	\$1,060	\$1,300
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	12/1/2021	Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Annual % Adjustment	6%	6%	—	8%	11%	—
Cumulative Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Location		—	—	—	—	—
Access/Exposure		—	—	—	—	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Entitlements		—	—	—	—	—
Net \$ Adjustment		\$0	\$0	\$0	\$0	\$0
Net % Adjustment		0%	0%	0%	0%	0%
Final Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Overall Adjustment		6%	0%	8%	11%	0%
Range of Adjusted Prices		\$1,087 - \$1,325				
Average		\$1,198				
Indicated Value		\$1,200				

Land Value Conclusion – Developed 50' Lots

Prior to adjustments, the sales reflect a range of \$1,020 - \$1,325 per front foot. After adjustment, the range is narrowed to \$1,087 - \$1,325 per front foot, with an average of \$1,198 per front foot. To arrive at an indication of value, we place equal emphasis on all of the sales.

Based upon the above, we reach a retail value per 50' lot conclusion as follows:

Lot Value Conclusion

Indicated Value per Front Foot	\$1,200
Lot Frontage	<u>50</u>
Indicated Value	<u>\$60,000</u>

Developed 60' Lots (60' x 125'; 7,500 SF)

To apply the sales comparison approach to the Developed 60' Lots, we searched for sale transactions within the following parameters:

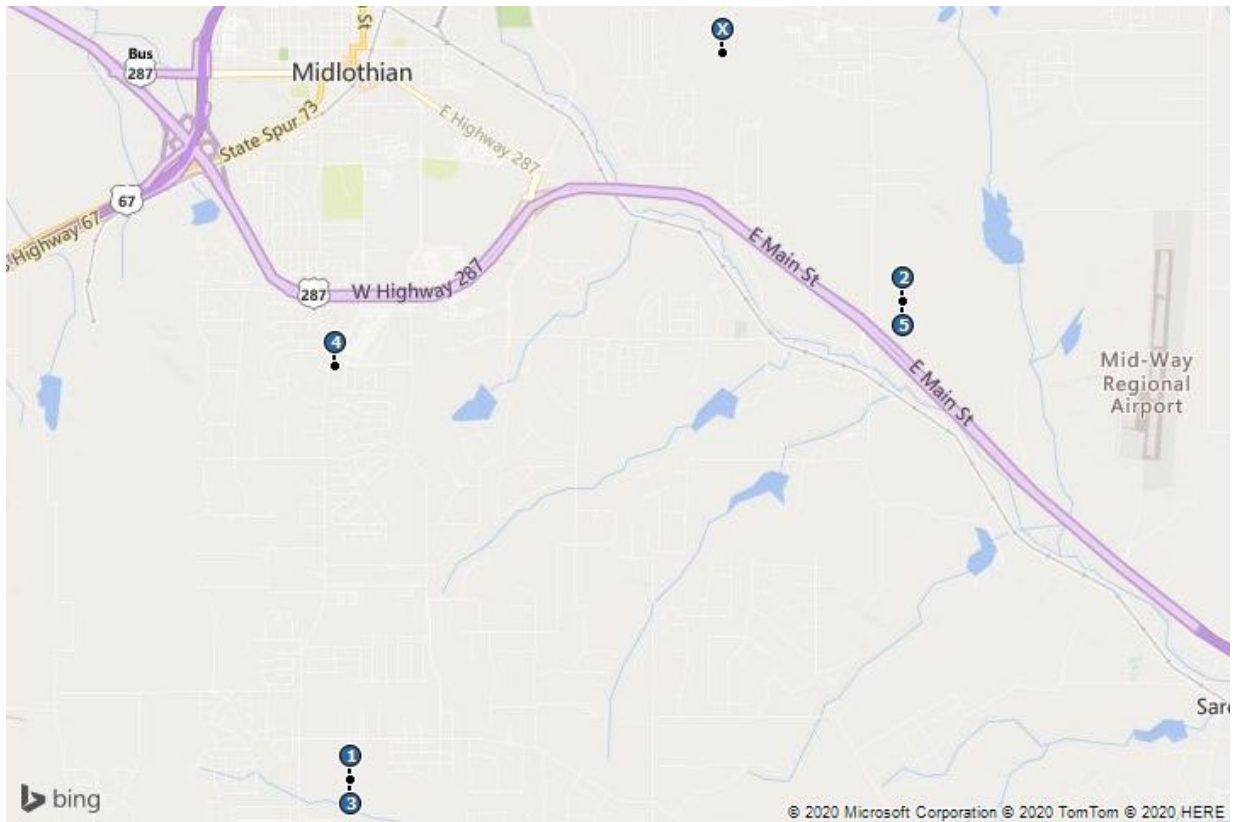
- Location: Ellis County, Texas
- Size: 50' – 60' Frontage lots
- Use: Single-family residential
- Transaction Date: January 2020 to present

For this analysis, we use price per front foot as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Lot Sales - Developed 60' Lots

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage/Lot Dimension	Zoning	\$/Front Foot	\$/SF Land
1	Coventry Crossing, Phase 2 - 50' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX <i>Comments: This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.</i>	Nov-20 Closed	\$51,250	6,250 0.14	50 50' x 125'	Planned Development - 44	\$1,025	\$8.20
2	Bridgewater (Proposed) - 50' Lots Northeast quadrant of US-287 and Walnut Grove Road Midlothian Ellis County TX <i>Comments: This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.</i>	Jul-22 In-Contract	\$66,250	6,000 0.14	50 50' x 120'	Planned Development	\$1,325	\$11.04
3	Coventry Crossing, Phase 2 - 60' Lots Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX <i>Comments: Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.</i>	Aug-20 Closed	\$61,200	7,500 0.17	60 60' x 125'	Planned Development - 44	\$1,020	\$8.16
4	Hawkins Meadows, Phase 1 - 60' Lots Southeast quadrant of FM-663 and Autumn Run Drive Midlothian Ellis County TX <i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.</i>	Jan-20 Closed	\$63,600	7,500 0.17	60 60' x 125'	Planned Development - 68	\$1,060	\$8.48
5	Bridgewater (Proposed) - 60' Lots Northeast quadrant of US-287 and Midlothian Ellis County TX <i>Comments: This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.</i>	Jul-22 In-Contract	\$78,000	7,200 0.17	60 60' x 120'	Planned Development	\$1,300	\$10.83
Subject				7,500	60	Planned		
Redden Farms Public Improvement Midlothian, TX				0.17	60' x 125'	Development		

Comparable Land Sales Map – Developed 60' Lots





Sale 1
Coventry Crossing, Phase 2 - 50' Lots



Sale 2
Bridgewater (Proposed) - 50' Lots



Sale 3
Coventry Crossing, Phase 2 - 60' Lots



Sale 4
Hawkins Meadows, Phase 1 - 60' Lots



Sale 5
Bridgewater (Proposed) - 60' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments warranted.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 6% annual appreciation was applied to each sale for improving economic conditions.
Location	Market or submarket area influences on sale price; surrounding land use influences.	No adjustments warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments warranted.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments warranted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments warranted.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	No adjustments warranted.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	No adjustments warranted.

The following table summarizes the adjustments we make to each sale.

Lot Sales Adjustment Grid - Developed 60' Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Redden Farms Public Improvement District	Coventry Crossing, Phase 2 - 50' Lots	Bridgewater (Proposed) - 50' Lots	Coventry Crossing, Phase 2 - 60' Lots	Hawkins Meadows, Phase 1 60' Lots	Bridgewater (Proposed) - 60' Lots
Address	South side of FM-1387, west of S. Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Northeast quadrant of US-287 and Walnut Grove Road	Southeast quadrant of FM-663 and McAlpin Road	Southeast quadrant of FM-663 and Autumn Run Drive	Northeast quadrant of US-287 and Walnut Grove Road
City	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian
County	Ellis	Ellis	Ellis	Ellis	Ellis	Ellis
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Sale Status		Closed	In-Contract	Closed	Closed	In-Contract
Sale Price		\$51,250	\$66,250	\$61,200	\$63,600	\$78,000
Price Adjustment		—	—	—	—	—
Description of Adjustment						
Effective Sale Price		\$51,250	\$66,250	\$61,200	\$63,600	\$78,000
Square Feet	7,500	6,250	6,000	7,500	7,500	7,200
Acres	0.17	0.14	0.14	0.17	0.17	0.17
Front Foot	60	50	50	60	60	60
Price per Front Foot		\$1,025	\$1,325	\$1,020	\$1,060	\$1,300
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	12/1/2021	Nov-20	Jul-22	Aug-20	Jan-20	Jul-22
Annual % Adjustment	6%	6%	—	8%	11%	—
Cumulative Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Location		—	—	—	—	—
Access/Exposure		—	—	—	—	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Entitlements		—	—	—	—	—
Net \$ Adjustment		\$0	\$0	\$0	\$0	\$0
Net % Adjustment		0%	0%	0%	0%	0%
Final Adjusted Price		\$1,087	\$1,325	\$1,102	\$1,177	\$1,300
Overall Adjustment		6%	0%	8%	11%	0%
Range of Adjusted Prices		\$1,087 - \$1,325				
Average		\$1,198				
Indicated Value		\$1,200				

Land Value Conclusion – Developed 60' Lots

Prior to adjustments, the sales reflect a range of \$1,020 - \$1,325 per front foot. After adjustment, the range is narrowed to \$1,087 - \$1,325 per front foot, with an average of \$1,198 per front foot. To arrive at an indication of value, we place equal emphasis on all of the sales.

Based upon the above, we reach a retail value per 60' lot conclusion as follows:

Lot Value Conclusion

Indicated Value per Front Foot	\$1,200
Lot Frontage	<u>60</u>
Indicated Value	<u>\$72,000</u>

Developed 70' Lots (70' x 130'; 9,100 SF)

To apply the sales comparison approach to the Developed 70' Lots, we searched for sale transactions within the following parameters:

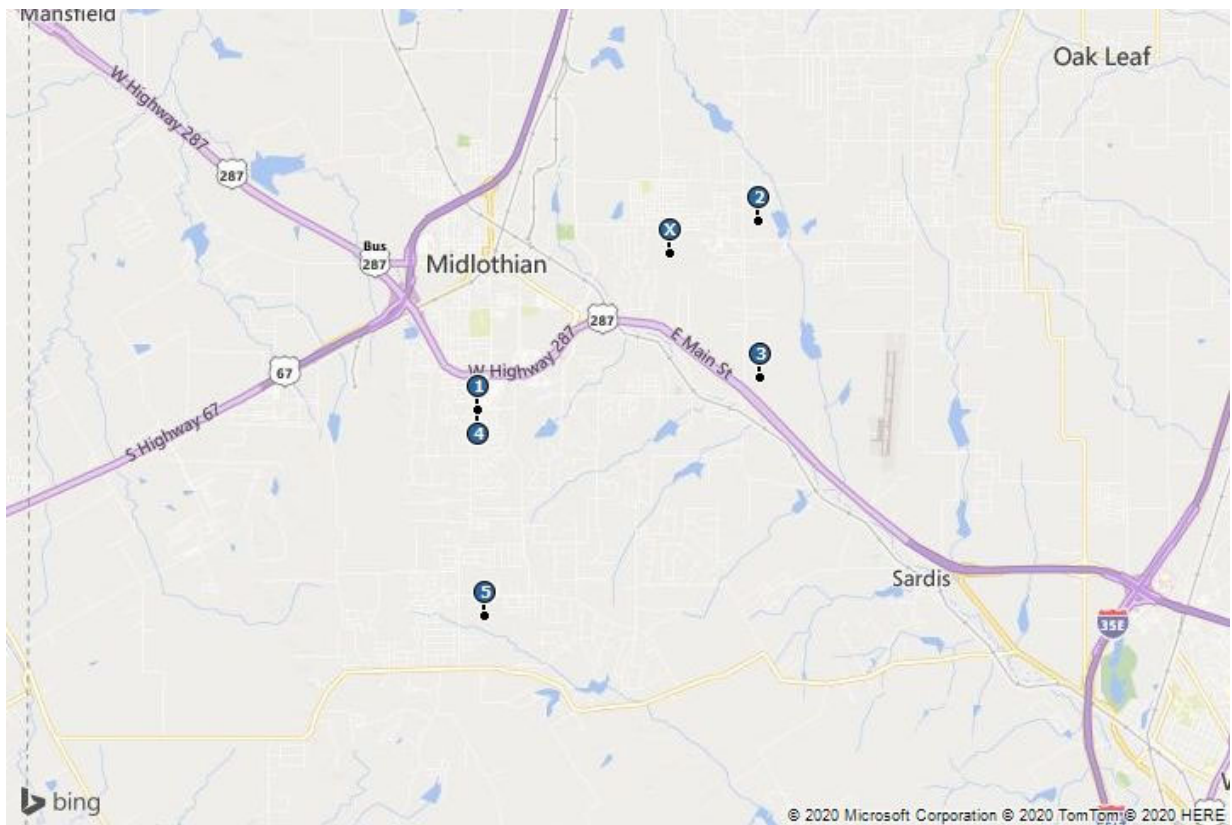
- Location: Ellis County, Texas
- Size: 60' – 75' Frontage lots
- Use: Single-family residential
- Transaction Date: January 2019 to present

For this analysis, we use price per front foot as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Lot Sales - Developed 70' Lots

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage/Lot Dimension	Zoning	\$/Front Foot	\$/SF Land
1	Hawkins Meadows, Phase 1 - 70' Southeast quadrant of FM-663 and Autumn Run Drive Midlothian Ellis County TX <i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$300,000 to \$360,000.</i>	Jan-20 Closed	\$74,200	8,400 0.19	70 70' x 120'	Planned Development - 68	\$1,060	\$8.83
2	Massey Meadows - 70' Lots Northeast quadrant of Walnut Grove Road and FM-1387 Midlothian Ellis County TX <i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$300,000 to \$438,000.</i>	Jul-19 Closed	\$70,000	8,400 0.19	70 70' x 120'	Planned Development - 98	\$1,000	\$8.33
3	Bridgewater (Proposed) - 70' Lots Northeast quadrant of US-287 and Walnut Grove Road Midlothian Ellis County TX <i>Comments: This is a proposed master-planned development with substantial completion by Third Quarter 2022. All lots will be located in the Midlothian ISD. Home prices are projected to range from \$350,000 to \$437,500.</i>	Jul-22 In-Contract	\$87,500	8,400 0.19	70 70' x 120'	Planned Development	\$1,250	\$10.42
4	Hawkins Meadows, Phase 1 - 60' Southeast quadrant of FM-663 and Autumn Run Drive Midlothian Ellis County TX <i>Comments: Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.</i>	Jan-20 Closed	\$63,600	7,500 0.17	60 60' x 125'	Planned Development - 68	\$1,060	\$8.48
5	Coventry Crossing, Phase 2 - 60' Southeast quadrant of FM-663 and McAlpin Road Midlothian Ellis County TX <i>Comments: Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.</i>	Aug-20 Closed	\$61,200	7,500 0.17	60 60' x 125'	Planned Development - 44	\$1,020	\$8.16
Subject				9,100	70	Planned		
Redden Farms Public				0.21	70' x 130'	Development		
Midlothian, TX								

Comparable Land Sales Map – Developed 70' Lots





Sale 1
Hawkins Meadows, Phase 1 - 70' Lots



Sale 2
Massey Meadows - 70' Lots



Sale 3
Bridgewater (Proposed) - 70' Lots



Sale 4
Hawkins Meadows, Phase 1 - 60' Lots



Sale 5
Coventry Crossing, Phase 2 - 60' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments warranted.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 6% annual appreciation was applied to each sale for improving economic conditions.
Location	Market or submarket area influences on sale price; surrounding land use influences.	No adjustments warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments warranted.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments warranted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments warranted.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	No adjustments warranted.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	No adjustments warranted.

The following table summarizes the adjustments we make to each sale.

Lot Sales Adjustment Grid - Developed 70' Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Redden Farms Public Improvement District	Hawkins Meadows, Phase 1 70' Lots	Massey Meadows - 70' Lots	Bridgewater (Proposed) - 70' Lots	Hawkins Meadows, Phase 1 60' Lots	Coventry Crossing, Phase 2 - 60' Lots
Address	South side of FM-1387, west of S. Walnut Grove Road	Southeast quadrant of FM-663 and Autumn Run Drive	Northeast quadrant of Walnut Grove Road and FM-1387	Northeast quadrant of US-287 and Walnut Grove Road	Southeast quadrant of FM-663 and Autumn Run Drive	Southeast quadrant of FM-663 and McAlpin Road
City	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian	Midlothian
County	Ellis	Ellis	Ellis	Ellis	Ellis	Ellis
State	Texas	TX	TX	TX	TX	TX
Sale Date		Jan-20	Jul-19	Jul-22	Jan-20	Aug-20
Sale Status		Closed	Closed	In-Contract	Closed	Closed
Sale Price		\$74,200	\$70,000	\$87,500	\$63,600	\$61,200
Price Adjustment		—	—	—	—	—
Description of Adjustment						
Effective Sale Price		\$74,200	\$70,000	\$87,500	\$63,600	\$61,200
Square Feet	9,100	8,400	8,400	8,400	7,500	7,500
Acres	0.21	0.19	0.19	0.19	0.17	0.17
Front Foot	70	70	70	70	60	60
Price per Front Foot		\$1,060	\$1,000	\$1,250	\$1,060	\$1,020
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	12/1/2021	Jan-20	Jul-19	Jul-22	Jan-20	Aug-20
Annual % Adjustment	6%	11%	14%	—	11%	8%
Cumulative Adjusted Price		\$1,177	\$1,140	\$1,250	\$1,177	\$1,102
Location		—	—	—	—	—
Access/Exposure		—	—	—	—	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Entitlements		—	—	—	—	—
Net \$ Adjustment		\$0	\$0	\$0	\$0	\$0
Net % Adjustment		0%	0%	0%	0%	0%
Final Adjusted Price		\$1,177	\$1,140	\$1,250	\$1,177	\$1,102
Overall Adjustment		11%	14%	0%	11%	8%
Range of Adjusted Prices		\$1,102 - \$1,250				
Average		\$1,169				
Indicated Value		\$1,150				

Land Value Conclusion – Developed 70' Lots

Prior to adjustments, the sales reflect a range of \$1,000 - \$1,250 per front foot. After adjustment, the range is narrowed to \$1,102 - \$1,250 per front foot, with an average of \$1,169 per front foot. To arrive at an indication of value, we place equal emphasis on all of the sales.

Based upon the above, we reach a retail value per 70' lot conclusion as follows:

Lot Value Conclusion

Indicated Value per Front Foot	\$1,150
Lot Frontage	<u>70</u>
Indicated Value	\$80,500

Cumulative Retail Value Summary

NIA#1 - Phase 1A

The cumulative retail lot value for Redden Farms, Phase 1A is \$15,196,000 or an overall average retail value/lot of \$60,784.

Cumulative Retail Lot Value Calculation - Redden Farms, Phase 1A (12/1/2021)

Total Lots	Typical Lot Dimensions	Average Price/Lot	Price/FF	Total Cumulative Retail Value
90	40' x 120'	\$48,000	\$1,200	\$4,320,000
82	50' x 120'	\$60,000	\$1,200	\$4,920,000
38	60' x 125'	\$72,000	\$1,200	\$2,736,000
40	70' x 130'	\$80,500	\$1,150	\$3,220,000
250		\$60,784		\$15,196,000

NIA#1 – Phase 1B

The cumulative retail lot value for Redden Farms, Phase 1B is \$12,586,440 or an overall average retail value/lot of \$71,514.

Cumulative Retail Lot Value Calculation - Redden Farms, Phase 1B (12/1/2022)

Total Lots	Typical Lot Dimensions	Average Price/Lot	Price/FF	Total Cumulative Retail Value
92	50' x 120'	\$63,600	\$1,272	\$5,851,200
48	60' x 125'	\$76,320	\$1,272	\$3,663,360
36	70' x 130'	\$85,330	\$1,219	\$3,071,880
176		\$71,514		\$12,586,440

Summary of Net/Gross Value Conclusion

The preceding value was based on a retail sale of small batches of lots (less than 20 lots at a time). However, frequently entire subdivisions are sold to builders, or other investors, at a discount. These builders will then warehouse the land themselves, or the investors will resell the lots to builders over a longer-term takedown schedule. Thus, to determine the appropriate discount for the subject, we have assembled a number of bulk sales of other developed subdivision lots located throughout North Texas. The comparables presented represent the bulk sale of developed lots to homebuilders and/or investors. As shown below, the discount for the sales presented ranged from 3.9% to 64.2% of the retail value from 2010 through First Quarter 2020. Since late 2012, the discounts for bulk lot sales appear to be decreasing in many submarket areas as the economy recovers. As such, comparable bulk sales are limited in all submarkets in the Dallas /Fort Worth area indicating a strengthening economy and builders willing to pay retail lot prices.

Thus, when consideration is given to the subject's projected marketing periods for Phase 1A and 1B within the Redden Farms PID, the following net to gross sales price ratios (average bulk sale value per lot/average retail sales price per lot) are deemed appropriate for the subject:

NIA#1 – Phase 1A

40' Lots (22.5± months) – 85%

50' Lots (16.4± months) – 88%

60' Lots (12.7± months) – 90%

70' Lots (13.3± months) – 90%

NIA#1 – Phase 1B

50' Lots (18.4± months) – 85%

60' Lots (16.0± months) – 90%

70' Lots (12.0± months) – 90%

Additional Fee Reimbursements totaling \$2,750/lot for the costs for a portion of the private amenities in the community (clubhouse, pool, trails, playgrounds etc.) at \$1,500/lot, retaining walls at \$1,000/lot, and mailbox at \$250/lot will be applied to the total market value.

Our bulk sale comparables from 2010 - 2020 are listed in the following summary table.

Bulk Lot Sale Summary							
Subdivision	Date of Sale	Total Lots	Lot Dimensions	Total SF	Bulk Price/Lot	Retail Price/Lot	N/G Ratio
Austin Ridge Frisco	Apr-10	192	55' x 115' 80' x 125'	6,325 10,000	\$46,700	\$62,500	74.7%
Chase Oaks Village (TH) Plano	Jul-10	92	25' x 100'	2,500	\$18,587	\$30,000	62.0%
Stone River Estates Royse City	Dec-10	69	65' x 125' 75' x 125'	8,125 9,375	\$11,594	\$25,000	46.4%
Myers Meadows Garland	Sep-10	35	65' x 120'	7,800	\$35,000	\$62,000	56.5%
Founders Addition Kaufman County	Jun-11	38	150' x 320'	48,000	\$20,000	\$40,000	50.0%
Williamsburg Fate	Nov-11	75	50' x 115'	5,750	\$30,000	\$32,500	92.3%
Hidden Creek, Ph. 1 Royse City	Mar-12	26	70' x 105' 80' x 105'	7,350 8,400	\$19,000	\$30,141	63.0%
Woodland Creek Royse City	Jul-12	68	60' x 120'	7,200	\$17,000	\$25,000	68.0%
Ovilla Parc Ovilla	Dec-12	50	100' x 200'	20,000	\$43,200	\$50,000	86.4%
Mission Ridge Estates Fort Worth	Jun-12	20	50' x 120'	6,000	\$12,000	\$20,000	60.0%
Hunters Field Fort Worth	Jun-12	78	50' x 120'	6,000	\$15,120	\$20,000	75.6%
Deer Meadows Fort Worth	Jun-12	75	50' x 120'	6,000	\$20,000	\$25,500	78.4%
Prestwyck McKinney	Jan-13	90	50'/60' x 110' 50'/60' x 120'	5,500-6,600 6,000-7,200	\$53,000 \$53,000	\$62,500 \$67,500	84.8% 78.5%
Pecan Ridge Estates McKinney	Feb-13	80	50' x 120'	6,000	\$40,000	\$50,000	80.0%
Verandah Royse City ETJ	Feb-13	28	40' x 115' 50' x 115'	4,600 5,750	\$22,857	\$25,974	88.0%
Canyon West Parker County	Jul-13	25	200' x 220'	44,000	\$10,750	\$30,000	35.8%
Shiloh Manor Midlothian ETJ	Oct-13	49	150' x 350'	52,500	\$46,857	\$54,000	86.8%
Lakeridge Townhomes Lewisville	Jul-14	79	20' x 75'	1,500	\$26,000	\$45,000	57.8%
The Gables at Ohio Frisco	Aug-16	85	25' x 81'	2,025	\$88,500	\$100,000	88.5%
Bristol Park Lucas	Aug-17	24	1.572 acres	68,485	\$115,000	\$165,055	69.7%
Sonoma Verde McLendon-Chisholm	Mar-17	93	60' x 120'	7,200	\$43,750	\$50,000	87.5%
Winn Ridge, Ph. 2 Aubrey	Aug-18	389	50' x 120'	6,000	\$39,500	\$62,500	63.2%
Sutton Fields Celina	Jul-19	100 85	50' x 115' 60' x 115'	5,750 6,900	\$50,000 \$57,000	\$61,000 \$70,000	82.0% 81.4%
LakePointe Lavon	Jul-19	114 109	50' x 120' 60' x 120'	6,000 7,200	\$47,500 \$54,900	\$51,000 \$58,000	93.1% 94.7%
Massey Meadows, Ph. 1 Midlothian	19-May	186	70' x 120'	8,400	\$70,000	\$77,000	90.9%
Ventana, Ph. 2 Fort Worth	May-20	62	50' x 120'	6,000	\$60,000	\$66,250	90.6%
Inspiration, Ph. 9 St. Paul	Mar-20	125	50' x 120'	6,000	\$76,125	\$79,170	96.1%

Source: Developers 2010-2020

Net/Gross Value Conclusions

NIA#1 - Phase 1A

Based upon the preceding, it is our opinion that the net/gross market value for Phase 1A is \$14,050,000 (R), or an overall average of \$56,200/lot (R).

Net/Gross Ratio Market Value Summary - NIA#1 (Phase 1A)					
	40' Lots	50' Lots	60' Lots	70' Lots	Totals
Average Lot Value	\$48,000	\$60,000	\$72,000	\$80,500	\$15,196,000
Total Lots	90	82	38	40	250
N/G Ratio %	85%	88%	90%	90%	
Total Market Value	\$3,672,000	\$4,329,600	\$2,462,400	\$2,898,000	\$13,362,000
Average/Lot	\$40,800	\$52,800	\$64,800	\$72,450	\$53,448
Additional Fee Reimbursements					\$687,500
Final Market Value Overall					\$14,050,000 (R)
				Avg./Lot	\$56,200

NIA#1 - Phase 1B

Based upon the preceding, it is our opinion that the net/gross market value for Phase 1B is \$11,520,000 (R), or an overall average of \$65,455/lot (R).

Net/Gross Ratio Market Value Summary - NIA#1 (Phase 1B)				
	50' Lots	60' Lots	70' Lots	Totals
Average Lot Value	\$63,600	\$76,320	\$85,330	\$12,586,440
Total Lots	92	48	36	176
N/G Ratio %	85%	90%	90%	
Total Market Value	\$4,973,520	\$3,297,024	\$2,764,692	\$11,035,236
Average/Lot	\$54,060	\$68,688	\$76,797	\$62,700
Additional Fee Reimbursements				\$484,000
Final Market Value Overall				\$11,520,000 (R)
			Avg./Lot	\$65,455

Development Approach (Subdivision Analysis)

Having completed the retail valuation section of the assignment, we will now provide an opinion of the market value of the property to a single purchaser, as of this date. Obviously, this value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based on our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

The various assumptions necessary to complete our Discounted Cash Flow Analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Absorption

As discussed in detail in the "Single-Family Analysis" section of our analysis, our quarterly absorption projections are summarized as follows Phases 1A and 1B within NIA#1:

Phase 1A – 250 Lots

Projected Quarterly Absorption Summary - Phase 1A									Total Aborp. Period	
Lot Type	Dec-21	Mar-22	Jun-22	Sept-22	Dec-22	Mar-23	Jun-23	Sept-23	Lots	(Monthst)
40' Lots	12	12	12	12	12	12	12	6	90	22.5
50' Lots	15	15	15	15	15	7	0	0	82	16.4
60' Lots	9	9	9	9	2	0	0	0	38	12.7
70' Lots	9	9	9	9	4	0	0	0	40	13.3
Totals	45	45	45	45	33	19	12	6	250	

As shown, the overall absorption for the subject's 250 lots in Phase 1A is estimated to be 22.5± months (40' lots), 16.4± months (50' lots), 12.7± months (60' lots), and 13.3± months (70' lots).

Phase 1B – 176 Lots

Projected Quarterly Absorption Summary - Phase 1B								Total Absorp. Period	
Lot Type	Dec-22	Mar-23	Jun-23	Sept-23	Dec-23	Mar-24	Jun-24	Lots	(Months±)
50' Lots	15	15	15	15	15	15	2	92	18.4
60' Lots	9	9	9	9	9	3	0	48	16.0
70' Lots	9	9	9	9	0	0	0	36	12.0
Totals	33	33	33	33	24	18	2	176	

As shown, the overall absorption for the subject's 176 lots in Phase 1B is estimated to be 18.4± months (50' lots), 16.0± months (60' lots), and 12.0± months (70' lots).

Price/Value Increases Over the Sellout Period

Despite overall national recessionary effects on real estate in general, price/values for residential and commercial land in the overall Dallas/Fort Worth marketplace have remained reasonably stable. As can be seen from the following table, the past few years have seen a reduction in previous strong inflation rates. This is due in large part to the federal government's efforts to curb inflation, as well as the effect of level or declining prices for agricultural goods, petroleum and related manufactured products.

Trends in National Inflation and Interest Rates

Year	U.S. Prime Rate	Increase in U.S. CPI	Real Rate of Return
2010	3.25%	1.50%	1.75%
2011	3.25%	3.00%	0.25%
2012	3.25%	1.70%	1.55%
2013	3.25%	1.50%	1.75%
2014	3.25%	1.30%	1.95%
2015	3.50%	0.70%	2.80%
2016	3.75%	1.40%	2.35%
2017	4.25%	2.11%	2.14%
2018	5.50%	1.95%	3.55%
2019	4.75%	2.29%	2.46%
08/2020	3.25%	0.48%	2.77%

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

As shown in the preceding table, CPI increases ranged from 0.48% to 3.00% from 2010 through August 2020 with 3.25% to 5.50% prime rates resulting in real annual rates of returns ranging from 0.25% to 3.55% (with the most current real rate of return at 2.77%). Thus, the real rates of return are substantially affected with fluctuations in the prime rates and the increases/decreases in the consumer price index. (The increase is calculated relative to the previous year-to-year December index rates).

Historically, in the sales contracts of the volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the prime rate to the prime rate, plus one percent (annually) up to 8.0%. Thus, for valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the subject lots. This is considered reasonable given the supply of available housing product in the area and the historical collection of interest carry/appreciation by developers within the Dallas/Fort Worth and surrounding market areas.

Expenses

Cost of Sales has been estimated at 2.5% of gross sales proceeds for various closing costs and title policies.

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the premise that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. Based upon our experience and information gathered from numerous reputable builders/developers and taxing authorities, this methodology and percentage estimate (2.0%) is well founded.

Marketing expense is not included in this analysis as the majority of the subject lots are contracted to two volume homebuilders who traditionally provide for marketing.

HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Additional Fee Reimbursements totaling \$2,750/lot for the costs for a portion of the private amenities in the community (clubhouse, pool, trails, playgrounds etc.) at \$1,500/lot, retaining walls at \$1,000/lot, and mailbox at \$250/lot will be applied over the absorption period.

Management Expense/Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only.

Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 0.5% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate

According to the Dictionary of Real Estate Appraisal, Sixth Addition, Discount Rate is defined as “an interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR), or yield rate, depending on how it is extracted from the market and/or used in the analysis.” Furthermore, Internal Rate of Return (IRR) is defined as “the annualized yield rate or rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership. The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate.” In other words, it is a rate of profit (or loss) or a measure of performance. It is literally, an interest rate. The effective interest rate on a real estate investment is the equity investor's IRR. The yield to maturity on a bond is the bond holder's IRR, when the bond is held for its full term. The IRR is the rate of return on capital expressed as a ratio per unit of time; for example, 10% per annum. The discount rate utilized herein is essentially an anticipated IRR for the subject property, as estimated from investment performance realized by market participants. Although the investment vehicle being analyzed herein is real property, competition for investment dollars in other investment media is intense, and the prudent investment manager must carefully consider all options. Because of the element of risk involved in real estate investment versus alternative investment vehicles, the prudent investment manager must compare rates of return. The performance of real estate is dependent upon and could fluctuate with the degree of quality of management, unexpected competition, disasters, or economic cycles, particularly in the subject's market area. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Following is a summary of yield comparisons as of July 1, 2020 provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers in Third Quarter 2020.

YIELD COMPARISON July 1, 2020

	2015 AVERAGE	2016 AVERAGE	2017 AVERAGE	2018 AVERAGE	2019 AVERAGE	2020 JANUARY	2020 APRIL	2020 JULY
PwC Yield Indicator (PYI) ^a	7.82%	7.70%	7.65%	7.58%	7.47%	7.43%	7.57%	7.62%
Long-Term Mortgages ^b	4.31%	4.18%	4.59%	4.95%	4.71%	4.14%	3.90%	3.68%
10-Year Treasuries ^c	2.34%	1.81%	2.37%	2.79%	2.21%	1.88%	0.62%	0.69%
Consumer Price Index Change ^d	0.19%	1.63%	2.03%	2.50%	1.76%	0.97%	(2.45%)	4.23%
SPREAD TO PYI (Basis Points)								
Long-Term Mortgages	351	352	306	263	276	329	367	394
10-Year Treasuries	548	589	528	479	526	555	695	750
Consumer Price Index Change	763	607	562	508	571	646	1,002	389

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).

b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.

c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.

d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.

One of the more comprehensive surveys of IRR's for real estate investments is performed within the PwC Real Estate Investor Survey, as published by PricewaterhouseCoopers. In its most recent Second Quarter 2020 National Land Yield Study, pretax IRRs for these higher risk properties currently range from 10% to 25%, with an average of 15.2% for mixed-use respondents regarding vacant land, which has a slightly inferior diminishing return asset as the subject - developed residential lots. This average is 70 basis points lower than six months ago and 30 basis points lower than a year ago.

Exhibit DL-1

DISCOUNT RATES (IRRS)^a

Second Quarter 2020

	CURRENT QUARTER	FOURTH QUARTER 2019
FREE & CLEAR		
Range	10.00% – 25.00%	10.00% – 20.00%
Average	15.20%	15.90%
Change		- 70

a. Rate on unleveraged, all-cash transactions; including developer's profit

Of the 80 U.S. metros included in *Emerging Trends*, is important to note that Dallas/Fort Worth ranks fifth as a preferred metro area with regard to development/redevelopment prospects for 2020.

The subject's discount rate should be less than a typical land project, as the value to be determined is for a fully developed project that is available for immediate resale and which will ultimately possess less risk than that of the total development process. Therefore, a "risk-adjusted discount rate" is deemed appropriate herein.

RealtyRates.com in their most recent Third Quarter 2020 "Developer Survey" for Second Quarter 2020 data summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and Planned Development Districts (PUDs) in the State of Texas. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision rates do include provisions for developer's profit, i.e., profit is not treated as a line item expense.

Texas: Subdivisions & PUDs

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	13.53%	31.89%	21.04%	12.99%	30.62%	20.20%
-100 Units	13.53%	27.49%	20.10%	12.99%	26.39%	19.30%
100-500 Units	13.87%	30.24%	21.17%	13.31%	29.03%	20.33%
500+ Units	14.20%	31.62%	21.54%	13.64%	30.35%	20.67%
Mixed Use	14.54%	31.89%	21.36%	13.96%	30.62%	20.51%
Manufactured Housing	13.30%	34.53%	22.14%	12.77%	33.15%	21.26%
-100 Units	13.30%	30.03%	21.23%	12.77%	28.83%	20.38%
100-500 Units	13.63%	33.03%	22.40%	13.08%	31.71%	21.50%
500+ Units	13.96%	34.53%	22.79%	13.40%	33.15%	21.88%
Business Parks	13.54%	31.39%	20.84%	12.99%	30.13%	20.00%
-100 Acres	13.54%	27.29%	20.01%	12.99%	26.20%	19.21%
100-500 Acres	13.87%	30.02%	21.07%	13.32%	28.82%	20.23%
500+ Acres	14.21%	31.39%	21.43%	13.64%	30.13%	20.58%
Industrial Parks	13.70%	27.26%	19.05%	13.15%	26.17%	18.29%
-100 Acres	13.70%	23.70%	18.33%	13.15%	22.75%	17.59%
100-500 Acres	14.04%	26.07%	19.26%	13.48%	25.03%	18.49%
500+ Acres	14.39%	27.26%	19.57%	13.81%	26.17%	18.79%

*2nd Quarter 2020 Data

Source: RealtyRates.com Investor Survey Q3 - 2020

As shown above, the minimum actual rates in Texas range from 13.53% for less than 100 units; 13.87% for 100 to 500+ units; and 14.20% for 500+ units with minimum pro-forma rates ranging from 12.99% to 13.64%.

The Sixth Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”.¹ Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has a purchaser of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, the Appraisal Institute, Chicago, Illinois

Based upon the preceding, an IRR that is below the lower end of the range as indicated in the National Land Yield Study as of Second Quarter 2020 (10% - 25%; 15.2% average) and slightly below the minimum rates provided by the RealtyRates "Developer Survey" for Texas of 13.53% for less than 100 units; 13.87% for 100 to 500+ units; and 14.20% for 500+ units with minimum pro-forma rates ranging from 12.99% to 13.64% is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 12% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 0.5% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 12.5% for the subject. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly. With each of the required elements now identified, we are able to analyze the subject in the DCF analysis as shown on the following page.

Development Approach Conclusion – NIA#1

Phase 1A

Based upon the preceding, and the cash flow presented on the following page, our as complete opinion of value for the subject is \$14,220,000, or an overall average of \$56,880/lot.

Phase 1B

Based upon the preceding, and the cash flow presented on the following page, our as complete opinion of value for the subject is \$11,730,000, or an overall average of \$66,648/lot.

Redden Farms – Phase 1A

Redden Farms, Phase 1A Midlothian, Texas				Prepared By: S. Sivakumar		Number of Units: 250									
Scenario:		As Complete		Quarterly		Period 5		Period 6		Period 7		Period 8		Period 9	
Cash Flows Beginning		Mar-2022		Jun-2022		Sep-2022		Dec-2022		Mar-2023		Jun-2023		Sep-2023	
Inventory		Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average/40' Lot		\$48,000	12	\$48,720	12	\$49,451	12	\$50,193	12	\$50,945	12	\$51,710	12	\$52,485	12
Average/50' Lot		\$60,000	15	\$61,814	15	\$63,682	15	\$65,637	15	\$67,648	15	\$69,720	15	\$71,851	15
Average/60' Lot		\$72,000	9	\$74,176	9	\$76,289	9	\$78,438	9	\$80,624	9	\$82,846	9	\$85,104	9
Average/70' Lot		\$80,500	9	\$83,080	9	\$85,717	9	\$88,404	9	\$91,141	9	\$93,928	9	\$96,764	9
Appreciation -->		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%	
Revenues		\$2,848,500	45	\$2,891,228	45	\$2,934,596	45	\$2,978,615	45	\$3,023,275	45	\$3,068,483	45	\$3,114,240	45
Expenses		Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7	
Additional Fee Reimbursements		(\$123,750)		(\$123,750)		(\$123,750)		(\$123,750)		(\$90,750)		(\$52,250)		(\$33,000)	
Taxes on 40' Lots		\$21,600		\$19,001		\$16,319		\$13,552		\$10,699		\$7,756		\$4,724	
Taxes on 50' Lots		\$24,600		\$20,402		\$16,072		\$11,607		\$7,005		\$2,262		\$0	
Taxes on 60' Lots		\$13,680		\$10,597		\$7,418		\$4,141		\$1,764		\$0		\$0	
Taxes on 70' Lots		\$16,100		\$12,665		\$9,123		\$5,472		\$1,709		\$0		\$0	
COST OF SALES 2.5%		\$71,213		\$72,281		\$73,365		\$74,465		\$75,529		\$76,624		\$77,746	
MARKETING 0.0%		\$0		\$0		\$0		\$0		\$0		\$0		\$0	
REMUNERATION 0.5%		\$14,243		\$14,456		\$14,673		\$14,893		\$15,106		\$15,365		\$15,683	
Total Expenses		\$37,685		\$25,652		\$13,220		\$380		(\$67,388)		(\$10,043)		(\$9,381)	
Net Income		\$2,810,815		\$2,865,576		\$2,921,376		\$2,978,234		\$3,033,526		\$3,088,738		\$3,144,854	
Annual Discount Rate: 12.00%		0.97087		0.94260		0.91514		0.88849		0.86261		0.83748		0.81309	
Discounted Value		\$2,728,947		\$2,701,080		\$2,673,473		\$2,646,123		\$2,618,759		\$2,591,410		\$2,564,078	
Net Present Value		\$14,218,400		\$14,218,400		\$14,218,400		\$14,218,400		\$14,218,400		\$14,218,400		\$14,218,400	
Rounded		\$14,220,000		\$14,220,000		\$14,220,000		\$14,220,000		\$14,220,000		\$14,220,000		\$14,220,000	

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Redden Farms – Phase 1B

Redden Farms, Phase 1B			Prepared By: S. Sivakumar		
Midlothian, Texas			176		
Scenario:	As Complete	Periods:	Number of Units:	Quarterly	
Cash Flows Beginning Inventory					
	Dec-2022	Mar-2023	Jun-2023	Period 4	Period 5
	Unit Sales	Unit Sales	Unit Sales	Unit Sales	Unit Sales
	No.	No.	No.	No.	No.
Average/50' Lot	15	\$64,554	15	\$66,505	15
Average/60' Lot	9	\$76,320	9	\$78,627	9
Average/70' Lot	9	\$86,610	9	\$89,228	9
	\$85,330		\$87,909		\$90,566
Appreciation-->	1.50%	1.50%	1.50%	1.50%	1.50%
Revenues	\$2,408,850	33	\$2,444,983	33	\$2,518,882
				33	\$1,741,570
				24	\$1,274,384
				18	\$139,086
				2	\$13,009,413
					176
Expenses					
Additional Fee Reimbursements	Period 1	Period 2	Period 3	Period 4	Period 5
	(\$90,750)	(\$90,750)	(\$90,750)	(\$90,750)	(\$66,000)
Taxes on 50' Lots	\$29,256	\$24,853	\$20,312	\$15,629	\$10,800
Taxes on 60' Lots	\$18,317	\$15,106	\$11,794	\$8,380	\$4,860
Taxes on 70' Lots	\$15,359	\$11,692	\$7,912	\$4,015	\$0
COST OF SALES	\$60,221	\$61,125	\$62,041	\$62,972	\$43,539
MARKETING	\$0	\$0	\$0	\$0	\$0
REMUNERATION	\$12,044	\$12,225	\$12,408	\$12,594	\$8,708
Total Expenses	\$44,448	\$34,250	\$23,718	\$12,840	\$1,907
				\$12,840	(\$4,211)
Net Income	\$2,364,403	\$2,410,732	\$2,457,940	\$2,506,042	\$1,739,663
					\$1,278,595
					\$139,718
Annual Discount Rate: 12.00%					0.83748
Discounted Value	\$2,295,536	\$2,272,346	\$2,249,363	\$2,226,586	\$1,500,649
Net Present Value	\$11,728,888				\$1,070,803
					\$113,604
					\$11,728,888

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Reconciliation and Conclusion of Value – NIA#1

In the previous sections, we have provided an opinion of the market value of the fee simple interest in Neighborhood Improvement Area #1 using three approaches. Following is a summary of the values indicated by these approaches.

The first approach used was the Sales Comparison Approach to value the subject property by developed lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

The second approach used was the Net/Gross Ratio Approach to value. This is also sometimes known as a Sales Ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the Development Approach (Discounted Cash Flow method) utilizing a projection of the future individual lot sales, historical absorption data upon the development, and deducting taxes on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the Development Approach is considered to provide a generally good indication of value for the subject.

Reconciliation of Opinion of Prospective Value – NIA#1

Summary of Prospective Value Indications - NIA#1		
	Phase 1A	Phase 1B
Valuation Date	December 1, 2021	December 1, 2022
Net/Gross Ratio Market Value	\$14,050,000	\$11,520,000
Discounted Cash Flow Analysis	\$14,220,000	\$11,730,000
Final Opinion of Prospective Value	\$14,220,000	\$11,730,000

NIA#2 Valuations – Development/Land Residual Approach

We have utilized the “Development/Land Residual Approach” in determining the highest and best use and valuing the subject’s remaining land within Neighborhood Improvement Area #2 upon the completion of the Phase 1A and Phase 1B public improvements. This is done by subtracting from the total value of a development, all costs associated with the development, including profit but excluding the cost of the land. The Sales Comparison Approach develops an indication of value by researching, verifying, and analyzing sales of similar vacant residential lots.

As discussed, the subject’s remaining land within the Neighborhood Improvement Area #2 will be valued based upon the following:

- 53.481 gross acres is proposed to be developed with 135 residential lots (70’ frontages) within Sections 2A(SE)/2A(S)/2B(S)
- 25.016 gross acres is proposed to be developed with 90 residential lots (40’ frontages) within Sections 2A(W)/2A(SW)
- 34.587 gross acres is proposed to be developed with 141 residential lots (50’ frontages) within Sections 2A(N)/2B(N)

Obviously, the value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those that reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based upon our experience, profit is not expensed as a line item as it is not realized until the project’s expenses (including debt) are paid.

On the following pages are the various assumptions necessary to complete our “Development/Land Residual Approach” valuations. Each item is discussed in greater detail in the Development Approach (Subdivision Analysis).

53.420 Gross Acres - Sections 2A(SE)/2A(S)/2B(S)

Valuation Date: December 1, 2022

Proposed Lots – The property is to be developed with 135 residential lots with 70' frontages.

Retail Lot Prices – Utilizing the Sales Comparison Approach in valuing the subject's lots, the 70' lots were valued at \$80,500/lot as of December 1, 2021. Thus, an escalation rate of 6.0% will be applied to the lots as of December 1, 2022.

Absorption: Utilizing the absorption analysis previously determined, the projected absorption will be based upon 3.0 upm for the 70' lots.

Development Costs: Development costs were provided by the developer/owner (see Addenda) indicate a cost of \$855,360 for the 135 lots. As such, \$427,680 will be deducted in the first two semi-annual periods.

Interest Escalation: For valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the 135 future lots.

Taxes (Vacant Land): The annual ad valorem tax has been calculated by the Ellis Central Appraisal District at a total tax of \$291.83/acre annually. Thus, a total of \$15,607 (53.481 acres x \$291.83/acre) will be deducted in the first two semi-annual periods at \$7,804/period. Taxes on the developed lots will be applied at 2.0% over the takedown period based on the retail value of the lots.

Cost of Sales: Estimated at 2.5%.

Marketing Expense: No marketing expense is applied as the lots are contracted.

HOA Dues: The HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Additional Fee Reimbursements totaling \$2,750/lot for the costs for a portion of the private amenities in the community (clubhouse, pool, trails, playgrounds etc.) at \$1,500/lot, retaining walls at \$1,000/lot, and mailbox at \$250/lot will be applied over the absorption period.

Management Expense with Entrepreneurial Coordination/Remuneration: Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 0.5% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate: Taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 0.5% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 14.5% for the subject's 135 future lots. The discount rate of 14.5% includes entrepreneurial profit. To be consistent with the timing of the cash flows, the annual income stream is discounted semi-annually.

25.016 Gross Acres - Sections 2A(W)/2A(SW)

Valuation Date: December 1, 2021

Proposed Lots – The property is to be developed with 90 residential lots with 40' frontages.

Retail Lot Prices – Utilizing the Sales Comparison Approach in valuing the subject's lots, the 40' lots were valued at \$48,000/lot as of December 1, 2021.

Absorption: Utilizing the absorption analysis previously determined, the projected absorption will be based upon 4.0 upm for the 40' lots.

Development Costs: Development costs were provided by the developer/owner (see Addenda) indicate a cost of \$570,240 for the 90 lots. As such, \$285,120 will be deducted in the first two semi-annual periods.

Interest Escalation: For valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the 90 future lots.

Taxes (Vacant Land): The annual ad valorem tax has been calculated by the Ellis Central Appraisal District at a total tax of \$291.83/acre annually. Thus, a total of \$7,050 (25.016 acres x \$291.83/acre) will be deducted in the first two semi-annual periods at \$3,525/period. Taxes on the developed lots will be applied at 2.0% over the takedown period based on the retail value of the lots.

Cost of Sales: Estimated at 2.5%.

Marketing Expense: No marketing expense is applied as the lots are contracted.

HOA Dues: The HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Additional Fee Reimbursements totaling \$2,750/lot for the costs for a portion of the private amenities in the community (clubhouse, pool, trails, playgrounds etc.) at \$1,500/lot, retaining walls at \$1,000/lot, and mailbox at \$250/lot will be applied over the absorption period.

Management Expense with Entrepreneurial Coordination/Remuneration: Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 0.5% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate: Taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 0.5% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 14.5% for the subject's 90 future lots. The discount rate of 14.5% includes entrepreneurial profit. To be consistent with the timing of the cash flows, the annual income stream is discounted semi-annually.

34.587 Gross Acres - Sections 2A(N)/2B(N)

Valuation Date: December 1, 2021

Proposed Lots – The property is to be developed with 141 residential lots with 50' frontages.

Retail Lot Prices – Utilizing the Sales Comparison Approach in valuing the subject's lots, the 50' lots were valued at \$60,000/lot as of December 1, 2021 with escalation at 6.0% annually.

Absorption: Utilizing the absorption analysis previously determined, the projected absorption will be based upon 5.0 upm for the 50' lots.

Development Costs: Development costs were provided by the developer/owner (see Addenda) indicate a cost of \$893,376 for the 141 lots. As such, \$446,688 will be deducted in the first two semi-annual periods.

Interest Escalation: For valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the 141 future lots.

Taxes (Vacant Land): The annual ad valorem tax has been calculated by the Ellis Central Appraisal District at a total tax of \$291.83/acre annually. Thus, a total of \$10,094 (34.587 acres x \$291.83/acre) will be deducted in the first two semi-annual periods at \$5,047/period. Taxes on the developed lots will be applied at 2.0% over the takedown period based on the retail value of the lots.

Cost of Sales: Estimated at 2.5%.

Marketing Expense: No marketing expense is applied as the lots are contracted.

HOA Dues: The HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Additional Fee Reimbursements totaling \$2,750/lot for the costs for a portion of the private amenities in the community (clubhouse, pool, trails, playgrounds etc.) at \$1,500/lot, retaining walls at \$1,000/lot, and mailbox at \$250/lot will be applied over the absorption period.

Management Expense with Entrepreneurial Coordination/Remuneration: Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 0.5% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate: Taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 0.5% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 14.5% for the subject's 141 future lots. The discount rate of 14.5% includes entrepreneurial profit. To be consistent with the timing of the cash flows, the annual income stream is discounted semi-annually.

Development/Land Residual Approach Conclusions**53.481 Gross Acres - Sections 2A(SE)/2A(S)/2B(S)**

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value as of December 1, 2022 upon the completion of Phase 1B for the subject's 53.481 gross acres which is planned with 135 single-family lots (70' frontages) within Sections 2A(SE)/2A(S)/2B(S) is \$7,640,000, or \$3.28/square foot (\$56,593/lot).

25.016 Gross Acres - Sections 2A(W)/2A(SW)

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value as of December 1, 2021 upon the completion of Phase 1A for the subject's 25.016 gross acres which is planned with 90 single-family lots (40' frontages) within Sections 2A(W)/2A(SW) is \$3,020,000, or \$2.77/square foot (\$33,556/lot).

34.587 Gross Acres - Sections 2A(N)/2B(N)

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value December 1, 2021 upon the completion of Phase 1A for the subject's 34.587 gross acres which is planned with 141 single-family lots (50' frontages) within Sections 2A(N)/2B(N) is \$5,890,000, or \$3.91/square foot (\$41,773/lot).

Development/Land Residual Approach – 53.481 Gross Acres Sections 2A(SE)/2A(S)/2B(S)

Redden Farms, 53.481 Acres Midlothian, Texas Scenario:	Prepared By: S. Sivakumar Number of Units: 135 As Complete Periods: Semi-Annual	Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8		Period 9		Period 10		Project Totals		
		Cash Flows Beginning		Jun-2022		Jun-2023		Dec-2023		Jun-2024		Jun-2025		Jun-2026		Dec-2026		Jun-2027		Jun-2028				
		Inventory		Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.		Unit Sales	No.
		Average/70 Unit		\$85,330	0	\$87,890	0	\$90,527	18	\$93,242	18	\$96,020	18	\$98,971	18	\$101,888	18	\$104,945	18	\$108,093	18		\$111,336	9
		Appreciation -->		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%			3.00%	
		Revenues		\$0	0	\$0	0	\$629,479	18	\$1,679,863	18	\$1,728,714	18	\$1,780,575	18	\$1,833,993	18	\$1,888,9712	18	\$1,945,683	18		\$1,002,027	9
		Expenses																						
		Additional Fee Reimbursements		\$0	0	\$0	0																	
		Development Costs		\$427,680		\$427,680		\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0		\$0	0
		Taxes on Vacant Land		\$7,804		\$7,804		\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0		\$0	0
Taxes on 70 Units		\$0		\$0		\$122,211		\$100,094		\$95,080		\$80,126		\$64,190		\$47,226		\$29,185		\$10,020				
COST OF SALES 2.33%		\$0		\$0		\$40,737		\$41,959		\$42,514		\$43,830		\$45,800		\$47,225		\$48,642		\$50,051				
REVENUES 0.52%		\$0		\$0		\$8,147		\$8,332		\$8,644		\$8,993		\$9,170		\$9,445		\$9,738		\$10,031				
REIMBURSEMENT 0.52%		\$0		\$0		\$8,147		\$8,332		\$8,644		\$8,993		\$9,170		\$9,445		\$9,738		\$10,031				
Total Expenses		\$435,484		\$435,484		\$121,595		\$109,945		\$97,441		\$86,043		\$74,283		\$63,936		\$53,855		\$45,331				
Net Income		\$435,484		\$435,484		\$1,507,883		\$1,569,414		\$1,631,273		\$1,696,532		\$1,764,283		\$1,833,461		\$1,907,627		\$1,986,696				
Annual Discount Rate 14.00%		0.93458		0.87344		0.81630		0.76290		0.71299		0.66634		0.62275		0.58201		0.54393		0.50835				
Discounted Value		\$406,954		\$380,369		\$1,230,882		\$1,196,539		\$1,163,075		\$1,130,471		\$1,098,707		\$1,067,763		\$1,037,623		\$1,007,383				
Net Present Value		\$7,639,283																						
Rounded		\$7,640,000																						

Development/Land Residual Approach – 25.016 Gross Acres Sections 2A(W)/2A(SW)

Redden Farms, 25.016 Acres		Prepared By: S. Sivakumar		Midlothian, Texas		Number of Units: 90		Semi-Annual	
Scenario:		As Complete		Periods:		Periods:		Periods:	
Cash Flows Beginning		Dec-2021		Jun-2022		Dec-2022		Jun-2023	
Inventory		Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average/40' Lot		\$48,000	0	\$49,440	0	\$50,923	24	\$52,451	24
Appreciation -->		3.00%		3.00%		3.00%		3.00%	
Revenues		\$0	0	\$0	0	\$1,222,157	24	\$1,258,822	24
Expenses		Period 1		Period 2		Period 3		Period 4	
Additional Fee Reimbursements		\$0		\$0		(\$66,000)		(\$66,000)	
Development Costs		\$285,120		\$285,120		\$0		\$0	
Taxes on/Vacant Land		\$3,525		\$3,525		\$0		\$0	
Taxes on 40' Lots		\$0		\$0		\$45,831		\$34,617	
COST OF SALES		\$0		\$0		\$30,554		\$31,471	
MARKETING		\$0		\$0		\$0		\$0	
REMUNERATION		\$0		\$0		\$6,111		\$6,294	
Total Expenses		\$288,645		(\$288,645)		\$16,496		(\$6,382)	
Net Income		(\$288,645)		(\$288,645)		\$1,205,661		\$1,252,440	
Annual Discount Rate: 14.00%		0.93458		0.87344		0.81630		0.76290	
Discounted Value		(\$269,762)		(\$252,114)		\$984,179		\$955,480	
Net Present Value		\$3,019,082		\$3,019,082		\$3,019,082		\$3,019,082	
Rounded		\$3,020,000		\$3,020,000		\$3,020,000		\$3,020,000	
Project Totals		Unit Sales		Unit Sales		Unit Sales		Unit Sales	
No.		No.		No.		No.		No.	
90		90		90		90		90	
\$4,779,177		\$4,779,177		\$4,779,177		\$4,779,177		\$4,779,177	

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**Development/Land Residual Approach – 34.587 Gross Acres
Sections 2A(N)/2B(N)**

Redden Farms, 34.587 Acres Midlothian, Texas										S. Sivakumar 141									
Scenario:		As Complete		Periods:		Dec-2021		Jun-2022		Period 3		Period 4		Period 5		Period 6		Period 7	
Cash Flows Beginning		Inventory		Unit Sales		No.		No.		Unit Sales		No.		Unit Sales		No.		Unit Sales	
Average/50' Lot		\$60,000		0		\$61,800		0		\$63,654		30		\$65,504		30		\$67,531	
Appreciation-->		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%	
Revenues		\$0		0		\$0		0		\$1,909,620		30		\$1,966,909		30		\$2,086,693	
Expenses		\$0		0		\$0		0		(\$82,500)		30		(\$82,500)		30		(\$82,500)	
Additional Fee Reimbursements		\$0		\$0		\$0		\$0		(\$82,500)		30		(\$82,500)		30		(\$82,500)	
Development Costs		\$446,688		\$0		\$446,688		\$0		\$0		30		\$0		30		\$0	
Taxes on/Vacant Land		\$5,047		\$0		\$5,047		\$0		\$0		30		\$0		30		\$0	
Taxes on 50' Lots		\$0		\$0		\$0		\$0		\$89,752		30		\$72,776		30		\$35,474	
COST OF SALES 2.5%		\$0		\$0		\$0		\$0		\$47,741		30		\$49,173		30		\$52,167	
MARKETING 0.0%		\$0		\$0		\$0		\$0		\$0		30		\$0		30		\$0	
REMUNERATION 0.5%		\$0		\$0		\$0		\$0		\$9,548		30		\$9,835		30		\$10,433	
Total Expenses		\$451,735		(\$451,735)		\$451,735		\$451,735		\$64,541		30		\$49,283		30		\$23,977	
Net Income		(\$451,735)		(\$451,735)		\$1,845,079		\$1,845,079		\$1,845,079		30		\$1,917,625		30		\$2,071,119	
Annual Discount Rate:		14.00%		0.93458		0.93458		0.93458		0.81630		0.71299		0.66634		0.62275		0.62275	
Discounted Value		(\$422,182)		(\$394,563)		\$1,506,134		\$1,506,134		\$1,462,947		30		\$1,420,938		30		\$1,380,074	
Net Present Value		\$5,888,765		\$5,888,765		\$5,888,765		\$5,888,765		\$5,888,765		30		\$5,888,765		30		\$5,888,765	
Rounded		\$5,890,000		\$5,890,000		\$5,890,000		\$5,890,000		\$5,890,000		30		\$5,890,000		30		\$5,890,000	



Reconciliation and Conclusion of Values

Prospective Reconciliation

In the previous sections, we have provided an opinion of the market value of the fee simple interest in NIA#1 and NIA#2 using the following approaches to value.

The Sales Comparison Approach was utilized to value the subject property as a developed lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

The second approach used within NIA#1 was the Net/Gross Ratio Approach to value. This is also sometimes known as a Sales Ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

In the Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value. In conclusion, the Development Approach is considered to provide a generally good indication of value for the subject. However, the variables could change with market conditions over the absorption period.

Conclusion

Following is our conclusion of the opinion of values for Redden Farms Public Improvement District:

Value Conclusions			
Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Value at Completion - Phase 1A, 250 Lots	Fee Simple	December 1, 2021	\$14,220,000
Prospective Value at Completion - Phase 1B, 176 Lots	Fee Simple	December 1, 2022	\$11,730,000
Prospective Value at Completion - 53.481 Acres/Sections 2A (SE)/2A (S), and 2B (S)	Fee Simple	December 1, 2022	\$7,640,000
Prospective Value at Completion - 25.016 Acres/Sections 2A (W)/2A (SW)	Fee Simple	December 1, 2021	\$3,020,000
Prospective Value at Completion - 34.587 Acres/Sections 2A (N)/2B (N)	Fee Simple	December 1, 2021	\$5,890,000

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to “shelter in place,” causing widespread closures of businesses and a massive disruption to general commerce. The status of economic conditions is changing rapidly, creating great uncertainty in the markets. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 6 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period at 6 - 12 months.

Certification

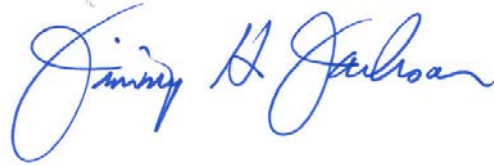
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ernest Gatewood and Shelley Sivakumar made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI, has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Jimmy H. Jackson, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Shelley Sivakumar
Director
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Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – DFW, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – DFW is not a building or environmental inspector. Integra DFW does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – DFW, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The individual tract values are based on the site sizes and uses found on the site plans/exhibits found herein.
2. All information relative to the undeveloped property located within the Redden Farms Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Engineering Concepts & Design, L.P. (engineering/planning/surveying), Hines (owner/developer), the City of Midlothian, and the Ellis Central Appraisal District is assumed to be correct.
3. Our opinion of prospective market values assume that the proposed improvements are completed in accordance with plans and specifications as of the effective appraisal dates.
4. This appraisal assumes the City of Midlothian will agree to a development agreement to create a Public Improvement District (PID) for the subject property. The "PID" will provide for a levy on the property to assist in paying for major infrastructure. The values found herein assume the completion within the PID of Phases 1A by December 1, 2021 and 1B by December 1, 2022.
5. Private development costs provided for the entirety of NIA#2 total \$2,318,853. These costs were allocated based upon an average cost per lot of \$6,336 which will be applied to the three remaining tracts of land based upon the future lots planned. This information is assumed to be correct. (See Addendum for further detailed costs.)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. Our values assume that the subject tracts are located within a Public Improvement District (PID).

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Executive Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 35 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the founding partners of JPP Capital Advisors as well as is one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson's experience includes consultation and valuation of a wide array of property types including apartment developments, industrial facilities, retail developments, office buildings, single-family subdivisions, single-family residences, condominiums, hotels, golf courses, mixed-use developments, special-use projects and vacant land. In addition to typical real estate valuations and consultations, Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments which includes land acquisition & development, ground-up office build-to-suit development, garden apartment development, student housing development, and single-family lot development.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson currently serves on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years. Mr. Jackson and his wife Cherylon Harman Jackson (1984/Finance COBA/Texas Tech University) reside in Plano, Texas and are active members of Parkway Hills Baptist Church in Plano, Texas.

jhjson@irr.com - (972) 725-7724

Redden Farms Public Improvement District

Integra Realty Resources

Dallas

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F (972) 733-1403

Integra Realty Resources

Lubbock/West Texas

6309 Indiana Avenue, Suite D
Lubbock, TX 79413

T (806) 656-3058

Integra Realty Resources

Oklahoma City

14 NE 13th Street
Oklahoma City, Oklahoma, 73104

T (405) 422-0718

irr.com



Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services:

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of All Property Types including The Following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

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Oklahoma City

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Oklahoma City, Oklahoma, 73104

T (405) 422-0718

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Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)



Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2022
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2023

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

Integra Realty Resources

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Oklahoma City

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Oklahoma City, Oklahoma, 73104

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Ernest Gatewood

Experience

Ernie Gatewood has been in the appraisal field for over 30 years. This extensive experience has formed a knowledge of the TX real estate market as well as select areas throughout the entire US. This experience has formed an understanding of the dynamics of market forces in both increasing as well as declining markets. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, TX as well as Stonebridge Ranch in McKinney, TX. In 1991, Gatewood joined Heartland (Seattle, WA) as Acquisitions Director for TX. In this role, Gatewood was key to the development of several SF subdivisions, a property type which he still specializes in to this day. For the past 25 years, Gatewood has been represented Jackson Claborn, Inc. as the VP of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Gatewood has experience appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights-of-way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and, SF subdivision analyses.

Licenses

Licensed Real Estate Salesman in the State of Texas (Number 277705-32)
State Certified General Real Estate Appraiser (Certificate No. TX 1324355-G)

Education

Richland Junior College, Dallas, Texas
University of North Texas, Denton, Texas

Miscellaneous

Affiliate of the Appraisal Institute

Integra Realty Resources

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Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

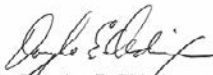
Number: **TX 1324355 G**

Issued: **12/21/2018**

Expires: **12/31/2020**

Appraiser: **ERNEST ELVA GATEWOOD III**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Shelley M. Sivakumar

Experience

Shelley Sivakumar has over 22 years of experience as a commercial appraiser representing Jackson Claborn, Inc. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since joining Jackson Claborn, Inc. in 1998, she has specialized in appraising master-planned residential developments and subdivisions in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'N Hell Hundred" bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

Licenses

Licensed Residential Real Estate Appraiser (Certificate No. TX 1333354-L)

Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978

University of North Texas, Denton, Texas 1977

Marshall University, Huntington, West Virginia: A.S. Degree 1974

Appraisal Institute Courses

A Review of Disciplinary Cases
Workfile Documentation for Appraisers
Basic Appraisal Procedures
General Appraiser Market Analysis Highest and Best Use
General Appraiser Sales Comparison Approach
General Report Writing and Case Studies
A Review of Disciplinary Cases
Workfile Documentation for Appraisers
Appraising Residential Properties
Income Property Appraisal
Real Estate Appraisal
Basic Income Capitalization

Appraisal Math & Statistics
Owner-Occupied Commercial Properties
Residential Report Writing
Modern Green Building Concepts
Ad Valorem Tax Consultation
The Dirty Dozen
Essential Elements of Disclosure & Disclaimer
Land & Site Valuation
Commercial Clients Want Appraisers to Know
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Redden Farms Public Improvement District

Integra Realty Resources

Dallas

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F (972) 733-1403

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Licensed Residential Real Estate Appraiser

Appraiser: **Shelley Marie Sivakumar**

License #: **TX 1333354 L**

License Expires: **02/28/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Douglas E. Oldmixon
Commissioner

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Subdivision Development Method

A method of estimating land value when subdivision and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Allocation Method

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Residual

The quantity left over; in appraising, a term used to describe the results of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Addendum C

Property Information

Tax Data

Property Details

Account	
Property ID:	227463
Legal Description:	1188 F E WITHERSPOON & 1333 W J ELY & 700 B MONROE & 1245 W G STEWART & 556 R A BULLOCK 302.334 ACRES
Geographic ID:	54.1188.000.010.00.108
Agent:	
Type:	Real
Location	
Address:	FM 1387 MIDLOTHIAN, TX 76065
Map ID:	9-6
Neighborhood CD:	LAND
Owner	
Owner ID:	162987
Name:	D2 REDDEN LLC
Mailing Address:	5615 PRESTON FAIRWAYS DALLAS, TX 75252
% Ownership:	100.0%
Exemptions:	For privacy reasons not all exemptions are shown online.

Property Values

Improvement Homesite Value:	\$0
Improvement Non-Homesite Value:	\$97,110
Land Homesite Value:	\$14,380
Land Non-Homesite Value:	\$0
Agricultural Market Valuation:	\$3,556,950
Market Value:	\$3,668,440
Ag Use Value:	\$36,860
Appraised Value:	\$148,350
Homestead Cap Loss: 	\$0
Assessed Value:	\$148,350

VALUES DISPLAYED ARE 2020 PRELIMINARY VALUES AND ARE SUBJECT TO CHANGE PRIOR TO CERTIFICATION.

DISCLAIMER Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Property Taxing Jurisdiction

Entity	Description	Tax Rate	Market Value	Taxable Value	Estimated Tax	Freeze Ceiling
070	ELLIS COUNTY	0.320194	\$3,668,440	\$148,350	\$475.01	
208	MIDLOTHIAN ISD	1.379800	\$3,668,440	\$148,350	\$2,046.93	
354	CITY OF MIDLOTHIAN	0.675000	\$3,668,440	\$148,350	\$1,001.36	
R70	ELLIS COUNTY LATERAL ROAD	0.030082	\$3,668,440	\$148,350	\$44.63	
Total Tax Rate: 2.405076 Estimated Taxes With Exemptions: \$3,567.93 Estimated Taxes Without Exemptions: \$88,228.77						

Property Improvement - Building

Description: Appr type: RS **Type:** Residential **State Code:** D2 **Living Area:** 0.00sqft **Value:** \$33,110

Type	Description	Class CD	Year Built	SQFT
BARN	BARN	EQPA	1990	2,100.00
BARN	BARN	LVSE	1990	1,120.00
BARN	BARN	UTL	1990	4,500.00

Description: Appr type: RS **Type:** Residential **State Code:** E1 **Living Area:** 1,016.00sqft **Value:** \$48,640

Type	Description	Class CD	Year Built	SQFT
MA	MAIN AREA	RFFR	1940	1,016.00

Description: Appr type: RS **Type:** Residential **State Code:** E1 **Living Area:** 1,124.00sqft **Value:** \$12,480

Type	Description	Class CD	Year Built	SQFT
MA	MAIN AREA	RFLC	1940	1,124.00

Description: STORAGE **Type:** Residential **State Code:** E1 **Living Area:** 0.00sqft **Value:** \$2,880

Type	Description	Class CD	Year Built	SQFT
STGA	STORAGE AVERAGE	STGA	2000	576.00

Property Land

Type	Description	Acreage	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
IPP	IMPROVED PASTURE POOR	173.672	7,565,152.32	0.00	0.00	\$2,051,500	\$23,100
NPP	NATIVE PASTURE POOR	127.4451	5,551,508.56	0.00	0.00	\$1,505,450	\$13,760
ACRE	PER ACRE	1.2169	53,008.16	0.00	0.00	\$14,380	\$0

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2021	N/A	N/A	N/A	N/A	N/A	N/A
2020	\$97,110	\$3,571,330	\$36,860	\$148,350	\$0	\$148,350
2019	\$55,650	\$3,526,420	\$36,860	\$106,700	\$0	\$106,700
2018	\$55,710	\$2,938,690	\$36,260	\$103,800	\$0	\$103,800
2017	\$55,390	\$2,161,610	\$35,440	\$99,590	\$0	\$99,590
2016	\$54,320	\$2,161,610	\$34,840	\$97,920	\$0	\$97,920
2015	\$49,113	\$1,950,887	\$34,240	\$91,260	\$0	\$91,260
2014	\$54,620	\$1,549,150	\$34,240	\$95,140	\$0	\$95,140
2013	\$55,200	\$1,549,150	\$34,240	\$95,720	\$0	\$95,720
2012	\$88,410	\$1,549,150	\$33,820	\$128,510	\$0	\$128,510
2011	\$89,700	\$1,549,150	\$33,060	\$129,040	\$0	\$129,040

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
12/29/2017	35	DEED	NORTHSTAR FARMS INC	D2 REDDEN LLC	201801W1	DG	1800152
5/10/2007	35	DEED	REDDEN MIKE & REDDEN GARY &	NORTHSTAR FARMS INC	2310	1684	SDC

DISCLAIMER

VALUES DISPLAYED ARE 2020 PRELIMINARY VALUES AND ARE SUBJECT TO CHANGE PRIOR TO CERTIFICATION.

DISCLAIMER Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Legal Description - Overall

BEING a 253.430 acre tract of land situated in the City of Midlothian situated in the Benjamin Monroe Survey, Abstract 700, the W.J. Ely Survey, Abstract 1333, the F.E. Witherspoon Survey, Abstract 1188, the W.G. Stewart Survey, Abstract 1245, and the Coleman Jenkins Survey, Abstract 556 and being part a called 302.334 acre tract described in deed to D2 Redden, LLC, as recorded in Instrument 1800152, Deed Records, Ellis County, Texas, said 253.430 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod with cap stamped RPLS 4466 found for the southwest corner of a called 70.000 acre tract of land described in deed to Arbors Development, LLC, as recorded in Volume 2760, Page 2293 of said Deed Records and an ell corner of said 302.334 acre tract;

THENCE North 88 degrees 13 minutes 55 seconds East, with a common boundary line of said 302.334 acre tract and said 70.000 acre tract, a distance of 483.09 feet to a 1-inch iron rod found for the southerly northeast corner of said 302.334 acre tract and the northwest corner of a called 63.789 acre tract described in deed to Arbors Development, LLC, as recorded in Instrument 1518152 of said Deed Records;

THENCE Southerly, with the common boundary lines of said 302.334-acre tract and said 63.789-acre tract, the following courses:

- South 00 degrees 20 minutes 19 seconds East, a distance of 789.14 feet to a 1/2-inch iron rod found for corner;
- South 00 degrees 14 minutes 27 seconds East, a distance of 985.57 feet to a 1-inch iron rod found for the common south corner of said 302.334 acre tract and said 63.789 acre tract, said corner being in the north boundary line of a called 40.399 acre tract of land described in deed to James O. Fleming and Patsy L. Fleming, as recorded in Volume 1719, Page 12 of said Deed Records;

THENCE South 89 degrees 30 minutes 24 seconds West, with the common boundary line of said 302.334 acre tract and said 40.399 acre tract, a distance of 1322.26 feet to a 1-inch iron rod found for the common west corner of said 302.334 acre tract and said 40.399 acre tract, said corner being in the east boundary line of Eastgate Industrial Park, Phase Two, an addition to Ellis County, as recorded in Cabinet B, Slide 91, Plat Records, Ellis County, Texas;

THENCE Northerly, with the common boundary lines of said 302.334-acre tract and said Eastgate Industrial Park, Phase Two, the following courses:

- North 00 degrees 29 minutes 49 seconds West, a distance of 1571.81 feet to a 1-inch iron rod found for corner;
- South 89 degrees 55 minutes 41 seconds West, a distance of 249.91 feet to a 5/8-inch iron rod found for corner;
- South 89 degrees 20 minutes 32 seconds West, a distance of 110.06 feet to a 1/2-inch iron rod found for a southwest corner of said 302.334-acre tract;

THENCE along the southerly boundary lines of said 302.334-acre tract, the following courses:

- North 00 degrees 22 minutes 55 seconds West, a distance of 513.94 feet to a 1/2-inch iron rod found for corner;
- South 89 degrees 35 minutes 37 seconds West, a distance of 245.37 feet to a 1/2-inch iron rod found for corner;
- South 89 degrees 37 minutes 03 seconds West, a distance of 764.58 feet to a point for corner from which a 1/2-inch iron rod found bears North 24 degrees 14 minutes 35 seconds West, a distance of 0.50 feet;
- South 12 degrees 55 minutes 29 seconds West, a distance of 523.33 feet to a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner;
- South 13 degrees 40 minutes 59 seconds West, passing a 1/2-inch iron rod with cap stamped RPLS 4466 found for corner at a distance of 440.48 feet and continuing across said 302.334 acre tract, a total distance of 538.65 feet to a 1/2-inch iron rod set for corner;

THENCE North 76 degrees 10 minutes 34 seconds West, a distance of 92.95 feet to a 1/2-inch iron rod set for corner;

THENCE South 89 degrees 54 minutes 26 seconds West, a distance of 424.45 feet to a 1/2-inch iron rod set for corner in the common boundary line of said 302.334 acre tract and Hidden Creek, Phase Three, an addition to Ellis County, as recorded in Cabinet B, Slide 88 of said Plat Records;

THENCE North 00 degrees 29 minutes 41 seconds West, with the common boundary line of said 302.334 acre tract and said Hidden Creek, Phase Three, a distance of 1330.43 feet to a 1-inch iron rod found for the northeast corner of said Hidden Creek, Phase Three and an ell corner of said 302.334 acre tract;

THENCE South 89 degrees 49 minutes 49 seconds West, with the common boundary line of said 302.334 acre tract and said Hidden Creek, Phase Three, a distance of 736.38 feet to a 1-inch iron rod found for the common south corner of said 302.334 acre tract and County East Estates, an addition to Ellis County, as recorded in Cabinet A, Slide 569 of said Plat Records;

THENCE Northeasterly, with the common boundary lines of said 302.334-acre tract and said Country East Estates, the following courses:

- North 00 degrees 35 minutes 00 seconds West, a distance of 1101.39 feet to a 1/2-inch iron rod found for corner;
- North 27 degrees 07 minutes 27 seconds East, a distance of 620.73 feet to a 1/2-inch iron pipe found for corner;
- North 14 degrees 14 minutes 40 seconds East, passing a 1/2-inch iron rod found for an ell corner of said 302.334 acre tract at a distance of 603.67 feet and continuing across said 302.334 acre tract a total distance of 610.36 feet to a 1/2-inch iron rod set for corner;

THENCE South 69 degrees 55 minutes 01 seconds East, a distance of 468.37 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 102.50 feet whose chord bears South 79 degrees 32 minutes 06 seconds East, a distance of 34.25 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 19 degrees 14 minutes 12 seconds, an arc distance of 34.41 feet to a 1/2-inch iron rod set for the end of said curve;

THENCE South 89 degrees 09 minutes 12 seconds East, a distance of 363.64 feet to a 1/2-inch iron rod set for corner;

THENCE North 00 degrees 50 minutes 48 seconds East, a distance of 342.21 feet to a 1/2-inch iron rod set for corner in the south right-of-way line of Farm to Market Road 1387 (FM 1387), a variable width right-of-way and the north boundary line of said 302.334 acre tract;

THENCE South 89 degrees 26 minutes 18 seconds East, with the common boundary line of said FM 1387 and said 302.334-acre tract, a distance of 90.00 feet to a 1/2-inch iron rod set for corner;

THENCE South 00 degrees 50 minutes 48 seconds West, a distance of 342.66 feet to a 1/2-inch iron rod set for corner;

THENCE South 89 degrees 09 minutes 09 seconds East, a distance of 653.47 feet to a 1/2-inch iron rod set for the beginning of a tangent curve to the left having a radius of 27.50 feet whose chord bears North 45 degrees 50 minutes 50 seconds East, a distance of 38.89 feet;

THENCE Northeasterly, with said curve to the left, through a central angle of 90 degrees 00 minutes 04 seconds, an arc distance of 43.20 feet to a 1/2-inch iron rod set for the end of said curve;

THENCE North 00 degrees 50 minutes 48 seconds East, a distance of 316.83 feet to a 1/2-inch iron rod set for corner in the common boundary line of said FM 1387 and said 302.334-acre tract;

THENCE South 89 degrees 17 minutes 25 seconds East, with the common boundary line of said FM 1387 and said 302.334 acre tract, a distance of 905.31 feet to a 1/2-inch iron rod found for the common north corner of said 302.334 acre tract and a called 26.453 acre tract of land (Tract A-2) described in deed to Midlothian Independent School district, as recorded in Volume 2205, Page 588 of said Deed Records;

THENCE South 01 degrees 07 minutes 34 seconds East, with the common boundary line of said 302.334 acre tract and said 26.453 acre tract, a distance of 1416.59 feet to a 1/2-inch iron rod found for the northerly common east corner of said 302.334 acre tract and a called 3.544 acre tract of land (Tract A-3) described in deed to Midlothian Independent School district, as recorded in Volume 2205, Page 588 of said Deed Records;

THENCE with the common boundary lines of said 302.334-acre tract and said 3.544-acre tract, the following courses:

- South 87 degrees 53 minutes 33 seconds West, a distance of 570.65 feet to a 1/2-inch iron rod found for corner;
- South 08 degrees 54 minutes 37 seconds East, a distance of 282.33 feet to a 1/2-inch iron rod found for corner;
- North 87 degrees 52 minutes 58 seconds East, passing the southerly common east corner of said 302.334 acre tract and said 3.544 acre tract and continuing with the common boundary line of said 302.334 acre tract and said 26.453 acre tract, a distance of 1232.53 feet to a 1/2-inch iron rod found for corner in the west boundary line of a called 10.000 acre tract of land described in deed to Midlothian Independent School District, as recorded in Volume 2600, Page 722 of said Deed Records;

THENCE South 02 degrees 02 minutes 54 seconds East, with the common boundary line of said 10.000 acre tract and said 302.334 acre tract, a distance of 218.16 feet to a 1/2-inch iron rod found for the northwest corner of The Grove, Phase Two, an addition to the City of Midlothian, as recorded in Cabinet I, Slide 761 of said Plat Records;

THENCE South 02 degrees 11 minutes 07 seconds East, with the common boundary line of said 302.334-acre tract and said The Grove, Phase Two, a distance of 456.92 feet to a 1/2-inch iron rod found for the southwest corner of said Phase Two;

THENCE South 02 degrees 12 minutes 44 seconds East, with the common boundary line of said 302.334-acre tract and the aforementioned 70.000-acre tract, a distance of 672.23 feet to the POINT OF BEGINNING AND CONTAINING 11,039,420 square feet or 253.430 acres of land.

Development Costs – IA#2

Description [a]	NIA#2
Neighborhood Improvement Costs	
Public Improvements:	
Paving	\$ 3,550,683
Grading	\$ 695,722
Erosion Control	\$ 177,244
Water	\$ 914,450
Sanitary Sewer	\$ 1,110,400
Drainage	\$ 1,498,259
Public Improvements Subtotal	\$ 7,946,758
Contingency	\$ 551,516
Engineering/Surveying	\$ 383,224
Material Testing	\$ 191,612
City Inspection Fees	\$ 170,563
Miscellaneous	\$ 252,252
Neighborhood Improvements Total	\$ 9,495,925
Non-PID Funded Improvements:	
Paving	
Retaining Walls	\$ 200,000
Amenity Center	\$ 205,950
Landscape/Screening/Planting	\$ 1,534,605
Non-PID Funded Improvements Subtotal	\$ 1,940,555
Contingency	\$ 134,677
Engineering/Surveying	\$ 93,581
Material Testing	\$ 46,791
City Inspection Fees	\$ 41,651
Miscellaneous	\$ 61,598
Non-PID Funded Improvements Total	\$ 2,318,853
Neighborhood Improvement Total Costs	\$ 11,814,777
Major Improvement Costs	
Public Improvements:	
Paving	\$ 824,276
Water	\$ 543,773
Sanitary Sewer	\$ 497,025
Drainage	\$ 467,493
Subtotal	
Contingency	\$ 105,323
Engineering/Surveying	\$ 36,939
Material Testing	\$ 18,470
City Inspection Fees	\$ 16,669
Total Major Improvements	\$ 2,509,968
TOTAL IMPROVEMENT COSTS	\$ 14,324,745

Footnotes:

[a] Per Engineering Concepts & Design's Redden Farms cost estimate, dated 4/30/2020

Addendum D

Comparable Data – Developed 40' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

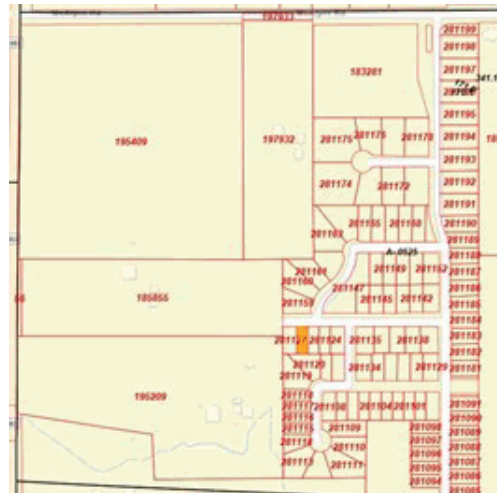
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534014



Sale Information

Sale Price: \$51,250

Effective Sale Price: \$51,250

Sale Date: 11/12/2020

Sale Status: Closed

\$/Acre(Gross): \$357,143

\$/Land SF(Gross): \$8.20

\$/Unit: \$1,025 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$50,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2041666

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 34/Tax ID 281126

Acres(Gross): 0.14

Land-SF(Gross): 6,250

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.

Coventry Crossing, Phase 2 - 50' Lots



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534339



Sale Information

Sale Price:	\$66,250
Effective Sale Price:	\$66,250
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$481,118
\$/Land SF(Gross):	\$11.04
\$/Unit:	\$1,325 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price is set for substantial completion in 3Q2022.
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.

Improvement and Site Data

Bridgewater (Proposed) - 50' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

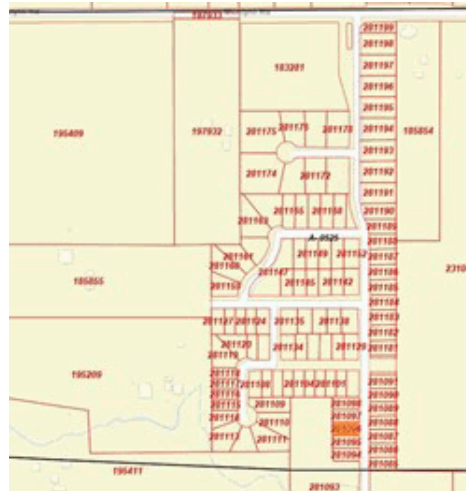
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534290



Sale Information

Sale Price: \$61,200

Effective Sale Price: \$61,200

Sale Date: 08/13/2020

Sale Status: Closed

\$/Acre(Gross): \$355,401

\$/Land SF(Gross): \$8.16

\$/Unit: \$1,020 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2028796

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 4/Tax ID 281096

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.

Coventry Crossing, Phase 2 - 60' Lots



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Hawkins Meadows, Phase 1 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and Autumn Run Drive

City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban



IRR Event ID: 2534315

Sale Information

Sale Price: \$63,600

Effective Sale Price: \$63,600

Sale Date: 01/02/2020

Sale Status: Closed

\$/Acre(Gross): \$369,338

\$/Land SF(Gross): \$8.48

\$/Unit: \$1,060 /Unit

Grantor/Seller: Hawkins Midlothian Development LLC

Grantee/Buyer: First Texas Homes, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in 1Q2019 with an annual 6.0% escalation.

Document Type: Deed

Recording No.: 2000384

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Tony Shaw (First Texas Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Hawkins Meadows, Phase 1, Block 3, Lot 12/Tax ID 272900

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-68

Zoning Desc.: Planned Development - 68

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.

Hawkins Meadows, Phase 1 - 60' Lots



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 60' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534341



Sale Information

Sale Price:	\$78,000
Effective Sale Price:	\$78,000
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$471,869
\$/Land SF(Gross):	\$10.83
\$/Unit:	\$1,300 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price was set for substantial completion in Third Quarter 2022.
Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.17
Land-SF(Gross):	7,200
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.

Bridgewater (Proposed) - 60' Lots



Land Sales - Developed 50' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

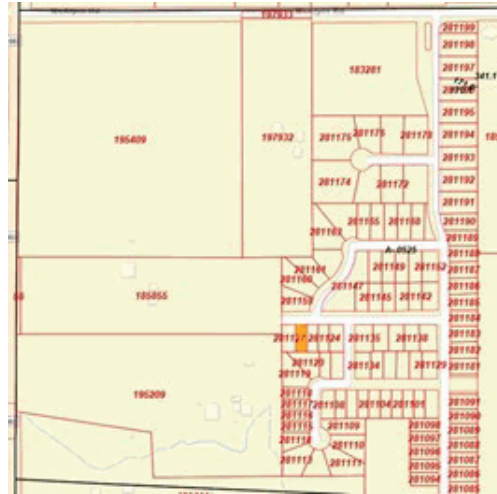
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534014



Sale Information

Sale Price: \$51,250

Effective Sale Price: \$51,250

Sale Date: 11/12/2020

Sale Status: Closed

\$/Acre(Gross): \$357,143

\$/Land SF(Gross): \$8.20

\$/Unit: \$1,025 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$50,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2041666

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 34/Tax ID 281126

Acres(Gross): 0.14

Land-SF(Gross): 6,250

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.

Coventry Crossing, Phase 2 - 50' Lots



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534339



Sale Information

Sale Price:	\$66,250
Effective Sale Price:	\$66,250
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$481,118
\$/Land SF(Gross):	\$11.04
\$/Unit:	\$1,325 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price is set for substantial completion in 3Q2022.
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.

Improvement and Site Data

Bridgewater (Proposed) - 50' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

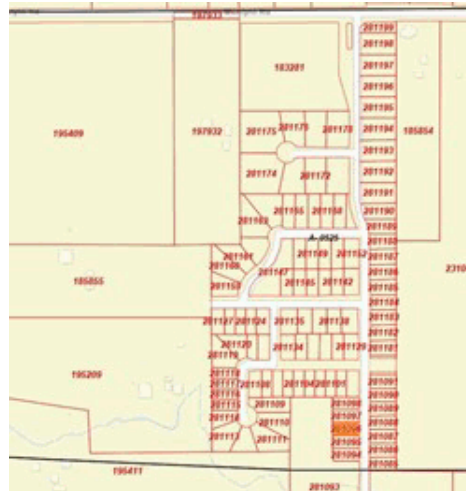
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534290



Sale Information

Sale Price: \$61,200

Effective Sale Price: \$61,200

Sale Date: 08/13/2020

Sale Status: Closed

\$/Acre(Gross): \$355,401

\$/Land SF(Gross): \$8.16

\$/Unit: \$1,020 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2028796

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 4/Tax ID 281096

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.

Coventry Crossing, Phase 2 - 60' Lots



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Hawkins Meadows, Phase 1 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and Autumn Run Drive

City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban



IRR Event ID: 2534315

Sale Information

Sale Price: \$63,600

Effective Sale Price: \$63,600

Sale Date: 01/02/2020

Sale Status: Closed

\$/Acre(Gross): \$369,338

\$/Land SF(Gross): \$8.48

\$/Unit: \$1,060 /Unit

Grantor/Seller: Hawkins Midlothian Development LLC

Grantee/Buyer: First Texas Homes, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in 1Q2019 with an annual 6.0% escalation.

Document Type: Deed

Recording No.: 2000384

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Tony Shaw (First Texas Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Hawkins Meadows, Phase 1, Block 3, Lot 12/Tax ID 272900

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-68

Zoning Desc.: Planned Development - 68

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.

Hawkins Meadows, Phase 1 - 60' Lots



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 60' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534341



Sale Information

Sale Price:	\$78,000
Effective Sale Price:	\$78,000
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$471,869
\$/Land SF(Gross):	\$10.83
\$/Unit:	\$1,300 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price was set for substantial completion in Third Quarter 2022.
Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.17
Land-SF(Gross):	7,200
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.

Bridgewater (Proposed) - 60' Lots



Land Sales - Developed 60' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

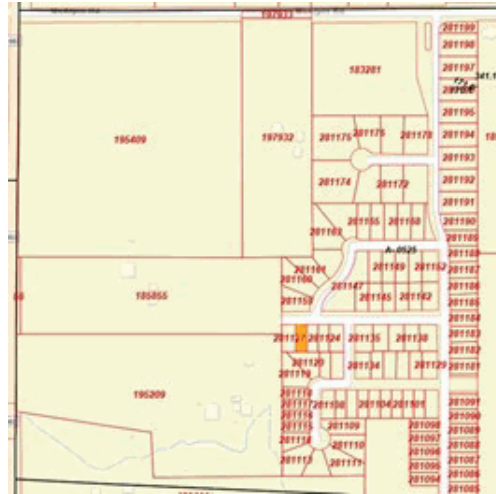
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534014



Sale Information

Sale Price: \$51,250

Effective Sale Price: \$51,250

Sale Date: 11/12/2020

Sale Status: Closed

\$/Acre(Gross): \$357,143

\$/Land SF(Gross): \$8.20

\$/Unit: \$1,025 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$50,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2041666

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 34/Tax ID 281126

Acres(Gross): 0.14

Land-SF(Gross): 6,250

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

This multiphase subdivision is located in the Midlothian ISD. Home prices are ranging from \$255,000 to \$319,000.

Coventry Crossing, Phase 2 - 50' Lots



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534339



Sale Information

Sale Price:	\$66,250
Effective Sale Price:	\$66,250
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$481,118
\$/Land SF(Gross):	\$11.04
\$/Unit:	\$1,325 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price is set for substantial completion in 3Q2022.
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a future master-planned development being planned on 839 acres with substantial completion of Phase 1 lots in Third Quarter 2022. These lots are located in Midlothian ISD with home prices projected to range from \$265,000 to \$330,000.

Improvement and Site Data

Bridgewater (Proposed) - 50' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

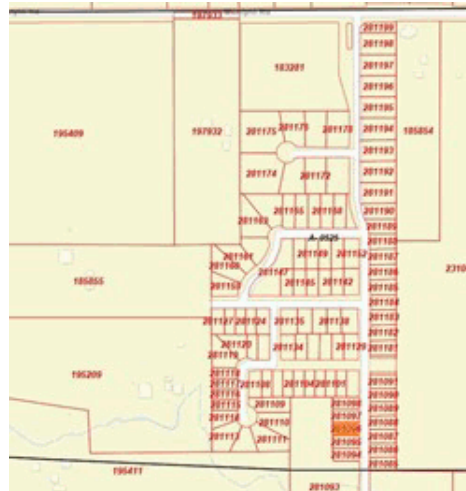
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534290



Sale Information

Sale Price: \$61,200

Effective Sale Price: \$61,200

Sale Date: 08/13/2020

Sale Status: Closed

\$/Acre(Gross): \$355,401

\$/Land SF(Gross): \$8.16

\$/Unit: \$1,020 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2028796

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 4/Tax ID 281096

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.

Coventry Crossing, Phase 2 - 60' Lots



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Hawkins Meadows, Phase 1 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and Autumn Run Drive

City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban



IRR Event ID: 2534315

Sale Information

Sale Price: \$63,600

Effective Sale Price: \$63,600

Sale Date: 01/02/2020

Sale Status: Closed

\$/Acre(Gross): \$369,338

\$/Land SF(Gross): \$8.48

\$/Unit: \$1,060 /Unit

Grantor/Seller: Hawkins Midlothian Development LLC

Grantee/Buyer: First Texas Homes, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in 1Q2019 with an annual 6.0% escalation.

Document Type: Deed

Recording No.: 2000384

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Tony Shaw (First Texas Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Hawkins Meadows, Phase 1, Block 3, Lot 12/Tax ID 272900

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-68

Zoning Desc.: Planned Development - 68

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.

Hawkins Meadows, Phase 1 - 60' Lots



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 60' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534341



Sale Information

Sale Price:	\$78,000
Effective Sale Price:	\$78,000
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$471,869
\$/Land SF(Gross):	\$10.83
\$/Unit:	\$1,300 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price was set for substantial completion in Third Quarter 2022.
Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey (972-960-9797)
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.17
Land-SF(Gross):	7,200
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a proposed master-planned development with substantial completion by Third Quarter 2022. The future lots will be located in the Midlothian ISD. Home prices are projected to range from \$312,000 to \$390,000.

Bridgewater (Proposed) - 60' Lots



Land Sales - Developed 70' Lots

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Hawkins Meadows, Phase 1 - 70' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and Autumn Run Drive

City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534310



Sale Information

Sale Price: \$74,200

Effective Sale Price: \$74,200

Sale Date: 01/22/2020

Sale Status: Closed

\$/Acre(Gross): \$384,855

\$/Land SF(Gross): \$8.83

\$/Unit: \$1,060 /Unit

Grantor/Seller: Hawkins Midlothian Development LLC

Grantee/Buyer: First Texas Homes, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$70,000/lot (\$1,000/FF) in 1Q2019 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2002803

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Tony Shaw (First Texas Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Hawkins Meadows, Phase 1, Block 2, Lot 20/Tax ID 272835

Acres(Gross): 0.19

Land-SF(Gross): 8,400

No. of Units (Potential): 70

Shape: Rectangular

Topography: Level

Frontage Feet: 70

Frontage Desc.: 70' x 120'

Zoning Code: PD-68

Zoning Desc.: Planned Development - 68

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$300,000 to \$360,000.

Hawkins Meadows, Phase 1 - 70' Lots



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Massey Meadows - 70' Lots
Sub-Property Type: Residential, Single Family Lot
Address: Northeast quadrant of Walnut Grove Road and FM-1387
City/State/Zip: Midlothian, TX 76065
County: Ellis
Submarket: Midlothian
Market Orientation: Suburban

IRR Event ID: 2534355



Sale Information

Sale Price: \$70,000
Effective Sale Price: \$70,000
Sale Date: 07/24/2019
Sale Status: Closed
\$/Acre(Gross): \$363,071
\$/Land SF(Gross): \$8.33
\$/Unit: \$1,000 /Unit
Grantor/Seller: Massey Meadows LLC
Grantee/Buyer: Bloomfield Homes LP
Property Rights: Fee Simple
Financing: Cash to seller
Terms of Sale: The base lot price was set in July 2019.
Document Type: Warranty Deed
Recording No.: 1923331
Verified By: Shelley Sivakumar
Verification Date: 12/04/2020
Confirmation Source: Don Dykstra (Bloomfield Homes)
Verification Type: Confirmed-Buyer

Acres(Gross): 0.19
Land-SF(Gross): 8,400
No. of Units (Potential): 70
Shape: Rectangular
Topography: Level
Frontage Feet: 70
Frontage Desc.: 70' x 120'
Zoning Code: PD-98
Zoning Desc.: Planned Development - 98
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$300,000 to \$438,000.

Improvement and Site Data

Legal/Tax/Parcel ID: Massey Meadows, Block C, Lot 22/Tax ID 275768

Massey Meadows - 70' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Bridgewater (Proposed) - 70' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	Northeast quadrant of US-287 and Walnut Grove Road
City/State/Zip:	Midlothian, TX 76065
County:	Ellis
Submarket:	Midlothian
Market Orientation:	Suburban
IRR Event ID:	2534343



Sale Information

Sale Price:	\$87,500
Effective Sale Price:	\$87,500
Sale Date:	07/01/2022
Sale Status:	In-Contract
\$/Acre(Gross):	\$453,838
\$/Land SF(Gross):	\$10.42
\$/Unit:	\$1,250 /Unit
Grantor/Seller:	Hanover Property Company
Grantee/Buyer:	Highland Homes, American Legend Homes, Perry Homes, John Houston Homes
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price is set for substantial completion by 3Q2022.
Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	12/04/2020
Confirmation Source:	Brett Blakey k(972-960-9797)
Verification Type:	Confirmed-Seller Broker

Improvement and Site Data

Legal/Tax/Parcel ID:	I. Cooper Survey, Abstract No. 226/Tax ID 181688 (Vacant land)
Acres(Gross):	0.19
Land-SF(Gross):	8,400
No. of Units (Potential):	70
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Other

Comments

This is a proposed master-planned development with substantial completion by Third Quarter 2022. All lots will be located in the Midlothian ISD. Home prices are projected to range from \$350,000 to \$437,500.

Bridgewater (Proposed) - 70' Lots



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Hawkins Meadows, Phase 1 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and Autumn Run Drive

City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban



IRR Event ID: 2534315

Sale Information

Sale Price: \$63,600

Effective Sale Price: \$63,600

Sale Date: 01/02/2020

Sale Status: Closed

\$/Acre(Gross): \$369,338

\$/Land SF(Gross): \$8.48

\$/Unit: \$1,060 /Unit

Grantor/Seller: Hawkins Midlothian Development LLC

Grantee/Buyer: First Texas Homes, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in 1Q2019 with an annual 6.0% escalation.

Document Type: Deed

Recording No.: 2000384

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Tony Shaw (First Texas Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Hawkins Meadows, Phase 1, Block 3, Lot 12/Tax ID 272900

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-68

Zoning Desc.: Planned Development - 68

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this development are located in the Midlothian ISD. Home prices are ranging from \$250,000 to \$320,000.

Hawkins Meadows, Phase 1 - 60' Lots



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Coventry Crossing, Phase 2 - 60' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Southeast quadrant of FM-663 and McAlpin Road

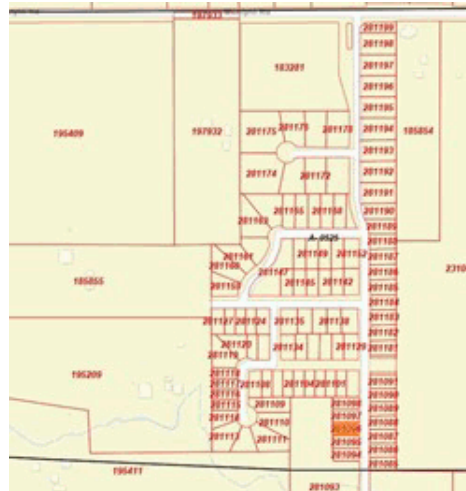
City/State/Zip: Midlothian, TX 76065

County: Ellis

Submarket: Midlothian

Market Orientation: Suburban

IRR Event ID: 2534290



Sale Information

Sale Price: \$61,200

Effective Sale Price: \$61,200

Sale Date: 08/13/2020

Sale Status: Closed

\$/Acre(Gross): \$355,401

\$/Land SF(Gross): \$8.16

\$/Unit: \$1,020 /Unit

Grantor/Seller: Coventry Crossing Lot Venture LTD

Grantee/Buyer: DR Horton Texas LTD

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price was set at \$60,000/lot (\$1,000/FF) in April 2020 with an annual 6.0% escalation.

Document Type: Warranty Deed

Recording No.: 2028796

Verified By: Shelley Sivakumar

Verification Date: 12/04/2020

Confirmation Source: Bryan Holland (Skorburg Co. 214-888-8854)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Coventry Crossing, Phase 2, Block H, Lot 4/Tax ID 281096

Acres(Gross): 0.17

Land-SF(Gross): 7,500

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 125'

Zoning Code: PD-44

Zoning Desc.: Planned Development - 44

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

Comments

Lots in this multiphase subdivision are located in the Midlothian ISD. Home prices are ranging from \$292,000 to \$399,000.

Coventry Crossing, Phase 2 - 60' Lots



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**CITY OF MIDLOTHIAN, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(REDDEN FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREAS #1-2 PROJECT)**



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