

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED SEPTEMBER 17, 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 law, subject to the matters described under “TAX MATTERS” herein. See “TAX MATTERS — Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*

**The Bonds will not be designated as “qualified tax-exempt obligations” for financial institutions.**



**\$5,255,000\***

**CITY OF CELINA, TEXAS,**

**(a municipal corporation of the State of Texas located in Collin and Denton Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021**

**(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)**

**Dated Date: Delivery Date**

**Due: September 1, as shown on the inside cover**

**Interest to Accrue from the Delivery Date**

The City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project) (the “Bonds”), are being issued by the City of Celina, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any outstanding Bond is less than \$25,000 then the authorized denomination of such outstanding Bond shall be the amount of such outstanding Bond. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing March 1, 2022, 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 U.S. Bank National Association, as trustee (the “Trustee”), to DTC 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 expected to be adopted by the City Council of the City (the “City Council”) on September 28, 2021, and an Indenture of Trust, dated as of October 1, 2021 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Neighborhood Improvement Area #4 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the administration of the District, and (v) paying costs of issuance of the Bonds. See “THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS” and “APPENDIX B — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special and limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of Special Assessments levied against assessable properties in Neighborhood Improvement Area #4 of the Wells South Public Improvement District (the “District”) in accordance with a Service and Assessment Plan (as defined herein), all to the extent and upon the conditions described herein. 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 AND 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 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. 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 Official Statement 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, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, 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 Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Haynes and Boone LLP and special counsel, Shupe Ventura, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October 19, 2021 (the “Delivery Date”).

**FMSbonds, Inc.**

\* Preliminary; subject to change.

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

CUSIP Prefix: \_\_\_\_\_ (a)

\$5,255,000\*  
CITY OF CELINA, TEXAS,  
(a municipal corporation of the State of Texas located in Collin and Denton Counties)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)

- \$ \_\_\_\_\_ % Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (a) (b) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (a) (b) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (a) (b) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (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, managed by Standard & Poor’s Financial Services LLC 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 CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City’s Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 1, 20 \_\_, at the redemption prices set forth 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.”

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

\* Preliminary; subject to change.

**CITY OF CELINA, TEXAS  
CITY COUNCIL**

| <u>Name</u>      | <u>Position</u>      | <u>Term Expires<br/>(May)</u> |
|------------------|----------------------|-------------------------------|
| Sean Terry       | Mayor                | 2023                          |
| Mindy Koehne     | Mayor Pro Tem        | 2023                          |
| Justin Steiner   | Deputy Mayor Pro Tem | 2022                          |
| Jay Pierce       | Councilmember        | 2024                          |
| Andy Hopkins     | Councilmember        | 2024                          |
| Wendie Wigginton | Councilmember        | 2023                          |
| Chad Anderson    | Councilmember        | 2022                          |

**CITY MANAGER**

Jason Laumer

**ASSISTANT CITY MANAGER**

Karla Stovall

**CITY FINANCE DIRECTOR**

Robin Bromiley

**CITY SECRETARY**

Vicki Tarrant

**BOND COUNSEL**

Norton Rose Fulbright US LLP  
Dallas, Texas

**FINANCIAL ADVISOR**

Hilltop Securities Inc.  
Dallas, Texas

**PID ADMINISTRATOR**

MuniCap, Inc.  
Irving, Texas

**UNDERWRITER'S COUNSEL**

Orrick, Herrington & Sutcliffe LLP  
Austin, Texas

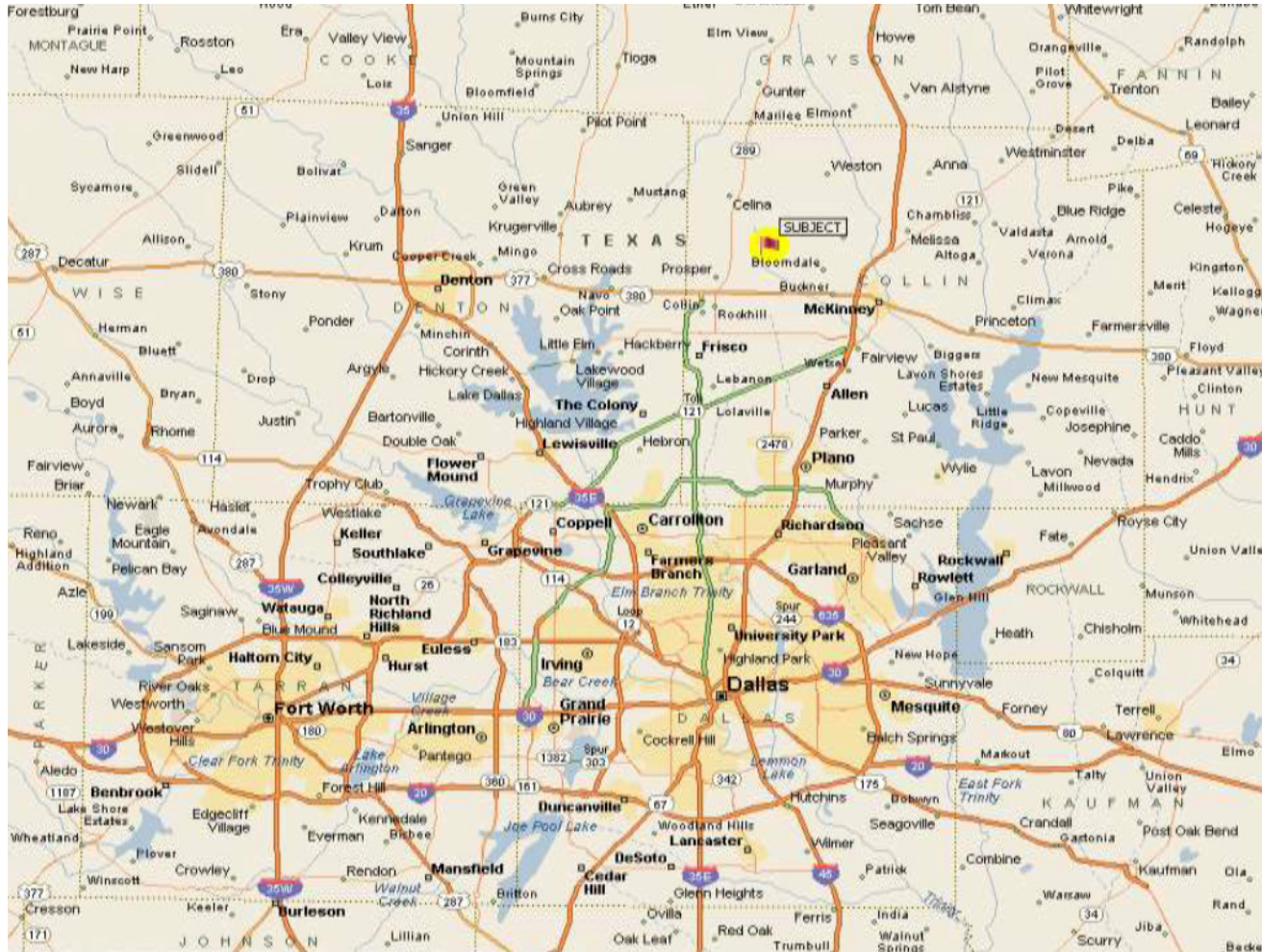
For additional information regarding the City, please contact:

Jason Laumer  
City Manager  
City of Celina, Texas  
142 N. Ohio Street  
Celina, Texas 76201  
(972) 382-2682  
jlaumer@celina-tx.gov

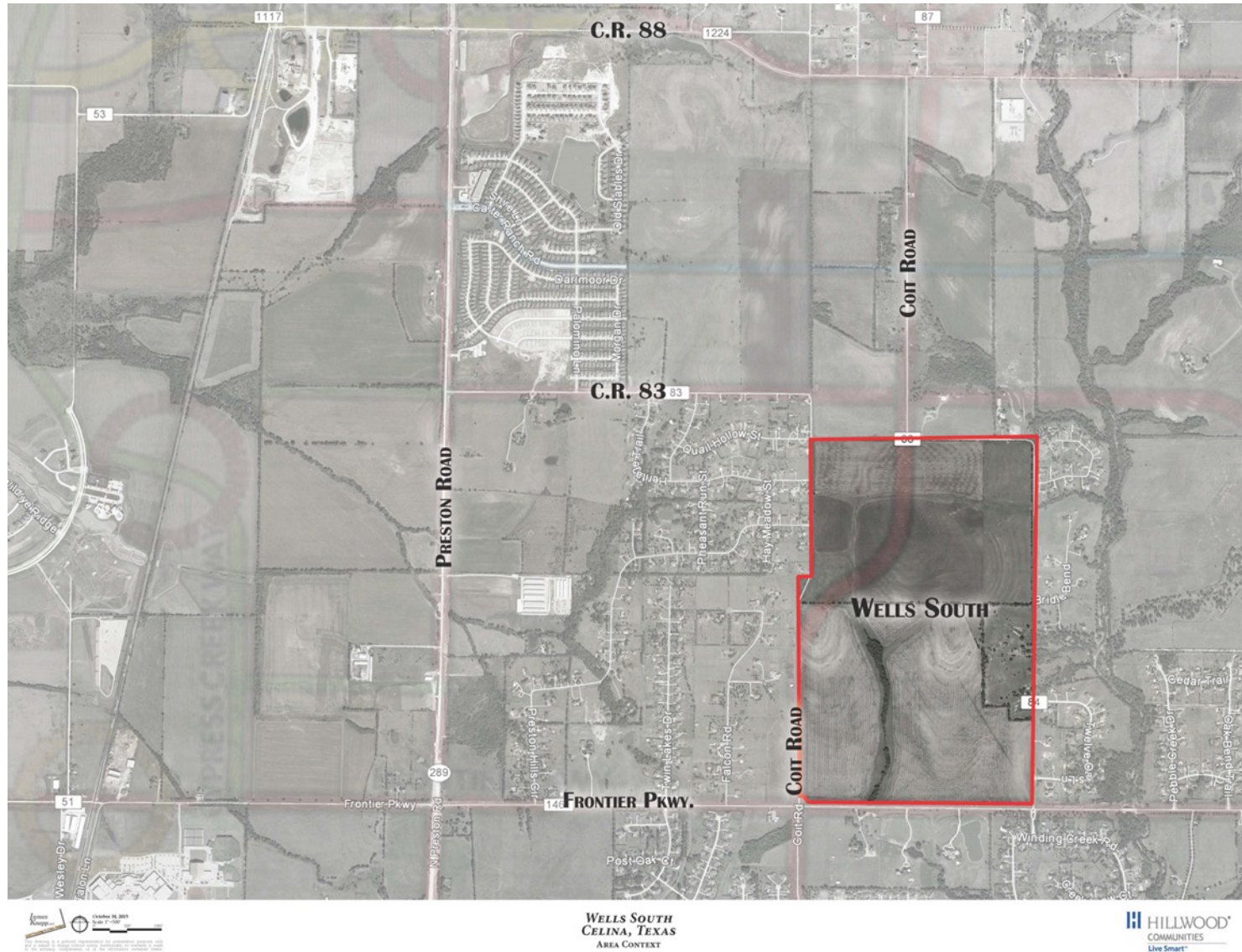
Jason Hughes  
Managing Director  
Hilltop Securities Inc.  
717 N. Harwood, Suite 3400  
Dallas, Texas 75201  
(214) 953-8707  
Jason.Hughes@hilltopsecurities.com

Nick Bulaich  
Managing Director  
Hilltop Securities Inc.  
777 Main Street, Suite 1525  
Fort Worth, Texas 76102  
(817) 332-9710  
Nick.Bulaich@hilltopsecurities.com

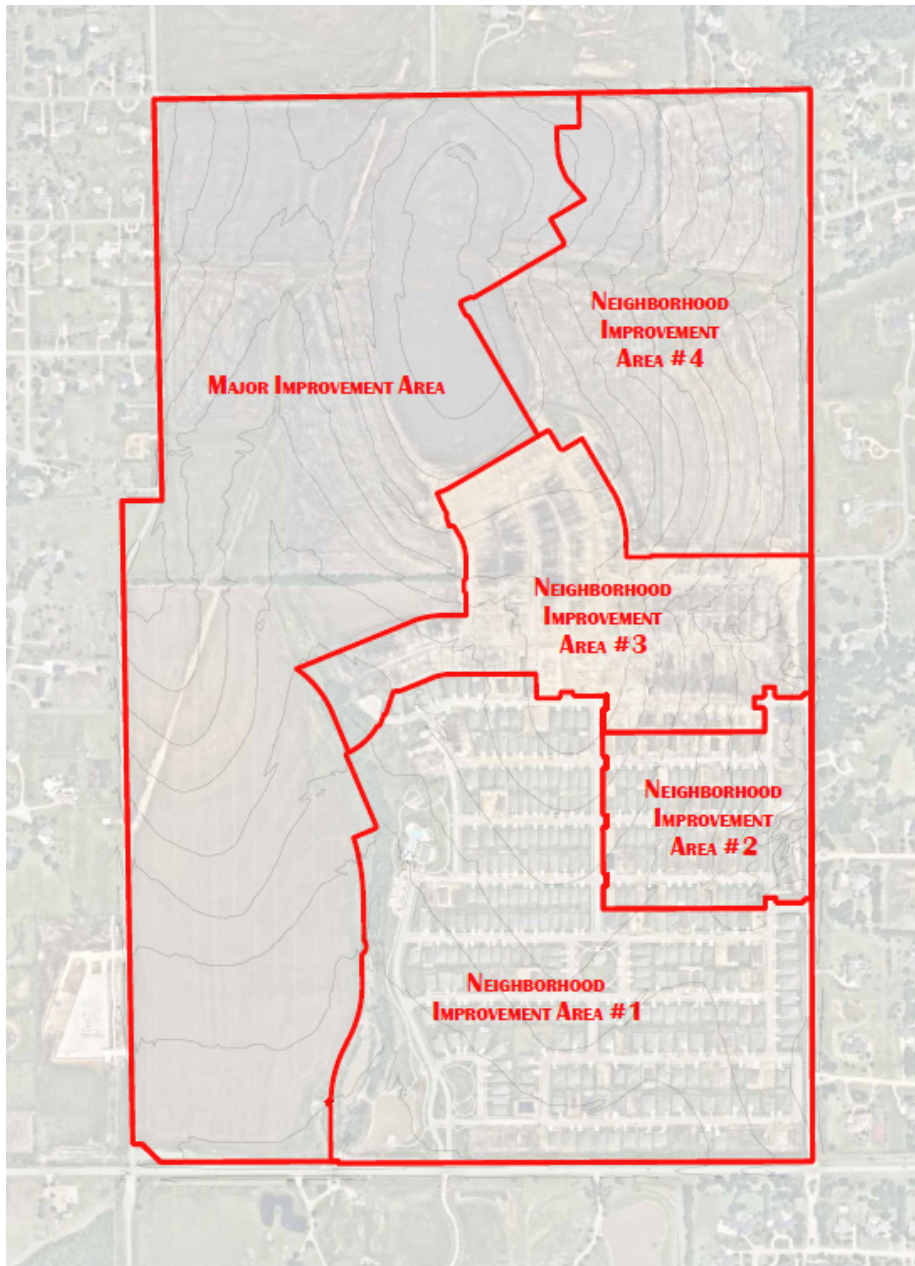
# REGIONAL LOCATION MAP OF THE DISTRICT



# AREA LOCATION MAP OF THE DISTRICT



**MAP SHOWING BOUNDARIES OF NEIGHBORHOOD IMPROVEMENT AREA #1, NEIGHBORHOOD IMPROVEMENT AREA #2, NEIGHBORHOOD IMPROVEMENT AREA #3, NEIGHBORHOOD IMPROVEMENT AREA #4, AND THE MAJOR IMPROVEMENT AREA OF THE DISTRICT<sup>1</sup>**



<sup>1</sup> The area labeled “Major Improvement Area” in the map above reveals the “Future Improvement Area.”

*FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM, THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.*

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.

NEITHER THE CITY NOR THE UNDERWRITER 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. 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– THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY” 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.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)



## TABLE OF CONTENTS

|   |    |   |    |
|---|----|---|----|
| INTRODUCTION .....                          | 1  | Priority of Lien .....                      | 30 |
| PLAN OF FINANCE .....                       | 2  | Foreclosure Proceedings.....                | 30 |
| Development Plan .....                      | 2  | ASSESSMENT DATA.....                        | 31 |
| The Development Agreement.....              | 3  | Collection and Delinquency History of       |    |
| The Reimbursement Agreement.....            | 3  | Assessments .....                           | 31 |
| Lot Purchase and Sale Agreements;           |    | THE CITY .....                              | 34 |
| Home Construction .....                     | 3  | Background .....                            | 34 |
| Prior Bond Issuances .....                  | 4  | City Government .....                       | 34 |
| The Bonds .....                             | 5  | THE DISTRICT .....                          | 34 |
| LIMITATIONS APPLICABLE TO                   |    | General .....                               | 34 |
| INITIAL PURCHASERS.....                     | 5  | Powers and Authority of the City .....      | 35 |
| DESCRIPTION OF THE BONDS .....              | 6  | Water and Wastewater.....                   | 35 |
| General Description.....                    | 6  | THE NEIGHBORHOOD IMPROVEMENT                |    |
| Redemption Provisions.....                  | 7  | AREA #4 IMPROVEMENTS.....                   | 35 |
| BOOK-ENTRY ONLY SYSTEM .....                | 9  | General.....                                | 35 |
| SECURITY FOR THE BONDS.....                 | 11 | Ownership and Maintenance of                |    |
| General .....                               | 11 | Neighborhood Improvement Area               |    |
| Pledged Revenues.....                       | 11 | #4 Improvements.....                        | 36 |
| Collection and Enforcement of Special       |    | THE DEVELOPMENT .....                       | 37 |
| Assessments .....                           | 12 | Overview .....                              | 37 |
| Unconditional Levy of Assessments .....     | 13 | Development Plan .....                      | 37 |
| Perfected Security Interest.....            | 13 | Status of Lot Purchase and Sale             |    |
| Pledged Revenue Fund.....                   | 14 | Agreements .....                            | 40 |
| Bond Fund.....                              | 14 | Amenities and Private Improvements.....     | 43 |
| Project Fund .....                          | 15 | Photographs of the Development .....        | 44 |
| Redemption Fund .....                       | 16 | Development Agreement.....                  | 46 |
| Reserve Fund.....                           | 16 | PID Reimbursement Agreement.....            | 46 |
| Administrative Fund.....                    | 17 | Zoning/Permitting .....                     | 46 |
| Bonds Deemed Paid .....                     | 17 | Education.....                              | 46 |
| Events of Default.....                      | 18 | Environmental .....                         | 47 |
| Remedies in Event of Default or             |    | Existing Mineral and Groundwater            |    |
| Immediate Remedies for Default.....         | 18 | Rights .....                                | 47 |
| Restriction on Owner’s Actions .....        | 19 | Preliminary Geotechnical Exploration .....  | 47 |
| Application of Revenues and Other           |    | Utilities .....                             | 47 |
| Monies After Default .....                  | 20 | THE DEVELOPER .....                         | 47 |
| Investment of Funds .....                   | 20 | General .....                               | 48 |
| Against Encumbrances .....                  | 21 | Description of the Developer.....           | 48 |
| Additional Obligations or Other Liens ..... | 21 | Executive Biographies.....                  | 49 |
| SOURCES AND USES OF FUNDS* .....            | 22 | History and Financing of the District ..... | 50 |
| DEBT SERVICE REQUIREMENTS FOR               |    | THE PID ADMINISTRATOR.....                  | 52 |
| THE BONDS.....                              | 23 | APPRAISAL .....                             | 52 |
| OVERLAPPING TAXES AND DEBT.....             | 24 | The Appraisal .....                         | 52 |
| ASSESSMENT PROCEDURES.....                  | 25 | BONDHOLDERS’ RISKS.....                     | 53 |
| General .....                               | 25 | Deemed Representations and                  |    |
| Assessment Methodology.....                 | 25 | Acknowledgment by Purchasers .....          | 54 |
| Collection of Special Assessments .....     | 28 | Infectious Disease Outbreak.....            | 54 |
| Assessment Amounts.....                     | 29 |   |    |
| Prepayment of Assessments .....             | 30 |   |    |

|   |    |   |    |
|---|----|---|----|
| Failure or Inability to Complete<br>Proposed Development.....                               | 55 | The Developer’s Compliance with Prior<br>Undertakings .....                   | 68 |
| Completion of Homes.....  | 56 | UNDERWRITING .....  | 68 |
| Absorption Rate.....  | 56 | REGISTRATION AND QUALIFICATION<br>OF BONDS FOR SALE.....                      | 69 |
| Assessment Limitations.....   | 56 | LEGAL INVESTMENTS AND<br>ELIGIBILITY TO SECURE PUBLIC<br>FUNDS IN TEXAS ..... | 69 |
| Risks Related to the Real Estate Market.....  | 57 | INVESTMENTS .....   | 69 |
| Competition .....   | 57 | INFORMATION RELATING TO THE<br>TRUSTEE.....                                   | 72 |
| Loss of Tax Exemption .....   | 57 | SOURCES OF INFORMATION .....  | 72 |
| Bankruptcy .....  | 58 | General .....   | 72 |
| Direct and Overlapping Indebtedness,<br>Assessments and Taxes .....                         | 58 | Source of Certain Information.....  | 72 |
| Depletion of Reserve Fund; No<br>Prefunding of Additional Interest<br>Reserve Account ..... | 58 | Experts.....  | 73 |
| Hazardous Substances .....  | 58 | Updating of Limited Offering<br>Memorandum .....                              | 73 |
| Regulation .....  | 59 | FORWARD-LOOKING STATEMENTS .....  | 73 |
| Potential Future Changes in State Law<br>Regarding Public Improvement<br>Districts .....    | 59 | AUTHORIZATION AND APPROVAL.....   | 73 |
| 500-Year Flood Plain .....  | 59 | APPENDIX A General Information Regarding the<br>City                          |    |
| Risk from Weather Events.....   | 60 | APPENDIX B Form of Indenture  |    |
| Exercise of Mineral and Groundwater<br>Rights .....   | 60 | APPENDIX C Service and Assessment Plan  |    |
| Bondholders’ Remedies and<br>Bankruptcy .....   | 60 | APPENDIX D Form of Opinion of Bond Counsel                                    |    |
| No Acceleration.....  | 61 | APPENDIX E-1 Form of Disclosure Agreement of<br>Issuer                        |    |
| Bankruptcy Limitation to Bondholders’<br>Rights .....                                       | 61 | APPENDIX E-2 Form of Disclosure Agreement of<br>Developer                     |    |
| Management and Ownership.....   | 62 | APPENDIX F PID Reimbursement Agreement  |    |
| General Risks of Real Estate Investment<br>and Development.....                             | 62 | APPENDIX G Appraisal  |    |
| Agricultural Use Valuation and<br>Redemption Rights.....                                    | 63 |   |    |
| TAX MATTERS .....   | 63 |   |    |
| Opinion.....  | 63 |   |    |
| Tax Accounting Treatment of Discount<br>and Premium on Certain Bonds.....                   | 64 |   |    |
| LEGAL MATTERS .....   | 65 |   |    |
| Legal Proceedings .....   | 65 |   |    |
| Legal Opinions .....  | 65 |   |    |
| Litigation — The City .....   | 66 |   |    |
| Litigation — The Developer.....   | 66 |   |    |
| SUITABILITY FOR INVESTMENT .....  | 66 |   |    |
| ENFORCEABILITY OF REMEDIES .....  | 67 |   |    |
| NO RATING .....   | 67 |   |    |
| CONTINUING DISCLOSURE.....  | 67 |   |    |
| The City.....   | 67 |   |    |
| The City’s Compliance with Prior<br>Undertakings .....                                      | 67 |   |    |
| The Developer .....   | 68 |   |    |

**PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$5,255,000\***

**CITY OF CELINA, TEXAS,**

**(a municipal corporation of the State of Texas located in Collin and Denton Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021**

**(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Celina, Texas (the “City”), of its \$5,255,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 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 expected to be adopted by the City Council of the City (the “City Council”) on September 28, 2021 (the “Bond Ordinance”), and an Indenture of Trust, dated as of October 1, 2021 (the “Indenture”), entered into by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the “Special Assessments”) anticipated to be levied pursuant to a separate ordinance expected to be adopted by the City Council on September 28, 2021 (the “Assessment Ordinance”) against assessable property (the “Assessed Property”), located within Neighborhood Improvement Area #4 (as defined herein), of the Wells South Public Improvement District (the “District”) all to the extent and upon the conditions described in the Indenture.

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 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 PID Administrator (as defined herein), the Master Developer (as defined herein), the Neighborhood Improvement Area #4 Developer (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the PID Reimbursement Agreement (as defined herein) and the Development Agreement (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 Cowboy Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX B, the Service and Assessment Plan appears in APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the

---

\* Preliminary, subject to change.

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

Celina Development, LLC, a Texas limited liability company (the “Master Developer”) closed on the purchase of approximately 400.524-acres of property within the District on or about November 20, 2015. Development in the District began in 2016 with the concurrent development of the major infrastructure to serve the entire District (the “Major Improvements”) and the internal infrastructure (the “Neighborhood Improvement Area #1 Improvements”) to serve the initial phase of the District (“Neighborhood Improvement Area #1”), which development was completed by the Master Developer. See “THE DEVELOPMENT.”

The Neighborhood Improvement Area #1 Improvements and the Major Improvements were substantially completed and accepted by the City in March 2017. Construction of the internal infrastructure (the “Neighborhood Improvement Area #2 Improvements”) necessary to serve the second residential phase of the District (“Neighborhood Improvement Area #2”) was substantially completed and accepted by the City in July 2018. Construction of the internal infrastructure (the “Neighborhood Improvement Area #3 Improvements”) necessary to serve the third residential phase of the District (“Neighborhood Improvement Area #3”) was substantially completed and accepted by the City in November 2020. Lilyana Phase 4, LLC, a Texas limited liability company (the “Neighborhood Improvement Area #4 Developer” and collectively with the Master Developer, the “Developer”) started construction of the internal infrastructure (the “Neighborhood Improvement Area #4 Improvements”) necessary to serve the fourth residential phase of the District (“Neighborhood Improvement Area #4” or “NIA #4”) in March 2021. The Neighborhood Improvement Area #4 Developer expects to complete the Neighborhood Improvement Area #4 Improvements by the end of March 2022.

The District currently includes four residential phases of development (Neighborhood Improvement Area #1 consisting of approximately 93.2 acres, Neighborhood Improvement Area #2 consisting of approximately 21.347 acres, Neighborhood Improvement Area #3 consisting of approximately 44.724 acres, and Neighborhood Improvement Area #4 consisting of approximately 67.494 acres) and is expected to include three additional residential phases (for a total of seven residential phases) and one retail phase of development (collectively, the “Future Neighborhood Improvement Areas”), which will be located within the hereinafter defined Major Improvement Area. The Future Neighborhood Improvement Areas will be developed over time and will necessitate the construction of additional neighborhood-level infrastructure (the “Future Neighborhood Improvements”), with the expectation that Additional Obligations (as defined herein) will be sold to finance such construction. See “SECURITY FOR THE BONDS – Additional Obligations and Other Liens.” The term “Major Improvement Area” is used herein to describe all of the property within the District other than the property in Neighborhood Improvement Area #1. Neighborhood Improvement Area #2, Neighborhood Improvement Area #3 and Neighborhood Improvement Area #4 are included within the Major Improvement Area. Maps of the District are included on pages iii-v.

On September 1, 2021, the Master Developer sold approximately 140 gross acres within the Future Improvement Area (which is also located within the Major Improvement Area) that will be developed as the final three residential phases situated in Lilyana Phases 5, 6 and 7 (“Phases 5-7”) to M/I Homes of DFW, LLC, a multi-regional publicly traded home builder (the “Phases 5-7 Purchaser”). Under the Contract of Sale (as amended, the “Phases 5-7 Contract of Sale”), the Master Developer and the Phases 5-7 Purchaser agree that Phases 5-7 will be developed to include approximately 457 lots as contemplated under the Development Agreement; and, the Master Developer retains, among other items, all rights to any reimbursements and receivables from special assessments levied or to be levied against benefited property within the District, including Phases 5-7, and from the proceeds of revenue bonds secured by such special assessments, if and when issued by the City. See “THE DEVELOPER – History and Financing of the District – Sale of Phases 5, 6, and 7.”

The City expects to issue one or more series of bonds in phases (collectively, the “Additional Obligations”) to finance the cost of internal infrastructure within each of the Future Neighborhood Improvement Areas as development proceeds. The estimated costs of the internal infrastructure benefiting Future Neighborhood Improvement Areas of the District will be determined as Future Neighborhood Improvement Areas of the District are developed. The Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act,

including those improvements listed in the Service and Assessment Plan to be constructed within Future Neighborhood Improvement Areas of the District to be financed by each new series of Additional Obligations. Such Additional Obligations will be secured by separate special assessments levied pursuant to the PID Act on assessable property within the applicable Future Neighborhood Improvement Areas of the District. It is not anticipated that any Additional Obligations will be issued with respect to Neighborhood Improvement Area #4. See “SECURITY FOR THE BONDS – Additional Obligations and Other Liens.”

The City constructed and installed certain of the improvements, including certain water, wastewater, and storm drainage improvements outside of the boundaries of the District. A portion of such improvements benefits all Assessed Properties within the District (the “City Contributed Major Improvements”). The City issued several series of certificates of obligation to finance the costs of the City Contributed Major Improvements. The City allocated a portion of the costs of the City Contributed Major Improvements to the District and levied assessments (the “2015 CCMI Assessments”) as portions of the Neighborhood Improvement Area #1 Assessments (as defined herein) and the Major Improvement Area Assessments (as defined herein) against the property within the District to reimburse the City for the District’s share of such costs. Additionally, the City agreed to use tax increment revenues generated from a tax increment reinvestment zone, the boundaries of which are coterminous with the District, as a credit on a parcel-by-parcel basis to offset the portion of the annual installment of the Neighborhood Improvement Area #1 Assessment and Major Improvement Area Assessments that was allocable to such 2015 CCMI Assessments. The Development Agreement, the documents related to the tax increment reinvestment zone, and the Service and Assessment Plan, provide that if the ad valorem taxes collected on all parcels within the District in each year of any consecutive two-year period equal or exceed one hundred fifty percent (150%) of the annual installment allocable to the 2015 CCMI Assessments based on a confirming audit, then the annual installment allocable to the 2015 CCMI Assessments shall be permanently reduced to zero. The PID Administrator has confirmed that the conditions required for permanently reducing the annual installment allocable to the 2015 CCMI Assessments have been met, and the City has formally released the 2015 CCMI Assessments and such amounts will no longer be collected as part of the Neighborhood Improvement Area #1 Assessments and the Major Improvement Area Assessments. See “APPENDIX C —Service and Assessment Plan.”

### **The Development Agreement**

The Amended and Restated Development Agreement (Wells South Tract), effective as of April 28, 2015, approved by the City Council on September 8, 2015, as amended on February 13, 2018 (the “Development Agreement”) provides certain rules and regulations for design and construction of the Authorized Improvements, including Neighborhood Improvement Area #4 Improvements, and the process for the development of all property within the District. The Development Agreement also obligates the Master Developer to make certain payments to the City.

### **The Reimbursement Agreement**

The City has entered into a reimbursement agreement with the Master Developer, effective December 7, 2015 (the “PID Reimbursement Agreement”), which provides, in part, for the deposit of proceeds from the issuance and sale of bonds, including the Bonds, the payment of costs of public improvements within the District (including the Neighborhood Improvement Area #4 Improvements), the issuance of bonds (including the Bonds), and the payment by the City to the Master Developer from the proceeds of the bonds for funds advanced to pay costs of public improvements. The Master Developer intends to reimburse the Neighborhood Improvement Area #4 Developer for costs incurred in developing and constructing such Neighborhood Improvement Area #4 Improvements. However, the Master Developer has not obligated itself to transfer to the Neighborhood Improvement Area #4 Developer any payment(s) it receives from the City under the PID Reimbursement Agreement. If the Master Developer does not transfer such payment(s) to the Neighborhood Improvement Area #4 Developer, it could impair the Neighborhood Improvement Area #4 Developer’s ability to pay Special Assessments. See “APPENDIX F – PID Reimbursement Agreement.”

### **Lot Purchase and Sale Agreements; Home Construction**

According to the Neighborhood Improvement Area #4 Developer, construction of the Neighborhood Improvement Area #4 Improvements began in March 2021 and is expected to be completed by the end of March 2022. The Neighborhood Improvement Area #4 Developer expects home construction in Neighborhood Improvement Area

#4 to begin in April 2022. Homebuilders in Neighborhood Improvement Area #4 include American Legend Homes, LLC, a Texas limited liability company (“American Legend Homes”), Highland Homes-Dallas, LLC, a Texas limited liability company (“Highland Homes”), and M/I Homes of DFW, LLC, a Delaware limited liability company (“M/I Homes” and together with American Legend Homes and Highland Homes, “Neighborhood Improvement Area #4 Homebuilders”). Pursuant to three separate Lot Purchase and Sale Agreements with American Legend Homes, Highland Homes and M/I Homes, the Neighborhood Improvement Area #4 Developer has contracted with the Neighborhood Improvement Area #4 Homebuilders for 248 of the 276 lots within Neighborhood Improvement Area #4. As of May 31, 2021, 116 of such lots are under contract with American Legend Homes, 72 of such lots are under contract with Highland Homes and 60 of such lots are under contract with M/I Homes. See “THE DEVELOPMENT – Status of Lot Purchase and Sale Agreements” for more information concerning the status of lot sales in Neighborhood Improvement Area #4.

### **Prior Bond Issuances**

In December 2015, the City concurrently issued two series of bonds secured by special assessments levied on certain assessable properties within the District: (1) the City’s \$8,040,000 Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) (the “Major Improvement Area Bonds”), and (2) the City’s \$5,790,000 Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project). The current outstanding principal amounts of the Major Improvement Area Bonds and the Neighborhood Improvement Area #1 Bonds are \$7,680,000 and \$5,335,000, respectively.

The Major Improvement Area Bonds were issued, primarily, for the purpose of financing the costs of the Major Improvements allocable to the Major Improvement Area and are secured by assessments levied solely against property in the Major Improvement Area (the “Major Improvement Area Assessments”). Neighborhood Improvement Area #4 is located within the Major Improvement Area; therefore, the Major Improvement Area Assessments overlap the Special Assessments within the Neighborhood Improvement Area #4 Assessed Property. The Indenture relating to the Major Improvement Area Bonds contains certain conditions precedent that must be satisfied prior to the issuance of Additional Obligations to finance the costs of internal infrastructure benefitting a Future Improvement Area (the “Additional Obligations Test”).

The Neighborhood Improvement Area #1 Bonds were issued, primarily, for the purposes of financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #1 and Neighborhood Improvement Area #1’s proportionate share of the costs of the Major Improvements. The Neighborhood Improvement Area #1 Bonds are secured by assessments levied solely against assessable property in Neighborhood Improvement Area #1 (the “Neighborhood Improvement Area #1 Assessments”).

In September 2020, the City issued an additional series of bonds secured by special assessments levied on certain assessable properties within the District: the City’s \$3,195,000 Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) (the “Neighborhood Improvement Area #2-3 Bonds” and together with the Neighborhood Improvement Area #1 Bonds and the Major Improvement Area Bonds, the “Prior Bonds”). The currently outstanding principal amount of the Neighborhood Improvement Area #2-3 Bonds is \$3,170,000.

The Neighborhood Improvement Area #2-3 Bonds were issued for the purposes of (i) financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #2 and (ii) financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #3. The Neighborhood Improvement Area #2-3 Bonds are secured by assessments levied solely against assessable property in Neighborhood Improvement Area #2 (the “Neighborhood Improvement Area #2 Assessments”) and against assessable property in Neighborhood Improvement Area #3 (the “Neighborhood Improvement Area #3 Assessments”).

**THE MAJOR IMPROVEMENT AREA ASSESSMENTS, NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENTS, NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENTS, AND NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENTS ARE NOT PLEDGED AS SECURITY FOR THE BONDS.**

## The Bonds

Proceeds of the Bonds will be used primarily to finance (i) paying a portion of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Neighborhood Improvement Area #4 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the administration of the District, and (v) paying costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option and direction of the City, be transferred to another Account of the Project Fund (as defined herein) or to the Principal and Interest Account of the Bond Fund (both defined herein) to pay interest on the Bonds. See “THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS” and “APPENDIX B — Form of Indenture” and “SOURCES AND USES OF FUNDS.”

The Bonds, the Prior Bonds and any Additional Obligations issued by the City are separate and distinct issues of securities secured by separate special assessments. Only the Bonds are offered pursuant to this Limited Offering Memorandum.

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate (as defined herein), consisting primarily of Assessment Revenue (as defined herein), 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 or any other political subdivision of the State, within the meaning of any Constitutional provision or statutory limitation whatsoever, but the Bonds are special and limited 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.**

### 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 the 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 Neighborhood Improvement Area #4 Improvements, 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 City, 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. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2022 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”); provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000 then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. 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.”

Prior to the issuance of the Bonds, satisfactory evidence has been submitted to the City and its advisors that the Additional Obligations Test has been satisfied and the Bonds will be issued as additional obligations pursuant to terms of the Indenture authorizing the Major Improvement Area Bonds.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)



**Redemption Provisions**

*Optional Redemption.* The City reserves the right and option to redeem Bonds maturing on or after September 1, 20\_\_, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 20\_\_, at the price of par, plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

*Extraordinary Optional Redemption.* The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount specified in a City Certificate, on the first day of any month, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the Indenture, or any other transfers to the Redemption Fund under the terms of the Indenture). The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to the Indenture. See “ASSESSMENT PROCEDURES — Prepayment of Special Assessments” for the definition and description of Prepayments.

*Mandatory Sinking Fund Redemption.* The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity 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 of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule on the following page:

| <u>\$ Bonds Maturing September 1, 20__</u> |  |
|--|--|
| <u>Redemption Date</u>                     | <u>Sinking Fund<br/>Installment Amount</u> |
| September 1, 20__                          | \$   |
| September 1, 20__                          |  |
| September 1, 20__                          |  |
| September 1, 20__ †                        |  |

† Stated Maturity

| <u>\$ Bonds Maturing September 1, 20__</u> |  |
|--|--|
| <u>Redemption Date</u>                     | <u>Sinking Fund<br/>Installment Amount</u> |
| September 1, 20__                          | \$   |
| September 1, 20__                          |  |
| September 1, 20__                          |  |
| September 1, 20__ †                        |  |

† Stated Maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select a principal amount of Bonds (in accordance with the Indenture) 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 redemption date, and shall give notice of such redemption.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date 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 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 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.

Partial Redemption. For Bonds redeemed pursuant to mandatory sinking fund redemption, the Trustee may select the Bonds to be redeemed in any method that results in a random selection.

For Bonds redeemed pursuant to optional redemption, the Trustee will rely on the directions provided in a City Certificate.

If less than all of the Bonds are called for extraordinary optional redemption pursuant to the Indenture, the Bonds or portion of a Bond 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 or Bonds, as applicable, shall be redeemed in inverse order of maturity.

The following defined terms apply to partial extraordinary optional redemptions:

“Substantial Amount Redemption” means a redemption of Bonds pursuant to extraordinary optional redemption of a principal amount of Bonds that is greater than or equal to ten percent (10%) of the Outstanding principal amount of the Bonds.

“Minor Amount Redemption” means a redemption of Bonds pursuant to extraordinary optional redemption of a principal amount of Bonds that is less than ten percent (10%) of the Outstanding principal amount of the Bonds.

Bonds may be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000.

Upon surrender of any Bond for redemption in part, the Trustee in accordance with the Indenture, will 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.

Notice of Redemption to Owners. Upon direction from the City to the Trustee of the exercise of any redemption provision provided hereunder, 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. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds being redeemed 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. 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.

The City has the right to rescind any optional redemption or extraordinary optional redemption 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 direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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 a notice of redemption, the notice may state the

City may condition redemption on the 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 are not satisfied 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.

### **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, 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 United States Securities and Exchange Commission, 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 17 A 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 a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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 AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM 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 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 TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below), consisting primarily of certain revenue from the Special Assessments levied against the Neighborhood Improvement Area #4 Assessed Property and 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 caused the preparation of a Service and Assessment Plan (as amended, restated and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Neighborhood Improvement Area #4, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Special 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 annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Special 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 — Service and Assessment Plan."

In connection with the pricing of the Bonds on September 28, 2021, and in the Assessment Ordinance, the City will approve an amended and restated Service and Assessment Plan, which will reflect the actual interest rate on the Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act. APPENDIX C will be updated in the final Limited Offering Memorandum to include such update to the Service and Assessment Plan.

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Neighborhood Improvement Area #4 Improvements by levying the Special Assessments upon properties in Neighborhood Improvement Area #4 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Special Assessments levied and anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

The Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below), consisting primarily of Assessment Revenue (defined below), and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture:

“Annual Installments” means, with respect to each Assessed Parcel, each annual payment of the Special Assessments (including both principal of and interest on the Special Assessments) as shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix H; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Special Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) a Special Assessment levied against a parcel of Assessed Property, or Annual Installment payment thereof, including any interest on such Special Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

“Delinquent Collection Costs” means the costs related to the foreclosure on a parcel of Assessed Property and the costs of collection of a delinquent Special Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds.

“Pledged Funds” means the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

“Trust Estate” means the Pledged Revenues and all moneys and investments held in the Pledged Funds, as well as any and all other property or money of every name and nature which is, from time to time by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent.

The City will covenant in the Indenture that it will take and pursue all actions permissible under applicable laws to cause the Special Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund.” See also “APPENDIX B — Form of Indenture” and “APPENDIX C — Service and Assessment Plan.”

The PID Act provides that the Special 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 Neighborhood Improvement Area #4 Assessed Property, superior to all other liens or claims, except liens and claims for the State of Texas (the “State”), county, school district, municipality, or other political subdivisions of the State 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 Special 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.

### **Collection and Enforcement of Special Assessments**

For so long as any Bonds are Outstanding and/or amounts are due the Developer to reimburse it for its funds it has contributed to pay Actual Costs of the Neighborhood Improvement Area #4 Improvements, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Special 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 Special Assessments.

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 Special Assessment or the corresponding Assessed Property. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

### **Unconditional Levy of Assessments**

The City will impose Special 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 Special Assessments will become effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Special 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 Special Assessments. Pursuant to the Assessment Ordinance, interest on the Special Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of a Special Assessment, shall be calculated on or before September 1 and shall be due on 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. The initial Annual Installments of the Special Assessments are due by January 31, 2023 and delinquent if not paid prior to February 1, 2023.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid an assessment to pay the annual costs incurred by the City in the administration and operation of Neighborhood Improvement Area #4. The portion of each Annual Installment of a Special Assessment used to pay such annual costs shall remain in effect from year to 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 portion of the Special Assessments to pay annual expenses shall be due in the manner set forth in the respective Assessment Ordinance on October 1 of each year and shall be delinquent if not paid by February 1 of the following year. Such portion of the Special Assessments to pay Administrative Expenses do not secure repayment of the Bonds.

There will be no discount for the early payment of Special Assessments.

Special Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be 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 municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for Special Assessments and penalties and interest will begin on the effective date of the Assessment Ordinance and continues until the Special Assessments are paid or until all Bonds are finally paid.

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

### **Perfecting Security Interest**

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate and such pledge is valid, effective, and perfected. The City will covenant in the Indenture that should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Trust Estate is subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City will take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur. See "APPENDIX B — Form of Indenture."

## **Pledged Revenue Fund**

On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2022, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Assessment Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with the provisions of the Indenture, (iii) third, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected in accordance with the provisions of the Indenture, (iv) fourth, to pay other Actual Costs of the Neighborhood Improvement Area #4 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

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 Bond Pledged Revenue Account 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 “Reserve Fund” below) there are insufficient funds to make the payments provided above, the Trustee shall apply the available funds in the Principal and Interest Account first, to the payment of interest and then, to the payment of principal (including any Sinking Fund Installments) on the Bonds.

Notwithstanding the deposits described in first through fifth above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

Notwithstanding the deposits described in first through fifth above, The Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Property(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Property, and third, to the Redemption Fund.

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 an account of the Reserve Fund, the City may direct the Trustee by City Certificate to apply Special Assessments for any lawful purposes permitted by the PID Act for which Special Assessments may be paid.

Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the City pursuant to a City Certificate, for any lawful purpose permitted by the PID Act for which such additional Pledged Revenues may be used, including transfers to other Funds and Accounts created pursuant to the Indenture.

## **Bond Fund**

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/or 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 for the purposes set forth in the paragraph above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the



order described in the Reserve Fund provisions of the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

| Date | Amount (\$) |
|------|-------------|
|------|-------------|

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred, in accordance with a City Certificate delivered to the Trustee, to the Neighborhood Improvement Area #4 Improvement Account of the Project Fund, or if the Project Fund has 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 the purposes as specified in the Indenture.

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 Certificates. Disbursements from the Neighborhood Improvement Area #4 Improvement Account of the Project Fund to pay Actual Costs of the Neighborhood Improvement Area #4 Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certificate for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Neighborhood Improvement Area #4 Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the PID Reimbursement Agreement or as provided in such written direction.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund are not expected to be expended for purposes of the Neighborhood Improvement Area #4 Account of the Project Fund due to the abandonment, or constructive abandonment, of the Neighborhood Improvement Area #4 Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund will ever be expended for the purposes of the Neighborhood Improvement Area #4 Improvement Account of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund that are not expected to be used for purposes of the Neighborhood Improvement Area #4 Improvement Account of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

Upon the filing of a City Certificate stating that all Neighborhood Improvement Area #4 Improvements have been completed and that all Actual Costs of the Neighborhood Improvement Area #4 Improvements have been paid, or that any such Actual Costs of the Neighborhood Improvement Area #4 Improvements are not required to be paid from the Neighborhood Improvement Area #4 Improvement Account of the Project Fund pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Neighborhood Improvement Area #4 Improvement Account of the Project Fund to the Bond Fund and (ii) the Neighborhood Improvement Area #4 Improvement Account of the Project Fund shall be closed. If the Neighborhood Improvement Area #4 Improvement Account has been closed pursuant to the Indenture and the Cost of Issuance Account of the Project Fund has been closed pursuant to the Indenture, the Project Fund shall be closed.

Not later than 6 (six) months following the Closing Date, 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 another Account in the Project Fund and used to pay Actual Costs or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

## **Redemption Fund**

The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds on the dates specified for redemption. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in the Indenture.

## **Reserve Fund**

Reserve Account. The Indenture provides for the creation of a Reserve Account within the Reserve Fund for the benefit of the Bonds and held by the Trustee which will be 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 shall be an amount equal to the least of (i) maximum annual debt service on the Bonds as of their date of issuance, (ii) 125% of average annual debt service on the Bonds as of their date of issuance, and (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the date of delivery of the Bonds, the Reserve Account Requirement equals \$ \_\_\_\_\_, which is an amount equal to the [maximum annual debt service on the Bonds] as of such date.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount 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 debt service on the Bonds on the next Interest Payment Date, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due as rebate to the United States, (ii) to the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture, or (iii) for such other use specified in such City Certificate, if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

If, after a Reserve Fund withdrawal to cover an insufficiency in the Bond Fund, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency.

Additional Interest Reserve Account. The Indenture provides for the creation of the Additional Interest Reserve Account within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2022, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. The “Additional Interest Reserve Requirement” means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

*Application of Accounts within Reserve Fund.* If, 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 any available funds on deposit first from the Additional Interest Reserve Account, and second from the Reserve Account of the Reserve Fund to the Bond Fund in the amount necessary to cure such deficiency.

Whenever Bonds are to be redeemed with the proceeds of Prepayments, the Trustee shall transfer on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate, to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments 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 the 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 the 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 in the Redemption Fund 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 identified in a City Certificate, as a result of such Prepayment and as a result of the transfer from the Reserve Account described above, 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 \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds.

If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

#### **Administrative Fund**

The City has created under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay the Administrative Expenses and Delinquent Collection Costs. Moneys in the District Administration Account of 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 Certificate solely for the purposes set forth in the Service and Assessment Plan. See "APPENDIX C —Service and Assessment Plan."

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

#### **Bonds Deemed Paid**

All 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 if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. 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. 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 in writing 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; and provided further investments 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, 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.

### **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 Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Special Assessments including the prosecution of foreclosure proceedings;

(iii) 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; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds available to the City to make any such payment; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the Bonds at the time Outstanding requesting that the failure be remedied.

### **Remedies in Event of Default or Immediate Remedies for Default**

Subject to the limitations on liability of the City provided within the Indenture, upon the happening and continuance of any of the Events of Default, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing 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 herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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 under Article XI of the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, 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 Certificate, 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.

Whenever moneys are to be applied pursuant to Article XI of 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 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 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 hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the 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 therein before granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers therein before granted, 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 90-day period by the registered owners of at least 51% 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 hereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein 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 hereunder 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 hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

### **Application of Revenues and Other Monies After Default**

All moneys, securities, funds and 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 Article XI of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), 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, notwithstanding Section 11.2 of the Indenture, 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:

(i) FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

(ii) SECOND: To the payment to the registered 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 and to the registered owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners.

In the event funds are not adequate to cure any of the Events of Default, 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 shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

### **Investment of Funds**

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default.

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 may be accomplished by transferring a like amount of Investment Securities.

### **Against Encumbrances**

Other than 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 Trust Estate 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, the City shall not issue any bonds, notes or other evidence of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, except for other indebtedness incurred in compliance with the Indenture.

### **Additional Obligations or Other Liens**

The City reserves the right, subject to the Indenture, to issue Additional 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 Pledged Revenues.

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted 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; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds. Additionally, the City has reserved 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 the Pledged Revenues securing payment of the Bonds.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

**SOURCES AND USES OF FUNDS\***

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:

|   |    |
|---|----|
| Sources of Funds:   |    |
| Principal Amount  | \$ |
| TOTAL SOURCES   | \$ |
| Use of Funds:   |    |
| Deposit to the Neighborhood Improvement Area #4 Account of the Project Fund | \$ |
| Deposit to the Capitalized Interest Account of the Bond Fund                |    |
| Deposit to Reserve Account of the Reserve Fund                              |    |
| Deposit to the District Administration Account of the Administrative Fund   |    |
| Deposit to the Costs of Issuance Account of the Project Fund                |    |
| Underwriter Discount <sup>(1)</sup>   |    |
| TOTAL USES  | \$ |

---

\* Preliminary; subject to change.

<sup>(1)</sup> Includes Underwriter's discount of \$ \_\_\_\_\_, which includes Underwriter's Counsel's fee of \$ \_\_\_\_\_.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)



**DEBT SERVICE REQUIREMENTS FOR THE BONDS**

The following table sets forth the anticipated debt service requirements for the Bonds:<sup>(1)</sup>

| <b><u>Year Ending<br/>(September 30)</u></b> | <b><u>Principal</u></b> | <b><u>Interest</u></b> | <b><u>Total</u></b> |
|--|-------------------------|------------------------|---------------------|
| 2022   | \$                      | \$                     | \$                  |
| 2023   |                         |                        |                     |
| 2024   |                         |                        |                     |
| 2025   |                         |                        |                     |
| 2026   |                         |                        |                     |
| 2027   |                         |                        |                     |
| 2028   |                         |                        |                     |
| 2029   |                         |                        |                     |
| 2030   |                         |                        |                     |
| 2031   |                         |                        |                     |
| 2032   |                         |                        |                     |
| 2033   |                         |                        |                     |
| 2034   |                         |                        |                     |
| 2035   |                         |                        |                     |
| 2036   |                         |                        |                     |
| 2037   |                         |                        |                     |
| 2038   |                         |                        |                     |
| 2039   |                         |                        |                     |
| 2040   |                         |                        |                     |
| 2041   |                         |                        |                     |
| 2042   |                         |                        |                     |
| 2043   |                         |                        |                     |
| 2044   |                         |                        |                     |
| 2045   |                         |                        |                     |
| 2046   |                         |                        |                     |
| 2047   |                         |                        |                     |
| 2048   |                         |                        |                     |
| 2049   |                         |                        |                     |
| 2050   |                         |                        |                     |
| 2051   |                         |                        |                     |
| <b>Total</b>                                 | <b>\$</b>               | <b>\$</b>              | <b>\$</b>           |

---

<sup>(1)</sup> To be updated and completed upon pricing.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

**OVERLAPPING TAXES AND DEBT**

The land within Neighborhood Improvement Area #4 of the District 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 Special Assessments.

In addition to the Special Assessments described above, the Developer has formed a homeowners’ association (the “HOA”) and anticipates that each lot owner in Neighborhood Improvement Area #4 of the District will pay an annual \$805 maintenance and operation fee and/or a property owner’s association fee to the HOA. In addition to the City, Prosper Independent School District, Collin County, and the Collin County Community College District may each levy ad valorem taxes upon land in Neighborhood Improvement Area #4 of the District 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 Neighborhood Improvement Area #4 of the District. Neighborhood Improvement Area #4 of the District is located entirely within Collin County.

**Overlapping Taxes**

| Taxing Entity   | Neighborhood<br>Improvement Area #4<br>Tax Year 2020<br>Ad Valorem<br>Tax Rate <sup>(1)</sup> |
|---|---|
| City of Celina  | \$ 0.6450   |
| Prosper Independent School District                                   | 1.4927  |
| Collin County   | 0.1725  |
| Collin County Community College District                              | <u>0.0812</u>   |
| <b>Total Tax Rate</b>   | <b><u>\$ 2.3915</u></b>   |
| <br>Estimated Average Annual Installment<br>as equivalent tax rate    | <br><u>\$ 0.4433<sup>(2)(3)</sup></u>   |
| <br><b>Estimated Total Tax Rate and Average Annual<br/>Assessment</b> | <br><b>\$ 2.8348</b>  |

---

<sup>(1)</sup> As reported by the taxing entities for tax year 2020. Per \$100 in value.  
<sup>(2)</sup> Neighborhood Improvement Area #4’s proportional share of the Major Improvement Assessments represents the period of FY2022-2045; while Neighborhood Improvement Area #4’s direct Assessment represents the period of FY2022-2051.  
<sup>(3)</sup> Derived from information presented in Table IV-L.2 of the Service and Assessment Plan. This combined equivalent tax rate includes the equivalent tax rate of \$0.1543 relating to Neighborhood Improvement Area #4’s proportional share of the Major Improvement Assessments as shown in Table IV-E.2 of the Service and Assessment Plan and of \$0.2890 relating to the Special Assessments show in Table IV-K.2 of the Service and Assessment Plan.  
*Source: Collin Central Appraisal District*

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

As noted above, Neighborhood Improvement Area #4 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 Neighborhood Improvement Area #4, and City debt to be secured by the Special Assessments:

**Overlapping Debt**

| <u>Taxing or Assessing Entity</u>        | Total<br>Outstanding Debt<br>as of September 1, 2021 | Estimated %<br>Applicable <sup>(1)</sup> | Direct and Estimated<br>Overlapping Debt <sup>(1)</sup> |
|--|--|--|---|
| The City (The Bonds)                     | \$ 5,255,000*  | 100.00%                                  | \$ 5,255,000*   |
| The City (The MIA Bonds)                 | 7,680,000*   | 27.07%                                   | 2,079,139*(2)   |
| The City (Ad Valorem)                    | 216,480,000  | 0.86%                                    | 1,853,419   |
| Collin County                            | 425,280,000  | 0.01%                                    | 53,535  |
| Collin County Community College District | 514,470,000  | 0.01%                                    | 63,554  |
| Prosper Independent School District      | <u>955,880,164</u>                                   | 0.19%                                    | <u>1,823,485</u>  |
| <b>Total</b>                             | <b>\$10,727,965,164</b>                              |  | <b>\$11,128,132</b>                                     |

\* Preliminary; subject to change

(1) Based on the Appraisal “As Complete” value for the District.

(2) Represents Major Improvement Area Bond debt allocated to Neighborhood Improvement Area #4. Reflects MIA Bond balance following the September 1, 2021 principal payment.

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

**ASSESSMENT PROCEDURES**

**General**

As required by the PID Act, when the City determined to defray a portion of the costs of the Neighborhood Improvement Area #4 Improvements through Assessments, it adopted a resolution generally describing the Neighborhood Improvement Area #4 Improvements allocable to Neighborhood Improvement Area #4 and the land within Neighborhood Improvement Area #4 to be subject to Special Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll shows the land within Neighborhood Improvement Area #4 to be assessed, the amount of the benefit to and the Special Assessment against each lot or parcel of land and the number of Annual Installments in which the Special Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Neighborhood Improvement Area #4 Improvements and funding the same with Assessments. The City expected to proceed with the levy of the Special Assessments and adopt the Assessment Ordinance on September 28, 2021. After such adoption, the Special Assessments will become legal, valid and binding liens upon the Assessed Property. The Assessment Roll was filed with the City Secretary and made available for public inspection.

Under the PID Act, the costs of Neighborhood Improvement Area #4 Improvements may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Neighborhood Improvement Area #4 Improvements equals or exceeds the Special Assessments. The costs of the Neighborhood Improvement Area #4 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Neighborhood Improvement Area #4 is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Service and Assessment Plan.”

**Assessment Methodology**

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Neighborhood Improvement Area #4 Improvements provides the basis and justification for the determination that such special benefit exceeds the Special Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Neighborhood Improvement Area #4 Improvements

to Neighborhood Improvement Area #4 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 Neighborhood Improvement Area #4 Improvements is being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues and other funds comprising the Trust Estate.

Assessment Methodology for Neighborhood Improvement Area #4. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Neighborhood Improvement Area #4 Improvements to be financed with the proceeds of the Bonds shall be allocated to Assessed Property by spreading the entire Special Assessment for the Neighborhood Improvement Area #4 Improvements across all Lots within the Neighborhood Improvement Area #4 based on the ratio of the estimated build out value of each Lot to the total build out value for the Neighborhood Improvement Area #4. There is no assurance that the estimated buildout value of each lot will be achieved.

Based on the costs provided by the Developer for the Neighborhood Improvement Area #4 Improvements benefitting Neighborhood Improvement Area #4, the City Council has determined that the benefit to the Assessed Property from the Neighborhood Improvement Area #4 Improvements is at least equal to the Special Assessments levied on the Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located in Neighborhood Improvement Area #4 are shown on the Assessment Roll, attached as Appendix H to the Service and Assessment Plan, and no Special Assessment shall be changed except as authorized by the City Council and described in the Service and Assessment Plan or the PID Act. See “APPENDIX C — Service and Assessment Plan.”

**Neighborhood Improvement Area #4  
Outstanding Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #4</i>         |            |                          |                                      |  |  |  |                                    |
| 50'                   | 156        | \$70,200,000             | \$2,783,628                          | \$202,882                              | \$17,844                                   | \$1,301  | \$0.29                             |
| 60'                   | 100        | \$50,000,000             | \$1,982,641                          | \$144,503                              | \$19,826                                   | \$1,445  | \$0.29                             |
| 70'                   | 20         | \$11,000,000             | \$436,181                            | \$31,791                               | \$21,809                                   | \$1,590  | \$0.29                             |
| HOA                   | -          | -                        | \$52,550                             | \$3,830                                | -  | -  | -                                  |
| <b>Total</b>          | <b>276</b> | <b>\$131,200,000</b>     | <b>\$5,255,000</b>                   | <b>\$383,006</b>                       |  |  |                                    |

<sup>1</sup> 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft. Note: Estimates are based on information provided by the Developer as part of this update to the Service and Assessment Plan. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the original assessment allocation for each Lot Type will not change unless modified in an Annual Service Plan Update approved by the City Council, subject to the terms of the Service and Assessment Plan, the PID Act, and any other documents associated with the Neighborhood Improvement Area #4 Bonds. The above amounts are calculated based on an estimated interest rate of 4.25% and a 30-year term for the Neighborhood Improvement Area #4 Bonds and annual administrative expense of \$25,000 increasing at 2.0% per year.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Assessed Property is part of the Major Improvement Area Assessed Property. As shown in the Service and Assessment Plan, a portion of the special assessments related to the Major Improvement Area Bonds has been allocated to Neighborhood Improvement Area #4. The combined special assessment on the Assessed Property, representing the proportional share of the special assessments for Major Improvement Bonds and the Special Assessments for the Neighborhood Improvement Area #4 Improvements for the benefit of the Assessed Property is shown in the table below.

**Neighborhood Improvement Area #4  
Outstanding Special Assessment Allocation (Combined)**

| <b>Lot Size</b> | <b>Units/SF</b> | <b>Estimated Buildout Value</b> | <b>Total Outstanding Special Assessment</b> | <b>Average Outstanding Annual Installment</b> | <b>Outstanding Special Assessment Per Unit/SF</b> | <b>Average Outstanding Annual Installment Per Unit/SF</b> | <b>Equivalent Tax Rate (Per \$100/AV)</b> |
|-----------------|-----------------|---------------------------------|---|---|---|---|---|
| <i>NIA #4</i>   |                 |                                 |   |   |   |   |   |
| 50'             | 156             | \$70,200,000                    | \$3,884,969                                 | \$311,175                                     | \$24,904  | \$1,995   | \$0.44                                    |
| 60'             | 100             | \$50,000,000                    | \$2,767,072                                 | \$221,634                                     | \$27,671  | \$2,216   | \$0.44                                    |
| 70'             | 20              | \$11,000,000                    | \$608,756                                   | \$48,760                                      | \$30,438  | \$2,438   | \$0.44                                    |
| HOA             | -               | -                               | \$73,341                                    | \$5,874                                       | -   | -   | -   |
| <b>Total</b>    | <b>276</b>      | <b>\$131,200,000</b>            | <b>\$7,334,139</b>                          | <b>\$587,443</b>                              |   |   |   |

<sup>(1)</sup> 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #4 proportional share of the Special Assessment for Major Improvement Area Bonds shown in Table IV-E of the Service and Assessment Plan and the Special Assessments for the Neighborhood Improvement Area #4 show in the table above. Estimates based on updated information provided by the Developer as part of the update to the Service and Assessment Plan. Reflect combined outstanding Assessment balance for NIA #4 following all applicable September 1, 2021 principal payments.

**Mandatory Prepayment.** If Assessed Property or a portion thereof is transferred to a party that is exempt from the payment of the Special Assessment under applicable law, or if an owner causes a Parcel or portion thereof to become Non-Benefited Property, the owner of such Parcel or portion thereof shall pay to the City the full amount of the Special Assessment, plus all Prepayment Costs, for such Parcel, Lot or portion thereof prior to any such transfer or act.

**Reduction of Special Assessments.** If after all Neighborhood Improvement Area #4 Improvements to be funded with the Bonds have been completed and Actual Costs for such Neighborhood Improvement Area #4 Improvements are less than the Actual Costs used to calculate the Special Assessments securing the Bonds, resulting in excess bond proceeds being available to redeem the Bonds, then the Special Assessment securing the Bonds for each Parcel of Assessed Property shall be reduced by the City Council (in accordance with the Indenture) such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess bond proceeds shall applied to redeem the Bonds. The Special Assessments shall not be reduced to an amount less than the outstanding Bonds. If all of the Neighborhood Improvement Area #4 Improvements are not completed, the City may reduce the Special Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Neighborhood Improvement Area #4 Improvements completed.

If all the Neighborhood Improvement Area #4 Improvements are not undertaken, resulting in excess bond proceeds being available to redeem the Bonds, then the Special Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Bonds, including interest on the Bonds and Collection Costs, and such excess Bond proceeds shall be applied to redeem Bonds. The City Council may reduce the Special Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Neighborhood Improvement Area #4 Improvements provided for each Parcel or (ii) by an equal percentage calculated based on estimated build out value of each Parcel or Lot, if determined by the City Council to be the most fair and practical means of reducing the Special Assessments for each Parcel, such that the sum of the resulting reduced Special Assessments equals the amount required to repay the Bonds, including interest on the Bonds and Collection Costs. The Principal Portion of the Special Assessment for each Parcel shall be reduced pro rata to the reduction in the Special Assessments for each Parcel such that the sum of the resulting reduced Principal Portion of the Bonds is equal to the outstanding principal amount of the Bonds.

If after all Neighborhood Improvement Area #4 Improvements to be funded with the Bonds have been completed and the Actual Costs for the Neighborhood Improvement Area #4 Improvements are less than the Budgeted Costs used to calculate the Special Assessments securing the PID Bonds, resulting in excess bond proceeds, then the City Council may reduce the Special Assessment securing the Bonds for each Assessed Property on a pro rata basis such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the reduced Actual Costs. The Special Assessments shall not be reduced to an amount less than the Bonds.

Similarly, if the City does not undertake some of the Neighborhood Improvement Area #4 Improvements with the Bonds then the City Council may reduce the Special Assessment securing the Bonds for each Assessed Property pro-rata to reflect only the Actual Costs that were expended. The Special Assessments shall not be reduced to an amount less than the outstanding Bonds. The City Council may apply excess bond proceeds to the redemption of the Bonds.

### **Collection of Special Assessments**

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Special 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 Special 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 municipality ad valorem taxes. See "BONDHOLDERS' RISKS — Assessment Limitations" herein.

The City will covenant in the Indenture to collect, or cause to be collected, Special 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 updated Assessment Rolls and a calculation of the Annual Installment for each Assessed Property. Administrative Expenses shall be allocated among all Assessed Properties in proportion to the amount of the Annual Installments for the Parcels.

The City will covenant, agree and warrant in the Indenture that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under applicable laws to cause the Special 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 Special 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 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 Special Assessment or the corresponding Assessed Property. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Annual Installments will be paid to the City or its agent. Annual Installments are due on or about October 1 of 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:

| <u>Date Payment Received</u> | <u>Cumulative Penalty</u> | <u>Cumulative 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 twelve percent (12%), and interest increases at the rate of one percent (1%) each month. In addition, if an account is delinquent in July, a twenty percent (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 amounts of the Special Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll set forth for each year the Annual Installment for each Assessed Property consisting of (i) the annual portion allocable to the payment of principal and interest on the Bonds, which amount includes the Additional Interest; and (ii) the portion of the Annual Installment allocable to Administrative Expenses. The Annual Installments for Neighborhood Improvement Area #4 will be determined annually during the Annual Service Plan Update. The Special Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX C — Service and Assessment Plan” and “APPENDIX F — PID Reimbursement Agreement.”

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds (which amount will include the Additional Interest of the interest costs) and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

*Method of Apportionment of Assessments.* For purposes of the Service and Assessment Plan, the City Council has determined that the Special Assessments shall be initially allocated to the Assessed Property based on the ratio of estimated buildout value of each Assessed Property to estimated buildout value of all Assessed Properties.

As the existing parcels are subsequently divided, the Special Assessments will be further apportioned pro rata based on the estimated build out value of the newly created parcels. See “ASSESSMENT PROCEDURES — Assessment Methodology,” “APPENDIX C — Service and Assessment Plan.”

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Special Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Service and Assessment Plan.”

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

The following table provides the estimated value to lien ratio for Neighborhood Improvement Area #4 based on Lot Type.

**Estimated Neighborhood Improvement Area #4 Value to Lien Ratios\***

| Lot Type | Number of Lots | Base Lot Price <sup>(1)</sup> | Average Base Home Price <sup>(2)</sup> | Projected Buildout Value <sup>(2)(3)</sup> | Outstanding Assessment per Lot <sup>(3)</sup> | Estimated Ratio of Value of Base Lot Price to Assessment | Estimated Ratio of Value of Base Home Price to Assessment |
|----------|----------------|-------------------------------|--|--|---|--|---|
| 50'      | 156            | \$73,750                      | \$450,000                              | \$70,200,000                               | \$24,904                                      | 2.96 : 1   | 18.07 : 1   |
| 60'      | 100            | \$88,500                      | \$500,000                              | \$50,000,000                               | \$27,671                                      | 3.20 : 1   | 18.07 : 1   |
| 70'      | 20             | \$96,000                      | \$550,000                              | \$11,000,000                               | \$30,438                                      | 3.15 : 1   | 18.07 : 1   |

\* Preliminary; subject to change.  
<sup>(1)</sup> Base Lot Price provided by the Developer and does not include additional fees to be paid by the homebuilders. See “THE DEVELOPMENT — Status of Lot Purchase and Sale Agreements.”  
<sup>(2)</sup> Provided by the Developer based on comparable home prices in the area at the time the Special Assessments were levied. No assurances can be given that projected home prices and buildout values will be realized.  
<sup>(3)</sup> Derived from information in the Service and Assessment Plan. Represents Special Assessment Allocation (Combined) for Neighborhood Improvement Area #4.

**Prepayment of Assessments**

The Special 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 Special 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 property assessed may pay the entire Special Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

**Priority of Lien**

The Special 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 municipal 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 Special 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 property assessed may pay the entire Special Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. See “ASSESSMENT PROCEDURES — Prepayment of Assessments.”

**Foreclosure Proceedings**

In the event of delinquency in the payment of any Annual Installment, except for unpaid Special 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 a Special Assessment will be subject to the lien established for remaining unpaid installments of the Special 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 nondelinquent installments of the Special 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 Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase the property or to pay the delinquent Special Assessment on the corresponding Assessed Property.

In the Indenture, the City covenants to take and pursue all actions permissible under Applicable Laws to cause the Special 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 Special Assessments, provided that the City is not required to expend any funds for collection and enforcement of Special 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 — Form of Disclosure Agreement of Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Special Assessments.

In the Indenture, the City created the Additional Interest Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Administrative Expenses are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS — Additional Interest Reserve Account of the Reserve Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Service and Assessment Plan.”

## ASSESSMENT DATA

### Collection and Delinquency History of Assessments

*Major Improvement Area Assessments.* On December 7, 2015, the City levied special assessments levied on assessable property in the Major Improvement Area (the “Major Improvement Area Assessments”) of the District, through the City Council’s adoption of an assessment ordinance and approval of the initial Service and Assessment Plan. Upon such adoption, the Major Improvement Area Assessments became legal, valid and binding liens upon the property against which the Major Improvement Area Assessments are made. The Annual Installments for the Major Improvement Area Assessments were billed beginning in October of 2016. The following table shows the collection and delinquency history of the Major Improvement Area Assessments:

#### Collection and Delinquency of Major Improvement Area Assessments<sup>(1)</sup>

| Assessments     | Annual                            | Parcels       | Delinquent       | Delinquent        | Delinquent       | Delinquent        | Annual                         |
|-----------------|-----------------------------------|---------------|------------------|-------------------|------------------|-------------------|--------------------------------|
| <u>Due 1/31</u> | <u>Installments<sup>(2)</sup></u> | <u>Levied</u> | <u>Amount</u>    | <u>Percentage</u> | <u>Amount</u>    | <u>Percentage</u> | <u>Installments</u>            |
|                 |                                   |               | <u>as of 3/1</u> | <u>as of 3/1</u>  | <u>as of 9/1</u> | <u>as of 9/1</u>  | <u>Collected<sup>(3)</sup></u> |
| 2017            | \$148,804                         | 5             | \$0              | 0.00%             | \$0              | 0.00%             | \$148,804                      |
| 2018            | \$827,280                         | 3             | \$0              | 0.00%             | \$0              | 0.00%             | \$827,280                      |
| 2019            | \$787,383                         | 5             | \$0              | 0.00%             | \$0              | 0.00%             | \$787,383                      |
| 2020            | \$712,600                         | 104           | \$0              | 0.00%             | \$0              | 0.00%             | \$712,600                      |
| 2021            | \$698,786                         | 107           | \$0              | 0.00%             | \$0              | 0.00%             | \$698,786                      |

<sup>(1)</sup> 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.

<sup>(2)</sup> Based on the City’s annual continuing disclosure reports related to the Major Improvement Area Bonds for Annual Installments due January 31 of 2017 through 2021. Assessments due January 31, 2017 through January 31, 2019 included CCMI Assessment.

<sup>(3)</sup> Includes applicable prepayments and does not include penalties and interest.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

**Neighborhood Improvement Area #1 Assessments.** On December 7, 2015, the City levied special assessments on assessable property in Neighborhood Improvement Area #1 of the District, through the City Council’s adoption of an assessment ordinance and approval of the initial Service and Assessment Plan. Upon such adoption, the Neighborhood Improvement Area #1 Assessments became legal, valid and binding liens upon the property against which the Neighborhood Improvement Area #1 Assessments are made. The annual installments for the Neighborhood Improvement Area #1 Assessments were billed beginning in October of 2016. The following table shows the collection and delinquency history of the Neighborhood Improvement Area #1 Assessments:

**Collection and Delinquency of Neighborhood Improvement Area #1 Assessments<sup>(1)</sup>**

| Assessments<br><u>Due 1/31</u> | Annual<br><u>Installments<sup>(2)</sup></u> | Parcels<br><u>Levied<sup>(2)</sup></u> | Delinquent<br>Amount<br><u>as of 3/1<sup>(3)</sup></u> | Delinquent<br>Percentage<br><u>as of 3/1</u> | Delinquent<br>Amount<br><u>as of 9/1</u> | Delinquent<br>Percentage<br><u>as of 9/1</u> | Annual<br>Installments<br><u>Collected<sup>(4)</sup></u> |
|--------------------------------|---|--|--|--|--|--|--|
| 2017                           | \$349,492                                   | 2                                      | \$ 0   | 0.00%  | \$0                                      | 0.00%  | \$349,492  |
| 2018                           | \$509,754                                   | 294 <sup>(4)</sup>                     | \$17,344   | 3.40%  | \$0                                      | 0.00%  | \$509,754  |
| 2019                           | \$497,599                                   | 293                                    | \$ 5,130   | 1.03%  | \$0                                      | 0.00%  | \$497,599  |
| 2020                           | \$468,134                                   | 290                                    | \$10,465   | 2.24%  | \$0 <sup>(5)</sup>                       | 0.00%  | \$468,134  |
| 2021                           | \$458,217                                   | 287                                    | \$ 1,861   | 0.41%  | \$0                                      | 0.00%  | \$458,217 <sup>(6)</sup>                                 |

- <sup>(1)</sup> 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.
- <sup>(2)</sup> Parcels levied is net of all parcels within Neighborhood Improvement Area #1 of the District less any prepaid parcels. Assessments due January 31, 2017 through January 31, 2019 included CCMI Assessment.
- <sup>(3)</sup> According to Collin County Tax Assessor-Collector online records.
- <sup>(4)</sup> Based on the City’s annual continuing disclosure reports related to the Major Improvement Area Bonds for Annual Installments due January 31 of 2016 through 2020; Includes ones HOA owned Parcel.
- <sup>(5)</sup> According to Collin County Tax Assessor-Collector online records as of 6/3/2020.
- <sup>(6)</sup> According to the Collin County Tax Assessor-Collector online records as of July 9, 2021.

**Neighborhood Improvement Area #2 Assessments.** The Annual Installments for the Neighborhood Improvement Area #2 Assessments were billed beginning in October of 2019. The following table shows the collection and delinquency history of the Neighborhood Improvement Area #2 Assessments:

**Collection and Delinquency of Neighborhood Improvement Area #2 Assessments<sup>(1)</sup>**

| Assessments<br><u>Due 1/31</u> | Annual<br><u>Installments<sup>(2)</sup></u> | Parcels<br><u>Levied<sup>(3)</sup></u> | Delinquent<br>Amount<br><u>as of 3/1</u> | Delinquent<br>Percentage<br><u>as of 3/1</u> | Delinquent<br>Amount<br><u>as of 9/1</u> | Delinquent<br>Percentage<br><u>as of 9/1</u> | Annual<br>Installments<br><u>Collected<sup>(4)</sup></u> |
|--------------------------------|---|--|--|--|--|--|--|
| 2020                           | \$92,659                                    | 100                                    | \$0                                      | 0.00%  | \$0                                      | 0.00%  | \$92,659   |
| 2021                           | \$88,900                                    | 100                                    | \$0                                      | 0.00%  | \$0                                      | 0.00%  | \$88,900   |

- <sup>(1)</sup> 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.
- <sup>(2)</sup> Based on the City’s annual continuing disclosure reports related to the Major Improvement Area Bonds for Annual Installments due January 31, 2020.
- <sup>(3)</sup> Includes 99 residential parcels and one HOA owned parcel.
- <sup>(4)</sup> Includes applicable prepayments and does not include penalties and interest.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Neighborhood Improvement Area #3 Assessments. The first Annual Installments for the Neighborhood Improvement Area #3 Assessments will be billed in October of 2021 and will be late if not received by February 1, 2023.

**THE COLLECTION AND DELINQUENCY HISTORY OF THE MAJOR IMPROVEMENT AREA ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT, AND THE NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY; NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE MAJOR IMPROVEMENT AREA ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT AND THE NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENTS WILL MIRROR THIS COLLECTION HISTORY. THE MAJOR IMPROVEMENT AREA ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT, THE NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT AND THE NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.**

Special Assessments. The Special Assessments are anticipated to be levied on assessable property in Neighborhood Improvement Area #4 on September 28, 2021.

**Top Neighborhood Improvement Area #4 Special Assessment Payers**

| Owner Name <sup>(1)</sup> | Number of<br>Parcels/Lots | NIA #4<br>Assessments<br>Levied <sup>*(2)</sup> | % of Total<br>NIA #4<br>Assessments | MIA<br>Assessments<br>Levied <sup>(3)</sup> | % of Total MIA<br>Assessments <sup>(3)(4)</sup> |
|---------------------------|---------------------------|---|-------------------------------------|---|---|
| LILYANA PHASE 4 LLC       | 2                         | \$5,255,000                                     | 100.00%                             | \$2,079,139                                 | 27.07%  |

\* Preliminary, Subject to change.

(1) According to Collin Central Appraisal District online records as of August 3, 2021. Two Parcels are owned by Lilyana Phase 4 LLC (2833215 and 2833217), which represent preliminary 2022 tax IDs.

(2) Special Assessments have not been levied and will be levied as part of the issuance of Bonds.

(3) Represents Major Improvement Area Assessment allocable to NIA #4.

(4) Percent of total Major Improvement Area Assessments is based on NIA #4's allocable share of estimated buildout value of the Major Improvement Area 27.07% ( $\$131,200,000 / \$484,631,468 = 27.07\%$ ) as shown in the preliminary Amended and Restated Service and Assessment Plan for NIA #4.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

## THE CITY

### Background

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Pkwy, FM 455 & FM 428. The City's location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Through a series of recent annexations, the City has increased in area. The City currently covers approximately 40 square miles. The City's 2010 census population was 6,028. As of January 1, 2021, the City's population estimate was 22,793.

### City Government

The City is a political subdivision and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer.

The current members of the City Council and their respective expiration of terms of office are as follows:

| <u>Council Member</u>                 | <u>Term Expires</u> |
|---------------------------------------|---------------------|
| Sean Terry (Mayor)                    | (May)<br>2023       |
| Mindy Koehne (Mayor Pro Tem)          | 2023                |
| Justin Steiner (Deputy Mayor Pro Tem) | 2022                |
| Jay Pierce                            | 2024                |
| Andy Hopkins                          | 2024                |
| Wendie Wigginton                      | 2023                |
| Chad Anderson                         | 2022                |

The principal administrators of the City include the following:

| <u>Name</u>    | <u>Position</u>        |
|----------------|------------------------|
| Jason Laumer   | City Manager           |
| Karla Stovall  | Assistant City Manager |
| Vicki Tarrant  | City Secretary         |
| Robin Bromiley | Director of Finance    |

General information regarding the City and the surrounding area can be found in "APPENDIX A – General Information Regarding the City and Surrounding Area."

## 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 was created by Resolution No. 2015-34R of the City adopted on July 14, 2015 in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Neighborhood Improvement Area #4 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is administered by the City Council. A map of the property within the District is included on page v hereof.

## **Powers and Authority of the City**

Pursuant to the PID Act, the City may establish and create the District and undertake, or pay a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect Special Assessments on property in the District, or portions thereof, payable 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 Neighborhood Improvement Areas #4 Improvements. See "THE NEIGHBORHOOD IMPROVEMENT AREAS #4 IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water, wastewater and storm drainage improvements within Neighborhood Improvement Area #4 of the District and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX C — Form of Service and Assessment Plan."

## **Water and Wastewater**

The City will provide both water and wastewater service to the District. The City purchases its water wholesale from the Upper Trinity Regional Water District ("Upper Trinity"), and the City maintains its own water distribution system and wastewater collection and discharge system. The City's wastewater discharge system currently has capacity to treat approximately 0.95 MGD. The City has two wastewater treatment plants under design that will increase treatment capacity to 3.95 MGD. The City plans to start construction of the wastewater treatment plants in Spring 2022. The City has also contracted with Upper Trinity for extra discharge capacity to use as needed. The City's water distribution system and wastewater collection and discharge system has sufficient capacity to provide water and wastewater service to Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, and Neighborhood Improvement Area #4 of the District.

## **THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS**

### **General**

The Neighborhood Improvement Area #4 Improvements consist of the local infrastructure benefitting only Neighborhood Improvement Area #4 of the District. See "THE DEVELOPMENT — Development Plan — Neighborhood Improvement Area #4 Improvements." A portion of the costs of the Neighborhood Improvement Area #4 Improvements will be funded with the proceeds of the Bonds. The Neighborhood Improvement Area #4 Improvements will be dedicated to the City once completed. The Neighborhood Improvement Area #4 Developer is responsible for the completion of the construction, acquisition or purchase of the Neighborhood Improvement Area #4 Improvements. From the proceeds of the Bonds, the City will either pay directly or will pay the Master Developer for project costs actually incurred in developing and constructing the Neighborhood Improvement Area #4 Improvements within the District. The Neighborhood Improvement Area #4 Improvements are expected to be accepted by the City for ownership and maintenance by the end of March 2022. See "THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS — General" and "THE DEVELOPMENT — Development Plan."

The Appraisal estimates that the "prospective market value at completion" of the property within Neighborhood Improvement Area #4 is \$19,770,000. See "APPRAISAL." The cost of the Neighborhood Improvement Area #4 Improvements is expected to be approximately \$6,737,742. As of June 30, 2021, the Developer has advanced \$1,859,305 towards the cost of the Neighborhood Improvement Area #4 Improvements. 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. Investors should not assume that the disposition of the lots in Neighborhood Improvement Area #4 of the District 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, which are set forth in the Appraisal. See "APPRAISAL" for further information.

The Neighborhood Improvement Area #4 Improvements (which do not include the portion of the Major Improvements allocable to Neighborhood Improvement Area #4) include roadway, water, wastewater and storm drainage improvements benefitting Neighborhood Improvement Area #4 of the District. A description of the Neighborhood Improvement Area #4 Improvements follows:

Road Improvements. The road improvement portion of the Neighborhood Improvement Area #4 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement, that benefit the Neighborhood Improvement Area #4 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements, as described in the Development Agreement, meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements will be constructed according to City standards.

Water Improvements. The water improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #4 Assessed Property. The water improvements will be constructed according to City standards.

Wastewater Improvements. The wastewater improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #4 Assessed Property. The wastewater improvements will be constructed according to City standards.

Storm Drainage Improvements. The storm drainage improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements will be constructed according to City standards.

| <b>Costs of Authorized Improvements for Neighborhood Improvement Area #4</b> |                            |
|--|----------------------------|
| <b>Authorized Improvements</b>   | <b>NIA #4 Direct Costs</b> |
| Road Improvements  | \$2,046,664                |
| Water Improvements   | \$945,538                  |
| Wastewater Improvements  | \$834,416                  |
| Storm Drainage Improvements  | \$1,317,644                |
| Soft Costs and Contingency   | \$1,593,479                |
| <b>Total Authorized Improvements</b>   | <b>\$6,737,742</b>         |

Note: Costs provided by the Developer. The figures shown in Table III-E may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

### **Ownership and Maintenance of Neighborhood Improvement Area #4 Improvements**

The Neighborhood Improvement Area #4 Improvements will be dedicated to and accepted by the City either by fee or through a public use easement and will constitute a portion of the City’s infrastructure improvements. The Neighborhood Improvement Area #4 Developer expects to complete the Neighborhood Improvement Area #4 Improvements by the end of March 2022. The City will provide for the ongoing operation, maintenance and repair of the road, water, wastewater and storm drainage portions of the Neighborhood Improvement Area #4 Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

## THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Preliminary Limited Offering Memorandum and warrants and represents that neither (i) the information under the caption "THE DEVELOPMENT" nor (ii) the information relating to the Developer's plan for developing the land within the District (the "Development") under the subcaption "BONDHOLDERS' RISKS — Dependence Upon Developer" contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are 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.

### Overview

The development, known as "Lilyana," is an approximately 400.524-acre master planned project to be located within the city limits of the City. The Development is situated in the northeast quadrant of the intersection of Frontier Parkway (FM-1461) and Coit Road (CR-83). The Development is located in a growing development area situated in the southeast quadrant of the City (upon the intended annexation thereof). The City is located in the north-central region of the Dallas-Fort Worth-Arlington TX Metropolitan Statistical Area (the "DFW MSA").

The Master Developer acquired the Property (as defined below) within the District comprising the Development on or about November 20, 2015, for a long-term development to consist primarily of residential land use with a small parcel reserved for commercial and mixed-use development. On March 2, 2021, the Master Developer transferred the property located in Neighborhood Improvement Area #4 to the Neighborhood Improvement Area #4 Developer. See "THE DEVELOPER — History and Financing of the District." In addition, the Development includes a variety of parks, trails, an amenity center and open space areas for its residents and others to enjoy. This combination will provide its residents a community environment in which to live. The Development is located within the Prosper Independent School District.

### Development Plan

The District currently includes four residential phases of development (Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3 and Neighborhood Improvement Area #4) and is expected to include three additional residential phases (for a total of seven residential phases) and one retail phase of development within the Future Neighborhood Improvement Areas of the District. See "APPENDIX C — Service and Assessment Plan."

The Developer has completed the major infrastructure serving all phases of the District and the infrastructure necessary to serve the first three residential phases of Development (Neighborhood Improvement Area #1, Neighborhood Improvement Area #2 and Neighborhood Improvement Area #3) and home construction is currently underway in such phases. The Developer expects to complete the infrastructure necessary to serve the fourth residential phase of the Development (Neighborhood Improvement Area #4) by the end of March 2022. The Master Developer expects that the Development will be completed with approximately three additional residential phases and one retail phase over the next four to six years.

*Major Improvement Area.* The Major Improvements include storm drainage, wastewater, water, paving, grading, right-of-way acquisition, and trails and open space improvements necessary to serve the entire District. The Major Improvements were constructed at a total cost of \$6,734,569, with approximately \$6,146,368 allocated to the Major Improvement Area, and were substantially completed and then accepted by the City on March 10, 2017. Neighborhood Improvement Area #4 is the fourth phase of development located in the Major Improvement Area.

Although the City constructed and installed the City Contributed Major Improvements outside of the boundaries of the District, a portion of such improvements benefit all Assessed Properties within the District. The costs of the City Contributed Major Improvements allocable to the property within the District were \$2,543,262. The City levied the 2015 CCMi Assessments as part of the Improvement Area #1 Assessments and the Major Improvement

Area Assessments against the property within the District to reimburse the City for the District's share of such costs. Additionally, the City agreed to use tax increment revenues generated from a tax increment reinvestment zone, the boundaries of which are coterminous with the District, as a credit on a parcel-by-parcel basis to offset the portion of the annual installment of the Neighborhood Improvement Area #1 Assessments and Major Improvement Area Assessments that was allocable to such 2015 CCMI Assessments. The Development Agreement (as defined herein), the documents related to the tax increment reinvestment zone, and the original Service and Assessment Plan provide that, if the ad valorem taxes collected on all parcels within the District in each year of any consecutive two-year period equal or exceed one hundred fifty percent (150%) of the annual installment allocable to the 2015 CCMI Assessments based on a confirming audit, then the annual installment allocable to the 2015 CCMI Assessments will be permanently reduced to zero. The PID Administrator has confirmed that the conditions required for permanently reducing the annual installment allocable to the 2015 CCMI Assessments have been met, the City has provided for the formal release the 2015 CCMI Assessments and such amounts will no longer be collected as part of the Neighborhood Improvement Area #1 Assessments and the Major Improvement Area Assessments. See “APPENDIX C —Service and Assessment Plan.”

Neighborhood Improvement Area #1. The Neighborhood Improvement Area #1 Improvements include storm drainage, wastewater, water, dry utilities and road improvements necessary to serve Neighborhood Improvement Area #1. Approximately, \$588,201 of the costs of the Major Improvements were allocated to Neighborhood Improvement Area #1. The Neighborhood Improvement Area #1 Improvements were constructed at a total cost of \$5,145,702 and were substantially completed and accepted by the City on March 10, 2017.

Home construction in Neighborhood Improvement Area #1 is underway. Homebuilders in Neighborhood Improvement Area #1 include Highland Homes, American Legend Homes, CalAtlantic Homes (formerly Standard Pacific Homes), David Weekley Homes and Perry Homes (collectively, the “Neighborhood Improvement Area #1 Homebuilders”). See “— Status of Lot Purchase and Sale Agreements” below for more information on the status of Lot Purchase and Sale Agreements in Neighborhood Improvement Area #1.

Neighborhood Improvement Area #2. The Neighborhood Improvement Area #2 Improvements are complete and were accepted by the City on July 18, 2018. The Neighborhood Improvement Area #2 Improvements were constructed at a total cost of \$3,492,146.

Home construction began in Neighborhood Improvement Area #2 in July 2018. Homebuilders in Neighborhood Improvement Area #2 include American Legend Homes and Highland Homes (collectively, the “Neighborhood Improvement Area #2 Homebuilders”). See “— Status of Lot Purchase and Sale Agreements” below for more information on the status of Lot Purchase and Sale Agreements in Neighborhood Improvement Area #2.

Neighborhood Improvement Area #3. The Neighborhood Improvement Area #3 Improvements are complete and were accepted by the City on November 5, 2020. The Neighborhood Improvement Area #3 Improvements were constructed at a total cost of \$3,469,377.

Home construction began in Neighborhood Improvement Area #3 in December 2020. Homebuilders in Neighborhood Improvement Area #3 include American Legend Homes, and Highland Homes, M/I Homes (also referred to herein as the Neighborhood Improvement Area #3 Homebuilders). See “— Status of Lot Purchase and Sale Agreements” below for more information on the status of Lot Purchase and Sale Agreements in Neighborhood Improvement Area #3.

Neighborhood Improvement Area #4. According to the Neighborhood Improvement Area #4 Developer, construction of the Neighborhood Improvement Area #4 Improvements began in March 2021 and are expected to be completed by the end of March 2022. The costs of the Neighborhood Improvement Area #3 Improvements are expected to be approximately \$6,737,742.

The Neighborhood Improvement Area #4 Developer expects home construction in Neighborhood Improvement Area #4 to begin in April 2022. Homebuilders in Neighborhood Improvement Area #4 include American Legend Homes, Highland Homes, and M/I Homes (also referred to herein as the Neighborhood Improvement Area #4 Homebuilders). See “— Status of Lot Purchase and Sale Agreements” below for more information on the status of Lot Purchase and Sale Agreements in Neighborhood Improvement Area #4.



The Developer's current expectations regarding estimated home and lot prices and absorption in Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, and Future Neighborhood Improvement Areas of the District are as follows:

**Lot and Home Prices and Absorption in Neighborhood Improvement Area #1**

| Lot Size (Sq. Ft.) | Quantity   | Base Lot Price | Average Base Home Price <sup>(1)</sup> | Absorption Period (Months) |
|--------------------|------------|----------------|--|----------------------------|
| 50'                | 97         | \$67,500       | \$354,891                              | 1Q2021                     |
| 60'                | 111        | \$81,000       | \$410,227                              | 4Q2021                     |
| 70' <sup>(2)</sup> | 85         | \$99,000       | \$461,321                              | 4Q2021                     |
| <b>Total</b>       | <b>293</b> |                |  |                            |

<sup>(1)</sup> Provided by Developer; based on actual home sales. The values provided as the Average Base Home Prices are an average value in current dollars (without any inflation or price escalation).

<sup>(2)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

**Estimated Lot Home Prices and Absorption in Neighborhood Improvement Area #2**

| Lot Size (Sq. Ft.) | Quantity  | Base Lot Price | Average Base Home Price <sup>(1)</sup> | Absorption Period (Months) |
|--------------------|-----------|----------------|--|----------------------------|
| 50'                | 92        | \$ 70,000      | \$350,046                              | 1Q2021                     |
| 60'                | 0         | -              | -                                      | -                          |
| 70' <sup>(2)</sup> | 7         | \$103,600      | \$435,000                              | 1Q2021                     |
| <b>Total</b>       | <b>99</b> |                |  |                            |

<sup>(1)</sup> Provided by Developer; based on actual home sales. The values provided as the Average Base Home Prices are an average value in current dollars (without any inflation or price escalation).

<sup>(2)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

**Estimated Home Prices in Neighborhood Improvement Area #3**

| Lot Size (Sq. Ft.) | Quantity   | Base Lot Price | Average Base Home Price <sup>(1)</sup> | Absorption Period (Months) |
|--------------------|------------|----------------|--|----------------------------|
| 50'                | 80         | \$70,000       | \$425,000                              | 1Q2022                     |
| 60'                | 94         | \$84,000       | \$450,000                              | 2Q2022                     |
| 70' <sup>(2)</sup> | 8          | \$90,000       | \$500,000                              | 4Q2021                     |
| <b>Total</b>       | <b>182</b> |                |  |                            |

<sup>(1)</sup> Provided by Developer; based on actual home sales. The values provided as the Average Base Home Prices are an average value in current dollars (without any inflation or price escalation).

<sup>(2)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

**Estimated Home Prices in Neighborhood Improvement Area #4**

| Lot Size (Sq. Ft.) | Quantity   | Base Lot Price <sup>(2)</sup> | Average Base Home Price <sup>(1)</sup> | Absorption Period (Months) <sup>(2)</sup> |
|--------------------|------------|-------------------------------|--|---|
| 50'                | 156        | \$73,750                      | \$450,000                              | 2Q2023                                    |
| 60'                | 100        | \$88,500                      | \$500,000                              | 2Q2023                                    |
| 70' <sup>(3)</sup> | 20         | \$96,000                      | \$550,000                              | 2Q2023                                    |
| <b>Total</b>       | <b>276</b> |                               |  |   |

<sup>(1)</sup> Provided by Developer; based on actual home sales. The values provided as the Average Base Home Prices are an average value in current dollars (without any inflation or price escalation).

<sup>(2)</sup> Provided by Developer; based on Lot Purchase and Sale Agreements. Absorption Projections may differ from such estimates in the Appraisal, which are based on market data.

<sup>(3)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

**Estimated Lot and Home Prices Future Neighborhood Improvement Areas**

| Approx.<br>Lot Width (Sq. Ft.) | Quantity   | Estimated<br>Base Lot Price | Estimated Average<br>Base Home Price <sup>(1)</sup> |
|--------------------------------|------------|-----------------------------|---|
| 50'                            | 346        | \$77,000                    | \$500,000   |
| 60'                            | 76         | \$93,000                    | \$550,000   |
| 70' <sup>(2)</sup>             | 35         | \$98,000                    | \$575,000   |
| <b>Total</b>                   | <b>457</b> |                             |   |

<sup>(1)</sup> Provided by Developer; based on actual home sales. The values provided as the Average Base Home Prices are an average value in current dollars (without any inflation or price escalation).

<sup>(2)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

**Expected Build-Out Schedule of Development**

| Neighborhood<br>Improvement Area | Single-Family Lots | Actual/Expected<br>Infrastructure<br>Completion Date | Actual/Expected<br>Final<br>Sale Date to<br>homebuilders <sup>(1)</sup> |
|----------------------------------|--------------------|--|---|
| 1                                | 293 <sup>(2)</sup> | 1Q2017   | 4Q2024  |
| 2                                | 99                 | 3Q2018   | 4Q2019  |
| 3                                | 182                | 4Q2020   | 3Q2021  |
| 4                                | 276                | 1Q2022   | 2Q2023  |
| 5                                | 207                | 4Q2022   | 2Q2024  |
| 6                                | 100                | 2Q2024   | 3Q2025  |
| 7                                | 150 <sup>(3)</sup> | 2Q2024   | 3Q2025  |
| <b>Total</b>                     | <b>1,307</b>       |  |   |

<sup>(1)</sup> Provided by Developer; based on actual sales dates and projections.

<sup>(2)</sup> Nine lots within Neighborhood Improvement Area #1 are reserved for potential future model home locations. The expected completion date and expected final sale date include the nine lots reserved for model homes. All other Neighborhood Improvement Area #1 lots have been sold to homebuilders.

<sup>(3)</sup> In addition to the land planned for 1,307 single-family detached lots, the land designated for commercial and mixed-use development was sold to a developer and is expected to include 50 townhomes in addition to planned retail uses. The commercial and mixed-use parcel is currently being held as undeveloped land.

**Status of Lot Purchase and Sale Agreements**

*Neighborhood Improvement Area #1.* The Master Developer entered into separate Lot Purchase and Sale Agreements with the Neighborhood Improvement Area #1 Homebuilders. Additionally, M/I Homes purchased one lot in Neighborhood Improvement Area #1 for use as a model home. The public improvements benefiting Neighborhood Improvement Area #1 have been completed. The Neighborhood Improvement Area #1 Homebuilders and M/I Homes have purchased all of the lots within Neighborhood Improvement Area #1, except for nine holdback lots for future model homes. As of June 23, 2021, 284 homes are fully constructed, of which 279 homes have been sold to homeowners in Neighborhood Improvement Area #1. See “Status of Single-family Lot and Home Construction in District” table below.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Neighborhood Improvement Area #2. Pursuant to two separate Lot Purchase and Sale Agreements, the Neighborhood Improvement Area #2 Homebuilders closed on all 99 lots within Improvement Area #2 as of December 3, 2019. The public improvements benefiting Neighborhood Improvement Area #2 have been completed. As of first quarter 2021, all 99 homes within Neighborhood Improvement Area #2 have been fully constructed and sold to homeowners.

**Neighborhood Improvement Area #2 Builder Lot Purchase and Sale Agreements**

| NIA#2 Builder         | 50' Lot   | 60' Lot  | 70' Lot  | Total Lots |
|-----------------------|-----------|----------|----------|------------|
| American Legend Homes | 46        | –        | 7        | 53         |
| Highland Homes        | 46        | –        | –        | 46         |
| <b>Total</b>          | <b>92</b> | <b>–</b> | <b>7</b> | <b>99</b>  |

<sup>(1)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

Neighborhood Improvement Area #3. Pursuant to three separate Lot Purchase and Sale Agreements, the Master Developer contracted with the Neighborhood Improvement Area #3 Homebuilders for all 182 lots within Neighborhood Improvement Area #3. As of July 13, 2021, American Legend Homes has closed on 67 of such lots, Highland Homes has closed on 54 of such lots, and M/I Homes has closed on 42 of such lots out of the 61 lots originally placed under contract. Home construction commenced in Neighborhood Improvement Area #3 in December 2020.

Pursuant to the Lot Purchase and Sale Agreement with American Legend Homes, as of June 16, 2021, all lots have been sold to American Legend Homes and all earnest money has been credited back to American Legend Homes. Pursuant to the Lot Purchase and Sale Agreement with Highland Homes, as of June 25, 2021, all lots have been sold to Highland Homes and all earnest money has been credited back to Highland Homes.

The Lot Purchase and Sale Agreement with M/I Homes provides that M/I Homes is obligated to take down 10 lots within Neighborhood Improvement Area #3 following the delivery of a Completion Notice (which occurred in November 2020); and then, at least every 90 days thereafter, M/I Homes will be obligated to take down the lesser of: (a) 8 lots, and (b) the balance of remaining lots to be purchased, until all lots have been purchased. As of June 25, 2021, M/I Homes has 19 lots left to purchase.

The Neighborhood Improvement Area #3 Developer's Lot Purchase and Sale Agreement with M/I Homes requires that M/I Homes deposit earnest money in the amount of \$514,800. Such Lot Purchase and Sale Agreement provides that the earnest money will be credited back to M/I Homes on a pro rata basis at the closing on the final 35 lots purchased by M/I Homes. As of June 25, 2021, M/I Homes has an outstanding earnest money balance of \$379,800.

**Neighborhood Improvement Area #3 Builder Lot Purchase and Sale Agreements**

| Builder               | 50' Lot   | 60' Lot   | 70' Lot  | Total Lots |
|-----------------------|-----------|-----------|----------|------------|
| American Legend Homes | 26        | 37        | 4        | 67         |
| Highland Homes        | 54        | –         | –        | 54         |
| M/I Homes             | –         | 57        | 4        | 61         |
| <b>Total</b>          | <b>80</b> | <b>94</b> | <b>8</b> | <b>182</b> |

<sup>(1)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Neighborhood Improvement Area #4. Pursuant to three separate Lot Purchase and Sale Agreements, the Master Developer has contracted with the Neighborhood Improvement Area #4 Homebuilders for 248 of the 276 lots within Neighborhood Improvement Area #4. As of May 31, 2021, 116 of such lots are under contract with American Legend Homes, 72 of such lots are under contract with Highland Homes and 60 of such lots are under contract with M/I Homes.

The Lot Purchase and Sale Agreement with American Legend Homes provides that American Legend Homes is obligated to take down twenty (20) lots (ten (10) 50' lots, eight (8) 60' lots, and two (2) 70' lots) within Neighborhood Improvement Area #4 following the delivery of a Completion Notice (which is expected to occur in March 2022); and then, at least every 90 days thereafter, American Legend Homes will be obligated to take down the lesser of: sixteen (16) lots (eight (8) 50' lots, six (6) 60' lots, and two (2) 70' lots), and (b) the balance of remaining lots to be purchased, until all lots have been purchased.

The Lot Purchase and Sale Agreement with Highland Homes provides that Highland Homes is obligated to take down fifteen (15) lots within Neighborhood Improvement Area #4 following the delivery of a Completion Notice (which is expected to occur in March 2022); and then, at least every 90 days thereafter, Highland Homes will be obligated to take down the lesser of: (a) ten (10) lots and (b) the balance of remaining lots to be purchased, until all lots have been purchased.

The Lot Purchase and Sale Agreement with M/I Homes provides that M/I Homes is obligated to take down seven (7) 60' lots and one (1) 70' lot within Neighborhood Improvement Area #4 following the delivery of a Completion Notice (which is expected to occur in March 2022); and then, at least every 90 days thereafter, M/I Homes will be obligated to take down the lesser of: (a) seven (7) 60' lots and one (1) 70' lot, and (b) the balance of remaining lots to be purchased, until all lots have been purchased.

The Lot Purchase and Sale Agreement with American Legend Homes provides for American Legend Homes to deposit earnest money in the amount of \$1,416,150. Such Lot Purchase and Sale Agreement provides that the earnest money will be credited back to American Legend Homes on a pro rata basis at the closing on the final 29 lots purchased by American Legend Homes.

The Lot Purchase and Sale Agreement with Highland Homes provides for Highland Homes to deposit earnest money in the amount of \$796,500. Such Lot Purchase and Sale Agreement provides that the earnest money will be credited back to Highland Homes on a pro rata basis at the closing on the final 18 lots purchased by Highland Homes.

The Lot Purchase and Sale Agreement with M/I Homes provides for M/I Homes to deposit earnest money in the amount of \$805,500. Such Lot Purchase and Sale Agreement provides that the earnest money will be credited back to M/I Homes on a pro rata basis at the closing on the final 10 lots purchased by M/I Homes. Notwithstanding the foregoing, at no time may earnest money held by the Developer exceed 19.9% of total base price of then remaining lots. At each lot closing, any portion of the earnest money exceeding 19.9% threshold will be credited to M/I Homes.

**Neighborhood Improvement Area #4 Builder Lot Purchase and Sale Agreements**

| <u>Builder</u>        | <u>50' Lot</u> | <u>60' Lot</u> | <u>70' Lot<sup>(1)</sup></u> | <u>Total Lots</u> | <u>Earnest Money</u> |
|-----------------------|----------------|----------------|------------------------------|-------------------|----------------------|
| American Legend Homes | 60             | 48             | 8                            | 116               | \$ 1,416,150         |
| Highland Homes        | 72             | —              | —                            | 72                | 796,500              |
| M/I Homes             | —              | 52             | 8                            | 60                | 805,500              |
| <b>Total</b>          | <b>132</b>     | <b>100</b>     | <b>16</b>                    | <b>248</b>        | <b>\$ 3,018,150</b>  |

<sup>(1)</sup>The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has been 74'.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

The table below provides the status of single-family lot and home construction in the District by Neighborhood Improvement Area.

**Status of Single-Family Lot and Home Construction in District<sup>(1)</sup>**

| NIA#         | Lot Size <sup>(2)</sup> | Total No of Lots | Total Builder  |                                | Homes Under Construction <sup>(4)</sup> | Completed                   | Homes Under                   | Expected Final Sale Date to Residents |
|--------------|-------------------------|------------------|----------------|--------------------------------|---|-----------------------------|-------------------------------|---------------------------------------|
|              |                         |                  | Completed Lots | Contracted Lots <sup>(3)</sup> |   | Homes Not Sold to Residents | Contract or Sold to Residents |                                       |
| 1            | 50'                     | 97               | 97             | 96                             | 0                                       | 0                           | 94                            | 4Q2021                                |
| 1            | 60'                     | 111              | 111            | 109                            | 0                                       | 1                           | 108                           | 4Q2021                                |
| 1            | 70'                     | 85               | 85             | 79                             | 0                                       | 1                           | 77                            | 4Q2021                                |
| 2            | 50'                     | 92               | 92             | 92                             | 0                                       | 0                           | 92                            | 1Q2021                                |
| 2            | 70'                     | 7                | 7              | 7                              | 0                                       | 0                           | 7                             | 1Q2021                                |
| 3            | 50'                     | 80               | 80             | 80                             | 8                                       | 7 <sup>(5)</sup>            | 72                            | 4Q2021                                |
| 3            | 60'                     | 94               | 94             | 94                             | 3                                       | 11 <sup>(5)</sup>           | 68                            | 2Q2022                                |
| 3            | 70'                     | 8                | 8              | 8                              | 0                                       | 1 <sup>(5)</sup>            | 7                             | 2Q2022                                |
| 4            | 50'                     | 156              | 0              | 132                            | 0                                       | 0                           | 0                             | 2Q2023                                |
| 4            | 60'                     | 100              | 0              | 100                            | 0                                       | 0                           | 0                             | 2Q2023                                |
| 4            | 70'                     | 20               | 0              | 16                             | 0                                       | 0                           | 0                             | 2Q2023                                |
| <b>Total</b> |                         | <b>850</b>       | <b>574</b>     | <b>813</b>                     | <b>11</b>                               | <b>21</b>                   | <b>525</b>                    |                                       |

<sup>(1)</sup> As of June 23, 2021.

<sup>(2)</sup> The Development Agreement requires at least one lot type to have a minimum front footage requirement of 70'. To date, this lot type has had 74'.

<sup>(3)</sup> Lot totals include model homes, but do not include the nine hold-back lots for future model homes.

<sup>(4)</sup> Does not include homes under construction that are under contract with residents.

<sup>(5)</sup> Completed homes pending closing with residents.

**Amenities and Private Improvements**

The Developer has constructed an Amenity Center including a luxury pool and outdoor pavilion and kitchen. The development also includes miles of walking and bike paths and community parks. The project also contains many park areas that feature state of the art structured play equipment, a newly completed fishing pond with a patio and overlook features. The HOA will pay for the ongoing operation, maintenance and repair of the Amenities by charging a maintenance and operation fee and/or a property owner's association fee to be paid by each lot owner within the District.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

Photographs of the Development



Entrance to Development



Exterior of Pool-Pavilion



Playground area



Aerial photo of Development

## **Development Agreement**

The Amended and Restated Development Agreement (Wells South Tract), effective as of April 28, 2015, approved by the City Council on September 8, 2015, as amended on February 13, 2018 (the “Development Agreement”) provides certain rules and regulations for design and construction of the Authorized Improvements, including Neighborhood Improvement Area #4 Improvements, and the process for the development of all property within the District. The Development Agreement also obligates the Master Developer to make the following payments to the City: (a) a park fee in the amount of \$1,500 per residential dwelling unit; (b) a one-time escrow deposit not to exceed \$895,000, which shall be used only for roadway improvements adjacent to or within the boundaries of the Property or Lilyana development project; (c) a one-time payment of \$150,000 to be used by the City solely for maintaining C.R. 84 adjacent to the Property; (d) a fee to compensate the City in any given year for its inability to obtain the interest rate available for the issuance of bonds that would constitute a “bank qualified” debt issuance, to the extent that such inability is the result of the issuance of the Bonds or other bonds supporting public improvements for non-City owned development projects (and in such event, the Master Developer and the other developers or owners benefitting from the City issuing debt shall share on a pro rata basis in the payment of such compensation to the City); and (e) other payments identified in the Development Agreement. The fee payable by the Master Developer under clause (d) is capped at \$150,000 in the aggregate for any one calendar year. The fee and escrow deposit payable under clauses (a) through (d) are not payable from proceeds of the Bonds and the park projects financed with such fee and deposit will not constitute Public Improvements. The payment described by clause (c) above was made to the City upon the City’s issuance of the Neighborhood Improvement Area #1 Bonds. The escrow deposit payable under clause (b) and the maintenance obligation under clause (c) have already been paid. The fee payable under clause (d), if applicable, is to be paid concurrently with the closing of the Bonds. NONE OF THE FEES DESCRIBED HEREIN ARE A PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE BONDS.”

## **PID Reimbursement Agreement**

The PID Reimbursement Agreement establishes procedures for, among other things, the Master Developer to submit Certificates for Payment for payment by the City from the Project Fund of costs of the Neighborhood Improvement Area #4 Improvements and procedures for the City’s review and approval of such requests. See “PLAN OF FINANCE – The PID Reimbursement Agreement,” “APPENDIX F – PID Reimbursement Agreement.”

## **Zoning/Permitting**

The development of the property within the District is governed by the Concept Plans and Development Regulations as set forth in the Development Agreement, the City Subdivision Regulations, the City Building Codes, the City Engineering and Construction Standards, the City’s Water and Wastewater Rules, the City’s Model Home Policy, the City’s Water and Sewer Impact Fee Regulations, the City’s Roadway Impact Fee Regulations, the City’s Sign Ordinance, the Approved Plats, and the City Ordinances (collectively, the “Governing Regulations”). The Governing Regulations and the Development Agreement will continue to be applicable after annexation of the property by the City.

## **Education**

The Development is located entirely within the Prosper Independent School District (the “School District”). The School District currently owns and operates 15 campuses, including 11 two elementary schools (10 K-5 and 1 PK – 5), three middle schools and a high school.

Currently, students in the District attend Cockrell Elementary School (approximately 3.2 miles from the District), Rogers Middle School (approximately 5.2 miles from the District) and Prosper High School (approximately 2.7 miles from the District).

GreatSchools.org rated Cockrell Elementary School a 10-out-of-10, Rogers Middle School a 9-out-of-10, and Prosper High School a 9-out-of-10. According to the Texas Education Agency annual school report cards, Cockrell Elementary School, Rogers Middle School and Prosper High School were rated as “A” for 2018-2019 (the last year report cards were completed, due to COVID-19). (The categories for public school districts and public schools are A, B, C, D or F).



## **Environmental**

*Site Evaluation.* A Phase I Environmental Site Assessment (a “Phase I ESA”) of approximately 400.524 acres of the District was completed on March 14, 2014. Based on the information presented in the Phase I ESA, the assessment concluded that there is no evidence of recognized environmental conditions in connection with the site.

*Endangered Species.* According to the website for the United States Fish and Wildlife Service, the Whooping Crane is an endangered species in Collin County and both the Whooping Crane and the Least Tern are endangered species in Denton County. The Developer is not aware of any endangered species located on District property.

*Agriculture.* A portion of the Major Improvement Area is currently being leased to an unaffiliated third party for agricultural purposes only and therefore is subject to an agriculture or similar tax valuation. The agricultural lease will be terminated prior to commencement of any subsequent phase development.

## **Existing Mineral and Groundwater Rights**

In connection with the acquisition of the Property within the District, the Master Developer conveyed all of the mineral and groundwater rights that it acquired to two other affiliates of the Developer. The Developer is unaware of any development of these or other mineral and groundwater rights within or adjacent to the District.

In the Contract of Sale with the Phases 5-7 Purchaser, as described below, the Master Developer retained all of Seller’s interest in water (including, without limitation, underground water, surface water, and harvested rainwater, including any and all permits, licenses or other governmental authorizations related to such water), oil, gas and other minerals that are in and under the Property and that may be produced from it; however, Celina Development, LLC executed a partial waiver of surface rights pursuant to which it agreed not to cause the construction of a well on the Irrigation Well Site (as such term is defined in the Partial Waiver of Surface Rights) until such time as the Irrigation Well Site is conveyed to the HOA (Lilyana Residential Community Association, Inc.) or is otherwise dedicated for public use, as applicable. See “THE DEVELOPER — History and Financing of the District — Contract of Sale for Phases 5, 6 and 7.”

There may also be certain mineral rights reservations of one or more prior owners of real property within the District, pursuant to one or more deeds in the chains of title for the property in the District. Although the Developer does not expect the mineral and groundwater rights of others, if any, or the exercise of such rights or any other mineral or groundwater 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 the District to pay Special Assessments, the Developer makes no guarantee as to such expectations. See “BONDHOLDERS’ RISKS — Exercise of Mineral and Groundwater Rights.”

## **Preliminary Geotechnical Exploration**

A Preliminary Geotechnical Exploration (a “Preliminary Geotech”) covering the property within the District was completed on July 2, 2015. The Preliminary Geotech indicated that the estimated potential seasonal movement of the soil within the District ranged from 3.5 to 6 inches.

## **Utilities**

The Developer expects additional utilities to be provided by the following: (1) Phone/Data - AT&T; (2) Electric - CoServ Electric; (3) Cable - to be determined; and (4) Natural Gas - CoServ Gas or Atmos Energy.

## **THE DEVELOPER**

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor and the Underwriter, and none of the City, the City’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Official Statement and warrants and represents that neither (i) the information herein under the caption “THE DEVELOPER” nor (ii) the information relating to the Developer under the subcaption “BONDHOLDERS’ RISKS — Dependence Upon Developer” contains 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 are made, not misleading.

## **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 telephone and electric service) and selling improved lots and commercial reserves to homebuilders, 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 bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property that it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land that 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**

*Master Developer.* The Master Developer was created for the sole purpose of owning, managing, developing and ultimately conveying property in the District to third parties, including to the Neighborhood Improvement Area #4 Developer, as described under the caption "THE DEVELOPMENT."

*Neighborhood Improvement Area #4 Developer.* The Neighborhood Improvement Area #4 Developer was created for the sole purpose of owning, managing, developing and ultimately conveying property in Neighborhood Improvement Area #4 of the District to third parties, as described under the caption "THE DEVELOPMENT." The Neighborhood Improvement Area #4 Developer is a limited liability company, the primary assets of which are unsold property within Neighborhood Improvement Area #4 of the District and the proceeds from the sale of property within the District. The Neighborhood Improvement Area #4 Developer will have no source of funds with which to pay Special Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within Neighborhood Improvement Area #4 of the District, contributions from its members, or loans from third-party lenders.

The Master Developer intends to reimburse the Neighborhood Improvement Area #4 Developer for costs incurred in developing and constructing such Neighborhood Improvement Area #4 Improvements. However, the Master Developer has not obligated itself to transfer to the Neighborhood Improvement Area #4 Developer any reimbursement payment(s) it receives from the City under the PID Reimbursement Agreement. If the Master Developer does not transfer such reimbursement payment(s) to the Neighborhood Improvement Area #4 Developer, it could impair the Neighborhood Improvement Area #4 Developer's ability to pay Special Assessments. The Neighborhood Improvement Area #4 Developer's ability to make full and timely payments of Special Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

Master Developer is the sole member of the Neighborhood Improvement Area #4 Developer. RE Project, LP, a Texas limited partnership (the "Managing Member") is the managing member of the Master Developer (1% interest) and Celina Project, LLC, member of Celina Development, LLC (99% interest). The Managing Member is controlled by Hillwood Investment Properties IV, LP, a Texas limited partnership (99% member interest in the Managing Member). Hillwood, a Perot company, is ranked as one of the top commercial and residential real estate investors and developers in the country. Since its inception in 1988, Hillwood Communities, the residential division for Hillwood, has developed and invested in more than 80 communities throughout the United States and Costa Rica, and has developed approximately 30,000 lots. Currently, the company oversees 30 active communities in 25 cities and six states. Hillwood's industrial developments currently house facilities for 58 companies listed on the Fortune 500, Global 500 or Forbes List of Top Private firms. Hillwood is best known for its Alliance brand that includes the 17,000-acre AllianceTexas, 4,474-acre AllianceFlorida at Cecil Commerce Center, and 2,000-acre AllianceCalifornia. Some of Hillwood's past and current single-family residential developments in Texas are shown on the next page:

| <b>Project</b>        | <b>City</b>  | <b>Approximate<br/>Number of Lots</b> |
|-----------------------|--------------|---------------------------------------|
| Harvest               | Northlake    | 3,800                                 |
| Heritage              | Ft. Worth    | 3,250                                 |
| Union Park            | Little Elm   | 3,200                                 |
| Park Glen             | Fort Worth   | 3,000                                 |
| Pecan Square          | Northlake    | 3,000                                 |
| Pomona                | Manvel       | 1,900                                 |
| Liberty               | Melissa      | 1,800                                 |
| Wolf Ranch            | Georgetown   | 1,500                                 |
| Russell Creek         | Plano        | 980                                   |
| Saratoga              | Fort Worth   | 851                                   |
| Bluewood              | Celina       | 833                                   |
| Twin Creeks           | Allen        | 787                                   |
| Chisholm Ridge        | Fort Worth   | 748                                   |
| Creekwood             | Fort Worth   | 737                                   |
| Falcons Lair          | Mesquite     | 574                                   |
| Oakmont               | Corinth      | 568                                   |
| Hulen Heights         | Fort Worth   | 545                                   |
| Willow Bay            | Frisco       | 467                                   |
| Mustang Creek         | Forney       | 442                                   |
| Harmony               | Red Oak      | 427                                   |
| Stone Brooke Crossing | McKinney     | 412                                   |
| Gateway               | Glen Heights | 408                                   |
| Rocky Creek           | Austin       | 392                                   |
| Shores                | Rockwall     | 353                                   |
| Indian Springs        | San Antonio  | 311                                   |
| Meadow Oaks           | Corinth      | 301                                   |
| Stonebriar            | Frisco       | 300                                   |
| Brockdale             | Lucas        | 206                                   |
| Sarita Valley         | Leander      | 199                                   |
| Lakeway               | Austin       | 195                                   |
| Willow Bend           | Plano        | 189                                   |
| Morrison              | DFW          | 171                                   |

## **Executive Biographies**

*Fred Balda is President of Hillwood Communities.* Mr. Balda continues to expand and redefine the division's business plan while adhering to its Live Smart Principles of Master-Planning Excellence, Healthy Living, Environmental Stewardship, Technology and Education & Enrichment.

Mr. Balda plays an active role in the local real estate market as a member of ULI, TREC, various local Chambers of Commerce and the Dallas Builders' Association. He recently was a member of the Planning and Zoning Commission for the City of Plano. He currently serves on the Texas A&M University Civil Engineering Advisory Council and on the Board of Trustees at Custer Road United Methodist Church.

He launched his real estate career in the 1980s when he began working at Trammell Crow Company as a Project Manager of master-planned communities throughout the Dallas/Fort Worth market. During his tenure with

Club Corporation of America (1990-1992), he added golf course development and entitlement to his field of expertise before joining Hillwood in 1992.

A graduate of Texas A&M in 1982, Mr. Balda earned a Bachelor of Science degree in Civil Engineering.

*Brian Carlock is Senior Vice President of Hillwood Communities.* Mr. Carlock serves in several capacities at Hillwood Communities. He oversees acquisitions and new investments and manages multiple investments in the Southeast and Northwest United States.

Mr. Carlock has played a key role over the past 20 years in making Hillwood Communities one of the top residential developers in the country. His diverse background and technical expertise allow him to effectively manage many aspects of residential community development, including site selection, planning, engineering, marketing, homebuilder relations, financial analysis, government relations, entitlements, partnership structuring and securing financing. It also allows him to evaluate and acquire many of the most intriguing investment opportunities related to residential real estate.

As the director of acquisitions, he has managed over \$120M of new capital investments over the past four years. Since joining Hillwood in 2000, Mr. Carlock has successfully managed the development of over 5,000 lots in multiple markets.

Before serving as an officer in the U.S. Army for seven years, Mr. Carlock graduated from the U.S. Military Academy at West Point, where he received his Bachelor's degree in Engineering Management. He later earned his Master's degree in Environmental Engineering from the University of Missouri at Rolla.

*Danny Ellis is Vice President of Hillwood Communities.* Mr. Ellis manages the acquisition, entitlement, and financing of land for residential development. Since joining Hillwood in 2008, Mr. Ellis has worked on the investment in over 30 properties across the country, representing over \$1 billion of value at sellout. The investments include land acquisitions, joint ventures, loan purchases, and loan originations. Mr. Ellis is also responsible for the management and disposition of certain acquisitions and investments.

Prior to joining Hillwood, Mr. Ellis spent four years with Faison & Associates in Washington DC as Assistant Director of Development where he managed the acquisition, entitlement, financing, and development of multi-family and commercial properties in Washington DC and Arlington, Virginia. At Faison, Mr. Ellis developed over 1,100 apartment units ranging from a 47-unit rehabilitation project to a 266-unit ground-up development.

Mr. Ellis started his career as an Investment Banking Analyst for UBS Investment Bank and Dain Rauscher Wessels (now RBC Capital Markets). In that capacity, he helped energy companies raise over \$2.5 billion through equity offerings and \$4.5 billion through debt offerings and advised energy companies on over \$10 billion of mergers and acquisitions.

Mr. Ellis earned his BBA in Finance from Southern Methodist University in Dallas, Texas and his MBA from The University of Virginia's Darden Graduate School of Business in Charlottesville, Virginia.

## **History and Financing of the District**

*The Property Acquisition.* The Master Developer was formed on September 9, 2015, for the purpose, among others, of acquiring the property in the District (the "Property"). On or about November 20, 2015, the Master Developer closed on the purchase of the Property from The George White Family Limited Partnership, a Texas limited partnership (the "Seller") under the terms of a purchase contract (the "Contract") with the Seller, for an aggregate purchase price of \$21.6 million (app. \$56,000 per acre of land). On March 2, 2021, the Master Developer transferred the property located in Neighborhood Improvement Area #4 to the Neighborhood Improvement Area #4 Developer.

*The Property Acquisition Financing.* A portion of the purchase price for the Property was paid from the proceeds of a loan (the "Acquisition Loan") made by US Bank National Association (the "Original Acquisition Lender") to Master Developer in the stated principal amount of \$9,914,000, and initially secured, among other things, by a first deed of trust lien on the Property. On September 10, 2020, the Master Developer entered into a loan

agreement (the “Subsequent Acquisition Loan”) with Interbank (the “Subsequent Acquisition Lender”) to refinance the loan with the Original Acquisition Lender. On September 14, 2020, the Original Acquisition Lender filed a full release of lien. The Subsequent Acquisition Loan bears interest at the rate of Prime Rate + 0.50% per annum and matures on September 10, 2025, with an option to extend the Subsequent Acquisition Loan for one additional year until September 10, 2026, subject to certain conditions precedent. Acknowledging payments made by the Master Developer, on March 2, 2021, the Subsequent Acquisition Lender released from its lien the land within Neighborhood Improvement Area #4. On September 1, 2021, the Subsequent Acquisition Loan was paid in full and all property was released from the lien related to the Subsequent Acquisition Loan, which includes all land under the Phases 5-7 Contract of Sale.

*Development Financing.* On March 2, 2021, the Neighborhood Improvement Area #4 Developer obtained a loan from Finance Partners LP (“NIA #4 Original Development Lender”) for the purpose, among others, of defraying certain costs of the Neighborhood Improvement Area #4 Improvements (the “NIA #4 Original Development Loan”). The NIA #4 Original Development Loan is secured by the land within Neighborhood Improvement Area #4 owned by the Neighborhood Improvement Area #4 Developer. On May 12, 2021, the NIA #4 Original Development Lender assigned the promissory note and liens to Interbank (the “NIA #4 Subsequent Development Lender”). The NIA #4 Subsequent Development Loan has a maximum principal amount of \$14,613,296 and accrues interest at a rate of the lesser of: (1) the Prime Rate minus 0.15%; or (2) the maximum lawful rate. As of June 23, 2021, the outstanding balance of the NIA #4 Development Loan was \$3,069,376. The NIA #4 Development Loan matures on November 12, 2023, and may be extended to November 12, 2024, subject to certain conditions precedent.

The Neighborhood Improvement Area #4 Developer intends to repay the NIA #4 Development Loan primarily from the revenue generated from sales to the Neighborhood Improvement Area #4 Homebuilders. The NIA #4 Development Loan is secured by a first lien Deed of Trust in favor of the NIA #4 Development Lender covering the lots in Neighborhood Improvement Area #4 that have not yet been sold to the Neighborhood Improvement Area #4 Homebuilders. In the event of a default under the NIA #4 Development Loan and/or related documents, the NIA #4 Development Lender will have the right to various remedies, including foreclosure of the Deed of Trust.

*Sale of Phases 5, 6, and 7.* On September 1, 2021, the Master Developer sold approximately 140 gross acres within the Future Improvement Area (which is also located within the Major Improvement Area) that will be developed as the final three residential phases, Phases 5-7 under the Phases 5-7 Contract of Sale to the Phases 5-7 Purchaser. Under the Phases 5-7 Contract of Sale, the Master Developer and the Phases 5-7 Purchaser agree that the Phases 5-7 will be developed pursuant to the Development Agreement such that the Phases 5-7 will include approximately 457 lots. The Master Developer excluded and reserved from the proposed conveyance, (i) all rights to any reimbursements and receivables, any impact and capital recovery fees, and other reimbursements of development costs, including from special assessments levied or to be levied against benefited property within the District, including Phases 5-7, and from the proceeds of revenue bonds secured by such special assessments, if and when issued by the City, (ii) on a non-exclusive basis with the Phases 5-7 Purchaser, all rights necessary to satisfy and complete the Master Developer’s obligations under the Development Agreement and (iii) all of the Master Developer’s (or affiliates thereof) interest in water, oil, gas and other minerals that are in and under Phases 5-7. The Phases 5-7 Purchaser has agreed to follow all applicable development and reporting requirements required by the City for eligible cost of the development to be reimbursed to the Master Developer. Under the Phases 5-7 Contract of Sale, the Master Developer and the Phases 5-7 Purchaser will enter into a “development agreement” (the “Phases 5-7 Development Agreement”) under which the Master Developer agrees to construct certain infrastructure improvements including (i) detention, outfalls, drainage channels, trunk water and sewer lines, and storm water lines, and (ii) certain roadways (including associated lighting, major roadway landscaping, and perimeter screening) (collectively, the “Hillwood Improvements”); and, if applicable, will construct such infrastructure in accordance with the Development Agreement, including completion of such improvement projects on or before the required dates provided in the Development Agreement. Under the Phases 5-7 Development Agreement, the Phases 5-7 Purchaser agrees to enter into a transaction services agreement with an affiliate of Hillwood to serve as project manager (the “Phases 5-7 Project Manager”) to manage third party contractors contracting directly with the Phases 5-7 Purchaser for the design and construction of certain “in-tract” or on-site infrastructure for Phases 5-7 including (i) the excavation, grading, installation of streets and utilities and other development requirements for creating platted lots, and (ii) internal park open spaces (collectively, the “Owner Improvements”). The Phases 5-7 Purchaser remains solely responsible for the cost to complete the Owner Improvements and, subject to the transaction services agreement, the Phases 5-7 Project Manager shall manage the completion of the Owner Improvements on the Phases 5-7 Purchaser's behalf. Under the Phases 5-7

Development Agreement, the Master Developer agrees to fund all costs and fees to complete the Hillwood Improvements and certain other costs, including certain construction plans, Geotech reports, hydrological studies, and engineering work. The Phases 5-7 Development Agreement states that the Master Developer will retain all rights to any reimbursement from special assessments levied or to be levied against benefitted property within the District, including Phases 5-7, and from the proceeds of revenue bonds secured by such special assessments if and when issued by the City.

The PID Act provides that the Assessment Lien is a first and prior lien against the Neighborhood Improvement Area #4 Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipal ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the NIA #4 Development Lender will acknowledge the creation of the District, the levy of the Special Assessments and the subordination of the liens securing the NIA #4 Development Loan to the Assessment Lien. As provided by the PID Act and acknowledged by the NIA #4 Development Lender, the Assessment Lien will have priority over the liens on the property within Neighborhood Improvement Area #4 securing the NIA #4 Development Loan and any other loans that may be obtained by the Developer or its affiliates.

### **THE 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, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information.*

The City has entered into an agreement for administration of the District (the "MuniCap Agreement") with MuniCap, Inc. ("MuniCap" or the "PID Administrator") to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The MuniCap Agreement includes seven general types of services provided by MuniCap: (i) administrative support services related to the Special Assessments, (ii) delinquency management, (iii) prepayment of Special Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination and (vii) IRS compliance monitoring.

MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 200 special assessment and taxing districts in 30 states, including Texas.

MuniCap periodically donates to certain charitable or public events hosted by the City.

### **APPRAISAL**

#### **The Appraisal**

General. Integra Realty Resources - DFW (the "Appraiser"), prepared an appraisal report (the "Appraisal") for the City and the Underwriter, dated July 15, 2021 (the "Appraisal Report Date"), based upon a physical inspection of Neighborhood Improvement Area #4 of the District conducted on July 9, 2021 (the "Physical Inspection Date"). The "date of value" with respect to Neighborhood Improvement Area #4 is June 1, 2022. The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Neighborhood Improvement Area #4 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."

Value Estimates. The City requested that the Appraiser prepare an appraisal report of the market value of the property in Neighborhood Improvement Area #4 of the District. The Appraiser estimated the "prospective market value at completion" of fee simple interest in the 276 residential Lots within Improvement Area #4 of the District as of June 1, 2022 of the completed Neighborhood Improvement Area #4 Improvements. See "THE IMPROVEMENTS." The Appraisal reflects the as-is condition of Neighborhood Improvement Area #4 of the District, as the Neighborhood Improvement Area #4 Improvements have been constructed. See "APPENDIX G — Appraisal."

The prospective market value at completion for the assessable property within Neighborhood Improvement Area #4 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of June 1, 2022, is \$19,770,000. In making its estimate, the Appraiser concluded a per Lot value of \$73,750 per 50' Lot, \$88,500 per 60' Lot, and \$96,200 per 70' Lot\*. See "APPENDIX G — Appraisal."

The value conclusions in the Appraisal consider the impact of COVID-19 on the property in the District. See "APPENDIX H — Appraisal of the District — COVID-19 Impact on Current Valuations." 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.

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 Neighborhood Improvement Area #4 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 Neighborhood Improvement Area #4.

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 circumstances in which interest may not be paid when due or 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 their relative significance.*

**THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM 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 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**

---

\* To date, this lot type has been 74'.

## **OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE.**

### **General**

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 Neighborhood Improvement Area #4 to pay Special Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Neighborhood Improvement Area #4, (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 lots 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 lots.

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 Special Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Bonds. Such value can only be realized through the foreclosure or expeditious liquidation of the land within Neighborhood Improvement Area #4. There is no assurance that the value of such land 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 stated maturity will be able to do so.

### **Deemed Representations and Acknowledgment by Purchasers**

Each purchaser of Bonds ("Purchaser") will be deemed to have acknowledged and represented to the City the matters set forth under the heading "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" which include among others a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading "BONDHOLDERS' RISKS" and elsewhere herein, and such purchaser, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the purchaser can afford a complete loss of its investment in the Bonds.

### **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. 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, mitigation and phased reopening of the State. On March 2, 2021, the Governor issued Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the State-wide mask mandate. Most recently, on July 29, 2021, the Governor issued Executive Order GA-38, which, among other things, maintains that there are no COVID-19 related operating limits for any business or establishment and that no person may be required by any jurisdiction to wear or mandate the wearing of a face covering. The Governor's order also maintains, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-38 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>.

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 by Assessments levied on benefitted property within the District. 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.

### **Failure or Inability to Complete Proposed Development**

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "Availability of Utilities" and "Hazardous Substances" below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the Development must come from the City.) 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. 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 UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN NEIGHBORHOOD IMPROVEMENT AREA #4 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

## **Completion of Homes**

The cost and time for completion of homes by the Developer is uncertain and may be affected by changes in national, regional and local and 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 yet 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; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

## **Absorption Rate**

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development and could reduce the ability or desire of property owners to pay the Special Assessments.

## **Assessment Limitations**

Annual Installments of Assessments are billed to property owners in Neighborhood Improvement Area #4. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for 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 Administrative Expenses 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 the Special Assessments 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 the District, 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 Neighborhood Improvement Area #4, 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, § 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 § 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 Texas 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 Texas 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 Neighborhood Improvement Area #4 Developer is not eligible to claim homestead rights and the Neighborhood Improvement Area #4 Developer has represented that it initially owned all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Neighborhood Improvement Area #4 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 SPECIAL 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 NEIGHBORHOOD IMPROVEMENT AREA #4 OF THE DISTRICT.

### **Risks Related to the 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 difficult. These downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District. There have been reports of various public-private efforts to relieve the subprime mortgage crisis, but as of yet no one can predict with certainty when the real estate market will rebound.

### **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 throughout the District 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 become able to compete with the Development. For more information on competitive projects, see “APPENDIX G — Appraisal – Residential Analysis – Competitive Supply – 50’ Frontage Lots,” “– 60’ Frontage Lots” and “– 74’ Frontage Lots.”

### **Loss of Tax Exemption**

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

### **Depletion of Reserve Fund; No Prefunding of Additional Interest Reserve Account**

Failure of the owners of property within the District to pay the Special Assessments when due could result in the rapid, total depletion 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 Fund. The Additional Interest Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Additional Interest Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund". The Indenture provides that if, after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS — Reserve Fund – Reserve Account". The Indenture also provides that if the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, as described under "SECURITY FOR THE BONDS – Reserve Fund – Additional Interest Reserve Account."

### **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 previous Phase I 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.

## **Potential Future Changes in State Law Regarding Public Improvement Districts**

The 87th Legislative Session of the State convened on January 12, 2021. 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. The 87th Legislative Session of the State ended on May 31, 2021, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a special legislative session, which convened on July 8, 2021 and concluded on August 6, 2021, without any legislation being introduced or passed related to the oversight of bonds secured by assessments. The Governor called a second special legislative session, which convened on August 7, 2021 and concluded on September 2, 2021, without any legislation being introduced or passed related to the oversight of bonds secured by assessments. The Governor called a third special legislative session, which is scheduled to convene on September 20, 2021. The third special session agenda does not currently include any legislation related to the oversight of bonds secured by assessments. It is impossible to predict what bills may be introduced if the agenda of the special session is expanded or during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

## **500-Year Flood Plain**

No lands within Neighborhood Improvement Area #4 are located within an official FEMA 500-year flood plain. 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 500-year flood plain from being included in the 500-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the 500-year flood plain.

## **Risk from Weather Events**

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. 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 and Groundwater Rights**

As described herein under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights,” there are certain mineral and groundwater rights reservations located within the District owned by certain affiliates of the Developer. There may also be additional mineral and groundwater 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 Collin County.

The Developer does not expect the existence or exercise of any mineral or and groundwater 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 the District 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 twenty-five percent (25%) 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 the City’s 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 the District or sell property within 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 Texas 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 the 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 Texas courts. In general, Texas 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. Texas 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 monies due under a contract).

### **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.

### **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 Texas 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 affect 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) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas 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**

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, 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 contracts are not met. Failure to meet the lot purchase contract's conditions allows the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back. Additionally, the Neighborhood Improvement Area #4 Homebuilders have not taken down all lots within Neighborhood Improvement Area #4 and could potentially fail to close on remaining lots or, under certain circumstances, terminate the Lot Purchase and Sale Agreements. See "THE DEVELOPMENT — Actual and Expected Build-Out Schedule of Development" herein.

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.

### **Dependence Upon Neighborhood Improvement Area #4 Developer and Neighborhood Improvement Area #4 Homebuilders**

*Initial Liability for Assessments.* As of January 1, 2021, the Neighborhood Improvement Area #4 Developer owns all of the lots within the Assessed Property and is, therefore, responsible for payment of 100% of the total Assessments.

The ability of the Neighborhood Improvement Area #4 Developer to make full and timely payment of the Special Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The primary assets of the Neighborhood Improvement Area #4 Developer are proceeds from the sale of land



within Neighborhood Improvement Area #4, land within the Neighborhood Improvement Area #4, and related permits and development rights. Moreover, the City will pay the Master Developer, or the Master Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Neighborhood Improvement Area #4 Improvements within the District. The Developer expects that the Master Developer will reimburse the Neighborhood Improvement Area #4 Developer for costs incurred in developing and constructing such Neighborhood Improvement Area #4 Improvements. **However, the Master Developer has not obligated itself to transfer to the Neighborhood Improvement Area #4 Developer any reimbursement payment(s) it receives from the City under the PID Reimbursement Agreement. If the Master Developer does not transfer such reimbursement payment(s) to the Neighborhood Improvement Area #4 Developer, it could impair the Neighborhood Improvement Area #4 Developer's ability to pay Assessments.** See "THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS — General" and "THE DEVELOPMENT — Development Plan".

There can be no assurances given as to the financial ability of the Neighborhood Improvement Area #4 Developer to advance any funds to the City to supplement revenues from the Special Assessments if necessary, or as to whether the Neighborhood Improvement Area #4 Developer will advance such funds.

Neither the Master Developer nor the Neighborhood Improvement Area #4 Developer will guarantee or otherwise be obligated to pay debt service on the Bonds. However, the completion of the Neighborhood Improvement Area #4 portion of the Development is dependent upon the receipt of funds from the Neighborhood Improvement Area #4 Developer in addition to proceeds of the Bonds.

The source of funding for future land development activities and infrastructure construction to develop the remaining lots proposed for the District also consists of proceeds from Additional Obligations and proceeds of lot sales, as well as possible bank financing and equity contributions by the Developer and its partners.

Finally, if for any reason, the Development cannot be completed as planned, the Neighborhood Improvement Area #4 Developer or any subsequent property owner will nevertheless remain responsible for the full amount of the applicable Special Assessments, notwithstanding the fact that the amount of the Special Assessments when levied assumed the full development of the Neighborhood Improvement Area #4 Assessed Property.

### **Agricultural Use Valuation and Redemption Rights**

None of the property in Neighborhood Improvement Area #4 is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although Special Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Special Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Special Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

## **TAX MATTERS**

### **Opinion**

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the Closing Date pertaining to the use, expenditure, and investment of the proceeds of

the Bonds and will assume continuing compliance by the City with the provisions of the Indenture subsequent to the issuance of the Bonds. The Indenture contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security

or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## **LEGAL MATTERS**

### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General 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.

Norton Rose Fulbright US LLP, 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 Texas, 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 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 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 thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. 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 and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein 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 Special 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 wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the PID Reimbursement Agreement, the Development Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

Additionally, affiliated entities of the Developer have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

### **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 Securities and Exchange Commission (the “Rule”), the City and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the 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 the 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 the Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the 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 the 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**

Except as described below, during the last five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

In connection with the City’s Special Assessment Revenue Bonds, Series 2018 (Creeks of Legacy Public Improvement District Phase #1B Project), the City timely filed certain financial information and operating data for the fiscal year ended September 30, 2018 required by its continuing disclosure undertaking related to such bonds. Due to an administrative oversight, such filing did not include certain information of the general type included in “Table 4 – TIRZ Collection and Credit Information in Phase #1 of the District” and “Table 5 – Collection and Delinquency

History in Assessments in Phase #1 of the District” of the final Limited Offering Memorandum for such bonds. On December 3, 2019, the City filed on EMMA the omitted information contained in Table 4 and Table 5, as well as a notice of failure to timely file such information.

### **The Developer**

The Neighborhood Improvement Area #4 Developer, the Master Developer, the PID Administrator, and the Dissemination Agent have entered into a Continuing Disclosure Agreement (the “Disclosure Agreement of the 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 the Developer, certain information regarding the Development and the Neighborhood Improvement Area #4 Improvements (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 the Developer.” Under certain circumstances, the failure of the Developer or the PID Administrator to comply with its obligations under the Disclosure Agreement of the Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event 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 will then 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 specifically 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 Neighborhood Improvement Area #4 Developer has not previously entered into any continuing disclosure agreements in accordance with the Rule.

During the last five years, the Master Developer has complied in all material respects with its continuing disclosure agreements.

## **UNDERWRITING**

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the bonds from the City at a purchase price of \$\_\_\_\_\_ (representing the par amount of the bonds, less an underwriting discount of \$\_\_\_\_\_, which includes underwriter’s counsel’s fee) and no accrued interest. 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. Subject to certain restrictions contained in the bond purchase agreement, 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 virus. 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.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

## **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal 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 Texas 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, 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.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

## **INFORMATION RELATING TO THE TRUSTEE**

The City has appointed U.S. Bank National Association, 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 concerning the Trustee may be found at [www.usbank.com](http://www.usbank.com). Neither the information on the Trustee's website nor any links from such website are a part of this Limited Offering Memorandum, nor should any such information be relied upon to make an investment decision as to 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 Neighborhood Improvement Area #4 Improvements, the Development and the Developer generally and, in particular, the information included in maps on pages (ii) - (vi) and in the sections captioned "PLAN OF FINANCE — Development Plan," "— Lot Purchase and Sale Agreements; Home Construction," "THE NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Authorized 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.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

## **Experts**

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by MuniCap, the PID Administrator, 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 - DFW, the Appraiser, 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 - DFW 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 when the City delivers the Bonds to the Underwriter, 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 date the City delivers the Bonds) 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 HEREIN 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 will approve the form and content of this preliminary Limited Offering Memorandum and the use thereof by the Underwriter in connection with the marketing and sale of the Bonds. In the Bond Ordinance, the City Council will approve the form and content of the final Limited Offering Memorandum.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

**THE CITY AND COLLIN COUNTY**

**Historical Employment in Collin County (Average Annual)**

Collin County

|                      | Average Annual |         |         |         |         |
|----------------------|----------------|---------|---------|---------|---------|
|                      | 2021           | 2020    | 2019    | 2018    | 2017    |
| Civilian Labor Force | 588,895        | 570,623 | 571,831 | 551,297 | 532,035 |
| Total Employed       | 562,107        | 534,617 | 554,215 | 532,841 | 513,526 |
| Total Unemployed     | 26,788         | 36,006  | 17,616  | 18,456  | 18,509  |
| Unemployment Rate    | 4.5%           | 6.3%    | 3.1%    | 3.3%    | 3.5%    |

*Source: Texas Workforce Commission. Data through July 2021.*

**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> |
|------------------------------------|---------------------------|------------------|
| Celina Independent School District | Education                 | 349              |
| City of Celina                     | Municipal Government      | 159              |
| Settlers Ridge Care Center         | Senior Living Facility    | 100              |
| Gold Star Team – Keller Williams   | Real Estate               | 100              |
| Brookshire                         | Retail Grocery            | 63               |
| Chemtarde Logistics                | Chemical Materials        | 30               |
| Redi-Mix Inc                       | Cement Manufacturing      | 25               |
| Texas Seasons Nursery              | Residential Landscaping   | 21               |

*Source: The City's Comprehensive Annual Financial Report, September 30, 2020.*

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

# 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 McKinney, TX<br>Approximately 15 Miles from the City |           | City of Frisco, TX<br>Approximately 10 Miles from the City |           | City of Plano, TX<br>Approximately 25 Miles from the City |           | City of Denton, TX<br>Approximately 25 Miles from the City |           |
|--|-----------|--|-----------|---|-----------|--|-----------|
| Employer   | Employees | Employer   | Employees | Employer  | Employees | Employer   | Employees |
| Raytheon Space & Airborne Systems                            | 3,300     | Frisco ISD   | 7,442     | JP Morgan Chase   | 4,934     | University of North Texas                                  | 4,614     |
| McKinney ISD   | 2,640     | City of Frisco   | 1,628     | Capital One Finance                                       | 4,537     | Denton ISD   | 4,417     |
| Collin County  | 1,673     | T-Mobile USA   | 1,000     | Bank of America   | 4,500     | Peterbilt Motors-Headquarters & Plant                      | 3,075     |
| Torchmark/United American                                    | 1,250     | Mario Sinacola & Sons Excavating                           | 800       | Toyota Motor North America, Inc.                          | 3,815     | Texas Woman's University                                   | 1,875     |
| Encore Wire Corp.  | 1,150     | Conifer  | 615       | NTT Data, Inc.  | 3,134     | Denton County  | 1,803     |
| City of McKinney   | 1,021     | Baylor Medical Center                                      | 460       | Liberty Mutual Insurance Company                          | 2,854     | City of Denton   | 1,757     |
| Medical Center of McKinney                                   | 905       | Fiserv   | 460       | Ericsson  | 2,703     | Denton State Supported Living Center                       | 1,700     |
| Collin College   | 651       | IKEA Frisco  | 423       | J.C. Penney Co., Inc.                                     | 2,420     | Texas Presbyterian Hospital                                | 1,076     |
| Baylor Medical Center  | 523       | UT Southwestern/Texas Health Hospital                      | 415       | USAA  | 2,092     | Medical City Denton  | 950       |
| Timber Blinif  | 500       | Baylor Scott White/Centennial Hospital                     | 400       | Fannie Mae  | 2,000     | Sally Beauty Holdings, Inc.                                | 950       |

| City of Lewisville, TX<br>Approximately 25 Miles from the City |           |
|--|-----------|
| Employer   | Employees |
| Lewisville ISD   | 3,076     |
| Wal-Mart   | 1,136     |
| Bed Bath & Beyond  | 825       |
| City of Lewisville   | 776       |
| TIAA-CREF  | 650       |
| Mary Kay   | 626       |
| Hoya Vision Care   | 566       |
| Medical City of Lewisville                                     | 532       |
| SYSCO  | 476       |
| Orthofix   | 451       |

| City of Carrollton, TX<br>Approximately 25 Miles from the City |           |
|--|-----------|
| Employer   | Employees |
| Halliburton Energy Services                                    | 1,000     |
| McKesson Corporation   | 999       |
| Thomson Reuters  | 950       |
| Western Extrusions Corporation                                 | 900       |
| Securus Technologies   | 800       |
| Baylor Medical Center  | 640       |
| Brandt   | 550       |
| AER Manufacturing  | 500       |
| Hilton Reservations & Costumer Care                            | 450       |
| Rudy's Tortillas   | 450       |

Source: Municipal Advisory Council of Texas

APPENDIX B  
FORM OF INDENTURE

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)



---

INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

DATED AS OF OCTOBER 1, 2021

SECURING

\$ \_\_\_\_\_  
CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)

---

## TABLE OF CONTENTS

|  | Page      |
|--|-----------|
| <b>ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION .....</b>                                    | <b>4</b>  |
| Section 1.1.    Definitions.....   | 4         |
| Section 1.2.    Findings.....  | 12        |
| Section 1.3.    Table of Contents, Titles and Headings.....  | 12        |
| Section 1.4.    Interpretation.....  | 12        |
| <b>ARTICLE II THE BONDS .....</b>  | <b>13</b> |
| Section 2.1.    Security for the Bonds.....  | 13        |
| Section 2.2.    Limited Obligations.....   | 13        |
| Section 2.3.    Authorization for Indenture.....   | 13        |
| Section 2.4.    Contract with Owners and Trustee.....  | 13        |
| <b>ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING<br/>    THE BONDS .....</b>   | <b>14</b> |
| Section 3.1.    Authorization.....   | 14        |
| Section 3.2.    Date, Denomination, Maturities, Numbers and Interest.....                          | 14        |
| Section 3.3.    Conditions Precedent to Delivery of Bonds.....                                     | 15        |
| Section 3.4.    Medium, Method and Place of Payment.....   | 15        |
| Section 3.5.    Execution and Registration of Bonds.....   | 16        |
| Section 3.6.    Ownership.....   | 17        |
| Section 3.7.    Registration, Transfer and Exchange.....   | 17        |
| Section 3.8.    Cancellation.....  | 18        |
| Section 3.9.    Temporary Bonds.....   | 18        |
| Section 3.10.    Replacement Bonds.....  | 18        |
| Section 3.11.    Book-Entry Only System.....   | 19        |
| Section 3.12.    Successor Securities Depository: Transfer Outside Book-Entry-<br>Only System..... | 20        |
| Section 3.13.    Payments to Cede & Co.....  | 20        |
| <b>ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY.....</b>   | <b>21</b> |
| Section 4.1.    Limitation on Redemption.....  | 21        |
| Section 4.2.    Mandatory Sinking Fund Redemption.....   | 21        |
| Section 4.3.    Optional Redemption.....   | 22        |
| Section 4.4.    Extraordinary Optional Redemption.....   | 22        |
| Section 4.5.    Partial Redemption.....  | 22        |
| Section 4.6.    Notice of Redemption to Owners.....  | 23        |
| Section 4.7.    Payment Upon Redemption.....   | 24        |
| Section 4.8.    Effect of Redemption.....  | 24        |
| <b>ARTICLE V FORM OF THE BONDS .....</b>   | <b>24</b> |
| Section 5.1.    Form Generally.....  | 24        |
| Section 5.2.    CUSIP Registration.....  | 25        |
| Section 5.3.    Legal Opinion.....   | 25        |
| <b>ARTICLE VI FUNDS AND ACCOUNTS .....</b>   | <b>25</b> |
| Section 6.1.    Establishment of Funds and Accounts.....   | 25        |
| Section 6.2.    Initial Deposits to Funds and Accounts.....  | 26        |
| Section 6.3.    Pledged Revenue Fund.....  | 26        |
| Section 6.4.    Bond Fund.....   | 27        |
| Section 6.5.    Project Fund.....  | 28        |

## TABLE OF CONTENTS

|  | Page      |
|--|-----------|
| Section 6.6. Redemption Fund. ....   | 29        |
| Section 6.7. Reserve Fund. ....  | 29        |
| Section 6.8. Rebate Fund: Rebate Amount. ....                                  | 31        |
| Section 6.9. Administrative Fund. ....   | 32        |
| Section 6.10. Investment of Funds. ....  | 32        |
| Section 6.11. Security of Funds. ....  | 33        |
| <b>ARTICLE VII COVENANTS</b> .....   | <b>33</b> |
| Section 7.1. Confirmation of Special Assessments. ....                         | 33        |
| Section 7.2. Collection and Enforcement of Special Assessments.....            | 33        |
| Section 7.3. Against Encumbrances. ....  | 34        |
| Section 7.4. Records, Accounts, Accounting Reports. ....                       | 34        |
| Section 7.5. Covenants to Maintain Tax-Exempt Status.....                      | 34        |
| <b>ARTICLE VIII LIABILITY OF CITY</b> .....                                    | <b>38</b> |
| <b>ARTICLE IX THE TRUSTEE</b> .....  | <b>39</b> |
| Section 9.1. Trustee as Registrar and Paying Agent. ....                       | 39        |
| Section 9.2. Trustee Entitled to Indemnity. ....                               | 39        |
| Section 9.3. Responsibilities of the Trustee.....                              | 39        |
| Section 9.4. Property Held in Trust. ....                                      | 40        |
| Section 9.5. Trustee Protected in Relying on Certain Documents.....            | 40        |
| Section 9.6. Compensation.....   | 41        |
| Section 9.7. Permitted Acts. ....  | 41        |
| Section 9.8. Resignation of Trustee.....                                       | 41        |
| Section 9.9. Removal of Trustee.....   | 42        |
| Section 9.10. Successor Trustee.....   | 42        |
| Section 9.11. Transfer of Rights and Property to Successor Trustee.....        | 43        |
| Section 9.12. Merger, Conversion or Consolidation of Trustee. ....             | 43        |
| Section 9.13. Trustee to File Continuation Statements.....                     | 43        |
| Section 9.14. Accounts, Periodic Reports and Certificates.....                 | 43        |
| Section 9.15. Construction of Indenture.....                                   | 44        |
| <b>ARTICLE X MODIFICATION OR AMENDMENT OF THIS INDENTURE</b> .....             | <b>44</b> |
| Section 10.1. Amendments Permitted. ....                                       | 44        |
| Section 10.2. Owners' Meetings. ....   | 45        |
| Section 10.3. Procedure for Amendment with Written Consent of Owners. ....     | 45        |
| Section 10.4. Effect of Supplemental Indenture. ....                           | 46        |
| Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments..... | 46        |
| Section 10.6. Amendatory Endorsement of Bonds. ....                            | 46        |
| Section 10.7. Waiver of Default. ....  | 46        |
| Section 10.8. Execution of Supplemental Indenture.....                         | 47        |
| <b>ARTICLE XI DEFAULT AND REMEDIES</b> .....                                   | <b>47</b> |
| Section 11.1. Events of Default. ....  | 47        |
| Section 11.2. Immediate Remedies for Default. ....                             | 47        |
| Section 11.3. Restriction on Owner's Action.....                               | 48        |
| Section 11.4. Application of Revenues and Other Moneys After Default.....      | 49        |
| Section 11.5. Effect of Waiver.....  | 50        |
| Section 11.6. Evidence of Ownership of Bonds.....                              | 50        |
| Section 11.7. No Acceleration. ....  | 50        |
| Section 11.8. Mailing of Notice. ....  | 51        |
| Section 11.9. Exclusion of Bonds. ....   | 51        |

## TABLE OF CONTENTS

|   | Page       |
|---|------------|
| Section 11.10. Remedies Not Exclusive.....  | 51         |
| Section 11.11. Direction by Owners. ....  | 51         |
| <b>ARTICLE XII GENERAL COVENANTS AND REPRESENTATIONS.....</b>                                       | <b>51</b>  |
| Section 12.1. Representations as to Trust Estate.....   | 51         |
| Section 12.2. Accounts, Periodic Reports and Certificates.....                                      | 52         |
| Section 12.3. General. ....   | 52         |
| <b>ARTICLE XIII SPECIAL COVENANTS.....</b>  | <b>52</b>  |
| Section 13.1. Further Assurances; Due Performance. ....   | 52         |
| Section 13.2. Additional Obligations or Other Liens. ....   | 52         |
| Section 13.3. Books of Record. ....   | 53         |
| <b>ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND<br/>SATISFACTION OF THE INDENTURE.....</b> | <b>53</b>  |
| Section 14.1. Trust Irrevocable.....  | 53         |
| Section 14.2. Satisfaction of Indenture. ....   | 54         |
| Section 14.3. Bonds Deemed Paid.....  | 54         |
| <b>ARTICLE XV MISCELLANEOUS .....</b>   | <b>54</b>  |
| Section 15.1. Benefits of Indenture Limited to Parties. ....  | 54         |
| Section 15.2. Successor is Deemed Included in All References to Predecessor. ....                   | 55         |
| Section 15.3. Execution of Documents and Proof of Ownership by Owners. ....                         | 55         |
| Section 15.4. Waiver of Personal Liability.....   | 55         |
| Section 15.5. Notices to and Demands on City and Trustee. ....                                      | 55         |
| Section 15.6. Partial Invalidity.....   | 56         |
| Section 15.7. Applicable Laws. ....   | 57         |
| Section 15.8. Payment on Business Day.....  | 57         |
| Section 15.9. Counterparts. ....  | 57         |
| Section 15.10. No Boycott of Israel. ....   | 57         |
| Section 15.11. Iran, Sudan, and Foreign Terrorist Organizations.....                                | 57         |
| Section 15.12. No Discrimination Against Fossil Fuel Companies. ....                                | 58         |
| Section 15.13. No Discrimination Against Firearm Entities and Firearm Trade<br>Associations.....    | 58         |
| <b>EXHIBIT A .....</b>  | <b>A-1</b> |

## INDENTURE OF TRUST

THIS INDENTURE, dated as of October 1, 2021 is by and between the CITY OF CELINA, TEXAS (the "City"), and U.S. BANK NATIONAL ASSOCIATION, DALLAS, 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, a petition was submitted by the Petitioner and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as Wells South Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable 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 Collin Central Appraisal District, and the signature of the record owner of real 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 July 14, 2015, after due notice, the City Council of the City (the "City Council") held 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 on July 14, 2015, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2015-34R, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on July 24, 2015, the City published notice of its authorization of the District in the *Celina Record*, a newspaper of general circulation in the City and the extraterritorial jurisdiction of 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 July 24, 2015; and

WHEREAS, the District is now located entirely within the corporate limits of the City; and

WHEREAS, the City has previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) (the "Neighborhood Improvement Area #1 Bonds") secured by certain assessments levied against property located within the first construction phase of the District ("Neighborhood Improvement Area #1"); and

WHEREAS, the City has previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) (the "Major Improvement Area Bonds") secured by certain assessments levied against property located within the District that was not located within Improvement Area #1 (the "Major Improvement Area"); and

WHEREAS, the City has previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) (the "Neighborhood Improvement Areas #2-3 Bonds") secured by certain assessments levied against property located within the second construction phase of the District ("Neighborhood Improvement Area #2") and certain assessments levied against property located within the third construction phase of the District ("Neighborhood Improvement Area #3"); and

WHEREAS, in the indentures authorizing the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, and the Major Improvement Area Bonds, the City reserved the right to issue additional series of bonds as "Additional Obligations" pursuant to other indentures, assessment ordinances, or similar agreements which do not constitute or create a lien on the trust estate and are not payable from pledged revenues which secure, respectively, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, and the Major Improvement Area Bonds; provided that prior to the issuance of such "Additional Obligations" the requirements set forth in Section 13.2(c) of the indenture authorizing the issuance of the Major Improvement Area Bonds must be satisfied; and

WHEREAS, on August 10, 2021, the City Council, by Resolution 2021-53R, made findings and determinations relating to the Actual Costs of certain Authorized Improvements (the "Neighborhood Improvement Area #4 Improvements") allocable to the property within the District located in the fourth construction phase of the District ("Neighborhood Improvement Area #4"), received and accepted a preliminary update to the service and assessment plan, including a proposed assessment roll for Neighborhood Improvement Area #4 (the "Assessment Roll"), called a public hearing for September 14, 2021, and directed City staff to: (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice of the September 14, 2021 public hearing, as required by Section 372.016(b) of the PID Act; and

WHEREAS, on August 16, 2021, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Celina Record*, a newspaper of general circulation in the City, to consider the proposed Assessment Roll and the "Wells South Public Improvement District Amended and Restated Service and Assessment Plan" (as updated, amended, and/or restated for time to time, the "Service and Assessment Plan"), as updated for Neighborhood Improvement Area #4 and the levy of assessments on property in Neighborhood Improvement Area #4 of the District (the "Special Assessments"); and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the Special Assessments on property in Neighborhood Improvement Area #4 of the District to the last known addresses of the owners of the property liable for the Special Assessments; and

WHEREAS, the City Council opened and convened the hearing on September 14, 2021, and then the City Council recessed such public hearing until September 28, 2021; and

WHEREAS, the City Council opened and reconvened the hearing on September 28, 2021, and at such public hearing 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 proposed Assessment Roll, and the Special Assessments, and to offer testimony pertinent to any issue presented on the amount of the Special Assessments, the

allocation of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, the purposes of the Special Assessments, the special benefits of the Neighborhood Improvement Area #4 Improvements, and the penalties and interest on annual installments and on delinquent annual installments of Special Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City Council approved Ordinance No. 2021-\_\_\_\_\_ (the "Assessment Ordinance"), which levied the Special Assessments and approved and accepted the Service and Assessment Plan, as updated for Neighborhood Improvement Area #4, in conformity with the requirements of the PID Act and the City Council found and determined that the Special Assessments should be levied as provided in the Service and Assessment Plan and the Assessment Roll; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Special Assessments for the purpose of (i) paying a portion of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Neighborhood Improvement Area #4 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the administration of the District, and (v) paying costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act and as Additional Obligations under the indentures authorizing the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, and the Major Improvement Area Bonds, such bonds to be entitled "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project)" (the "Bonds"), such Bonds being payable solely from the Trust Estate (as defined herein) and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, prior to the issuance of the Bonds, evidence satisfactory to the City and its advisors has been presented that the requirements of Section 13.2(c) of the indenture authorizing the Major Improvement Area Bonds have been satisfied and that the Bonds may be issued as Additional Obligations in accordance with that indenture; 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, and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and 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;

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, that if and to the extent Special Assessments have been prepaid, the lien on real property associated with such Special Assessment prepayment shall be released and any rights of the Trustee and the Owners, as provided in this Indenture, to request the City to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the Owners with respect to such property shall terminate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price (as defined herein) of and the interest on all 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;

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” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“Actual Costs” mean, with respect to Neighborhood Improvement Area #4 Improvements, the demonstrated, reasonable, allocable, and allowable costs of constructing such Neighborhood Improvement Area #4 Improvement, as specified in a payment request in a



form that has been reviewed and approved by the City. Actual Costs may include (a) costs incurred in the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Neighborhood Improvement Area #4 Improvement, (b) costs incurred in preparing the construction plans for such Neighborhood Improvement Area #4 Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approval for such Neighborhood Improvement Area #4 Improvement, (d) the costs incurred for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes related to such Neighborhood Improvement Area #4 Improvement, (e) all labor, bonds, and material, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction, or implementation of such Neighborhood Improvement Area #4 Improvement, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and (g) all payments for Administrative Expenses.

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

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

"Additional Interest Reserve Account" means the reserve account administered by the City and segregated from other funds of the City in accordance with the provisions of Section 6.7 of this Indenture.

"Additional Interest Reserve Requirement" means an amount equal to 5.50% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account.

"Additional Obligations" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Special Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

"Administrative Expenses" means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment rolls, (iii) computing, levying, collecting and transmitting the Special Assessments or the Annual Installments thereof, (iv) maintaining the records of Special Assessments, including payments, reallocations and/or cancellations of the Special Assessments or Annual Installments thereof, (v) issuing, paying, and redeeming the Bonds, (vi) investing or depositing the Special Assessments or other monies, (vii) complying with the PID Act with respect to the Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel) related to the Bonds, and (ix) administering the construction of the Neighborhood Improvement Area #4 Improvements. Special Assessments collected to pay Administrative Expenses that are collected and not expensed in any year shall be carried

forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of Administrative Expenses.

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

“Administrator” means an employee of the City or third-party designee of 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. The initial Administrator is MuniCap, Inc.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, 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, with respect to each Assessed Parcel, each annual payment of the Special Assessments (including both principal of and interest on the Special Assessments) as shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix H; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Special Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Applicable Laws” means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, 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 Parcel” means each parcel of land located within Neighborhood Improvement Area #4 of the District against which a Special Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessed Property” means, collectively, all Assessed Parcels.

“Assessment Ordinance” means Ordinance No. 2021-\_\_\_\_ adopted by the City Council on September 28, 2021, that levied the Special Assessments on the Assessed Parcels located in Neighborhood Improvement Area #4.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) a Special Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Special Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

“Assessment Roll” means, the assessment roll attached as Appendix H to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Special Assessment against each Assessed Parcel related to the Bonds and the

Neighborhood Improvement Area #4 Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including those listed in Section III of the Service and Assessment Plan.

“Bond” means any of the Bonds.

“Bond Counsel” means Norton Rose Fulbright US LLP or any other attorney or firm of attorneys designated by the City that is nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.2(a) of this Indenture.

“Bond Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Ordinance” means Ordinance No. 2021-\_\_ adopted by the City Council on September 28, 2021 authorizing the issuance of the Bonds pursuant to this Indenture.

“Bond Pledged Revenue Account” means the Account established pursuant to Section 6.1.

“Bond Year” means the one-year period beginning on September 1 in each year and ending on August 31 in the following year.

“Bonds” means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project)”.

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

“Capitalized Interest Account” means the Account of such name established pursuant to Section 6.1.

“Certificate for Payment” means a certificate substantially in the form of Exhibit A attached to the PID Reimbursement Agreement or otherwise approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in an account of the Project Fund as further described in the PID Reimbursement Agreement and Section 6.5 herein.

“City Certificate” means a certificate signed by a City Representative and delivered to the Trustee.

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

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

“Costs of Issuance Account” means the Account of such name established pursuant to Section 6.1.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of a delinquent Special Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in St. Paul, Minnesota, or such other location designated by the Paying Agent/Registrar 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 Celina Development, LLC, a Texas limited liability company, and its successors and assigns.

“District Administration Account” means the Account of such name established pursuant to Section 6.1.

“DTC” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” shall mean 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 Special Assessments against any Assessed Parcel or Assessed Parcels, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.1 of this Indenture.

“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, or 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 Bond” means the Initial Bond as set forth in Exhibit A to 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 1 and September 1 of each year, commencing March 1, 2022.

“Investment Securities” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and provided further 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.

“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 of a principal amount of Bonds pursuant to Section 4.4 hereof that is less than ten percent (10%) of the Outstanding principal amount of the Bonds.

“Neighborhood Improvement Area #4” means the fourth phase to be developed within the District and further identified and depicted in Appendix B-5 in the Service and Assessment Plan.

“Neighborhood Improvement Area #4 Improvement Account” means the Account of the Project Fund of such name established pursuant to Section 6.1.

“Neighborhood Improvement Area #4 Improvements” means the Public Improvements which will benefit the Assessed Property, as more particularly described in Section III-F of the Service and Assessment Plan.

“Outstanding” means, as of any particular date when used with reference to the 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, and (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 herein.

“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 herein.

“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.

“Petitioner” means The George White Family Limited Partnership, a Texas limited partnership.

“PID Act” means Texas Local Government Code, Chapter 372, as amended.

“PID Reimbursement Agreement” means the "PID Reimbursement Agreement – Wells South" between the City and the Developer relating to the Bonds, dated as of December 7, 2015, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the bonds for funds advanced by the Developer and used to pay costs of such Authorized Improvements and other matters related thereto.

“Pledged Funds” means 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 herein.

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds.

“Prepayment” means the payment of all or a portion of a Special Assessment before the due date thereof.

“Principal and Interest Account” means the Account of such name established pursuant to Section 6.1.

“Project Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“Public Improvements” means the Authorized Improvements for which Special Assessments are levied against the Assessed Property that are designed, constructed, and installed in accordance with the Service and Assessment Plan or an Annual Service Plan Update for the benefit of the Assessed Property.

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“Record Date” means the close of business on the fifteenth calendar day (whether or not a 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 herein.

“Redemption Price” means, when used with respect to any Bond or portion thereof, the applicable redemption price shown in Article IV of this Indenture.

“Refunding Bonds” means bonds issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each as amended) to refund all or any portion of the then Outstanding Bonds.

“Register” means the register specified in Article III of this Indenture.

“Reserve Account” means the Account of such name established pursuant to Section 6.1.

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$\_\_\_\_\_ which is an amount equal to [125% of average Annual Debt Service] on the Bonds as of the Closing Date.

“Reserve Fund” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“Service and Assessment Plan” means the document, including the Assessment Roll, as amended, including any Annual Service Plan Update, which is attached as to the Assessment Ordinance, as the same may be amended or updated from time to time.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Special Assessments” means the aggregate assessments, as shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“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 a principal amount of Bonds pursuant to Section 4.4 hereof 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 the 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.

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

“Trust Estate” means the Trust Estate described in the granting clauses of this Indenture.

“Trustee” means U.S. Bank National Association, Dallas, Texas, 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.

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.

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.

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing 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 Texas Government Code, Chapter 1208, 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 Texas 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 Texas Business and Commerce Code, Chapter 9, as amended, 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 Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, 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 Pledged Funds; 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 of the City. 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 or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and 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 of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying a portion of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Neighborhood Improvement Area #4 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the administration of the District, and (v) paying costs of issuance of the Bonds.

##### Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated October 19, 2021 (the "Bond Date") 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 Closing Date of the Bonds 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 otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2022 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest as set forth below:

| <u>Year</u> | <u>Principal<br/>Amount(\$)</u> | <u>Interest<br/>Rate (%)</u> |
|-------------|---------------------------------|------------------------------|
|-------------|---------------------------------|------------------------------|

(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 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

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 copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of the executed PID Reimbursement Agreement;
- (d) a copy of this Indenture executed by the Trustee and the City; and
- (e) a City Certificate 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 in form and substance satisfactory to the City.

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; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (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 or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) 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.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner 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.

(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 such 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 of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such 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 Owners 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 of Texas.

### Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or 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 Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to hold such office 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 at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing 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 or Mayor Pro Tem and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, 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 relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor 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 file and maintain a copy of the Register with the City, 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 bearing the same 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 Authorized 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 redeemed in part.

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. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

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 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 of Texas 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.

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 letter of representations from the City to DTC. On the Closing 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.

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 relevant Record Date, 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 letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, and 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 are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the price of par plus accrued and unpaid interest to the redemption date (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 1, 20**

| <u>Redemption Date</u> | <u>Sinking Fund Installments(\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> |
|------------------------|--------------------------------------|------------------------|---------------------------------------|
|------------------------|--------------------------------------|------------------------|---------------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> |
|------------------------|---------------------------------------|------------------------|---------------------------------------|
|------------------------|---------------------------------------|------------------------|---------------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments</u> |
|------------------------|---------------------------------------|------------------------|----------------------------------|
|------------------------|---------------------------------------|------------------------|----------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments</u> |
|------------------------|---------------------------------------|------------------------|----------------------------------|
|------------------------|---------------------------------------|------------------------|----------------------------------|

---

\* Stated Maturity

(b) At least forty-five (45) days prior to each mandatory 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 a principal amount of Bonds (in accordance with Section 4.5) 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 redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds of a Stated Maturity 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 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.

(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 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.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, 20\_\_, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 20\_\_, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount specified in a City Certificate, on the first day of any month, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to Sections 6.3(d), 6.7(b), or 6.7(d), or any other transfers to the Redemption Fund under the terms of this Indenture). The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to this Section 4.4.

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, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. 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 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 \$1,000, may be issued.

(b) In selecting the Bonds to be redeemed pursuant to Section 4.2, the Trustee may select Bonds in any method that results in a random selection.

(c) In selecting the Bonds to be redeemed pursuant to Section 4.3, the Trustee may rely on the directions provided in a City Certificate.

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond, as applicable, 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 or Bonds, as applicable, shall be redeemed in inverse order of maturity.

(e) 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) The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, 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. So long as the Bonds are in book-entry-only form and held by DTC as security depository, Owner means Cede & Co., as nominee for DTC.

(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 hereof, 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 the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) 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 a notice of redemption, the notice may state the City may condition redemption on the 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 are not satisfied 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.

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 Payment/Transfer Office of the Trustee 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 of Public Accounts of the State of Texas, 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 Exhibit A to this Indenture 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 of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services, managed by S&P Global Market 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 Trustee, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. 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 Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. 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

(B) Principal and Interest Account.

(ii) The following Accounts are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(iii) The following Accounts are hereby created and established under the Project Fund:

(A) Neighborhood Improvement Area #4 Improvement Account; and

(B) Costs of Issuance Account.

(iv) The following Account is hereby created and established under the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

(v) The following Account is hereby created and established under the Administrative Fund:

(A) District Administration 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.

(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: \$\_\_\_\_\_;

(ii) to the Reserve Account of the Reserve Fund: \$\_\_\_\_\_;

(iii) to the Neighborhood Improvement Area #4 Improvement Account of the Project Fund: \$\_\_\_\_\_;

(iv) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_; and

(v) to the District Administration Account of the Administrative Fund: \$\_\_\_\_\_.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2022, the City shall deposit or cause to be deposited the Pledged

Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Assessment Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement in accordance with Section 6.7 hereof, (iii) third, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected in accordance with Section 6.7(b) hereof, (iv) fourth, to pay other Actual Costs of the Neighborhood Improvement Area #4 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

(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 Bond Pledged Revenue Account 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 herein, 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 and then, to the payment of principal (including any Sinking Fund Installments) on the Bonds, as described in Section 11.4(a) hereof.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds, and third to the Redemption Fund.

(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 an account of the Reserve Fund, the City may direct the Trustee by City Certificate to apply Special Assessments for any lawful purposes permitted by the PID Act for which Special Assessments may be paid.

(g) Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the City pursuant to a City Certificate, for any lawful purpose permitted by the PID Act for which such additional Pledged Revenues may be used, including transfers to other Funds and Accounts created pursuant to this Indenture.

#### 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/or 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 in the order described in Section 6.7(f) hereof. 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 interest on the Bonds on the following dates and in the following amounts:

| <u>Date</u> | <u>Amount (\$)</u> |
|-------------|--------------------|
|-------------|--------------------|

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred, in accordance with a City Certificate delivered to the Trustee, to the Neighborhood Improvement Area #4 Improvement Account of the Project Fund, or if the Project Fund has been closed as provided in Section 6.5(g) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(b) 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 Certificates. Disbursements from the Neighborhood Improvement Area #4 Improvement Account of the Project Fund to pay Actual Costs of the Neighborhood Improvement Area #4 Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certificate for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Neighborhood Improvement Area #4 Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the PID Reimbursement Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the PID Reimbursement Agreement, and no other provisions of the PID Reimbursement Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund are not expected to be expended for purposes of the Neighborhood Improvement Area #4 Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of the Neighborhood Improvement Area #4 Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund will ever be expended for the purposes of the Neighborhood Improvement Area #4 Improvement Account of the Project



Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund that are not expected to be used for purposes of the Neighborhood Improvement Area #4 Improvement Account of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Neighborhood Improvement Area #4 Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

(d) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(e) Upon the filing of a City Certificate stating that all Neighborhood Improvement Area #4 Improvements have been completed and that all Actual Costs of the Neighborhood Improvement Area #4 Improvements have been paid, or that any such Actual Costs of the Neighborhood Improvement Area #4 Improvements are not required to be paid from the Neighborhood Improvement Area #4 Improvement Account of the Project Fund pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Neighborhood Improvement Area #4 Improvement Account of the Project Fund to the Bond Fund and (ii) the Neighborhood Improvement Area #4 Improvement Account of the Project Fund shall be closed. If the Neighborhood Improvement Area #4 Improvement Account has been closed pursuant to the provisions of this Section and the Cost of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(f), the Project Fund shall be closed.

(f) Not later than 6 months following the Closing Date, 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 another Account of the Project Fund and used to pay Actual Costs or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of 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 from the deposits outlined in Section 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2022, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

(c) 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.

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments 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 in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a City Certificate, as a result of such Prepayment and as a result of the transfer from the Reserve Account under this Section 6.7(d), 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 \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount 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 debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

(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 Additional Interest 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.

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Account withdrawal pursuant to Section 6.7(f), the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Celina, Texas, Rebate Fund" (the "Rebate Fund") 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 relating to the Bonds due the United States Government in accordance with the Code.

(b) In order to assure that Rebate Amount 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.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the Rebate Amount to the Bond Fund.

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay the Administrative Expenses and Delinquent Collection Costs.

(b) Moneys in the District Administration Account of 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 Certificate solely for the purposes set forth in the Service and Assessment Plan.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default.

(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 may be accomplished by transferring a like amount of Investment Securities.

(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 have no investment discretion and the Trustee shall follow the written instruction of any City Certificate. 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.

(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 the City and the Administrator monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

Section 6.11. Security of Funds.

All Funds or Accounts 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 or Accounts 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 Special Assessments.

The City hereby confirms, covenants, and agrees that the Special Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time ), and, in accordance with the Assessment Ordinance, it has levied the Special Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Special Assessments.

(a) For so long as any Bonds are Outstanding and/or amounts are due the Developer to reimburse it for its funds it has contributed to pay Actual Costs of the Neighborhood Improvement Area #4 Improvements, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Special 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 Special Assessments.

(b) 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 Special Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than 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 Trust Estate, other than that specified in Section 9.6 of this Indenture, 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 Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, except for other indebtedness incurred in compliance with Section 13.2 of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to reimburse it for funds it has contributed to pay Actual Costs of the Neighborhood Improvement Area #4 Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Special Assessments. The Trustee and Owners 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 thirty (30) days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Regulations*” means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or

refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Special Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Special Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City



separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII  
LIABILITY OF CITY

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.

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.

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 (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Administrative Expenses) 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.

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 the Trust Estate, the funds available for such payment in any of the Pledged Funds, if any, or the amounts collected to pay Administrative Expenses on deposit in the Administrative Fund. 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.

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, the 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 seem reasonable.

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. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent /Registrar for and in respect to the Bonds.

#### Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, 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, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering 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 indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the District Administration Account of the Administrative Fund to pay all 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.

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 the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, 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; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

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 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, both before and after default by the City. 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 Neighborhood Improvement Area #4 Improvements.

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 holders of at least fifty-one percent (51%) 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.

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those 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 his own affairs.

#### 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.

The Trustee may 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, 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 any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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 Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its sole 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 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 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, 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, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. 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 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 in its possession in the Administrative Fund.

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 Owners 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 Owners of a majority in aggregate outstanding principal amount of the Bonds.

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 of the aggregate outstanding principal 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% of the aggregate outstanding principal of the Bonds.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as 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.

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 within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal 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.

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 of Bonds.

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 herein 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.

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.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, 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 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. Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC.

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 any 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. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

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 at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the 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, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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 and the Trustee 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 provide for the issuance of Refunding Bonds as set forth in Section 13.2 herein; 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.

Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.3 below.

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 is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, or (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 and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

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 herein, 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, 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.

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 and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, 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 any Bond 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 herein. 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.

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; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. 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 10.5. 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 10.6. 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 10.7. Waiver of Default.

With the written consent of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.8. Execution of Supplemental Indenture.

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 and immunities under this Indenture or otherwise.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) 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 Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Special Assessments, including the prosecution of foreclosure proceedings;

(iii) 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; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds available to the City to make any such payment; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the Bonds at the time Outstanding requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

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, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing 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. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) 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 all 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 Certificate, 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 Certificate, 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.

(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 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, (ii) such default has become an Event of Default and the Owners of not less than 25% of the 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 indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) 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 direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action or suit 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 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, 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 and 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), 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 hereof, 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 and to the registered owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(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 of Bonds 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 Bonds shall bind all future Owners of the same Bonds 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 hereof, 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.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it 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.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

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 Pledged Revenues and the Trust Estate are 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) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Special 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.

(d) 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.

Section 12.2. 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 any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all 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. Additional Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional 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 Pledged Revenues.



(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) Additionally, the City has reserved 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 the Pledged Revenues securing payment of the Bonds.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations or subordinate obligations described by Section 13.2(c) above may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 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 dealing, 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. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

## ARTICLE XIV

### PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE 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 the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in 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.

All 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 if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. 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. 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 in writing 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.

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.

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.

Except as otherwise herein expressly provided, 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.

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.

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. 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 in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Celina, Texas  
142 North Ohio Street  
Celina, Texas 75009

Attn: City Manager

If to the Trustee  
or the Paying Agent/Registrar:

U.S. Bank National Association  
Attention: Bond Operations  
111 Fillmore Avenue East  
St. Paul, Minnesota 55107-1402

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.

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.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its sole discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a previous or subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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 any one 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 of Texas applicable to contracts made and performed in the State of 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. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.10. No Boycott of Israel.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, 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 will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, 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 within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 15.11. Iran, Sudan, and Foreign Terrorist Organizations.

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 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 enable the City 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. As used in this Section, the Trustee understands 'affiliate' to mean an

entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 15.12. No Discrimination Against Fossil Fuel Companies.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, 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 with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 15.13. No Discrimination Against Firearm Entities and Firearm Trade Associations.

(a) To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of

any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

(b) As used in this Section, the Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

*(Remainder of Page Intentionally Left Blank)*

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF CELINA, TEXAS

By: \_\_\_\_\_,  
Mayor

Attest:

\_\_\_\_\_  
City Secretary

[CITY SEAL]

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

*Signature Page to Indenture of Trust  
Relating to  
CITY OF CELINA, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)*



**EXHIBIT A**

(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

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF CELINA, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT NEIGHBORHOOD IMPROVEMENT  
AREA #4 PROJECT)

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF DELIVERY</u> | <u>CUSIP NUMBER</u> |
|----------------------|----------------------|-------------------------|---------------------|
| _____ %              | September 1, 20__    | October 19, 2021        | _____               |

The City of Celina, 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 Date of Delivery, 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 1 and September 1 of each year, commencing March 1, 2022, until maturity or prior redemption.

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 St. Paul, Minnesota (the "Designated Payment/Transfer Office"), of

U.S. Bank National Association, as trustee and paying agent/registrant (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, 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 fifteenth calendar 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 (the "Special Payment Date," 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 October 19, 2021, issued in the aggregate principal amount of [ \$\_\_\_\_\_ ] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of October 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 a portion of the Actual Costs of the Neighborhood Improvement Area #4 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Neighborhood Improvement Area #4 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the administration of the District, and (v) paying costs of issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. 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.

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 Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a 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 Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**Term Bonds Maturing September 1, 20**

|                        |                                      |                        |                                       |
|------------------------|--------------------------------------|------------------------|---------------------------------------|
| <u>Redemption Date</u> | <u>Sinking Fund Installments(\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> |
|------------------------|--------------------------------------|------------------------|---------------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

|                        |                                       |                        |                                       |
|------------------------|---------------------------------------|------------------------|---------------------------------------|
| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> |
|------------------------|---------------------------------------|------------------------|---------------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

|                        |                                       |                        |                                  |
|------------------------|---------------------------------------|------------------------|----------------------------------|
| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments</u> |
|------------------------|---------------------------------------|------------------------|----------------------------------|

\* Stated Maturity

**Term Bonds Maturing September 1, 20**

|                        |                                       |                        |                                  |
|------------------------|---------------------------------------|------------------------|----------------------------------|
| <u>Redemption Date</u> | <u>Sinking Fund Installments (\$)</u> | <u>Redemption Date</u> | <u>Sinking Fund Installments</u> |
|------------------------|---------------------------------------|------------------------|----------------------------------|

---

\* Stated Maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments 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 sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date (i) 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, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

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 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 maturing on or after [September 1, 20\_\_] before their scheduled maturity dates, in whole or in part, on any date on or after [September 1, 20\_\_], such redemption date or dates to be fixed by the City, at a price of par (the "Redemption Price"), plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, 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, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 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 notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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 a notice of redemption, the notice may state the City may condition redemption on the 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 are not satisfied 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 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 Trustee 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 redeemed in part.

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.

The City has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF CELINA, TEXAS, 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 Council of the City has caused this Bond to be executed under the official seal of the City.

\_\_\_\_\_  
Mayor, City of Celina, Texas

\_\_\_\_\_  
City Secretary, City of Celina, Texas

[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 § REGISTER NO. \_\_\_\_\_  
§  
THE STATE OF TEXAS §

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.

U.S. BANK NATIONAL ASSOCIATION,  
Dallas, Texas, 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, address and 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 transfer the within Bond on the books kept for  
registration hereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed By:  
\_\_\_\_\_  
\_\_\_\_\_

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.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Exhibit A, 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) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Year                      Principal                      Interest  
Amount(\$)                      Rate (%)"  
(Information to be inserted from Section 3.2(c) hereof); and

(iii)      the Initial Bond shall be numbered T-1.



APPENDIX C

SERVICE AND ASSESSMENT PLAN

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

# WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT

CITY OF CELINA, TEXAS

## PRELIMINARY AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

December 7, 2015

As updated for Neighborhood Improvement Area #2 on  
July 10, 2018, Neighborhood Improvement Area #3 on  
September 8, 2020, and Neighborhood Improvement Area  
#4 on \_\_\_\_\_, 2021

**PREPARED BY:**

**MUNICAP, INC.**  
— PUBLIC FINANCE —

# WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT

## PRELIMINARY AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

### TABLE OF CONTENTS

|  |           |
|--|-----------|
| RECITALS .....   | 3         |
| <b>I. PLAN DESCRIPTION AND DEFINED TERMS .....</b>   | <b>5</b>  |
| A. INTRODUCTION .....  | 5         |
| <b>II. PROPERTY INCLUDED IN THE PID.....</b>   | <b>14</b> |
| A. PROPERTY INCLUDED IN THE PID.....   | 14        |
| B. PROPERTY LOCATED IN THE MAJOR IMPROVEMENT AREA, NEIGHBORHOOD IMPROVEMENT AREA #1,<br>NEIGHBORHOOD IMPROVEMENT AREA #2, NEIGHBORHOOD IMPROVEMENT AREA #3, AND<br>NEIGHBORHOOD IMPROVEMENT AREA #4..... | 15        |
| C. PROPERTY INCLUDED IN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS.....   | 16        |
| <b>III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS .....</b>   | <b>18</b> |
| A. AUTHORIZED IMPROVEMENT OVERVIEW .....   | 18        |
| B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS.....   | 18        |
| C. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #1 IMPROVEMENTS.....  | 20        |
| D. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #2 IMPROVEMENTS.....  | 21        |
| E. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #3 IMPROVEMENTS.....  | 23        |
| F. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS.....  | 24        |
| G. FUTURE NEIGHBORHOOD IMPROVEMENT AREA IMPROVEMENTS .....   | 25        |
| <b>IV. ASSESSMENT PLAN.....</b>  | <b>26</b> |
| A. INTRODUCTION .....  | 26        |
| B. SPECIAL BENEFIT.....  | 27        |
| C. ALLOCATION OF ACTUAL COSTS OF MAJOR IMPROVEMENTS .....  | 28        |
| D. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #1 PROJECTS.....  | 28        |
| E. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #2 IMPROVEMENTS .....   | 29        |
| F. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #3 IMPROVEMENTS .....   | 29        |
| G. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS .....   | 30        |
| H. ALLOCATION OF ACTUAL COSTS OF FUTURE IMPROVEMENT AREA IMPROVEMENTS .....  | 30        |
| I. SPECIAL ASSESSMENT METHODOLOGY .....  | 31        |
| J. SPECIAL ASSESSMENT AND ANNUAL INSTALLMENTS .....  | 44        |
| K. ADMINISTRATIVE EXPENSES .....   | 44        |
| L. ADDITIONAL INTEREST RATE .....  | 44        |
| M. PREPAYMENT RESERVE – MIA & NIA #1 BONDS .....   | 44        |
| N. DELINQUENCY RESERVE – MAJOR IMPROVEMENT AREA & NEIGHBORHOOD IMPROVEMENT AREA #1<br>BONDS.....   | 45        |
| O. ADDITIONAL INTEREST RESERVE – NEIGHBORHOOD IMPROVEMENT AREAS #2-3 BONDS &<br>NEIGHBORHOOD IMPROVEMENT AREA #4 BONDS .....   | 45        |
| <b>V. SERVICE PLAN .....</b>   | <b>46</b> |
| A. INTRODUCTION .....  | 46        |
| <b>VI. TERMS OF THE SPECIAL ASSESSMENTS.....</b>   | <b>55</b> |
| A. AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE<br>MAJOR IMPROVEMENT AREA .....  | 55        |

|              |   |           |
|--------------|---|-----------|
| B.           | AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #1, NEIGHBORHOOD IMPROVEMENT AREA #2, NEIGHBORHOOD IMPROVEMENT AREA #3, AND NEIGHBORHOOD IMPROVEMENT AREA #4 ..... | 55        |
| C.           | AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS .....  | 56        |
| D.           | REALLOCATION OF ASSESSMENTS FOR PARCELS LOCATED WITHIN THE PID.....   | 56        |
| E.           | REALLOCATION OF ASSESSMENTS FOR PARCELS LOCATED WITHIN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS .....  | 58        |
| F.           | MANDATORY PREPAYMENT OF ASSESSMENTS .....   | 58        |
| G.           | REDUCTION OF SPECIAL ASSESSMENTS .....  | 58        |
| H.           | PAYMENT OF SPECIAL ASSESSMENTS.....   | 59        |
| I.           | COLLECTION OF ANNUAL INSTALLMENTS .....   | 61        |
| J.           | SURPLUS FUNDS REMAINING IN THE MAJOR IMPROVEMENT AREA BOND ACCOUNT .....  | 62        |
| K.           | SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREA #1 BOND ACCOUNT .....  | 62        |
| L.           | SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREAS #2-3 BOND ACCOUNT .....   | 62        |
| M.           | SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREA #4 BOND ACCOUNT .....  | 62        |
| <b>VII.</b>  | <b>THE ASSESSMENT ROLL .....</b>  | <b>63</b> |
| A.           | MAJOR IMPROVEMENT ASSESSMENT ROLL.....  | 63        |
| B.           | NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL.....   | 64        |
| C.           | NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL.....   | 65        |
| D.           | NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL.....   | 66        |
| E.           | NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL.....   | 67        |
| F.           | FUTURE NEIGHBORHOOD IMPROVEMENT AREA ASSESSMENT ROLL.....   | 68        |
| G.           | ANNUAL ASSESSMENT ROLL UPDATES.....   | 68        |
| <b>VIII.</b> | <b>MISCELLANEOUS PROVISIONS .....</b>   | <b>69</b> |
| A.           | ADMINISTRATIVE REVIEW .....   | 69        |
| B.           | TERMINATION OF ASSESSMENTS.....   | 69        |
| C.           | AMENDMENTS.....   | 69        |
| D.           | ADMINISTRATION AND INTERPRETATION OF PROVISIONS.....  | 70        |
| E.           | SEVERABILITY .....  | 70        |

**APPENDIX A - PID MAP**

**APPENDIX B-1 - LEGAL DESCRIPTION - ALL PARCELS**

**APPENDIX B-2 - LEGAL DESCRIPTION - NEIGHBORHOOD IMPROVEMENT AREA #1**

**APPENDIX B-3 - LEGAL DESCRIPTION - NEIGHBORHOOD IMPROVEMENT AREA #2**

**APPENDIX B-4 - LEGAL DESCRIPTION - NEIGHBORHOOD IMPROVEMENT AREA #3**

**APPENDIX B-5 - LEGAL DESCRIPTION - NEIGHBORHOOD IMPROVEMENT AREA #4**

**APPENDIX C - HOMEBUYER DISCLOSURE FORM**

**APPENDIX D - MAJOR IMPROVEMENT AREA ASSESSMENT ROLL**

**APPENDIX E - NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL**

**APPENDIX F - NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL**

**APPENDIX G - NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL**

**APPENDIX H - PROPOSED NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL**

---

---

## *RECITALS*

---

---

**WHEREAS**, certain terms used herein are defined in Section I.B hereof; and

**WHEREAS**, on May 21, 2015, The George White Family Limited Partnership, a Texas limited partnership, and the owner of a majority of certain real property within the extraterritorial jurisdiction of the City, petitioned the City for the creation of a PID; and

**WHEREAS**, on July 14, 2015, after notice and a public hearing in the manner required by law, the City Council of the City, Texas approved a Resolution No. 2015-34R authorizing the creation of the Wells South Public Improvement District (the “District”); and

**WHEREAS**, the District is now located entirely within the corporate limits of the City; and

**WHEREAS**, on December 7, 2015, after notice and public hearings conducted in the manner required by law, the City Council adopted Ordinance Nos. 2015-65 and 2015-66 approving the Wells South Public Improvement District Service and Assessment Plan (the “Original SAP”) and the Major Improvement Area Assessment Roll and Neighborhood Improvement Area #1 Assessment Roll and the levy of assessments on property in the Major Improvement Area and Neighborhood Improvement Area #1; and

**WHEREAS**, the City and the Developer entered that certain Wells South Public Improvement District Reimbursement Agreement, effective December 7, 2015 (the “PID Reimbursement Agreement”), in which the Developer agrees to fund certain Actual Costs of Authorized Improvements and the City agrees to reimburse the Developer for a portion of such Actual Costs funded by the Developer with interest, as permitted by the PID Act; and

**WHEREAS**, on July 10, 2018, after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2018-31 approving an updated Wells South Public Improvement District Service and Assessment Plan (the “Updated SAP”) and Neighborhood Improvement Area #2 Assessment Roll and levy of assessments for Neighborhood Improvement Area #2 Improvements on property in Neighborhood Improvement Area #2 in the District; and

**WHEREAS**, on August 27, 2019, the City Council approved an Annual Service Plan Update (the “2019 SAP Update”) including reallocation of Neighborhood Improvement Area #2 Assessments in the amount of \$954,263 for the Neighborhood Improvement Area #2 Improvements (from the initial total levy of \$2,125,000) following subdivision of 99 Lots within Neighborhood Improvement Area #2; and

**WHEREAS**, the City and the Developer have determined that due to the change in the development plan, the Developer will no longer construct Neighborhood Improvement Area #2 Improvements related to the unallocated Neighborhood Improvement Area #2 Assessment amount of \$1,170,737 (i.e. \$2,125,000 - \$954,263 = \$1,170,737) and such unallocated Neighborhood Improvement Area #2 Assessment amount is no longer needed; and

**WHEREAS**, the City levied Assessments on the Major Improvement Area Assessed Property and Neighborhood Improvement Area #1 Assessed Property for those water and sewer Major Improvements described in Section III of the Original SAP, constructed and installed in accordance with the Original SAP, as amended or updated from time to time, (the “2015 CCMI Assessment”); and

**WHEREAS**, in an ordinance adopted by the City Council on August 11, 2020, approving an amended and restated Service and Assessment Plan (the “Original Amended and Restated Service and Assessment Plan”), which updated and replaced the Original SAP, the Updated SAP, and the 2019 SAP Update, and pursuant to direction from the Administrator that the conditions required for completely reducing the 2015 CCMI Assessments, the City has formally released the 2015 CCMI Assessment portion of the Major Improvement Area Assessment and the Neighborhood Improvement Area #1 Assessments, and the 2015 CCMI Assessment portion of the Major Improvement Area Assessment or the Neighborhood Improvement Area #1 Assessments will no longer be included in the Assessment Revenues which secure the Bonds; and

**WHEREAS**, on September 8, 2020 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2020-75 approving the Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of September 8, 2020 (the “2020 Amended and Restated Service and Assessment Plan”), which updated and replaced the Original Amended and Restated Service and Assessment Plan, and the Neighborhood Improvement Area #3 Assessment Roll and levied assessments for the Neighborhood Improvement Area #3 Improvements and released that unallocated portion of the Neighborhood Improvement Area #2 Assessments;

**WHEREAS**, on September 14, 2021 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. \_\_\_\_\_ approving this Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of September 14, 2021 (the “Service and Assessment Plan”), to update and replace the 2020 Amended and Restated Service and Assessment Plan, which ordinance also approved the Neighborhood Improvement Area #4 Assessment Roll and also levied assessments for the Neighborhood Improvement Area #4 Improvements.

**NOW THEREFORE**, the 2020 Amended and Restated Service and Assessment Plan is updated as follows:

*(remainder of this page is intentionally left blank)*

---

---

## ***I. PLAN DESCRIPTION AND DEFINED TERMS***

---

---

### **A. INTRODUCTION**

Chapter 372 of the Texas Local Government Code (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Service and Assessment Plan (this “SAP”) was prepared pursuant to the PID Act. The PID Act requires that a service plan “(i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements, and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended.” The PID Act also requires the City “review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan for the PID is described in more detail in Section V herein. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix C.

The Assessment Rolls for the PID are attached hereto as Appendix D, Appendix E, Appendix F, Appendix G, and Appendix H and are addressed in Section VII of this SAP. The Special Assessments as shown on the Assessment Rolls are based on the method for establishing and levying the Special Assessments described in Section IV and Section VI of this SAP.

### **B. Definitions**

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“**Actual Cost(s)**” means, with respect to a Public Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Public Improvement as specified in a payment request in a form that has been reviewed and approved by the City. Actual Cost may include (a) the costs incurred for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Public Improvement, (b) the costs incurred in preparing the construction plans for such Public Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Public Improvement, (d) the costs incurred for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes related to such Public Improvement (e) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of such Public Improvement, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and (g) all payments for Administrative Expenses.

“**Additional Interest Rate**” means the 0.50% additional interest rate collected as part of the Special Assessments collected from Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, and Neighborhood Improvement Area #4.

“**Additional Interest Reserve**” has the meaning set forth in Section IV.O of this SAP.



**“Administrative Expenses”** means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the PID and preparing the Assessment Rolls, (iii) computing, levying, collecting and transmitting the Special Assessments or the Annual Installments thereof, (iv) maintaining the record of Special Assessments, including payments, reallocations and/or cancellations of the Special Assessments or Annual Installments thereof, (v) issuing, paying, and redeeming the PID Bonds, (vi) investing or depositing the Special Assessments or other monies, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar’s and trustee’s fees and expenses (including the fees and expenses of its legal counsel) related to the PID Bonds, and (ix) administering the construction of the Public Improvements.

**“Administrator”** means the City or third party designee of the City who shall have the responsibilities provided for herein, in an Indenture relating to PID Bonds or in any other agreement approved by the City Council.

**“Annual Installment”** means, with respect to the Assessed Property and as applicable, each annual payment of: (i) the Special Assessment (including the principal of and interest on), as shown on the Assessment Rolls attached hereto as Appendix D, Appendix E, Appendix F, Appendix G, or Appendix H, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this SAP, (ii) Administrative Expenses, (iii) the portion of the interest on the Major Improvement Area Assessment and Neighborhood Improvement Area #1 Assessment designated for the Prepayment Reserve described in Section IV of this SAP, (iv) the portion of the interest on the Major Improvement Area Assessment and Neighborhood Improvement Area #1 Assessment designated for the Delinquency Reserve described in Section IV of this SAP, (iv) the portion of the interest on the Neighborhood Improvement Area #2 Assessment designated for the Additional Interest Reserve described in Section IV of this SAP, (v) the portion of the interest on the Neighborhood Improvement Area #3 Assessment designated for the Additional Interest Reserve described in Section IV of this SAP, and (vi) the portion of the interest on the Neighborhood Improvement Area #4 Assessment designated for the Additional Interest Reserve described in Section IV of this SAP.

**“Annual Service Plan Update”** has the meaning set forth in Section V of this SAP.

**“Assessed Property”** or **“Assessed Properties”** means property on which Special Assessments have been levied as shown on the Assessment Rolls attached hereto as Appendix D, Appendix E, Appendix F, Appendix G, or Appendix H (as each may be updated each year by the Annual Service Plan Update) and which includes any and all Parcels within the PID other than Non-Benefited Property.

**“Assessment Ordinance”** means each ordinance adopted by the City Council approving this SAP (or amendments or supplements to the SAP) and levying the Special Assessments.

**“Assessment”** means the assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation

upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions hereof and the PID Act.

**“Assessment Roll”** or **“Assessment Rolls”** means collectively or separately as applicable, the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, and the Neighborhood Improvement Area #4 Assessment Roll, included in this SAP as Appendix D, Appendix E, Appendix F, Appendix G, and Appendix H, respectively, as each may be 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 in connection with any Annual Service Plan Update.

**“Authorized Improvements”** means improvements authorized by Section 372.003 of the PID Act including those listed in Section III.A of this SAP.

**“City”** means the City of Celina, Texas.

**“City Council”** means the duly elected governing body of the City.

**“Commercial Parcel”** means a Parcel located within the PID which has been designated at the time of the adoption of the initial Assessment Rolls and approval of this SAP for the future development of commercial uses such as, but not limited to, office buildings, retail shopping centers, and multi-family residential projects.

**“County”** means Collin County, Texas.

**“Delinquency Reserve”** has the meaning set forth in Section IV.N of this SAP.

**“Delinquent Collection Costs”** means interest, penalties and expenses incurred or imposed with respect to any delinquent Special Assessment, or an Annual Installment thereof, in accordance with the PID Act which includes the costs related to pursuing collection of such delinquent Special Assessment, or an Annual Installment thereof, and the costs related to foreclosing the lien against the Assessed Property, including attorney’s fees but excludes any amount collected as a Special Assessment or interest thereon.

**“Developer”** means Celina Development, LLC, a Texas limited liability company, including its successors and assigns.

**“Development Agreement”** means that certain "Development Agreement" by and between the City, the Owner and the George White Family Limited Partnership and related to the Property entered into as of April 28, 2015, as amended by that certain "Amended and Restated Development Agreement" by and between the City, the Owner and the George White Family Limited Partnership and related to the Property and approved by the City Council on September 8, 2015, as further amended by that certain "First Amendment to Amended and Restated Development Agreement" by and between the City and the Owner and related to the Property and approved by the City Council on February 13, 2018, and any future amendments thereto.

**“Future Neighborhood Improvement Areas”** means those Neighborhood Improvement Areas to be defined and developed after Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, and Neighborhood Improvement Area #4, and within the boundaries of the PID but which are not subject to development at this time.

**“Future Neighborhood Improvement Area Bonds”** means bonds issued to fund Future Neighborhood Improvement Area Improvements (or a portion thereof) in a Future Neighborhood Improvement Area that are secured by Special Assessments levied on Assessed Property within such Future Neighborhood Improvement Area. In connection with Future Neighborhood Improvement Area Bonds, Special Assessments related to such Future Neighborhood Improvement Area Bonds will be levied only on property located within the applicable Future Neighborhood Improvement Area to finance Public Improvements which will only benefit such Future Neighborhood Improvement Area.

**“Future Neighborhood Improvement Area Improvements”** means those Public Improvements which will confer a special benefit on the related Future Neighborhood Improvement Area.

**“Homebuyer Disclosure”** means the form of notice required by the PID Act and Section 5.014 of the Texas Property Code, as amended. A copy of the homebuyer disclosure for the PID is attached as Appendix C hereto.

**“Indenture”** means an indenture of trust, trust agreement, or similar document between the City and Trustee setting forth the terms and other provisions relating to a series of PID Bonds, as modified, amended, and/or supplemented from time to time.

**“Lot”** means (i) for any portion of the Property for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (ii) for any portion of the Property for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, or other uses), 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 based on the front footage of the Lot, as determined by the Administrator, and confirmed by the City Council.

**“Major Improvements”** means the Public Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

**“Major Improvement Area”** means the property within the PID as generally shown on Table II-B and described as the property legally described in Appendix B-1 save and accept for the approximately 93.2 acres within Neighborhood Improvement Area #1 legally described in Appendix B-2.

**“Major Improvement Area Assessed Property”** means, for any year, all Parcels within the Major Improvement Area other than Non-Benefited Property and listed in the Major Improvement Area Assessment Roll against which Special Assessments relating to the Major Improvement Area Projects are levied.

**“Major Improvement Area Assessment Roll”** means the document included in this SAP as Appendix D, 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 the Major Improvement Area Bonds or in connection with any Annual Service Plan Update.

**“Major Improvement Area Bonds”** means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) that are secured by Special Assessments levied on Major Improvement Area Assessed Property.

**“Major Improvement Area Projects”** means the Major Improvement Area's proportionate share of the Major Improvements.

**“Neighborhood Improvement Area”** means one or more Parcels within the PID that are anticipated to be developed in the same general time period. The Parcels within a Neighborhood Improvement Area other than the Non-Benefited Property will be assessed in connection with the issuance of PID Bonds for the Public Improvements (or the portion thereof) designated in an update to the Assessment Plan that specially benefit the Assessed Property within said Neighborhood Improvement Area, but any Parcels outside of the Neighborhood Improvement Area will not be assessed.

**“Neighborhood Improvement Area #1”** means the property within the PID as depicted on the map on Table II-B consisting of approximately 93.2 acres within the PID and as specifically described in Appendix B-2 and as depicted in Appendix A.

**“Neighborhood Improvement Area #1 Assessed Property”** means, for any year, all Parcels within Neighborhood Improvement Area #1 other than Non-Benefited Property and listed in the Neighborhood Improvement Area #1 Assessment Roll against which Special Assessments relating to the Neighborhood Improvement Area #1 Improvements and Neighborhood Improvement Area #1's proportionate share of the Major Improvements are levied.

**“Neighborhood Improvement Area #1 Assessment Roll”** means the Assessment Roll covering Neighborhood Improvement Area #1 included in this SAP as Appendix E, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

**“Neighborhood Improvement Area #1 Bonds”** means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) that are secured by Special Assessments levied on the Neighborhood Improvement Area #1 Assessed Property.

**“Neighborhood Improvement Area #1 Improvements”** means those Public Improvements that confer a special benefit solely on Neighborhood Improvement Area #1 and are described in Section III.D.

**“Neighborhood Improvement Area #1 Projects”** means the Neighborhood Improvement Area #1 Improvements and the portion of the Major Improvements described in Section III.B allocable to Neighborhood Improvement Area #1; and, were financed with Neighborhood Improvement Area #1 Bonds.

**“Neighborhood Improvement Area #2”** means the property within the PID as depicted on the map on Table II-B consisting of approximately 21.347 acres within the PID and as specifically described in Appendix B-3 and as depicted in Appendix A.

**“Neighborhood Improvement Area #2 Assessed Property”** means, for any year, all Parcels within Neighborhood Improvement Area #2 other than Non-Benefited Property and listed in the Neighborhood Improvement Area #2 Assessment Roll against which Special Assessments relating to the Neighborhood Improvement Area #2 Improvements are levied.

**“Neighborhood Improvement Area #2 Assessment Roll”** means the Assessment Roll covering Neighborhood Improvement Area #2 included in this SAP as Appendix F, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act..

**“Neighborhood Improvement Area #2 Improvements”** means those Public Improvements that confer a special benefit solely on Neighborhood Improvement Area #2 and are described in Section III.E; and, that are financed with the proceeds of the Neighborhood Improvement Areas #2-3 Bonds

**“Neighborhood Improvement Area #2 Projects”** means the Neighborhood Improvement Area #2 Improvements and the portion of the Major Improvements described in Section III.B allocable to Neighborhood Improvement Area #2.

**“Neighborhood Improvement Areas #2-3 Bonds”** means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) that are secured by actual revenues received by or on behalf of the City from the collection of Special Assessments levied against Neighborhood Improvement Area #2 Assessed Property and Neighborhood Improvement Area #3 Assessed Property, or the Annual Installments thereof, for the Neighborhood Improvement Area #2 Improvements and Neighborhood Improvement Area #3 Improvements.

**“Neighborhood Improvement Area #3”** means the property within the PID as depicted on the map on Table II-B consisting of approximately 44.724 acres within the PID and as specifically described in Appendix B-4 and as depicted in Appendix A.

**“Neighborhood Improvement Area #3 Assessed Property”** means, for any year, all Parcels within Neighborhood Improvement Area #3 other than Non-Benefited Property and listed in the

Neighborhood Improvement Area #3 Assessment Roll against which Special Assessments relating to the Neighborhood Improvement Area #3 Improvements are levied.

**“Neighborhood Improvement Area #3 Assessment Roll”** means the Assessment Roll covering Neighborhood Improvement Area #3 included in this SAP as Appendix G, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

**“Neighborhood Improvement Area #3 Improvements”** means those Public Improvements that confer a special benefit solely on Neighborhood Improvement Area #3 and are described in Section III.F; and, that are to be financed with a PID Reimbursement Agreement and/or Neighborhood Improvement Areas #2-3 Bonds.

**“Neighborhood Improvement Area #3 Projects”** means the Neighborhood Improvement Area #3 Improvements and the portion of the Major Improvements described in Section III.B allocable to Neighborhood Improvement Area #3.

**“Neighborhood Improvement Area #4”** means the property within the PID as depicted on the map on Table II-B consisting of approximately 67.494 acres within the PID and as specifically described in Appendix B-5 and as depicted in Appendix A.

**“Neighborhood Improvement Area #4 Assessed Property”** means, for any year, all Parcels within Neighborhood Improvement Area #4 other than Non-Benefited Property and listed in the Neighborhood Improvement Area #4 Assessment Roll against which Special Assessments relating to the Neighborhood Improvement Area #4 Improvements are levied.

**“Neighborhood Improvement Area #4 Assessment Roll”** means the Assessment Roll covering Neighborhood Improvement Area #4 included in this SAP as Appendix H, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

**“Neighborhood Improvement Area #4 Bonds”** means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project) that are secured by Special Assessments levied on the Neighborhood Improvement Area #4 Assessed Property.

**“Neighborhood Improvement Area #4 Improvements”** means those Public Improvements that confer a special benefit solely on Neighborhood Improvement Area #4 and are described in Section III.G; and, that are to be financed with the Neighborhood Improvement Areas #4 Bonds.

**“Non-Benefited Property”** means Parcels within the boundaries of the PID that accrue no special benefit from the Public Improvements as determined by City Council, which may include Public Property. Property identified as Non-Benefited Property at the time the Special Assessments (i) are levied or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Special Assessments may not be reallocated pursuant to Section VI.E or Section VI.F, remains subject to the Special Assessments and requires the Special Assessments to be prepaid as provided for in Section VI.G.

**“Owner”** means Hillwood Enterprises, L.P., a Texas limited partnership, or other entity affiliated with Hillwood Enterprises, L.P.

**“Owner’s Association”** means a homeowner’s association or property owner’s association.

**“Owner’s Association Special Assessment Allocation”** means 1% of the total Special Assessment for a specific Parcel or Neighborhood Improvement Area as may be shown in an Assessment Roll that is allocated to cover the PID benefit received by the Owner’s Association from the Public Improvements benefitting the Owner’s Association Property.

**“Owner’s Association Property”** means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an easement, to an Owner’s Association established for the benefit of a group of homeowners or property owners within the PID.

**“Parcel”** means a property identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

**“PID”** means the Wells South Public Improvement District created by the City pursuant to Resolution No. 2015-34R approved July 14, 2015.

**“PID Act”** means Chapter 372 of the Texas Local Government Code, as amended.

**“PID Bonds”** means the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, and any Future Neighborhood Improvement Area Bonds which may be issued to finance Public Improvements in the Major Improvement Area, Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, or in the Future Neighborhood Improvement Areas.

**“PID Reimbursement Agreement”** means that certain PID Reimbursement Agreement – Wells South, dated December 7, 2015, by and between the City and the Developer in which the Developer agrees to fund certain Actual Costs of Authorized Improvements and the City agrees to reimburse the Developer for a portion of such Actual Costs funded by the Developer with interest as permitted by the PID Act.

**“Prepayment Costs”** mean interest and Administrative Expenses, to the extent not paid in an Annual Installment, plus any additional amounts due pursuant to the Indenture related to the PID Bonds, if any, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment and the PID Bonds secured by such Assessment, each to the date of prepayment and to the extent each is allowable by law.

**“Prepayment Reserve”** has the meaning set forth in Section IV.M of this SAP.

**“Property”** means the approximately 400.524 acres of property depicted and described by metes and bounds on Exhibit B to Resolution No. 2015-34R as adopted by City Council on July 14, 2015 and is legally described in Appendix B-1 to this SAP and is depicted in Table II-A of this SAP.

**“Public Improvements”** mean the Authorized Improvements designed, constructed, and installed in accordance with this SAP for which Special Assessments are levied against the Assessed Property that receives a special benefit from such improvement.

**“Public Property”** means real property, right-of-way and easements located within the boundaries of the PID owned by or irrevocably offered for dedication to the federal government, the State of Texas, the County, the City, a school district, a public utility provider or any other political subdivision or public agency, whether in fee simple, through an easement, prescription, or by plat.

**“Residential Parcel”** means a Parcel located within the PID which has been designated at the time of the approval of this SAP for the future development of single family residential homes.

**“Service and Assessment Plan”** or **“SAP”** means this Wells South Public Improvement District Amended and Restated Service and Assessment Plan (as such plan is amended, supplemented or updated from time to time).

**“Special Assessment”** means the assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions hereof and the PID Act.

**“Trustee”** means the trustee as specified in an Indenture, and any successor thereto permitted under such Indenture.

*(remainder of this page is intentionally left blank)*



---

---

## ***II. PROPERTY INCLUDED IN THE PID***

---

---

### **A. PROPERTY INCLUDED IN THE PID**

The PID is comprised of the Property. The PID is currently located entirely within the City's corporate limits. The PID contains approximately 400.524 gross acres of which approximately 375.2 are developable acres planned for development to include a combination of residential and commercial development as well as the associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

A map of the property within the PID is shown in Table II-A. Legal descriptions for all Parcels within the PID are included in Appendix B-1.

**Table II-A**  
**Public Improvement District Boundaries**



**B. PROPERTY LOCATED IN THE MAJOR IMPROVEMENT AREA, NEIGHBORHOOD IMPROVEMENT AREA #1, NEIGHBORHOOD IMPROVEMENT AREA #2, NEIGHBORHOOD IMPROVEMENT AREA #3, AND NEIGHBORHOOD IMPROVEMENT AREA #4**

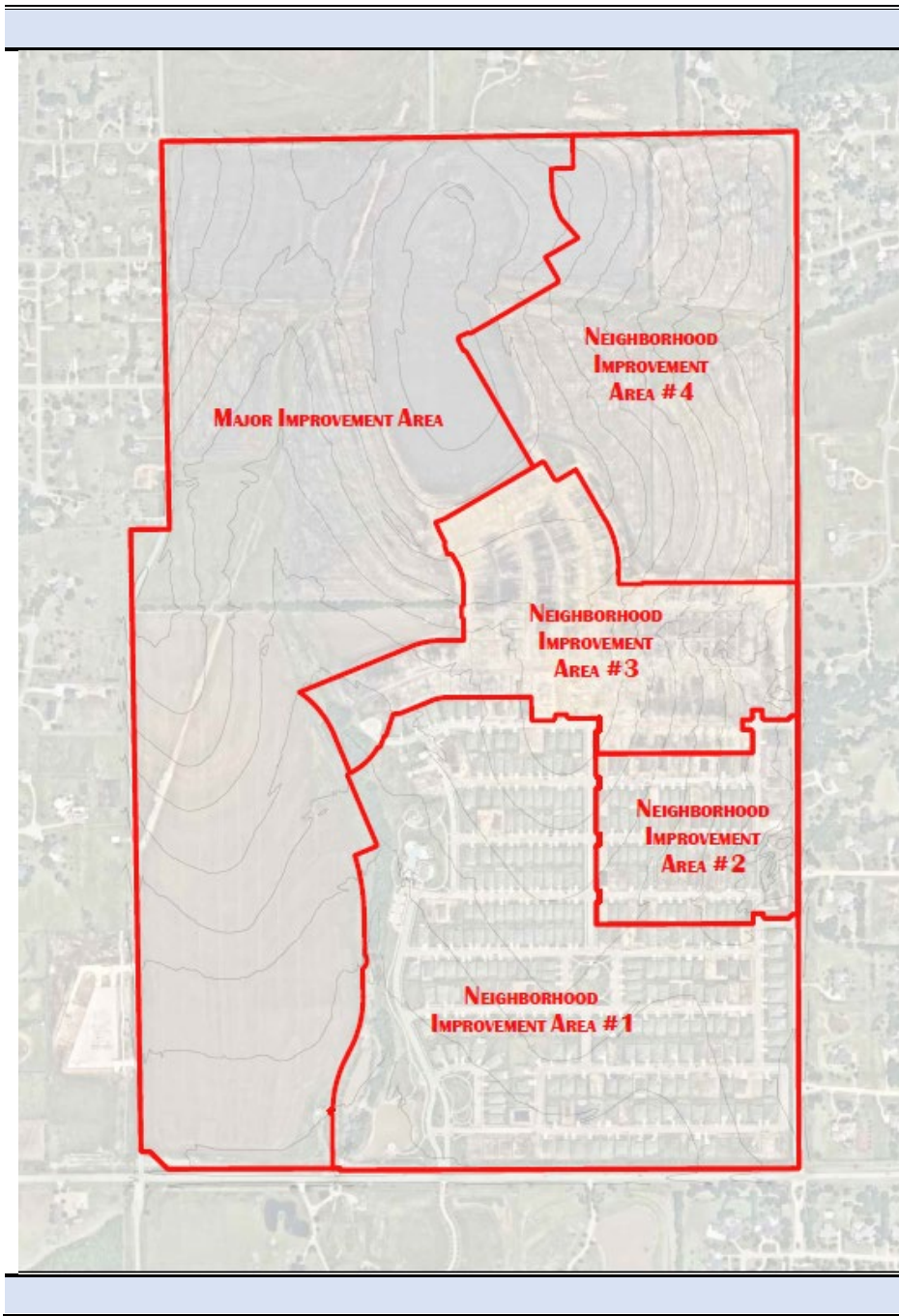
The Property within the PID is approximately 400.524 gross acres of which approximately 375.2 will be developed. Neighborhood Improvement Area #1 consists of approximately 93.2 acres projected to consist of 293 single family residential units, to be developed in one phase and which will be specially benefitted by the Public Improvements described in Section III.D. Neighborhood Improvement Area #2 consists of approximately 21.347 acres currently projected to consist of 99 single family residential units, to be developed in one phase and which will be specially benefitted by the Public Improvements described in Section III.E. Neighborhood Improvement Area #3 consists of approximately 44.724 acres and projected to consist of 182 single family residential lots, to be developed in one phase and which will be specially benefitted by the Neighborhood Improvement Area #3 Improvements described in Section III.F. Neighborhood Improvement Area #4 consists of approximately 67.494 acres and projected to consist of 276 single family residential lots, to be developed in one phase and which will be specially benefitted by the Neighborhood Improvement Area #4 Improvements described in Section III.G.

The Major Improvement Area consists of all of the property within the PID excluding the property within Neighborhood Improvement Area #1 property at the time of the levy of the Special Assessments securing the Major Improvement Bonds. Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, and Neighborhood Improvement Area #4 lie within the Major Improvement Area.

A map of the property within the PID, Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, and Neighborhood Improvement Area #4 is shown in Table II-B on the following page. The legal description for all property within the PID is included in Appendix B-1. The legal description for all property within Neighborhood Improvement Area #1 is included in Appendix B-2. The legal description for all property within Neighborhood Improvement Area #2 is included in Appendix B-3. The legal description for all property within Neighborhood Improvement Area #3 is included in Appendix B-4. The legal description for all property within Neighborhood Improvement Area #4 is included in Appendix B-5.

*(remainder of this page is intentionally left blank)*

**Table II-B**  
**Public Improvement District Boundaries**

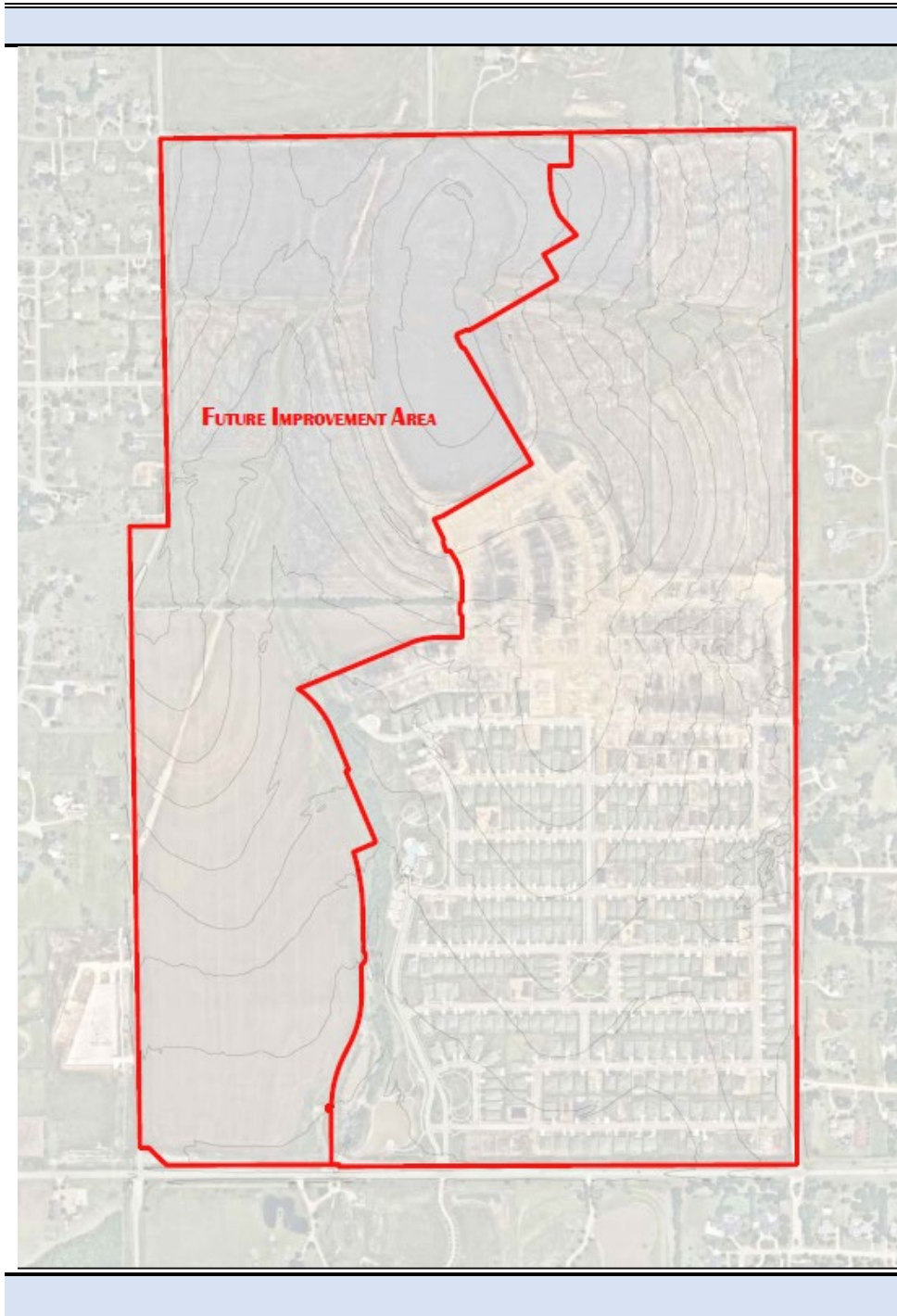


**C. PROPERTY INCLUDED IN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS**

As Future Neighborhood Improvement Areas are developed and in connection with the issuance of any Future Neighborhood Improvement Area Bonds, this Service and Assessment Plan will be amended to revise the table shown in Section II.B above (e.g. Table II-B will be revised to show the addition of such Future Neighborhood Improvement Area).

A map of the projected property within all Future Neighborhood Improvement Areas is shown in Table II-C below. The Future Neighborhood Improvement Area is shown for illustrative purposes only and is subject to adjustment in the future.

**Table II-C**  
**Proposed Future Neighborhood Improvement Areas**



---

---

### **III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS**

---

---

#### **A. AUTHORIZED IMPROVEMENT OVERVIEW**

Section 372.003 of the PID Act identifies the authorized improvements that a City may choose to undertake with the establishment of a PID. The Authorized Improvements identified in the PID Act include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian mall;
- (v) acquisition and installment of pieces of art;
- (vi) acquisition, construction or improvement of libraries;
- (vii) acquisition, construction or improvement of off-street parking facilities;
- (viii) acquisition, construction or improvement of rerouting of mass transportation facilities;
- (ix) acquisition, construction or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x)
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) development, rehabilitation, or expansion of affordable housing.

The City has determined that of the improvements authorized under the PID Act, it will undertake at this time only those Public Improvements more particularly described in Section III.B, Section III.C, Section III.D, Section III.E, and Section III.F. Any change to the list of Public Improvements, including any Future Neighborhood Improvement Area Improvements as described in Section III.G, will require the approval of the City.

#### **B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS**

The Major Improvements benefit the entire PID. However, Major Improvement Area Assessed Property does not include Neighborhood Improvement Area #1 Assessed Property; therefore, the costs of the Major Improvements are allocated proportionally between Major Improvement Area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property based on the costs of neighborhood improvements planned within their respective boundaries. Major Improvement Area Bonds fund the Major Improvement Area Projects; and, Neighborhood

Improvement Area #1 Bonds fund the Neighborhood Improvement Area #1 Projects. This cost allocation between the Major Improvement Area and Neighborhood Improvement Area #1 is shown in more detail on Table IV-A.

The Major Improvements are described below. Table III-A shows the updated Actual Costs of the Major Improvements. The Actual Cost to construct the Major Improvements is \$6,734,569. The costs shown in Table III-A may be revised in Annual Service Plan Updates.

The Actual Costs for Major Improvements are to be funded from (i) the proceeds of the Major Improvement Area Bonds, (ii) a portion of the proceeds of the Neighborhood Improvement Area #1 Bonds, and (iii) from funds contributed by the Developer, all as described herein.

A description of the Major Improvements follows:

### Road Improvements

The road improvement portion of the Major Improvements consists of the construction of perimeter road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Major Improvement Area Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements have been constructed according to City standards.

### Storm Drainage Improvements

The storm drainage improvement portion of the Major Improvements consists of the construction of two detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

### Wastewater Improvements

The wastewater improvement portion of the Major Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The wastewater improvements have been constructed according to City standards.

### Water Improvements

The water improvement portion of the Major Improvements consists of construction and installation of waterlines, mains, pipes, valves and appurtenances, necessary for the water distribution system that services the Assessed Property. The water improvements have been constructed according to City standards.

## Open Space/Trail System Improvements

The open space and trail system improvement portion of the Major Improvements consists of certain public open space and trail systems as described in the Development Agreement. The public open space and trail system improvements have been constructed according to City standards.

**Table III-A**  
**Major Improvement Costs**

| <b>Authorized Improvements</b>       | <b>NIA #1</b>    | <b>MIA</b>         | <b>Total</b>       |
|--------------------------------------|------------------|--------------------|--------------------|
| Road Improvements                    | \$291,826        | \$3,586,681        | \$3,878,507        |
| Storm Drainage Improvements          | \$89,128         | \$712,575          | \$801,703          |
| Wastewater Improvements              | \$49,695         | \$391,877          | \$441,572          |
| Water Improvements                   | \$54,130         | \$430,735          | \$484,865          |
| Open Space/Trail System Improvements | \$0              | \$188,000          | \$188,000          |
| Soft Costs                           | \$103,422        | \$836,500          | \$939,922          |
| <b>Total Authorized Improvements</b> | <b>\$588,201</b> | <b>\$6,146,368</b> | <b>\$6,734,569</b> |

Original cost estimates provided by Huitt-Zollars Engineering. Updated actual costs provided in the 1Q20 developer quarterly disclosure.

### **C. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #1 IMPROVEMENTS**

The Neighborhood Improvement Area #1 Improvements are described below. Table III-B shows the updated Actual Costs to construct the Neighborhood Improvement Area #1 Improvements as \$5,733,903, which are distinct from Neighborhood Improvement Area #1's allocable share of the Major Improvements described above in Section III.B. The proceeds of the Neighborhood Improvement Area #1 Bonds only fund the Neighborhood Improvement Area #1 Projects which benefit Neighborhood Improvement Area #1 Assessed Property. The Actual Costs shown in Table III-B may be revised through Annual Service Plan Updates.

The Actual Costs for Neighborhood Improvement Area #1 Improvements are funded both from the proceeds of the Neighborhood Improvement Area #1 Bonds as described herein and from funds contributed by the Developer.

A description of the Neighborhood Improvement Area #1 Improvements follows:

#### Road Improvements

The road improvement portion of the Neighborhood Improvement Area #1 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #1 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements have been constructed according to City standards.

### Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

### Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #1 Assessed Property. The wastewater improvements have been constructed according to City standards.

### Water Improvements

The water improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #1 Assessed Property. The water improvements have been constructed according to City standards.

**Table III-B**  
**Neighborhood Improvement Area #1 Costs**

| <b>Authorized Improvements</b>       | <b>NIA #1's<br/>Proportionate<br/>Share of Major<br/>Improvements</b> | <b>NIA #1 Direct<br/>Costs</b> | <b>Total</b>       |
|--------------------------------------|---|--------------------------------|--------------------|
| Road Improvements                    | \$291,826   | \$2,741,495                    | \$3,033,321        |
| Storm Drainage Improvements          | \$89,128  | \$557,644                      | \$646,772          |
| Wastewater Improvements              | \$49,695  | \$444,583                      | \$494,278          |
| Water Improvements                   | \$54,130  | \$587,046                      | \$641,176          |
| Soft Costs                           | \$103,422   | \$814,934                      | \$918,356          |
| <b>Total Authorized Improvements</b> | <b>\$588,201</b>  | <b>\$5,145,702</b>             | <b>\$5,733,903</b> |

Original cost estimates provided by Huitt-Zollars Engineering. Updated actual costs provided in the 1Q19 developer quarterly disclosure.

### **D. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #2 IMPROVEMENTS**

The Neighborhood Improvement Area #2 Improvements are described below. Table III-C shows the Actual Costs to construct the Neighborhood Improvement Area #2 Improvements as \$3,492,146 and are distinct from Neighborhood Improvement Area #2's allocable share of the Major Improvements. A portion of the proceeds of the Neighborhood Improvement Areas #2-3 Bonds will fund and/or reimburse the Developer for the Actual Costs of the Neighborhood Improvement Area #2 Improvements which benefit Neighborhood Improvement Area #2 Assessed



Property. The Actual Costs shown in Table III-C may be revised through Annual Service Plan Updates.

The Actual Costs for Neighborhood Improvement Area #2 Improvements were initially funded from funds contributed by the Developer under the terms of the PID Reimbursement Agreement. A portion of the amount due to the Developer under the PID Reimbursement Agreement to reimburse the Developer for costs relating to the Neighborhood Improvement Area #2 Improvements has been paid from the proceeds of the Neighborhood Improvement Areas #2-3 Bonds as described herein.

A description of the Neighborhood Improvement Area #2 Improvements follows:

#### Road Improvements

The road improvement portion of the Neighborhood Improvement Area #2 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #2 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements have been constructed according to City standards.

#### Storm Drainage Improvements

The storm drainage improvement portion of Neighborhood Improvement Area #2 Improvements consists of the construction of erosion control improvements to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #2 Assessed Property. The storm drainage improvements have been constructed according to City standards.

#### Wet Utility Improvements

The wet utility improvements portion of the Neighborhood Improvement Area #2 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service and construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #2 Assessed Property. The wet utilities improvements have been constructed according to City standards.

**Table III-C**  
**Neighborhood Improvement Area #2 Costs**

| <b>Authorized Improvements</b>       | <b>NIA #2 Direct Costs</b> |
|--------------------------------------|----------------------------|
| Road Improvements                    | \$1,822,022                |
| Wet Utilities                        | \$861,273                  |
| Storm Drainage Improvements          | \$58,120                   |
| Soft Costs                           | \$750,731                  |
| <b>Total Authorized Improvements</b> | <b>\$3,492,146</b>         |

Costs provided by the Developer. The figures shown in Table III-C may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

**E. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #3 IMPROVEMENTS**

The Neighborhood Improvement Area #3 Improvements are described below. Table III-D shows the Actual Costs to construct the Neighborhood Improvement Area #3 Improvements for only the benefit of the Neighborhood Improvement Area #3 and are distinct from Neighborhood Improvement Area #3's allocable share of the Major Improvements. A portion of the proceeds of the Neighborhood Improvement Areas #2-3 Bonds will fund and/or reimburse the Developer for the Actual Costs of the Neighborhood Improvement Area #3 Improvements which benefit Neighborhood Improvement Area #3 Assessed Property. The Actual Costs shown in Table III-D may be revised through Annual Service Plan Updates.

The Actual Costs for Neighborhood Improvement Area #3 Improvements are to be funded from the proceeds of the Neighborhood Improvement Areas #2-3 Bonds and from funds contributed by the Developer as described herein.

A description of the Neighborhood Improvement Area #3 Improvements follows:

Road Improvements

The road improvement portion of the Neighborhood Improvement Area #3 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #3 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of Neighborhood Improvement Area #3 Improvements consists of the construction of erosion control improvements to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #3 Assessed Property. The storm drainage improvements have been constructed according to City standards.

## Wet Utility Improvements

The wet utility improvements portion of the Neighborhood Improvement Area #3 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service and construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #3 Assessed Property. The wet utilities improvements have been constructed according to City standards.

**Table III-D**  
**Neighborhood Improvement Area #3 Costs**

| <b>Authorized Improvements</b>       | <b>NIA #3 Direct Costs</b> |
|--------------------------------------|----------------------------|
| Road Improvements                    | \$1,409,003                |
| Wet Utilities                        | \$1,651,648                |
| Storm Drainage Improvements          | \$107,163                  |
| Soft Costs                           | \$342,128                  |
| <b>Total Authorized Improvements</b> | <b>\$3,509,942</b>         |

Note: Costs provided by the Developer. The figures shown in Table III-D may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

## **F. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS**

The Neighborhood Improvement Area #4 Improvements are described below. Table III-E shows the Actual Costs to construct the Neighborhood Improvement Area #4 Improvements for only the benefit of the Neighborhood Improvement Area #4 and are distinct from Neighborhood Improvement Area #4's allocable share of the Major Improvements. A portion of the proceeds of the Neighborhood Improvement Area #4 Bonds will fund the Actual Costs of the Neighborhood Improvement Area #4 Improvements which benefit Neighborhood Improvement Area #4 Assessed Property. The Actual Costs shown in Table III-E may be revised through Annual Service Plan Updates.

The Actual Costs for Neighborhood Improvement Area #4 Improvements are to be funded from the proceeds of the Neighborhood Improvement Area #4 Bonds and from funds contributed by the Developer as described herein.

A description of the Neighborhood Improvement Area #4 Improvements follows:

### Road Improvements

The road improvement portion of the Neighborhood Improvement Area #4 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #4 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its

current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements will be constructed according to City standards.

### Water Improvements

The water improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #4 Assessed Property. The water improvements will be constructed according to City standards.

### Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #4 Assessed Property. The wastewater improvements will be constructed according to City standards.

### Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements will be constructed according to City standards.

**Table III-E**  
**Neighborhood Improvement Area #4 Costs**

| <b>Authorized Improvements</b>       | <b>NIA #4 Direct Costs</b> |
|--------------------------------------|----------------------------|
| Road Improvements                    | \$2,046,664                |
| Water Improvements                   | \$945,538                  |
| Wastewater Improvements              | \$834,416                  |
| Storm Drainage Improvements          | \$1,317,644                |
| Soft Costs and Contingency           | \$1,593,479                |
| <b>Total Authorized Improvements</b> | <b>\$6,737,742</b>         |

Note: Costs provided by the Developer. The figures shown in Table III-E may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

## **G. FUTURE NEIGHBORHOOD IMPROVEMENT AREA IMPROVEMENTS**

As Future Neighborhood Improvement Areas are developed and Future Neighborhood Improvement Area Bonds are issued, this SAP will be amended to identify the specific Future Neighborhood Improvement Area Improvements that confer a special benefit to the property inside each Future Neighborhood Improvement Area (e.g. a Table III-F will be added to show the costs for the specific Future Neighborhood Improvement Area Improvements financed within the specific Future Neighborhood Improvement Area being developed.)

---

---

## ***IV. ASSESSMENT PLAN***

---

---

### **A. INTRODUCTION**

The PID Act requires the City Council to apportion the cost of the Public Improvements based on the special benefits conferred to each Parcel from the Public Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the City Council may establish the methods of assessing the special benefits for various classes of improvements.

Table IV-A details the allocation of costs of the Major Improvements between the Major Improvement Area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property. Table IV-B details the allocation of costs of the Neighborhood Improvement Area #1 Projects which consist of Neighborhood Improvement Area #1's proportionate share of the costs of the Major Improvements and all of the costs of the Neighborhood Improvement Area #1 Improvements. Table IV-C details the allocation of costs of the Neighborhood Improvement Area #2 Improvements benefitting Neighborhood Improvement Area #2. Table IV-D details the allocation of costs of the Neighborhood Improvement Area #3 Improvements benefitting Neighborhood Improvement Area #3. Table IV-E details the allocation of costs of the Neighborhood Improvement Area #4 Improvements benefitting Neighborhood Improvement Area #4.

This section of this Service and Assessment Plan is intended to describe the special benefit conferred to each Parcel within the PID as a result of the Major Improvements, the Neighborhood Improvement Area #1 Improvements, the Neighborhood Improvement Area #2 Improvements, the Neighborhood Improvement Area #3 Improvements, and the Neighborhood Improvement Area #4 Improvements, to provide the basis and justification for the determination that this special benefit exceeds the amount of the Special Assessments, and to explain the methodologies by which the City Council allocates and reallocates the special benefit of the Major Improvements, the Neighborhood Improvement Area #1 Improvements, the Neighborhood Improvement Area #2 Improvements, the Neighborhood Improvement Area #3 Improvements, and the Neighborhood Improvement Area #4 Improvements to Parcels or Lots so that there is an equal share of the Actual Cost being apportioned to Parcels or Lots similarly benefited. The determination by the City Council of the assessment methodology 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 Owners and all future owners and developers of any Assessed Property.

The timetable for the development of Future Neighborhood Improvement Areas are difficult to establish at this time and, as such, the special benefit conferred by Future Neighborhood Improvement Area Improvements, if any, cannot be determined with absolute certainty. Accordingly, it is hereby understood and acknowledged by the City and the Owner that only the Special Assessments associated with the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, and the Neighborhood Improvement Area #4 Bonds have been levied and will not change.

## **B. SPECIAL BENEFIT**

The Assessed Property must receive a direct and special benefit from the Public Improvements, which must be equal to or greater than the amount of the Special Assessments. The Major Improvements are provided for the benefit of the Major Improvement Area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property. The Neighborhood Improvement Area #1 Improvements are provided solely for the benefit of the Neighborhood Improvement Area #1 Assessed Property. The Neighborhood Improvement Area #2 Improvements are provided solely for the benefit of the Neighborhood Improvement Area #2 Assessed Property. The Neighborhood Improvement Area #3 Improvements are provided solely for the benefit of the Neighborhood Improvement Area #3 Assessed Property. The Neighborhood Improvement Area #4 Improvements are provided solely for the benefit of the Neighborhood Improvement Area #4 Assessed Property.

When the City Council approved the Original SAP, the Owner owned 100% of the Major Improvement Area Assessed Property and Neighborhood Improvement Area #1 Assessed Property. At that time, the Owner acknowledged that the Major Improvements and Neighborhood Improvement Area #1 Improvements confer a special benefit on the Major Improvement area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property and consented to the imposition of the Special Assessments to pay for the Actual Costs associated therewith. When the City Council approved an update to the SAP relating to Neighborhood Improvement Area #2 Improvements, the Owner owned 100% of the Neighborhood Improvement Area #2 Assessed Property. The Owner acknowledged that the Neighborhood Improvement Area #2 Improvements confer a special benefit on the Neighborhood Improvement Area #2 Assessed Property and consented to the imposition of the Special Assessments to pay for the Actual Costs associated therewith. When the City Council approved an updated SAP for Neighborhood Improvement Area #3, the Owner owned 100% of the Neighborhood Improvement Area #3 Assessed Property. The Owner acknowledged that the Neighborhood Improvement Area #3 Improvements confer a special benefit on the Neighborhood Improvement Area #3 Assessed Property and consented to the imposition of the Special Assessments to pay for the Actual Costs associated therewith. When the City Council approved this Service and Assessment Plan, the Owner owned 100% of the Neighborhood Improvement Area #4 Assessed Property. The Owner acknowledged that the Neighborhood Improvement Area #4 Improvements confer a special benefit on the Neighborhood Improvement Area #4 Assessed Property and consented to the imposition of the Special Assessments to pay for the Actual Costs associated therewith. The Owner has ratified, confirmed, accepted, agreed to and approved: (i) the determinations and findings by the City Council as to the special benefits described herein and the applicable previous Assessment Ordinance; (ii) this SAP update and the applicable Assessment Ordinance, and (iii) the levying of Special Assessments on the Major Improvement Area Assessed Property, the Neighborhood Improvement Area #1 Assessed Property, the Neighborhood Improvement Area #2 Assessed Property, the Neighborhood Improvement Area #3 Assessed Property, and the Neighborhood Improvement Area #4 Assessed Property.

The City Council determined that funding the Actual Costs for the Major Improvements, the Neighborhood Improvement Area #1 Improvements, the Neighborhood Improvement Area #2 Improvements, the Neighborhood Improvement Area #3 Improvements, and the Neighborhood Improvement Area #4 Improvements through the PID is beneficial to the City and the Assessed

Property. Accordingly, the Major Improvements, the Neighborhood Improvement Area #1 Improvements, the Neighborhood Improvement Area #2 Improvements, the Neighborhood Improvement Area #3 Improvements, and the Neighborhood Improvement Area #4 Improvements confer a special benefit to the respective Assessed Property, and such special benefit exceeds the amount of the Special Assessment levied on the Major Improvement Area Assessed Property, the Neighborhood Improvement Area #1 Assessed Property, the Neighborhood Improvement Area #2 Assessed Property, the Neighborhood Improvement Area #3 Assessed Property, and the Neighborhood Improvement Area #4 Assessed Property, as applicable. This conclusion is supported by the evidence, information, and testimony provided to the City Council.

### C. ALLOCATION OF ACTUAL COSTS OF MAJOR IMPROVEMENTS

The Major Improvements will provide a special benefit to the Property, other than the Non-Benefited Property, in the Major Improvement Area and the Property, other than the Non-Benefited Property, in the Neighborhood Improvement Area #1. The Actual Costs of the Major Improvements are, therefore, allocated to the Major Improvement Area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property, as shown in Table IV-A. The costs detailed in Table IV-A are subject to revision through the Annual Service Plan Updates but may not result in increased Special Assessments except as authorized under this SAP or the PID Act.

**Table IV-A**  
**Cost Allocation of Major Improvements**

| Authorized Improvements              | Total Cost (a)     | NIA #1 Major Improvements |                  | MIA Major Improvements |                    |
|--------------------------------------|--------------------|---------------------------|------------------|------------------------|--------------------|
|                                      |                    | % Allocation              | Share of Costs   | % Allocation           | Share of Costs     |
| Road Improvements                    | \$3,878,507        | 8%                        | \$291,826        | 92%                    | \$3,586,681        |
| Storm Drainage Improvements          | \$801,703          | 11%                       | \$89,128         | 89%                    | \$712,575          |
| Wastewater Improvements              | \$441,572          | 11%                       | \$49,695         | 89%                    | \$391,877          |
| Water Improvements                   | \$484,865          | 11%                       | \$54,130         | 89%                    | \$430,735          |
| Open Space/Trail System Improvements | \$188,000          | 0%                        | \$0              | 100%                   | \$188,000          |
| Soft Costs                           | \$939,922          | 11%                       | \$103,422        | 89%                    | \$836,500          |
| <b>Total Authorized Improvements</b> | <b>\$6,734,569</b> |                           | <b>\$588,201</b> |                        | <b>\$6,146,368</b> |

(a) See Table III-A for details.

### D. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #1 PROJECTS

The Neighborhood Improvement Area #1 Projects include the Neighborhood Improvement Area #1 Improvements which will provide a special benefit only to the Property, other than the Non-Benefited Property, in Neighborhood Improvement Area #1, plus an allocable share of the Major Improvements as described in Section IV.C above. The Actual Costs of the Neighborhood Improvement Area #1 Projects are, therefore, allocated entirely to Neighborhood Improvement Area #1 Assessed Property, as shown in Table IV-B on the following page. The costs detailed in Table IV-B are subject to revision through the Annual Service Plan Updates but may not result in increased Special Assessments except as authorized under this SAP or the PID Act.

**Table IV-B**  
**Cost Allocation of Neighborhood Improvement Area #1 Improvements**

| Authorized Improvements              | Total Cost (a)     | NIA #1 Major Improvements |                  | NIA #1 Onsite Improvements |                    |
|--------------------------------------|--------------------|---------------------------|------------------|----------------------------|--------------------|
|                                      |                    | % Allocation              | Share of Costs   | % Allocation               | Share of Costs     |
| Road Improvements                    | \$3,033,321        | 10%                       | \$291,826        | 90%                        | \$2,741,495        |
| Storm Drainage Improvements          | \$646,772          | 14%                       | \$89,128         | 86%                        | \$557,644          |
| Wastewater Improvements              | \$494,278          | 10%                       | \$49,695         | 90%                        | \$444,583          |
| Water Improvements                   | \$641,176          | 8%                        | \$54,130         | 92%                        | \$587,046          |
| Soft Costs                           | \$918,356          | 11%                       | \$103,422        | 89%                        | \$814,934          |
| <b>Total Authorized Improvements</b> | <b>\$5,733,903</b> |                           | <b>\$588,201</b> |                            | <b>\$5,145,702</b> |

(a) See Table III-B for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

**E. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #2 IMPROVEMENTS**

The Neighborhood Improvement Area #2 Improvements shown below will provide a special benefit only to the Property, other than the Non-Benefited Property, in Neighborhood Improvement Area #2 as described in Table IV-C. The Actual Costs of the Neighborhood Improvement Area #2 Improvements below are, therefore, allocated entirely to Neighborhood Improvement Area #2 Assessed Property, as shown in Table IV-C. The costs detailed in Table IV-C are subject to revision through the Annual Service Plan Updates but may not result in increased Special Assessments except as authorized under this SAP or the PID Act.

**Table IV-C**  
**Cost Allocation of Neighborhood Improvement Area #2 Improvements**

| Authorized Improvements              | Total Cost (a)     | NIA #2 Onsite Improvements |                    |
|--------------------------------------|--------------------|----------------------------|--------------------|
|                                      |                    | % Allocation               | Share of Costs     |
| Road Improvements                    | \$1,822,022        | 100%                       | \$1,822,022        |
| Wet Utilities                        | \$861,273          | 100%                       | \$861,273          |
| Storm Drainage Improvements          | \$58,120           | 100%                       | \$58,120           |
| Soft Costs                           | \$750,731          | 100%                       | \$750,731          |
| <b>Total Authorized Improvements</b> | <b>\$3,492,146</b> | <b>100%</b>                | <b>\$3,492,146</b> |

(a) See Table III-C for details. Any public improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis

**F. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #3 IMPROVEMENTS**

The Neighborhood Improvement Area #3 Improvements include the Neighborhood Improvement Area #3 Improvements which will provide a special benefit only to the Property, other than the Non-Benefited Property, in Neighborhood Improvement Area #3. The Actual Costs of the Neighborhood Improvement Area #3 Improvements are, therefore, allocated entirely to Neighborhood Improvement Area #3 Assessed Property, as shown in Table IV-D. The costs detailed in Table IV-D are subject to revision through the Annual Service Plan Updates but may not result in increased Special Assessments except as authorized under this SAP or the PID Act.



**Table IV-D**  
**Cost Allocation of Neighborhood Improvement Area #3 Improvements**

| Authorized Improvements              | Total Cost (a)     | NIA #3 Onsite Improvements |                    |
|--------------------------------------|--------------------|----------------------------|--------------------|
|                                      |                    | % Allocation               | Share of Costs     |
| Road Improvements                    | \$1,409,003        | 100%                       | \$1,409,003        |
| Wet Utilities                        | \$1,651,648        | 100%                       | \$1,651,648        |
| Storm Drainage Improvements          | \$107,163          | 100%                       | \$107,163          |
| Soft Costs                           | \$342,128          | 100%                       | \$342,128          |
| <b>Total Authorized Improvements</b> | <b>\$3,509,942</b> | <b>100%</b>                | <b>\$3,509,942</b> |

(a) See Table III-D for details. Any Public Improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis.

**G. ALLOCATION OF ACTUAL COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS**

The Neighborhood Improvement Area #4 Improvements include the Neighborhood Improvement Area #4 Improvements which will provide a special benefit only to the Property, other than the Non-Benefited Property, in Neighborhood Improvement Area #4. The Actual Costs of the Neighborhood Improvement Area #4 Improvements are, therefore, allocated entirely to Neighborhood Improvement Area #4 Assessed Property, as shown in Table IV-E. The costs detailed in Table IV-E are subject to revision through the Annual Service Plan Updates but may not result in increased Special Assessments except as authorized under this SAP or the PID Act.

**Table IV-E**  
**Cost Allocation of Neighborhood Improvement Area #4 Improvements**

| Authorized Improvements              | Total Cost (a)     | NIA #4 Onsite Improvements |                    |
|--------------------------------------|--------------------|----------------------------|--------------------|
|                                      |                    | % Allocation               | Share of Costs     |
| Road Improvements                    | \$2,046,664        | 100%                       | \$2,046,664        |
| Water Improvements                   | \$945,538          | 100%                       | \$945,538          |
| Wastewater Improvements              | \$834,416          | 100%                       | \$834,416          |
| Storm Drainage Improvements          | \$1,317,644        | 100%                       | \$1,317,644        |
| Soft Costs and Contingency           | \$1,593,479        | 100%                       | \$1,593,479        |
| <b>Total Authorized Improvements</b> | <b>\$6,737,742</b> | <b>100%</b>                | <b>\$6,737,742</b> |

(a) See Table III-E for details. Any Public Improvement that is allocated 100% to the Assessed Property would be required to be built on a stand-alone basis.

**H. ALLOCATION OF ACTUAL COSTS OF FUTURE IMPROVEMENT AREA IMPROVEMENTS**

As Future Neighborhood Improvement Areas are developed and Future Neighborhood Improvement Area Bonds are issued, this SAP will be amended to identify the specific Future Neighborhood Improvement Area Improvements that confer a special benefit to the property inside such Future Neighborhood Improvement Areas (e.g. a table will be created to show the allocation of Actual Costs for Future Neighborhood Improvement Area Improvements.)

## I. SPECIAL ASSESSMENT METHODOLOGY

The City Council may assess Actual Costs against Assessed Property so long as the special benefit conferred upon the Assessed Property by the Public Improvements equals or exceeds the amount of the Special Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

### Assessment Methodology for the Major Improvement Area

For purpose of this SAP, the City Council has determined that the Actual Costs of the Major Improvements to be financed with the Major Improvement Area Bonds shall be allocated to the Major Improvement Area Assessed Property by spreading the entire Special Assessment across all Parcels and Lots within the Major Improvement Area based on the ratio of the estimated build out value of each Lot to the total build out value for all Parcels. Table IV-E.1 summarizes the allocation of the original Special Assessments relating to the Major Improvement Area Bonds for the Assessed Property. Table IV-E.2 summarizes the allocation of the outstanding Special Assessments relating to the Major Improvement Area Bonds for the Assessed Property.

Based on the costs provided by the Developer for the Public Improvements, the City Council has determined that the benefit to the Assessed Property from the Public Improvements is at least equal to the Special Assessments levied on the Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located in the Major Improvement Area is shown on the Assessment Roll, attached as Appendix D, and no Special Assessment shall be changed except as authorized by this SAP or the PID Act. Table IV-E.1 summarizes the updated allocation of the original Special Assessment relating to the Major Improvement Area Bonds for the Major Improvement Area Assessed Property. Table IV-E.2 summarizes the allocation of the outstanding Special Assessment relating to the Major Improvement Area Bonds for the Major Improvement Area Assessed Property. This SAP will be modified by the City Council as appropriate based on the actual Lot count and other applicable inputs as each Future Improvement Area is developed.

*(remainder of this page is intentionally left blank)*

**Table IV-E.1**  
**Major Improvement Area**  
**Updated Special Assessment Allocation – Original Total**

| Lot Size        | Units/SF     | Estimated Buildout Value | Total Special Assessment | Annual Installment (1st Full Year After Cap I) <sup>1</sup> | Special Assessment Per Unit/SF | Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------|--------------|--------------------------|--------------------------|---|--------------------------------|--------------------------------|------------------------------------|
| <i>NIA #2</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 92           | \$30,360,000             | \$498,633                | \$46,788  | \$5,420                        | \$509                          | \$0.15                             |
| 70'             | 7            | \$3,010,000              | \$49,436                 | \$4,639   | \$7,062                        | \$663                          | \$0.15                             |
| HOA             | -            | -                        | \$5,536                  | \$519   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>99</i>    | <i>\$33,370,000</i>      | <i>\$553,606</i>         | <i>\$51,946</i>   |                                |                                |                                    |
| <i>NIA #3</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 80           | \$28,000,000             | \$459,873                | \$43,151  | \$5,748                        | \$539                          | \$0.15                             |
| 60'             | 94           | \$37,600,000             | \$617,543                | \$57,946  | \$6,570                        | \$616                          | \$0.15                             |
| 70'             | 8            | \$3,600,000              | \$59,126                 | \$5,548   | \$7,391                        | \$693                          | \$0.15                             |
| HOA             | -            | -                        | \$11,480                 | \$1,077   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>182</i>   | <i>\$69,200,000</i>      | <i>\$1,148,023</i>       | <i>\$107,722</i>  |                                |                                |                                    |
| <i>NIA #4</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 156          | \$70,200,000             | \$1,152,967              | \$108,186   | \$7,391                        | \$693                          | \$0.15                             |
| 60'             | 100          | \$50,000,000             | \$821,201                | \$77,055  | \$8,212                        | \$771                          | \$0.15                             |
| 70'             | 20           | \$11,000,000             | \$180,664                | \$16,952  | \$9,033                        | \$848                          | \$0.15                             |
| HOA             | -            | -                        | \$21,766                 | \$2,042   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>276</i>   | <i>\$131,200,000</i>     | <i>\$2,176,598</i>       | <i>\$204,235</i>  |                                |                                |                                    |
| <i>NIA #5</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 139          | \$66,025,000             | \$1,084,396              | \$101,751   | \$7,801                        | \$732                          | \$0.15                             |
| 60'             | 68           | \$35,700,000             | \$586,338                | \$55,017  | \$8,623                        | \$809                          | \$0.15                             |
| HOA             | -            | -                        | \$16,876                 | \$1,584   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>207</i>   | <i>\$101,725,000</i>     | <i>\$1,687,610</i>       | <i>\$158,352</i>  |                                |                                |                                    |
| <i>NIA #6</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 100          | \$50,000,000             | \$821,201                | \$77,055  | \$8,212                        | \$771                          | \$0.15                             |
| HOA             | -            | -                        | \$8,295                  | \$778   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>100</i>   | <i>\$50,000,000</i>      | <i>\$829,496</i>         | <i>\$77,834</i>   |                                |                                |                                    |
| <i>NIA #7</i>   |              |                          |                          |   |                                |                                |                                    |
| 50'             | 107          | \$53,500,000             | \$878,685                | \$82,449  | \$8,212                        | \$771                          | \$0.15                             |
| 60'             | 8            | \$4,400,000              | \$72,266                 | \$6,781   | \$9,033                        | \$848                          | \$0.15                             |
| 70'             | 35           | \$20,125,000             | \$330,534                | \$31,015  | \$9,444                        | \$886                          | \$0.15                             |
| HOA             | -            | -                        | \$12,944                 | \$1,215   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>150</i>   | <i>\$78,025,000</i>      | <i>\$1,294,429</i>       | <i>\$121,459</i>  |                                |                                |                                    |
| <i>NIA #8</i>   |              |                          |                          |   |                                |                                |                                    |
| Townhome        | 50           | \$15,000,000             | \$246,360                | \$23,117  | \$4,927                        | \$462                          | \$0.15                             |
| Area F          | 53,143       | \$6,111,468              | \$100,375                | \$9,418   | \$1.89                         | \$0.18                         | \$0.15                             |
| HOA             | -            | -                        | \$3,502                  | \$329   | -                              | -                              | -                                  |
| <i>Subtotal</i> | <i>-</i>     | <i>\$21,111,468</i>      | <i>\$350,238</i>         | <i>\$32,864</i>   |                                |                                |                                    |
| <b>Total</b>    | <b>1,014</b> | <b>\$484,631,468</b>     | <b>\$8,040,000</b>       | <b>\$754,412</b>  |                                |                                |                                    |

Note: Estimates in Table IV-E.1 are based on updated Lot counts and estimated buildout values provided by the Developer as part of this SAP update. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown, the original assessment allocation for each Lot Type will not change unless modified in a Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds. The above allocations are calculated based on 7.50% interest rate and a 30-year term for the PID Bonds and an annual administrative expense of \$30,000 increasing at 2.0% per year.

1- Represents original annual installment first year after capitalized interest.

**Table IV-E.2**  
**Major Improvement Area**  
**Outstanding Special Assessment Allocation**

| Lot Size                    | Units/SF     | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment <sup>1</sup> | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------------|--------------|--------------------------|--------------------------------------|---|--|--|------------------------------------|
| <i>NIA #2<sup>(2)</sup></i> |              |                          |                                      |   |  |  |                                    |
| 50'                         | 91           | \$30,360,000             | \$471,129                            | \$46,371  | \$5,177                                    | \$510  | \$0.15                             |
| 70'                         | 7            | \$3,010,000              | \$47,223                             | \$4,643   | \$6,746                                    | \$663  | \$0.15                             |
| HOA                         | -            | -                        | \$5,288                              | \$520   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>98</i>    | <i>\$33,370,000</i>      | <i>\$523,640</i>                     | <i>\$51,488</i>                                     |  |  |                                    |
| <i>NIA #3</i>               |              |                          |                                      |   |  |  |                                    |
| 50'                         | 80           | \$28,000,000             | \$439,281                            | \$43,194  | \$5,491                                    | \$540  | \$0.15                             |
| 60'                         | 94           | \$37,600,000             | \$589,892                            | \$58,003  | \$6,275                                    | \$617  | \$0.15                             |
| 70'                         | 8            | \$3,600,000              | \$56,479                             | \$5,553   | \$7,060                                    | \$694  | \$0.15                             |
| HOA                         | -            | -                        | \$10,966                             | \$1,078   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>182</i>   | <i>\$69,200,000</i>      | <i>\$1,096,619</i>                   | <i>\$107,828</i>                                    |  |  |                                    |
| <i>NIA #4</i>               |              |                          |                                      |   |  |  |                                    |
| 50'                         | 156          | \$70,200,000             | \$1,101,341                          | \$108,293   | \$7,060                                    | \$694  | \$0.15                             |
| 60'                         | 100          | \$50,000,000             | \$784,431                            | \$77,131  | \$7,844                                    | \$771  | \$0.15                             |
| 70'                         | 20           | \$11,000,000             | \$172,575                            | \$16,969  | \$8,629                                    | \$848  | \$0.15                             |
| HOA                         | -            | -                        | \$20,791                             | \$2,044   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>276</i>   | <i>\$131,200,000</i>     | <i>\$2,079,139</i>                   | <i>\$204,437</i>                                    |  |  |                                    |
| <i>NIA #5</i>               |              |                          |                                      |   |  |  |                                    |
| 50'                         | 139          | \$66,025,000             | \$1,035,841                          | \$101,852   | \$7,452                                    | \$733  | \$0.15                             |
| 60'                         | 68           | \$35,700,000             | \$560,084                            | \$55,072  | \$8,237                                    | \$810  | \$0.15                             |
| HOA                         | -            | -                        | \$16,120                             | \$1,585   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>207</i>   | <i>\$101,725,000</i>     | <i>\$1,612,046</i>                   | <i>\$158,509</i>                                    |  |  |                                    |
| <i>NIA #6</i>               |              |                          |                                      |   |  |  |                                    |
| 50'                         | 100          | \$50,000,000             | \$784,431                            | \$77,131  | \$7,844                                    | \$771  | \$0.15                             |
| HOA                         | -            | -                        | \$7,924                              | \$779   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>100</i>   | <i>\$50,000,000</i>      | <i>\$792,355</i>                     | <i>\$77,911</i>                                     |  |  |                                    |
| <i>NIA #7</i>               |              |                          |                                      |   |  |  |                                    |
| 50'                         | 107          | \$53,500,000             | \$839,341                            | \$82,531  | \$7,844                                    | \$771  | \$0.15                             |
| 60'                         | 8            | \$4,400,000              | \$69,030                             | \$6,788   | \$8,629                                    | \$848  | \$0.15                             |
| 70'                         | 35           | \$20,125,000             | \$315,734                            | \$31,045  | \$9,021                                    | \$887  | \$0.15                             |
| HOA                         | -            | -                        | \$12,365                             | \$1,216   | -  | -  | -                                  |
| <i>Subtotal</i>             | <i>150</i>   | <i>\$78,025,000</i>      | <i>\$1,236,469</i>                   | <i>\$121,579</i>                                    |  |  |                                    |
| <i>NIA #8</i>               |              |                          |                                      |   |  |  |                                    |
| Townhome                    | 50           | \$15,000,000             | \$235,329                            | \$23,139  | \$4,707                                    | \$463  | \$0.15                             |
| Area F                      | 53,143       | \$6,111,468              | \$95,881                             | \$9,428   | \$1.80                                     | \$0.18   | \$0.15                             |
| HOA                         | -            | -                        | \$3,346                              | \$329   | -  | -  | -                                  |
| <i>Subtotal</i>             |              | <i>\$21,111,468</i>      | <i>\$334,555</i>                     | <i>\$32,896</i>                                     |  |  |                                    |
| <b>Total</b>                | <b>1,013</b> | <b>\$484,631,468</b>     | <b>\$7,674,823</b>                   | <b>\$754,649</b>                                    |  |  |                                    |

Note: Estimates in Table IV-E.2 are based on updated Lot counts and estimated buildout values provided by the Developer as part of this SAP update. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown, the outstanding assessment allocation for each Lot Type will not change unless modified in a Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds. The above allocations are calculated based on 7.50% interest rate and a 30-year term for the PID Bonds and an annual administrative expense of \$30,000 increasing at 2.0% per year.

1- Represents average Annual Installment for remaining years excluding actual amounts billed previously.

2 - One Parcel (Parcel ID 2782907) has prepaid their Assessment in full.

Assessment Methodology for Neighborhood Improvement Area #1

For purpose of this SAP, the City Council has determined that the Actual Costs of the portion of the Neighborhood Area #1 Projects to be financed with the Neighborhood Improvement Area #1 Bonds shall be allocated to the Neighborhood Improvement Area #1 Assessed Property by spreading the entire Special Assessment across all Lots within the Neighborhood Improvement Area #1 based on the ratio of the estimated build out value of each Lot to the total build out value for the Neighborhood Improvement Area #1. Table IV-F.1 summarizes the allocation of the original Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #1 Assessed Property. Table IV-F.2 summarizes the current allocation of the Special Assessments relating to PID Bonds for the Neighborhood Area #1 Assessed Property.

Based on the costs provided by the Developer for the Neighborhood Improvement Area #1 Projects, the City Council has determined that the benefit to the Neighborhood Area #1 Assessed Property from the Neighborhood Improvement Area #1 Projects is at least equal to the Special Assessments levied on the Neighborhood Improvement Area #1 Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located in Neighborhood Improvement Area #1 are shown on the Assessment Roll, attached as Appendix E, and no Special Assessment shall be changed except as authorized by this SAP or the PID Act. Table IV-F.1 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #1 Bonds for the Neighborhood Improvement Area #1 Assessed Property at the time the Assessment Ordinance relating to the Neighborhood Improvement Area #1 Bonds was adopted by the City Council. Table IV-F.2 summarizes the allocation of the outstanding Special Assessment relating to the Neighborhood Improvement Area #1 Bonds for the Neighborhood Improvement Area #1 Assessed Property.

**Table IV-F.1**  
**Neighborhood Improvement Area #1**  
**Original Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------|----------------------------|--------------------------------|--------------------------------|------------------------------------|
| <i>NIA #1</i>         |            |                          |                          |                            |                                |                                |                                    |
| 50'                   | 97         | \$33,920,027             | \$1,566,997              | \$134,517                  | \$16,155                       | \$1,387                        | \$0.40                             |
| 60'                   | 111        | \$46,411,431             | \$2,144,060              | \$184,055                  | \$19,316                       | \$1,658                        | \$0.40                             |
| 70'                   | 85         | \$43,748,565             | \$2,021,044              | \$173,495                  | \$23,777                       | \$2,041                        | \$0.40                             |
| HOA                   | -          | -                        | \$57,900                 | \$4,970                    | -                              | -                              | -                                  |
| <b>Total</b>          | <b>293</b> | <b>\$124,080,023</b>     | <b>\$5,790,000</b>       | <b>\$497,037</b>           |                                |                                |                                    |

<sup>1</sup> - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.  
Note: Estimates are based on information available as of the date the original SAP was adopted by the City Council. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the original assessment allocation for each Lot Type will not change unless modified in an Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds. The above allocations are calculated based on 6.25% interest rate and a 30-year term for the PID Bonds and annual administrative expense of \$30,000 increasing at 2.0% per year.

**Table IV-E.2**  
**Neighborhood Improvement Area #1**  
**Outstanding Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #1</i>         |            |                          |                                      |  |  |  |                                    |
| 50'                   | 97         | \$33,920,027             | \$1,477,686                          | \$134,241                              | \$15,234                                   | \$1,384  | \$0.40                             |
| 60'                   | 111        | \$46,411,431             | \$2,021,859                          | \$183,677                              | \$18,215                                   | \$1,655  | \$0.40                             |
| 70'                   | 85         | \$43,748,565             | \$1,905,855                          | \$173,139                              | \$22,422                                   | \$2,037  | \$0.40                             |
| HOA                   | -          | -                        | \$54,600                             | \$4,960                                | -  | -  | -                                  |
| <b>Total</b>          | <b>293</b> | <b>\$124,080,023</b>     | <b>\$5,460,000</b>                   | <b>\$496,018</b>                       |  |  |                                    |

<sup>1</sup> - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

Note: Estimates are based on information available as of the date the original SAP was adopted by the City Council. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the current Special Assessment allocation for each Lot Type will not change unless modified in an Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds. The above allocations are calculated based on 6.25% interest rate and a 30-year term for the PID Bonds and annual administrative expense of \$30,000 increasing at 2.0% per year.

*Assessment Methodology for Neighborhood Improvement Area #2*

For purpose of this SAP, the City Council has determined that the Actual Costs of the portion of the Neighborhood Area #2 Improvements initially financed with the PID Reimbursement Agreement relating to Neighborhood Improvement Area #2 that have been repaid with the proceeds of the Neighborhood Improvement Areas #2-3 Bonds and shall be allocated to the Neighborhood Improvement Area #2 Assessed Property by spreading the entire Special Assessment across all Lots within the Neighborhood Improvement Area #2 based on the ratio of the estimated build out value of each Lot to the total build out value for the Neighborhood Improvement Area #2. Table IV-G.1 summarizes the allocation of the original Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #2 Assessed Property. Table IV-G.2 summarizes the allocation of the outstanding Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #2 Assessed Property.

Based on the costs provided by the Developer for the Neighborhood Area #2 Improvements benefitting Neighborhood Improvement Area #2, the City Council has determined that the benefit to the Neighborhood Area #2 Assessed Property from the Neighborhood Area #2 Improvements is at least equal to the Special Assessments levied on the Neighborhood Improvement Area #2 Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located Neighborhood Improvement Area #2 are shown on the Assessment Roll, attached as Appendix F, and no Special Assessment shall be changed except as authorized by this SAP or the PID Act. Table IV-G.1 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #2 Assessed Property at the time the Assessment Ordinance approving the Service and Assessment Plan relating to the levy of the Special Assessments against the Neighborhood Improvement Area #2 Assessed Property was adopted by the City Council. Table IV-G.2 summarizes the outstanding special assessments relating to the Neighborhood Improvement Area #2 Assessed Property.

**Table IV-G.1**  
**Neighborhood Improvement Area #2**  
**Original Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF  | Estimated Buildout Value | Total Special Assessment | Average Annual Installment <sup>2</sup> | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|-----------|--------------------------|--------------------------|---|--------------------------------|--|------------------------------------|
| <i>NIA #2</i>         |           |                          |                          |   |                                |  |                                    |
| 50'                   | 92        | \$30,360,000             | \$851,163                | \$71,679                                | \$9,252                        | \$779                                  | \$0.24                             |
| 70'                   | 7         | \$3,010,000              | \$84,387                 | \$7,107                                 | \$12,055                       | \$1,015                                | \$0.24                             |
| HOA                   | -         | -                        | \$9,450                  | \$796                                   | -                              | -                                      | -                                  |
| <b>Total</b>          | <b>99</b> | <b>\$33,370,000</b>      | <b>\$945,000</b>         | <b>\$79,582</b>                         |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.  
 Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the initial Special Assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Areas #2-3 Bonds . The above amounts are calculated based on 5.0% interest rates and a 30-year term for the applicable Neighborhood Improvement Areas #2-3 Bonds and annual administrative expense of \$15,000 increasing at 2.0% per year.

2 – Represents average Annual Installment for remaining years excluding actual amounts billed previously.

**Table IV-G.2**  
**Neighborhood Improvement Area #2**  
**Outstanding Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF  | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment <sup>2</sup> | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|-----------|--------------------------|--------------------------------------|---|--|--|------------------------------------|
| <i>NIA #2</i>         |           |                          |                                      |   |  |  |                                    |
| 50'                   | 91        | \$30,360,000             | \$797,365                            | \$71,512  | \$8,762                                    | \$786  | \$0.24                             |
| 70'                   | 7         | \$3,010,000              | \$79,922                             | \$7,090   | \$11,417                                   | \$1,013  | \$0.24                             |
| HOA                   | -         | -                        | \$8,950                              | \$794   | -  | -  | -                                  |
| <b>Total</b>          | <b>98</b> | <b>\$33,370,000</b>      | <b>\$886,238</b>                     | <b>\$79,396</b>                                     |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.  
 Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the initial assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Areas #2-3 Bonds. The above amounts are calculated based on an interest rate of 2.50% for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% thereafter and a 30-year term for the applicable Neighborhood Improvement Areas #2-3 Bonds and annual administrative expense of \$15,000 increasing at 2.0% per year.

2 – Represents average Annual Installment for remaining years excluding actual amounts billed previously.

3 - One Parcel (Parcel ID 2782907) has prepaid their Assessment in full.

Neighborhood Improvement Area #2 Assessed Property is part of the Major Improvement Area Assessed Property. As shown in Table IV-E.1, the original Special Assessments related to the Major Improvement Area Bonds have been allocated to Neighborhood Improvement Area #2 and the remaining Future Neighborhood Improvement Areas. As shown in Table IV-E.2, the outstanding Special Assessments related to the Major Improvement Area Bonds have been allocated to Neighborhood Improvement Area #2 and the remaining Future Neighborhood

Improvement Areas. The original Special Assessments related to the Neighborhood Improvement Area #2 Improvements for the benefit of the Neighborhood Improvement Area #2 Assessed Property are shown in Table IV-G.1. The outstanding Special Assessments related to the Neighborhood Improvement Area #2 Improvements for the benefit of the Neighborhood Improvement Area #2 Assessed Property are shown in Table IV-G.2. As a result, the combined original Special Assessment on the Neighborhood Improvement Area #2 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Area Bonds and the Special Assessments for the Neighborhood Improvement Area #2 Improvements or the benefit of the Neighborhood Improvement Area #2 Assessed Property is shown in Table IV-H.1. The combined outstanding Special Assessment on the Neighborhood Improvement Area #2 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Area Bonds and the Special Assessments for the Neighborhood Improvement Area #2 Improvements or the benefit of the Neighborhood Improvement Area #2 Assessed Property is shown in Table IV-H.2.

**Table IV-H.1**  
**Neighborhood Improvement Area #2**  
**Original Special Assessment Allocation (Combined)**

| Lot Size <sup>1</sup> | Units/SF  | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|-----------|--------------------------|--------------------------|----------------------------|--------------------------------|--|------------------------------------|
| <i>NIA #2</i>         |           |                          |                          |                            |                                |  |                                    |
| 50'                   | 92        | \$30,360,000             | \$1,349,796              | \$118,467                  | \$14,672                       | \$1,288                                | \$0.39                             |
| 70'                   | 7         | \$3,010,000              | \$133,824                | \$11,745                   | \$19,118                       | \$1,678                                | \$0.39                             |
| HOA                   | -         | -                        | \$14,986                 | \$1,315                    | -                              | -                                      | -                                  |
| <b>Total</b>          | <b>99</b> | <b>\$33,370,000</b>      | <b>\$1,498,606</b>       | <b>\$131,528</b>           |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #2 proportional share of the original Special Assessment for Major Improvement Area Bonds shown in Table IV-E.1 and the original Special Assessments for the Neighborhood Improvement Area #2 shown in Table IV-H.1. Estimates based on updated information provided by the Developer as part of this update to the SAP.

**Table IV-H.2**  
**Neighborhood Improvement Area #2**  
**Outstanding Special Assessment Allocation (Combined)**

| Lot Size <sup>1</sup> | Units/SF <sup>2</sup> | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|-----------------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #2</i>         |                       |                          |                                      |  |  |  |                                    |
| 50'                   | 91                    | \$30,360,000             | \$1,268,495                          | \$117,883                              | \$13,940                                   | \$1,295  | \$0.39                             |
| 70'                   | 7                     | \$3,010,000              | \$127,145                            | \$11,733                               | \$18,164                                   | \$1,676  | \$0.39                             |
| HOA                   | -                     | -                        | \$14,238                             | \$1,314                                | -  | -  | -                                  |
| <b>Total</b>          | <b>98</b>             | <b>\$33,370,000</b>      | <b>\$1,409,878</b>                   | <b>\$130,930</b>                       |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #2 proportional share of the current Special Assessment for Major Improvement Area Bonds shown in Table IV-E.2 and the current Special Assessments for the Neighborhood Improvement Area #2 shown in Table IV-H.2. Estimates based on updated information provided by the Developer as part of this update to the SAP.

2 - One Parcel (Parcel ID 2782907) has prepaid their Assessment in full.



Assessment Methodology for Neighborhood Improvement Area #3

For purpose of this SAP, the City Council has determined that the Actual Costs of the portion of the Neighborhood Area #3 Improvements to be financed with a portion of the Neighborhood Improvement Areas #2-3 Bonds shall be allocated to the Neighborhood Improvement Area #3 Assessed Property by spreading the entire Special Assessment for the Neighborhood Improvement Area #3 Improvements across all Lots within the Neighborhood Improvement Area #3 based on the ratio of the estimated build out value of each Lot to the total build out value for the Neighborhood Improvement Area #3. Table IV-I.1 summarizes the allocation of the original Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #3 Assessed Property. Table IV-I.2 summarizes the current allocation of the Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #3 Assessed Property.

Based on the costs provided by the Developer for the Neighborhood Improvement Area #3 Improvements benefitting Neighborhood Area #3, the City Council has determined that the benefit to the Neighborhood Improvement Area #3 Assessed Property from the Neighborhood Improvement Area #3 Improvements is at least equal to the Special Assessments levied on the Neighborhood Improvement Area #3 Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located in Neighborhood Improvement Area #3 are shown on the Assessment Roll, attached as Appendix G, and no Special Assessment shall be changed except as authorized by this SAP or the PID Act. Table IV-I.1 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #3 Assessed Property at the time the Assessment Ordinance approving the Service and Assessment Plan relating to the levy of the Special Assessments against the Neighborhood Improvement Area #3 Assessed Property was adopted by the City Council. Table IV-I.2 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #3 Assessed Property.

**Table IV-I.1**  
**Neighborhood Improvement Area #3**  
**Original Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------|----------------------------|--------------------------------|--|------------------------------------|
| <i>NIA #3</i>         |            |                          |                          |                            |                                |  |                                    |
| 50'                   | 80         | \$28,000,000             | \$911,315                | \$73,320                   | \$11,391                       | \$917                                  | \$0.26                             |
| 60'                   | 94         | \$37,600,000             | \$1,223,766              | \$98,458                   | \$13,019                       | \$1,047                                | \$0.26                             |
| 70'                   | 8          | \$3,600,000              | \$117,169                | \$9,427                    | \$14,646                       | \$1,178                                | \$0.26                             |
| HOA                   | -          | -                        | \$22,750                 | \$1,830                    | -                              | -                                      | -                                  |
| <b>Total</b>          | <b>182</b> | <b>\$69,200,000</b>      | <b>\$2,275,000</b>       | <b>\$183,036</b>           |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the original assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Areas #2-3 Bonds. The above amounts are calculated based on an interest rate of 2.50% for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% thereafter, and a 30-year term for the applicable Neighborhood Improvement Areas #2-3 Bonds and annual administrative expense of \$25,000 increasing at 2.0% per year.

2 – Represents average Annual Installment excluding first year amount paid from capitalized interest.

**Table IV-I.2**  
**Neighborhood Improvement Area #3**  
**Outstanding Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment <sup>2</sup> | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------------------|---|--|--|------------------------------------|
| <i>NIA #3</i>         |            |                          |                                      |   |  |  |                                    |
| 50'                   | 80         | \$28,000,000             | \$911,315                            | \$73,320  | \$11,391                                   | \$917  | \$0.26                             |
| 60'                   | 94         | \$37,600,000             | \$1,223,766                          | \$98,458  | \$13,019                                   | \$1,047  | \$0.26                             |
| 70'                   | 8          | \$3,600,000              | \$117,169                            | \$9,427   | \$14,646                                   | \$1,178  | \$0.26                             |
| HOA                   | -          | -                        | \$22,750                             | \$1,830   | -  | -  | -                                  |
| <b>Total</b>          | <b>182</b> | <b>\$69,200,000</b>      | <b>\$2,275,000</b>                   | <b>\$183,036</b>                                    |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the current assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Areas #2-3 Bonds. The above amounts are calculated based on an interest rate of 2.50% for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% thereafter, and a 30-year term for the applicable Neighborhood Improvement Areas #2-3 Bonds and annual administrative expense of \$25,000 increasing at 2.0% per year.

2 – Represents average Annual Installment excluding first year amount paid from capitalized interest.

Neighborhood Improvement Area #3 Assessed Property is part of the Major Improvement Area Assessed Property. As shown in Table IV-E, the Special Assessments related to the Major Improvement Area Bonds have been allocated to Neighborhood Improvement Area #3 and the remaining Future Neighborhood Improvement Areas. The original Special Assessments related to the Neighborhood Improvement Area #3 Improvements for the benefit of the Neighborhood Improvement Area #3 Assessed Property are shown in Table IV-J.1. The outstanding Special Assessments related to the Neighborhood Improvement Area #3 Improvements for the benefit of the Neighborhood Improvement Area #3 Assessed Property are shown in Table IV-J.2. As a result, the combined original Special Assessment on the Neighborhood Improvement Area #3 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Bonds and the Special Assessments for the Neighborhood Improvement Area #3 Improvements or the benefit of the Neighborhood Improvement Area #3 Assessed Property is shown in Table IV-J.1. The combined outstanding Special Assessment on the Neighborhood Improvement Area #3 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Bonds and the Special Assessments for the Neighborhood Improvement Area #3 Improvements or the benefit of the Neighborhood Improvement Area #3 Assessed Property is shown in Table IV-J.2.

*(remainder of this page is intentionally left blank)*

**Table IV-J.1**  
**Neighborhood Improvement Area #3**  
**Original Special Assessment Allocation (Combined)**

| Lot Size      | Units/SF   | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|---------------|------------|--------------------------|--------------------------|----------------------------|--------------------------------|--|------------------------------------|
| <i>NIA #3</i> |            |                          |                          |                            |                                |  |                                    |
| 50'           | 80         | \$28,000,000             | \$1,371,188              | \$116,471                  | \$17,140                       | \$1,456                                | \$0.42                             |
| 60'           | 94         | \$37,600,000             | \$1,841,309              | \$156,404                  | \$19,588                       | \$1,664                                | \$0.42                             |
| 70'           | 8          | \$3,600,000              | \$176,296                | \$14,975                   | \$22,037                       | \$1,872                                | \$0.42                             |
| HOA           | -          | -                        | \$34,230                 | \$2,908                    | -                              | -                                      | -                                  |
| <b>Total</b>  | <b>182</b> | <b>\$69,200,000</b>      | <b>\$3,423,023</b>       | <b>\$290,758</b>           |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #3 proportional share of the Special Assessment for Major Improvement Area Bonds shown in Table IV-E and the Special Assessments for the Neighborhood Improvement Area #3 show in Table IV-J.1 above. Estimates based on updated information provided by the Developer as part of this update to the SAP.

**Table IV-J.2**  
**Neighborhood Improvement Area #3**  
**Outstanding Special Assessment Allocation (Combined)**

| Lot Size      | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|---------------|------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #3</i> |            |                          |                                      |  |  |  |                                    |
| 50'           | 80         | \$28,000,000             | \$1,350,596                          | \$116,514                              | \$16,882                                   | \$1,456  | \$0.42                             |
| 60'           | 94         | \$37,600,000             | \$1,813,658                          | \$156,461                              | \$19,294                                   | \$1,664  | \$0.42                             |
| 70'           | 8          | \$3,600,000              | \$173,648                            | \$14,980                               | \$21,706                                   | \$1,873  | \$0.42                             |
| HOA           | -          | -                        | \$33,716                             | \$2,909                                | -  | -  | -                                  |
| <b>Total</b>  | <b>182</b> | <b>\$69,200,000</b>      | <b>\$3,371,619</b>                   | <b>\$290,864</b>                       |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #3 proportional share of the Special Assessment for Major Improvement Area Bonds shown in Table IV-E and the Special Assessments for the Neighborhood Improvement Area #3 show in Table IV-J.2 above. Estimates based on updated information provided by the Developer as part of this update to the SAP.

*Assessment Methodology for Neighborhood Improvement Area #4*

For purpose of this SAP, the City Council has determined that the Actual Costs of the portion of the Neighborhood Area #4 Improvements to be financed the Neighborhood Improvement Area #4 Bonds shall be allocated to the Neighborhood Improvement Area #4 Assessed Property by spreading the entire Special Assessment for the Neighborhood Improvement Area #4 Improvements across all Lots within the Neighborhood Improvement Area #4 based on the ratio of the estimated build out value of each Lot to the total build out value for the Neighborhood Improvement Area #4. Table IV-K.1 summarizes the allocation of the original Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #4 Assessed Property. Table IV-K.2 summarizes the current allocation of the Special Assessments relating to PID Bonds for the Neighborhood Improvement Area #4 Assessed Property.

Based on the costs provided by the Developer for the Neighborhood Improvement Area #4 Improvements benefitting Neighborhood Area #4, the City Council has determined that the benefit to the Neighborhood Improvement Area #4 Assessed Property from the Neighborhood Improvement Area #4 Improvements is at least equal to the Special Assessments levied on the Neighborhood Improvement Area #4 Assessed Property.

The Special Assessments and Annual Installments for each Parcel or Lot located in Neighborhood Improvement Area #4 are shown on the Assessment Roll, attached as Appendix H, and no Special Assessment shall be changed except as authorized by this SAP or the PID Act. Table IV-K.1 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #4 Assessed Property at the time the Assessment Ordinance approving this Service and Assessment Plan update was adopted by the City Council. Table IV-K.2 summarizes the allocation of the original Special Assessment relating to the Neighborhood Improvement Area #4 Assessed Property. This SAP will be modified by the City Council as appropriate based on the actual amount of Neighborhood Improvement Area #4 Bonds that are sold.

**Table IV-K.1**  
**Neighborhood Improvement Area #4**  
**Original Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------|----------------------------|--------------------------------|--|------------------------------------|
| <i>NIA #4</i>         |            |                          |                          |                            |                                |  |                                    |
| 50'                   | 156        | \$70,200,000             | \$2,783,628              | \$202,882                  | \$17,844                       | \$1,301                                | \$0.29                             |
| 60'                   | 100        | \$50,000,000             | \$1,982,641              | \$144,503                  | \$19,826                       | \$1,445                                | \$0.29                             |
| 70'                   | 20         | \$11,000,000             | \$436,181                | \$31,791                   | \$21,809                       | \$1,590                                | \$0.29                             |
| HOA                   | -          | -                        | \$52,550                 | \$3,830                    | -                              | -                                      | -                                  |
| <b>Total</b>          | <b>276</b> | <b>\$131,200,000</b>     | <b>\$5,255,000</b>       | <b>\$383,006</b>           |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the original assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Area #4 Bonds. The above amounts are calculated based on an estimated interest rate of 4.25% and a 30-year term for the Neighborhood Improvement Area #4 Bonds and annual administrative expense of \$25,000 increasing at 2.0% per year.

*(remainder of this page is intentionally left blank)*

**Table IV-K.2**  
**Neighborhood Improvement Area #4**  
**Outstanding Special Assessment Allocation**

| Lot Size <sup>1</sup> | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|-----------------------|------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #4</i>         |            |                          |                                      |  |  |  |                                    |
| 50'                   | 156        | \$70,200,000             | \$2,783,628                          | \$202,882                              | \$17,844                                   | \$1,301  | \$0.29                             |
| 60'                   | 100        | \$50,000,000             | \$1,982,641                          | \$144,503                              | \$19,826                                   | \$1,445  | \$0.29                             |
| 70'                   | 20         | \$11,000,000             | \$436,181                            | \$31,791                               | \$21,809                                   | \$1,590  | \$0.29                             |
| HOA                   | -          | -                        | \$52,550                             | \$3,830                                | -  | -  | -                                  |
| <b>Total</b>          | <b>276</b> | <b>\$131,200,000</b>     | <b>\$5,255,000</b>                   | <b>\$383,006</b>                       |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: Estimates are based on information provided by the Developer as part of this update to the SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown above, the original assessment allocation for each Lot Type will not change unless modified in a Annual Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with the Neighborhood Improvement Area #4 Bonds. The above amounts are calculated based on an estimated interest rate of 4.25% and a 30-year term for the Neighborhood Improvement Area #4 Bonds and annual administrative expense of \$25,000 increasing at 2.0% per year.

Neighborhood Improvement Area #4 Assessed Property is part of the Major Improvement Area Assessed Property. As shown in Table IV-E, the Special Assessments related to the Major Improvement Area Bonds have been allocated to Neighborhood Improvement Area #4 and the remaining Future Neighborhood Improvement Areas. The original Special Assessments related to the Neighborhood Improvement Area #4 Improvements for the benefit of the Neighborhood Improvement Area #4 Assessed Property are shown in Table IV-K.1. The outstanding Special Assessments related to the Neighborhood Improvement Area #4 Improvements for the benefit of the Neighborhood Improvement Area #4 Assessed Property are shown in Table IV-K.2. As a result, the combined original Special Assessment on the Neighborhood Improvement Area #4 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Bonds and the Special Assessments for the Neighborhood Improvement Area #4 Improvements or the benefit of the Neighborhood Improvement Area #4 Assessed Property is shown in Table IV-L.1. The combined outstanding Special Assessment on the Neighborhood Improvement Area #4 Assessed Property, representing the proportional share of the Special Assessments for Major Improvement Bonds and the Special Assessments for the Neighborhood Improvement Area #4 Improvements or the benefit of the Neighborhood Improvement Area #4 Assessed Property is shown in Table IV-L.2.

*(remainder of this page is intentionally left blank)*

**Table IV-L.1**  
**Neighborhood Improvement Area #4**  
**Original Special Assessment Allocation (Combined)**

| Lot Size      | Units/SF   | Estimated Buildout Value | Total Special Assessment | Average Annual Installment | Special Assessment Per Unit/SF | Average Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|---------------|------------|--------------------------|--------------------------|----------------------------|--------------------------------|--|------------------------------------|
| <i>NIA #4</i> |            |                          |                          |                            |                                |  |                                    |
| 50'           | 156        | \$70,200,000             | \$3,936,595              | \$311,068                  | \$25,235                       | \$1,994                                | \$0.44                             |
| 60'           | 100        | \$50,000,000             | \$2,803,842              | \$221,558                  | \$28,038                       | \$2,216                                | \$0.44                             |
| 70'           | 20         | \$11,000,000             | \$616,845                | \$48,743                   | \$30,842                       | \$2,437                                | \$0.44                             |
| HOA           | -          | -                        | \$74,316                 | \$5,872                    | -                              | -                                      | -                                  |
| <b>Total</b>  | <b>276</b> | <b>\$131,200,000</b>     | <b>\$7,431,598</b>       | <b>\$587,241</b>           |                                |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #4 proportional share of the Special Assessment for Major Improvement Area Bonds shown in Table IV-E and the Special Assessments for the Neighborhood Improvement Area #4 show in Table IV-K.1 above. Estimates based on updated information provided by the Developer as part of this update to the SAP.

**Table IV-L.2**  
**Neighborhood Improvement Area #4**  
**Outstanding Special Assessment Allocation (Combined)**

| Lot Size      | Units/SF   | Estimated Buildout Value | Total Outstanding Special Assessment | Average Outstanding Annual Installment | Outstanding Special Assessment Per Unit/SF | Average Outstanding Annual Installment Per Unit/SF | Equivalent Tax Rate (Per \$100/AV) |
|---------------|------------|--------------------------|--------------------------------------|--|--|--|------------------------------------|
| <i>NIA #4</i> |            |                          |                                      |  |  |  |                                    |
| 50'           | 156        | \$70,200,000             | \$3,884,969                          | \$311,175                              | \$24,904                                   | \$1,995  | \$0.44                             |
| 60'           | 100        | \$50,000,000             | \$2,767,072                          | \$221,634                              | \$27,671                                   | \$2,216  | \$0.44                             |
| 70'           | 20         | \$11,000,000             | \$608,756                            | \$48,760                               | \$30,438                                   | \$2,438  | \$0.44                             |
| HOA           | -          | -                        | \$73,341                             | \$5,874                                | -  | -  | -                                  |
| <b>Total</b>  | <b>276</b> | <b>\$131,200,000</b>     | <b>\$7,334,139</b>                   | <b>\$587,443</b>                       |  |  |                                    |

1 - 70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.  
 Note: The combined amounts show the Neighborhood Improvement Area #4 proportional share of the Special Assessment for Major Improvement Area Bonds shown in Table IV-E and the Special Assessments for the Neighborhood Improvement Area #4 show in Table IV-K.2 above. Estimates based on updated information provided by the Developer as part of this update to the SAP.

*Assessment Methodology for Future Neighborhood Improvement Areas*

When and if the Future Neighborhood Improvement Areas are developed and the issuance of Future Neighborhood Improvement Area Bonds are contemplated, this SAP will be amended to determine the assessment methodology necessary to apply equal shares of the Actual Costs of Future Neighborhood Improvement Area Improvements on Assessed Property similarly benefited within that Future Neighborhood Improvement Area.

## **J. SPECIAL ASSESSMENT AND ANNUAL INSTALLMENTS**

The Special Assessments for the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, and the Neighborhood Improvement Areas #2-3 Bonds have been levied on each Parcel or Lot according to the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, and the Neighborhood Improvement Area #4 Assessment Roll, as applicable. The Annual Installments for the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, and Neighborhood Improvement Area #4 Bonds will be collected on the dates and in the amounts shown on the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, and the Neighborhood Improvement Area #4 Assessment Roll subject to revisions made during an Annual Service Plan Update.

## **K. ADMINISTRATIVE EXPENSES**

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel or Lot based on the amount of outstanding assessment remaining on the Parcel or Lot. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, and the Neighborhood Improvement Area #4 Assessment Roll shown on Appendix D, Appendix E, Appendix F, Appendix G, and Appendix H, respectively, which are subject to revision through Annual Service Plan Updates.

## **L. ADDITIONAL INTEREST RATE**

Pursuant to the PID Act, the interest rate for Special Assessments may exceed the actual interest rate per annum paid on bonds issued by a PID by no more than one half of one percent (0.50%) per annum, (the "Additional Interest Rate").

## **M. PREPAYMENT RESERVE – MAJOR IMPROVEMENT AREA BONDS & NEIGHBORHOOD IMPROVEMENT AREA #1 BONDS**

As described above, a portion of the funds generated by the Additional Interest Rate will be allocated to fund the associated interest charged between the date of prepayment of a Special Assessment levied against the Major Improvement Area and Neighborhood Improvement Area #1 and the date on which related PID Bonds are actually redeemed (the "Prepayment Reserve"). The Prepayment Reserve shall be funded each year until it reaches 1.5% of the par amount of the related PID Bonds, but in no event will the annual collections be more than 0.20% per annum higher than the actual interest rate paid on the related PID Bonds. If the PID Act is subsequently amended to allow a prepayment of a Special Assessment levied against the Major Improvement Area and Neighborhood Improvement Area #1 to include all applicable interest from the date of prepayment through and including the date of the regularly scheduled PID Bond payments to be charged upon

the prepayment of the Special Assessment levied against the Major Improvement Area and Neighborhood Improvement Area #1, the 0.20% per annum allocated to fund the associated interest charged between the date of prepayment of the Special Assessment levied against the Major Improvement Area and Neighborhood Improvement Area #1 and the date on which the related PID Bonds are actually prepaid may be eliminated at the election of the City. If the Prepayment Reserve requirement is so eliminated or in a given year the additional reserve is fully funded at 1.5% of the par amount of the related PID Bonds, the City can allocate the Prepayment Reserve component of the Additional Interest Rate collected during that year to the Delinquency Reserve or to pay Administrative Expenses as set forth in the Indentures related to such PID Bonds.

**N. DELINQUENCY RESERVE – MAJOR IMPROVEMENT AREA BONDS & NEIGHBORHOOD IMPROVEMENT AREA #1 BONDS**

As described above, a portion of the funds generated by the Additional Interest Rate will be allocated to offset any possible delinquent payments. This additional reserve (the “Delinquency Reserve”) shall be funded each year up to 4.0% of the par amount of the related PID Bonds, but in no event will the annual collection of the Delinquency Reserve be more than 0.30% per annum higher than the actual interest rate paid on the related PID Bonds. If in a given year the additional reserve is fully funded at 4.0% of the par amount of the related PID Bonds, the City can allocate the Delinquency Reserve component of the Additional Interest Rate collected during that year to redeem PID Bonds as set forth in the Indenture.

**O. ADDITIONAL INTEREST RESERVE – NEIGHBORHOOD IMPROVEMENT AREAS #2-3 BONDS & NEIGHBORHOOD IMPROVEMENT AREA #4 BONDS**

A portion of the funds generated by the Additional Interest Rate will be allocated to fund the associated interest charged between the date of prepayment of a Special Assessment levied against Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, or Neighborhood Improvement Area #4 and the date on which Neighborhood Improvement Areas #2-3 Bonds or Neighborhood Improvement Area #4 Bonds are actually redeemed and to offset any possible delinquent payments. To the extent funds are available under the applicable Indenture, this additional reserve for Neighborhood Improvement Areas #2-3 Bonds and Neighborhood Improvement Area #4 Bonds (each, the “Delinquency and Prepayment Reserve”) shall be funded each year up to 5.5% of the respective par amount of the Neighborhood Improvement Areas #2-3 Bonds and Neighborhood Improvement Area #4 Bonds. If in a given year the additional reserve is fully funded at 5.5% of the par amount of the Neighborhood Improvement Areas #2-3 Bonds or Neighborhood Improvement Area #4 Bonds, as applicable, the City shall designate such Additional Interest Rate collected for the redemption of Neighborhood Improvement Areas #2-3 Bonds or Neighborhood Improvement Area #4 Bonds as set forth in the applicable Indenture.

*(remainder of this page is intentionally left blank)*



---

---

## ***V. SERVICE PLAN***

---

---

### **A. INTRODUCTION**

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 PID during the five-year period. The Major Improvements, the Neighborhood Improvement Area #1 Projects, the Neighborhood Improvement Area #2 Improvements, and the Neighborhood Improvement Area #3 Improvements have been constructed and accepted by the City. It is anticipated construction of the Neighborhood Improvement Area #4 Improvements will be complete by the end of March 2022. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Rolls. Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

The projected Annual Installments for the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds (relating to Neighborhood Improvement Area #2), the Neighborhood Improvement Areas #2-3 Bonds (relating to Neighborhood Improvement Area #3), and the Neighborhood Improvement Area #4 Bonds are shown on Appendix D, Appendix E, Appendix F, Appendix G, and Appendix H, respectively. The projected annual installments are subject to revision and shall be updated in the Annual Service Plan Update as necessary.

*(remainder of this page is intentionally left blank)*

The Actual Costs for the Major Improvement Area Projects plus costs related to the issuance of the Major Improvement Area Bonds, and payment of expenses incurred in the establishment, administration and operation of the PID is \$8,471,369 as shown in Table V-A. The sources and uses of funds shown in Table V-A shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

**Table V-A**  
**Major Improvement Area Bonds**  
**Sources and Uses of Funds**

| <b>Sources of Funds</b>                        | <b>Amount</b>      |
|--|--------------------|
| Gross Bond Amount                              | \$8,040,000        |
| Owner Contribution (a)                         | \$431,369          |
| <b>Total Sources of Funds</b>                  | <b>\$8,471,369</b> |
| <b>Uses of Funds</b>                           |                    |
| Project Fund Deposits:                         |                    |
| Authorized Improvements (b)                    | \$6,146,368        |
| Developers Counsel/SAP/Appraisal               | \$98,829           |
| <i>Subtotal</i>                                | <i>\$6,245,197</i> |
| Other Fund Deposits                            |                    |
| Debt Service Reserve Fund (c)                  | \$653,930          |
| Capitalized Interest (d)                       | \$1,020,075        |
| Additional Proceeds                            | \$2,448            |
| Cost of Issuance                               | \$336,598          |
| Underwriters Discount/Underwriters Counsel (e) | \$213,121          |
| <b>Total Uses of Funds</b>                     | <b>\$8,471,369</b> |

(a) Developers funded all costs not covered by the PID Bonds.

(b) See Table III-A and Table IV-A for details.

(c) The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

(d) The PID Bonds include 21 months of capitalized interest.

(e) The PID Bonds had a 2.65% Underwriter's Discount, which included Underwriter's Counsel Fee.

*(remainder of this page is intentionally left blank)*

The Actual Costs for the Neighborhood Improvement Area #1 Projects plus costs related to the issuance of the Neighborhood Improvement Area #1 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$6,978,903 as shown in Table V-B. The sources and uses of funds shown in Table V-B shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

**Table V-B**  
**Neighborhood Improvement Area #1 Bonds**  
**Sources and Uses of Funds**

| <b>Sources of Funds</b>                                   | <b>Amount</b>      |
|---|--------------------|
| Gross Bond Amount   | \$5,790,000        |
| Owner Contribution <sup>(a)</sup>                         | \$1,188,903        |
| <b>Total Sources of Funds</b>                             | <b>\$6,978,903</b> |
| <b>Uses of Funds</b>                                      |                    |
| Project Fund Deposits:                                    |                    |
| Authorized Improvements <sup>(b)</sup>                    | \$5,733,903        |
| Developers Counsel/SAP/Appraisal                          | \$71,171           |
| <i>Subtotal</i>   | <i>\$5,805,074</i> |
| Other Fund Deposits                                       |                    |
| Debt Service Reserve Fund <sup>(c)</sup>                  | \$412,100          |
| Capitalized Interest <sup>(d)</sup>                       | \$357,247          |
| Additional Proceeds                                       | \$0                |
| Cost of Issuance  | \$251,003          |
| Underwriters Discount/Underwriters Counsel <sup>(e)</sup> | \$153,479          |
| <b>Total Uses of Funds</b>                                | <b>\$6,978,903</b> |

(a) Developers funded all costs not covered by the PID Bonds.

(b) See Table III-B and Table IV-B for details.

(c) The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

(d) The PID Bonds include 12 months of capitalized interest.

(e) The PID Bonds had a 2.65% Underwriter's Discount, which included Underwriter's Counsel Fee.

*(remainder of this page is intentionally left blank)*

The Actual Costs for the Neighborhood Improvement Area #2 Improvements plus costs related to financing such improvements, and payment of expenses incurred in the administration and operation of the PID and issuing the Neighborhood Improvement Areas #2-3 Bonds is \$3,649,490 as shown in Table V-C. The sources and uses of funds shown in Table V-C shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

**Table V-C**  
**Neighborhood Improvement Area #2**  
**Sources and Uses of Funds**

| <b>Sources of Funds</b>                                   | <b>Amount</b>      |
|---|--------------------|
| Gross Bond Amount   | \$920,000          |
| Reimbursement Agreement Payment <sup>(a)</sup>            | \$25,000           |
| Owner Contribution <sup>(b)</sup>                         | \$2,704,490        |
| <b>Total Sources of Funds</b>                             | <b>\$3,649,490</b> |
| <b>Uses of Funds</b>                                      |                    |
| Project Fund Deposits:                                    |                    |
| Authorized Improvements <sup>(c)</sup>                    | \$3,492,146        |
| Other Fund Deposits                                       |                    |
| Debt Service Reserve Fund <sup>(d)</sup>                  | \$69,738           |
| Cost of Issuance  | \$60,006           |
| Underwriters Discount/Underwriters Counsel <sup>(e)</sup> | \$27,600           |
| <b>Total Uses of Funds</b>                                | <b>\$3,649,490</b> |

- (a) Represents payments made under the PID Reimbursement Agreement.
- (b) Developers will fund all costs not covered by the PID Bonds.
- (c) See Table III-C and Table IV-C for details.
- (d) The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.
- (e) The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

*(remainder of this page is intentionally left blank)*

The Actual Costs for the Neighborhood Improvement Area #3 Projects plus costs related to the issuance of the Neighborhood Improvement Areas #2-3 Bonds, and payment of expenses incurred in the establishment, administration and operation of the PID is \$4,003,840 as shown in Table V-D. The sources and uses of funds shown in Table V-D shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

**Table V-D**  
**Neighborhood Improvement Area #3**  
**Sources and Uses of Funds**

| <b>Sources of Funds</b>                                   | <b>Amount</b>      |
|---|--------------------|
| Gross Bond Amount   | \$2,275,000        |
| Owner Contribution <sup>(a)</sup>                         | \$1,728,840        |
| <b>Total Sources of Funds</b>                             | <b>\$4,003,840</b> |
| <b>Uses of Funds</b>                                      |                    |
| Project Fund Deposits:                                    |                    |
| Authorized Improvements <sup>(b)</sup>                    | \$3,509,942        |
| Other Fund Deposits                                       |                    |
| Debt Service Reserve Fund <sup>(c)</sup>                  | \$172,451          |
| Administrative Fund                                       | \$25,000           |
| Capitalized Interest <sup>(d)</sup>                       | \$79,814           |
| Cost of Issuance  | \$148,384          |
| Underwriters Discount/Underwriters Counsel <sup>(e)</sup> | \$68,250           |
| <b>Total Uses of Funds</b>                                | <b>\$4,003,840</b> |

(a) Developers will fund all costs not covered by the PID Bonds.

(b) See Table III-D and Table IV-D for details.

(c) The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

(d) The PID Bonds include 12 months of capitalized interest.

(e) The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

*(remainder of this page is intentionally left blank)*

The estimated Actual Costs for the Neighborhood Improvement Area #4 Improvements plus costs related to the issuance of the Neighborhood Improvement Area #4 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$7,901,179 as shown in Table V-E. The sources and uses of funds shown in Table V-E shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

**Table V-E**  
**Neighborhood Improvement Area #4**  
**Projected Sources and Uses of Funds**

| <b>Sources of Funds</b>                                   | <b>Amount</b>      |
|---|--------------------|
| Gross Bond Amount   | \$5,255,000        |
| Owner Contribution <sup>(a)</sup>                         | \$2,646,179        |
| <b>Total Sources of Funds</b>                             | <b>\$7,901,179</b> |
| <b>Uses of Funds</b>                                      |                    |
| Project Fund Deposits:                                    |                    |
| Authorized Improvements <sup>(b)</sup>                    | \$6,737,742        |
| Other Fund Deposits                                       |                    |
| Debt Service Reserve Fund <sup>(c)</sup>                  | \$415,875          |
| Administrative Fund                                       | \$25,000           |
| Capitalized Interest                                      | \$223,338          |
| Cost of Issuance  | \$341,575          |
| Underwriters Discount/Underwriters Counsel <sup>(d)</sup> | \$157,650          |
| <b>Total Uses of Funds</b>                                | <b>\$7,901,179</b> |

(a) Developers will fund all costs not covered by the PID Bonds.  
(b) See Table III-E and Table IV-E for details.  
(c) The PID Bonds will include a debt service reserve fund calculated in accordance with IRS rules.  
(d) The PID Bonds will have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

*(remainder of this page is intentionally left blank)*

The projected Annual Installments for the first five years after the approval of the Original SAP for the Major Improvement Area Bonds are presented in Table V-E. The projected Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any change expected for each year.

**Table V-E**  
**Major Improvement Area**  
**Projected Annual Installments**

| Period Ending 9/30 | Principal Payments | Interest Expense   | Administrative Expenses | Prepayment Reserve & Delinquency Reserve | Capitalized Interest/Other Credits | Annual PID Installments |
|--------------------|--------------------|--------------------|-------------------------|--|------------------------------------|-------------------------|
| 2020 & Prior       | \$424,555          | \$1,908,314        | \$142,103               | \$187,380                                | (\$417,075)                        | \$2,564,457             |
| 2021               | \$100,000          | \$583,500          | \$33,122                | \$38,900                                 | (\$603,000)                        | \$755,522               |
| 2022               | \$105,000          | \$576,000          | \$33,785                | \$38,400                                 | (\$20,336)                         | \$753,185               |
| 2023               | \$115,000          | \$568,125          | \$34,461                | \$37,875                                 | (\$14,849)                         | \$755,461               |
| 2024               | \$125,000          | \$559,500          | \$35,150                | \$37,300                                 | (\$174,381)                        | \$756,950               |
| 2025               | \$135,000          | \$550,125          | \$35,853                | \$36,675                                 | \$0                                | \$757,653               |
| <b>Total</b>       | <b>\$1,004,555</b> | <b>\$4,745,564</b> | <b>\$314,474</b>        | <b>\$376,530</b>                         | <b>(\$1,229,641)</b>               | <b>\$6,343,228</b>      |

Note: The projected Annual Installments are the expenditures associated with the formation of the PID, the costs of issuance and repayment of the PID Bonds and the administration of the PID. The debt service estimates are based on 5.38% interest rate, 0.50% additional interest for the Prepayment Reserve and Delinquency Reserve and a 30-year term for the initial series of PID Bonds. Administrative Expenses are estimated to increase at a rate of 2% per year.

The projected Annual Installments for the first five years after the approval of the Original SAP for the Neighborhood Improvement Area #1 Bonds are presented in Table V-F. The projected Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any change expected for each year.

**Table V-F**  
**Neighborhood Improvement Area #1**  
**Projected Annual Installments**

| Period Ending 9/30 | Principal Payments | Interest Expense   | Administrative Expenses | Prepayment Reserve & Delinquency Reserve | Capitalized Interest/Other Credits | Annual PID Installments |
|--------------------|--------------------|--------------------|-------------------------|--|------------------------------------|-------------------------|
| 2020 & Prior       | \$290,170          | \$1,748,613        | \$144,969               | \$134,316                                | (\$250,297)                        | \$1,854,980             |
| 2021               | \$90,000           | \$346,875          | \$33,122                | \$27,750                                 | (\$106,951)                        | \$497,747               |
| 2022               | \$95,000           | \$341,250          | \$33,785                | \$27,300                                 | (\$6,234)                          | \$497,335               |
| 2023               | \$100,000          | \$335,313          | \$34,461                | \$26,825                                 | (\$35,250)                         | \$496,599               |
| 2024               | \$105,000          | \$329,063          | \$35,150                | \$26,325                                 | (\$64,356)                         | \$495,538               |
| 2025               | \$110,000          | \$322,500          | \$35,853                | \$25,800                                 | \$0                                | \$494,153               |
| <b>Total</b>       | <b>\$790,170</b>   | <b>\$3,423,614</b> | <b>\$317,340</b>        | <b>\$268,316</b>                         | <b>(\$463,088)</b>                 | <b>\$4,336,352</b>      |

Note: The projected Annual Installments are the expenditures associated with the formation of the PID, the costs of issuance and repayment of the PID Bonds and the administration of the PID. The debt service estimates are based on 5.13% interest rate, 0.50% additional interest for the Prepayment Reserve and Delinquency Reserve and a 30 year term for the initial series of PID Bonds. Administrative Expenses are estimated to increase at a rate of 2% per year.

The projected Annual Installments for the first five years after the approval of the version of the SAP approved for the Neighborhood Improvement Area #2 Improvements are presented in Table V-G. The projected Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any change expected for each year.

**Table V-G**  
**Neighborhood Improvement Area #2**  
**Projected Annual Installments**

| <b>Period Ending 9/30</b> | <b>Principal Payments</b> | <b>Interest Expense</b> | <b>Administrative Expenses</b> | <b>Additional Interest Reserve</b> | <b>Capitalized Interest/Other Credits</b> | <b>Annual PID Installments</b> |
|---------------------------|---------------------------|-------------------------|--------------------------------|------------------------------------|---|--------------------------------|
| 2020 & Prior              | \$25,000                  | \$54,322                | \$13,337                       | \$0                                | \$0                                       | \$92,659                       |
| 2021                      | \$25,000                  | \$31,704                | \$15,000                       | \$0                                | \$0                                       | \$71,704                       |
| 2022                      | \$20,000                  | \$33,856                | \$15,300                       | \$4,475                            | \$0                                       | \$73,631                       |
| 2023                      | \$20,000                  | \$33,356                | \$15,606                       | \$4,375                            | \$0                                       | \$73,337                       |
| 2024                      | \$20,000                  | \$32,856                | \$15,918                       | \$4,275                            | \$0                                       | \$73,049                       |
| 2025                      | \$20,000                  | \$32,356                | \$16,236                       | \$4,175                            | \$0                                       | \$72,768                       |
| <b>Total</b>              | <b>\$130,000</b>          | <b>\$218,451</b>        | <b>\$91,398</b>                | <b>\$17,300</b>                    | <b>\$0</b>                                | <b>\$457,148</b>               |

Note: The projected Annual Installments are the expenditures associated with the formation of the PID, the costs of issuance and repayment of the PID Bonds and the administration of the PID. The debt service is based on 2.50% interest rate for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% thereafter, 0.50% additional interest for the Additional Interest Reserve and a 30 year term for the initial series of PID Bonds. Administrative Expenses are estimated to increase at a rate of 2% per year.

The projected Annual Installments for the first five years after the approval of the version of the SAP approved for the Neighborhood Improvement Area #3 Improvements are presented in Table V-H. The projected Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any change expected for each year.

**Table V-H**  
**Neighborhood Improvement Area #3**  
**Projected Annual Installments**

| <b>Period Ending 9/30</b> | <b>Principal Payments</b> | <b>Interest Expense</b> | <b>Administrative Expenses</b> | <b>Additional Interest Reserve</b> | <b>Capitalized Interest/Other Credits</b> | <b>Annual PID Installments</b> |
|---------------------------|---------------------------|-------------------------|--------------------------------|------------------------------------|---|--------------------------------|
| 2021                      | \$0                       | \$79,814                | \$0                            | \$0                                | (\$79,814)                                | \$0                            |
| 2022                      | \$40,000                  | \$86,806                | \$25,500                       | \$11,375                           | \$0                                       | \$163,681                      |
| 2023                      | \$40,000                  | \$85,806                | \$26,010                       | \$11,175                           | \$0                                       | \$162,991                      |
| 2024                      | \$40,000                  | \$84,806                | \$26,530                       | \$10,975                           | \$0                                       | \$162,311                      |
| 2025                      | \$40,000                  | \$83,806                | \$27,061                       | \$10,775                           | \$0                                       | \$161,642                      |
| <b>Total</b>              | <b>\$160,000</b>          | <b>\$421,039</b>        | <b>\$105,101</b>               | <b>\$44,300</b>                    | <b>(\$79,814)</b>                         | <b>\$650,626</b>               |

Note: The projected Annual Installments are the expenditures associated with the formation of the PID, the costs of issuance and repayment of the PID Bonds and the administration of the PID. The debt service is based on 2.50% interest rate for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% thereafter, 0.50% additional interest for the Additional Interest Reserve and a 30 year term for the initial series of PID Bonds. Administrative Expenses are estimated to increase at a rate of 2% per year.

The projected Annual Installments for the first five years after the approval of this SAP for the Neighborhood Improvement Area #4 Improvements are presented in Table V-I. The projected



Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any change expected for each year.

**Table V-I**  
**Neighborhood Improvement Area #4**  
**Projected Annual Installments**

| <b>Period Ending 9/30</b> | <b>Principal Payments</b> | <b>Interest Expense</b> | <b>Administrative Expenses</b> | <b>Additional Interest Reserve</b> | <b>Capitalized Interest/Other Credits</b> | <b>Annual PID Installments</b> |
|---------------------------|---------------------------|-------------------------|--------------------------------|------------------------------------|---|--------------------------------|
| 2022                      | \$0                       | \$223,338               | \$0                            | \$0                                | (\$223,338)                               | \$0                            |
| 2023                      | \$70,000                  | \$223,338               | \$25,500                       | \$26,275                           | \$0                                       | \$345,113                      |
| 2024                      | \$75,000                  | \$220,363               | \$26,010                       | \$25,925                           | \$0                                       | \$347,298                      |
| 2025                      | \$75,000                  | \$217,175               | \$26,530                       | \$25,550                           | \$0                                       | \$344,255                      |
| 2026                      | \$80,000                  | \$213,988               | \$27,061                       | \$25,175                           | \$0                                       | \$346,223                      |
| <b>Total</b>              | <b>\$300,000</b>          | <b>\$1,098,200</b>      | <b>\$105,101</b>               | <b>\$102,925</b>                   | <b>(\$223,338)</b>                        | <b>\$1,382,889</b>             |

Note: The projected Annual Installments are the expenditures associated with the costs of issuance and repayment of the PID Bonds and the administration of the PID. The debt service is based on an estimated 4.25% interest rate, 0.50% additional interest for the Additional Interest Reserve and a 30 year term for the initial series of PID Bonds. Administrative Expenses are estimated to increase at a rate of 2% per year.

*(remainder of this page is intentionally left blank)*

---

---

## ***VI. TERMS OF THE SPECIAL ASSESSMENTS***

---

---

### **A. AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE MAJOR IMPROVEMENT AREA**

The Special Assessments and Annual Installments for the Major Improvement Area Assessed Property are shown on the Major Improvement Area Assessment Roll in Appendix D. The Special Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act. The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Major Improvement Area Bonds, (ii) to fund the Prepayment Reserve for the Major Improvement Area Bonds, (iii) to fund the Delinquency Reserve for the Major Improvement Area Bonds, and (iv) to cover the Administrative Expenses of the Major Improvement Area.

### **B. AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #1, NEIGHBORHOOD IMPROVEMENT AREA #2, NEIGHBORHOOD IMPROVEMENT AREA #3, AND NEIGHBORHOOD IMPROVEMENT AREA #4**

The Special Assessments and Annual Installments for each Neighborhood Improvement Area #1 Assessed Property are shown on the Neighborhood Improvement Area #1 Assessment Roll in Appendix E.

The Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act. The Annual Installments shall be collected from Neighborhood Improvement Area #1 Assessed Property in an amount sufficient to pay (i) the principal and interest on the Neighborhood Improvement Area #1 Bonds, (ii) to fund the Prepayment Reserve for the Neighborhood Improvement Area #1 Bonds, (iii) to fund the Delinquency Reserve for the Neighborhood Improvement Area #1 Bonds, and (iv) to cover the Administrative Expenses of Neighborhood Improvement Area #1.

The Special Assessment and Annual Installments for each Assessed Property located within Neighborhood Improvement Area #2 are shown on the Neighborhood Improvement Area #2 Assessment Roll, attached as Appendix F. The Special Assessment and Annual Installments shall not be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) Neighborhood Improvement Area #2's portion of the principal and interest on the Neighborhood Improvement Areas #2-3 Bonds, (ii) to fund the Additional Interest Reserve for the Neighborhood Improvement Areas #2-3 Bonds, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #2.

The Special Assessment and Annual Installments for each Assessed Property located within Neighborhood Improvement Area #3 are shown on the Neighborhood Improvement Area #3 Assessment Roll, attached as Appendix G. The Special Assessment and Annual Installment shall not be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) Neighborhood Improvement Area #3's portion of the principal and interest on the Neighborhood Improvement Areas #2-3 Bonds, (ii) to fund the Additional Interest Reserve for the Neighborhood Improvement Areas #2-3 Bonds, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #3.

The Special Assessment and Annual Installments for each Assessed Property located within Neighborhood Improvement Area #4 are shown on the Neighborhood Improvement Area #4 Assessment Roll, attached as Appendix H. The Special Assessment and Annual Installment shall not be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Neighborhood Improvement Area #4 Bonds, (ii) to fund the Additional Interest Reserve for the Neighborhood Improvement Area #4 Bonds, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #4.

**C. AMOUNT OF SPECIAL ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS**

When and if Future Neighborhood Improvement Areas are developed, this SAP will be amended to determine the Special Assessment and Annual Installments associated with the costs of Future Neighborhood Improvement Area Improvements for each Parcel or Lot located within a Future Neighborhood Improvement Area. The Special Assessment shall not exceed the benefit received by the Assessed Property.

**D. REALLOCATION OF ASSESSMENTS FOR PARCELS LOCATED WITHIN THE PID**

**1. Upon Division Prior to Recording of Subdivision Plat**

Upon the division of any Assessed Property (without the recording of 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 new divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the estimated build out value of the new divided Assessed Property
- D = the sum of the estimated build out value for all of the new divided Assessed Properties

The calculation of the estimated build out value of an Assessed Property shall be performed by the Administrator based on information from the City, the Developer, third party consultants, the Official Public Records of Collin County, Texas, and any other relevant source

of information regarding the Assessed Property. 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 an update to this Service and Assessment Plan 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 according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the estimated build out value of all new subdivided Lots with same Lot Type

D = the sum of the estimated build out value for all of the new subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an estimated build out value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact future as-built Lot value and any other information available to the Developer. The calculation of the estimated as-built Lot value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of Denton County, Texas 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 an update to this Service and Assessment Plan approved by the City Council.

### **3. Upon Consolidation**

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

### **4. Upon Change from a Commercial Parcel to a Residential Parcel**

Should an owner of an Assessed Property choose to change the intended land use for all or a portion of a Commercial Parcel to a Residential Parcel, the owner will, upon approval for the initial single family residential home building permit from the City, be required to pay down the Special Assessment and all Prepayment Costs for each Lot on the affected Assessed Property to a level equal to the average Special Assessment that a Lot within its similar Lot type is assessed.

## **E. REALLOCATION OF ASSESSMENTS FOR PARCELS LOCATED WITHIN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS**

As Future Neighborhood Improvement Areas are developed, this SAP will be amended to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Neighborhood Improvement Area.

## **F. MANDATORY PREPAYMENT OF ASSESSMENTS**

If Assessed Property or a portion thereof is transferred to a party that is exempt from the payment of the Special Assessment under applicable law, or if an owner causes a Parcel or portion thereof to become Non-Benefited Property, the owner of such Parcel or portion thereof shall pay to the City the full amount of the Special Assessment, plus all Prepayment Costs, for such Parcel, Lot or portion thereof prior to any such transfer or act.

## **G. REDUCTION OF SPECIAL ASSESSMENTS**

1. If after all Authorized Improvements to be funded with a series of PID Bonds have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Special Assessments securing such series of PID Bonds, resulting in excess PID Bond proceeds being available to redeem PID Bonds of such series, then the Special Assessment securing such series of PID Bonds for each Parcel of Assessed Property shall be reduced by the City Council (in accordance with the applicable Indenture or pro rata if no Indenture) such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem PID Bonds of such series. The Special Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds. If all

of the Authorized Improvements are not completed, the City may reduce the Special Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If all the Authorized Improvements are not undertaken, resulting in excess PID Bond proceeds being available to redeem PID Bonds, then the Special Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the PID Bonds, including interest on the PID Bonds and Collection Costs, and such excess Bond proceeds shall be applied to redeem PID Bonds. The City Council may reduce the Special Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on estimated build out value of each Parcel or Lot, if determined by the City Council to be the most fair and practical means of reducing the Special Assessments for each Parcel, such that the sum of the resulting reduced Special Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds and Collection Costs. The Principal Portion of the Special Assessment for each Parcel shall be reduced pro rata to the reduction in the Special Assessments for each Parcel such that the sum of the resulting reduced Principal Portion of the PID Bonds is equal to the outstanding principal amount of the PID Bonds.
3. If after all Authorized Improvements to be funded with a series of PID Bonds have been completed and the Actual Costs for the Authorized Improvements are less than the Budgeted Costs used to calculate the Special Assessments securing the PID Bonds, resulting in excess Bond proceeds, then the City Council may reduce the Special Assessment securing the PID Bonds for each Assessed Property on a pro rata basis such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the reduced Actual Costs. The Special Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds.
4. Similarly, if the City does not undertake some of the Authorized Improvements with the PID Bonds then the City Council may reduce the Special Assessment securing the PID Bonds for each Assessed Property pro-rata to reflect only the Actual Costs that were expended. The Special Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds.
5. The City Council may apply excess PID Bond proceeds to the redemption of the respective PID Bonds.

## **H. PAYMENT OF SPECIAL ASSESSMENTS**

### **1. Payment in Full**

The Special Assessment for any Parcel or Lot may be paid in full at any time in accordance the PID Act. The Payment shall include all Prepayment Costs, if any. If prepayment in full will result in redemption of PID Bonds, the payment amount shall be reduced by the applicable portion of the proceeds from a debt service reserve fund applied to the redemption pursuant to the related Indenture, net of any other costs applicable to the redemption of PID Bonds.

If an Annual Installment has been billed prior to payment in full of a Special Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount upon payment.

Upon payment in full of a Special Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the related Indenture; whereupon the Special Assessment for the Parcel or Lot shall be reduced to zero, and the Parcel or Lot owner's obligation to pay the Special Assessment and Annual Installments thereof shall automatically terminate. The City shall provide the owner of the affected Assessed Property a recordable "Notice of PID Assessment Termination."

At the option of a Parcel or Lot owner, the Special Assessment on any Parcel or Lot may be paid in part in an amount equal to the amount of prepaid Special Assessments plus Prepayment Costs, if any, with respect thereto. Upon the payment of such amount for a Parcel or Lot, the Special Assessment for the Parcel or Lot shall be reduced by the amount of such partial payment, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel or Lot shall be reduced to the extent the partial payment is made.

## **2. Payment of Annual Installments**

If a Special Assessment is not paid in full, the PID Act authorizes the City to collect interest and collection costs on the outstanding Special Assessment. A Special Assessment for a Parcel or Lot that is not paid in full will be collected in Annual Installments each year in the amounts shown in the applicable Assessment Roll and which includes interest on the outstanding Special Assessment and Administrative Expenses.

The Annual Installments as listed on the Major Improvement Area Assessment Roll and the Neighborhood Improvement Area #1 Assessment Roll have been calculated assuming the interest rate on the Major Improvement Area Bonds of 7.5% and the interest rate on the Neighborhood Improvement Area #1 Bonds of 6.25%, respectively. The Annual Installments as listed on the Neighborhood Improvement Area #2 Assessment Roll and the Neighborhood Improvement Area #3 Assessment Roll have been calculated using an interest rate on the Neighborhood Improvement Areas #2-3 Bonds of 2.50% for years 2021 through 2025, 3.125% for years 2026 through 2030, and 4.0% for years 2031 and after. The Annual Installments as listed on the Neighborhood Improvement Area #4 Assessment Roll have been calculated using an estimated interest rate on the Neighborhood Improvement Area #4 Bonds of 4.25%. The Annual Installments may not exceed the amounts shown on the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, or the Neighborhood Improvement Area #4 Assessment Roll except pursuant to any amendment or update to this SAP.

The Annual Installments shall be reduced to equal the actual costs of repaying the related series of PID Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund PID Bonds in accordance with Section 372.027 of the PID Act and the Indenture related to such PID Bonds. In the event of issuance of refunding bonds, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installment so that total Annual Installments of Special Assessments will be produced in annual amounts that are required to pay the debt service on the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute “PID Bonds” for purposes of this SAP.

## **I. COLLECTION OF ANNUAL INSTALLMENTS**

The Administrator shall, no less frequently than annually, prepare and submit to the City for its approval, 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 Assessed Property. Administrative Expenses shall be allocated among Assessed Properties in proportion to the amount of the Annual Installments before Administrative Expenses for the Assessed Property. Each Annual Installment shall be reduced by any credits applied under the applicable Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and existing deposits for a Prepayment Reserve or Additional Interest Reserve, as applicable. Annual Installments may be collected by the City (or such entity to whom the City directs) 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. The Special Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Special Assessment against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of a Special Assessment, shall be updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to the Major Improvement Area Bonds and the Neighborhood Improvement Area #1 Bonds will be due when billed and will be delinquent if not paid prior to February 1, 2017.

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #2 Improvements that benefit the Neighborhood Improvement Area #2 Assessed Property will be due when billed, and will be delinquent if not paid prior to February 1, 2021

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #3 Improvements that benefit the Neighborhood Improvement Area #3 Assessed Property will be due when billed, and will be delinquent if not paid prior to February 1, 2021



Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #4 Improvements that benefit the Neighborhood Improvement Area #4 Assessed Property will be due when billed and will be delinquent if not paid prior to the first February 1 following issuance of the Neighborhood Improvement Area #4 Bonds. It is expected that the first payment of the Annual Installment of the Special Assessment levied against the Neighborhood Improvement Area #4 Assessed Property will be due and payable by January 31, 2023 and delinquent if not paid prior to February 1, 2023.

**J. SURPLUS FUNDS REMAINING IN THE MAJOR IMPROVEMENT AREA BOND ACCOUNT**

If proceeds from the Major Improvement Area Bonds still remain after all of the Major Improvements are constructed and accepted by the City, the proceeds may be utilized in accordance with the Indenture related to the Major Improvement Area Bonds.

**K. SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREA #1 BOND ACCOUNT**

If proceeds from the Neighborhood Improvement Area #1 Bonds still remain after all of the Neighborhood Improvement Area #1 Projects are constructed and accepted by the City, the proceeds may be utilized in accordance with the Indenture related to the Neighborhood Improvement Area #1 Bonds.

**L. SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREAS #2-3 BOND ACCOUNT**

If proceeds from the Neighborhood Improvement Areas #2-3 Bonds still remain after all of the Neighborhood Improvement Area #2 Improvements and Neighborhood Improvement Area #3 Improvements are constructed and accepted by the City, the proceeds may be utilized in accordance with the Indenture related to the Neighborhood Improvement Areas #2-3 Bonds.

**M. SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREA #4 BOND ACCOUNT**

If proceeds from the Neighborhood Improvement Area #4 Bonds still remain after all of the Neighborhood Improvement Area #4 Improvements are constructed and accepted by the City, the proceeds may be utilized in accordance with the Indenture related to the Neighborhood Improvement Area #4 Bonds.

*(remainder of this page is intentionally left blank)*

# VII. THE ASSESSMENT ROLL

## A. MAJOR IMPROVEMENT ASSESSMENT ROLL

The City Council has evaluated each Parcel in the Major Improvement Area (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner’s Association Property, the Public Property, the types of Public Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Major Improvement Area Assessed Property was assessed for the special benefits conferred upon the property resulting from the Major Improvement Area Projects. Table VII-A summarizes the \$8,471,369 in special benefit received by the Major Improvement Area Assessed Property from the Major Improvements, a portion of the costs of the PID formation and administration, and the Major Improvement Area Bond issuance costs. The par amount of the Major Improvement Area Bonds is \$8,040,000, which is equal to the benefit received by the Major Improvement Area Assessed Property. Accordingly, the total Special Assessment to be applied to all the Major Improvement Area Assessed Property is \$8,040,000 plus annual Administrative Expenses. The Special Assessment for each Major Improvement Area Assessed Property is calculated based on the allocation methodologies described in Section IV.I. The Major Improvement Area Assessment Roll is attached hereto as Appendix D.

**Table VII-A**  
**Major Improvement Area Bonds**  
**Special Benefit Summary**

| Special Benefit                             | Total Cost         |
|---|--------------------|
| <b>Major Improvement Area Bonds</b>         |                    |
| <i>Total Authorized Improvements (a)</i>    | <i>\$6,146,368</i> |
| <b>PID Formation/Bond Costs of Issuance</b> |                    |
| Developer's Counsel/SAP/Appraisal           | \$98,829           |
| Reserve Fund                                | \$653,930          |
| Capitalized Interest                        | \$1,020,075        |
| Additional Proceeds                         | \$2,448            |
| Underwriter's Discount/Underwriters Counsel | \$213,121          |
| Cost of Issuance                            | \$336,598          |
| <i>PID Formation/Bond Cost of Issuance</i>  | <i>\$2,325,001</i> |
| <b>Total Special Benefit</b>                | <b>\$8,471,369</b> |
| <b>Special Benefit</b>                      |                    |
| Total Special Benefit                       | \$8,471,369        |
| Projected Special Assessment                | \$8,040,000        |
| <b>Excess Benefit</b>                       | <b>\$431,369</b>   |

(a) See Table III-A for details.

## B. NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #1 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Public Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #1 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #1 Projects. Table VII-B summarizes the \$6,978,902 in special benefit received by the Neighborhood Improvement Area #1 Property from the Neighborhood Improvement Area #1 Projects, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Area #1 Bond issuance costs. The par amount of the Neighborhood Improvement Area #1 Bonds is \$5,790,000, which is equal to the benefit received by the Neighborhood Improvement Area #1 Assessed Property. Accordingly, the total Special Assessment to be applied to all the Neighborhood Improvement Area #1 Assessed Property is \$5,790,000 plus annual Administrative Expenses. The Special Assessment for each Neighborhood Improvement Area #1 Assessed Property is calculated based on the allocation methodologies described in Section IV.I. The Neighborhood Improvement Area #1 Assessment Roll is attached hereto as Appendix E.

**Table VII-B**  
**Neighborhood Improvement Area #1 Bonds**  
**Special Benefit Summary**

| Special Benefit                               | Total Cost         |
|---|--------------------|
| <b>Neighborhood Improvement Area #1 Bonds</b> |                    |
| <i>Total Authorized Improvements (a)</i>      | <i>\$5,733,903</i> |
| PID Formation/Bond Costs of Issuance          |                    |
| Developer's Counsel/SAP/Appraisal             | \$71,171           |
| Reserve Fund                                  | \$412,100          |
| Capitalized Interest                          | \$357,247          |
| Additional Proceeds                           | \$0                |
| Underwriter's Discount/Underwriters Counsel   | \$153,479          |
| Cost of Issuance                              | \$251,002          |
| <i>PID Formation/Bond Cost of Issuance</i>    | <i>\$1,244,999</i> |
| <b>Total Special Benefit</b>                  | <b>\$6,978,902</b> |
| Special Benefit                               |                    |
| Total Special Benefit                         | \$6,978,902        |
| Projected Special Assessment                  | \$5,790,000        |
| <b>Excess Benefit</b>                         | <b>\$1,188,902</b> |

(a) See Table III-B for details.

## C. NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #2 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Public Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #2 Assessed Property will be assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #2 Improvements. Table VII-C summarizes the \$3,649,490 in special benefit received by the Neighborhood Improvement Area #2 Assessed Property from the Neighborhood Improvement Area #2 Improvements, a portion of the costs of the PID administration, costs related to financing the Neighborhood Improvement Area #2 Improvements, and the issuance of the Neighborhood Improvement Areas #2-3 Bonds. The par amount of the Neighborhood Improvement Areas #2-3 Bonds relating to Neighborhood Improvement Area #2 is \$920,000 plus \$25,000 in principal payments paid under the PID Reimbursement Agreement, which is less than the benefit received by the Neighborhood Improvement Area #2 Assessed Property. Accordingly, the total Special Assessment to be applied to all the Neighborhood Improvement Area #2 Assessed Property is \$945,000 plus annual Administrative Expenses. The Special Assessment for each Neighborhood Improvement Area #2 Assessed Property is calculated based on the allocation methodologies described in Section IV.I. The Neighborhood Improvement Area #2 Assessment Roll is attached hereto as Appendix F.

**Table VII-C**  
**Neighborhood Improvement Area #2**  
**Special Benefit Summary**

| <b>Special Benefit</b>                               | <b>Total Cost</b>  |
|--|--------------------|
| <b>Neighborhood Improvement Area #2 Improvements</b> |                    |
| <i>Total Authorized Improvements (a)</i>             | <i>\$3,492,146</i> |
| <b>PID Formation/Bond Costs of Issuance</b>          |                    |
| Reserve Fund   | \$69,738           |
| Underwriter's Discount/Underwriters Counsel          | \$60,006           |
| Cost of Issuance                                     | \$27,600           |
| <i>PID Formation/Bond Cost of Issuance</i>           | <i>\$157,344</i>   |
| <b>Total Special Benefit</b>                         | <b>\$3,649,490</b> |
| <b>Special Benefit</b>                               |                    |
| Total Special Benefit                                | \$3,649,490        |
| Projected Special Assessment                         | \$945,000          |
| <b>Excess Benefit</b>                                | <b>\$2,704,490</b> |

(a) See Table III-C for details.

## D. NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #3 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Public Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #3 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #3 Improvements. Table VII-D summarizes the \$4,003,840 in special benefit received by the Neighborhood Improvement Area #3 Property from the Neighborhood Improvement Area #3 Improvements, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Areas #2-3 Bond issuance costs. The par amount of the Neighborhood Improvement Areas #2-3 Bonds relating to Neighborhood Improvement Area #3 is \$2,275,000, which is less than the benefit received by the Neighborhood Improvement Area #3 Assessed Property. Accordingly, the total Special Assessment to be applied to all the Neighborhood Improvement Area #3 Assessed Property is \$2,275,000 plus annual Administrative Expenses. The Special Assessment for each Neighborhood Improvement Area #3 Assessed Property is calculated based on the allocation methodologies described in Section IV.I. The Neighborhood Improvement Area #3 Assessment Roll is attached hereto as Appendix G.

**Table VII-D**  
**Neighborhood Improvement Area #3**  
**Special Benefit Summary**

| <b>Special Benefit</b>                               | <b>Total Cost</b>  |
|--|--------------------|
| <b>Neighborhood Improvement Area #3 Improvements</b> |                    |
| <i>Total Authorized Improvements (a)</i>             | <i>\$3,509,942</i> |
| <b>PID Formation/Bond Costs of Issuance</b>          |                    |
| Reserve Fund   | \$172,451          |
| Administrative Fund                                  | \$25,000           |
| Capitalized Interest                                 | \$79,814           |
| Underwriter's Discount/Underwriters Counsel          | \$68,250           |
| Cost of Issuance                                     | \$148,384          |
| <i>PID Formation/Bond Cost of Issuance</i>           | <i>\$493,898</i>   |
| <b>Total Special Benefit</b>                         | <b>\$4,003,840</b> |
| <b>Special Benefit</b>                               |                    |
| Total Special Benefit                                | \$4,003,840        |
| Projected Special Assessment                         | \$2,275,000        |
| <b>Excess Benefit</b>                                | <b>\$1,728,840</b> |

(a) See Table III-D for details.

## E. NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #4 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Public Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #4 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #4 Improvements. Table VII-E summarizes the \$7,901,179 in special benefit received by the Neighborhood Improvement Area #4 Property from the Neighborhood Improvement Area #4 Improvements, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Area #4 Bond issuance costs. The par amount of the Neighborhood Improvement Area #4 Bonds relating to Neighborhood Improvement Area #4 is expected to be \$5,255,000, which is less than the benefit received by the Neighborhood Improvement Area #4 Assessed Property. Accordingly, the total Special Assessment to be applied to all the Neighborhood Improvement Area #4 Assessed Property is expected to be \$5,255,000 plus annual Administrative Expenses. The Special Assessment for each Neighborhood Improvement Area #4 Assessed Property is calculated based on the allocation methodologies described in Section IV.I. The Neighborhood Improvement Area #4 Assessment Roll is attached hereto as Appendix H.

**Table VII-E**  
**Neighborhood Improvement Area #4**  
**Special Benefit Summary**

| <b>Special Benefit</b>                               | <b>Total Cost</b>  |
|--|--------------------|
| <b>Neighborhood Improvement Area #4 Improvements</b> |                    |
| <i>Total Authorized Improvements (a)</i>             | <i>\$6,737,742</i> |
| <b>PID Formation/Bond Costs of Issuance</b>          |                    |
| Reserve Fund   | \$415,875          |
| Administrative Fund                                  | \$25,000           |
| Capitalized Interest                                 | \$223,338          |
| Underwriter's Discount/Underwriters Counsel          | \$157,650          |
| Cost of Issuance                                     | \$341,575          |
| <i>PID Formation/Bond Cost of Issuance</i>           | <i>\$1,163,438</i> |
| <b>Total Special Benefit</b>                         | <b>\$7,901,179</b> |
| <b>Special Benefit</b>                               |                    |
| Total Special Benefit                                | \$7,901,179        |
| Projected Special Assessment                         | \$5,255,000        |
| <b>Excess Benefit</b>                                | <b>\$2,646,179</b> |

(b) See Table III-D for details.

## **F. FUTURE NEIGHBORHOOD IMPROVEMENT AREA ASSESSMENT ROLL**

As Future Neighborhood Improvement Areas are developed, this SAP will be amended to determine the Assessment for each Parcel or Lot located within such Future Neighborhood Improvement Areas (e.g. an appendix will be added as the Assessment Roll for Future Improvement Areas).

## **G. ANNUAL ASSESSMENT ROLL UPDATES**

The Administrator shall prepare, and shall submit to the City for approval, updates to the Assessment Rolls and the Annual Service Plan Update to reflect changes such as (i) the identification of each Parcel (ii) the Special Assessment for each Parcel of the Assessed Property, including any adjustments authorized by this SAP and in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Special Assessment is payable in installments); (iv) a listing of the major property owners within the PID; and (v) payments of the Special Assessment, if any, as provided by Section VI.I of this SAP.

The Annual Service Plan Update shall reflect the actual interest on the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, any reduction in the Major Improvement Area Special Assessments, Neighborhood Improvement Area #1 Special Assessments, Neighborhood Improvement Area #2 Special Assessments, the Neighborhood Improvement Area #3 Special Assessments, or Neighborhood Improvement Area #4 Special Assessments and any revisions in the Actual Costs to be funded by the Major Improvement Area Bonds, the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, and Owner funds.

*(remainder of this page is intentionally left blank)*

---

---

## ***VIII. MISCELLANEOUS PROVISIONS***

---

---

### **A. ADMINISTRATIVE REVIEW**

The City may elect to designate a third party to serve as Administrator of the PID. The City shall notify the Owners in writing upon appointing a third party Administrator.

To the extent consistent with the PID Act, if an owner of the Assessed Property claims that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, that owner must send a written notice describing the error to the Administrator no later than thirty (30) days after the date the invoice or other bill for the Annual Installment is received. If the owner fails to give such notice, such owners shall be deemed to have accepted the calculation of the Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property owner, such change or modification shall be presented to the City for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property owner (except for the final year during which the Annual Assessment shall be collected), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

### **B. TERMINATION OF ASSESSMENTS**

Each Special Assessment shall terminate on the date the Special Assessment is paid in full, including payment of any unpaid Annual Installments and Delinquent Collection Costs, if any. After the termination of the Special Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination.”

### **C. AMENDMENTS**

Amendments to the Service and Assessment Plan may be made as permitted or required by the PID Act and Texas law.



#### **D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS**

The City Council shall administer (or cause the administration of) the PID, this SAP, and all Annual Service Plan Updates consistent with the PID Act.

#### **E. SEVERABILITY**

If any provision, section, subsection, sentence, clause or phrase of this SAP, or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this SAP or the application to all or any portion of the Property or other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this SAP that no part thereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this SAP are declared to be severable for that purpose.

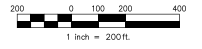
If any provision of this SAP is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this SAP and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

#### **F. HOMEBUYER DISCLOSURE**

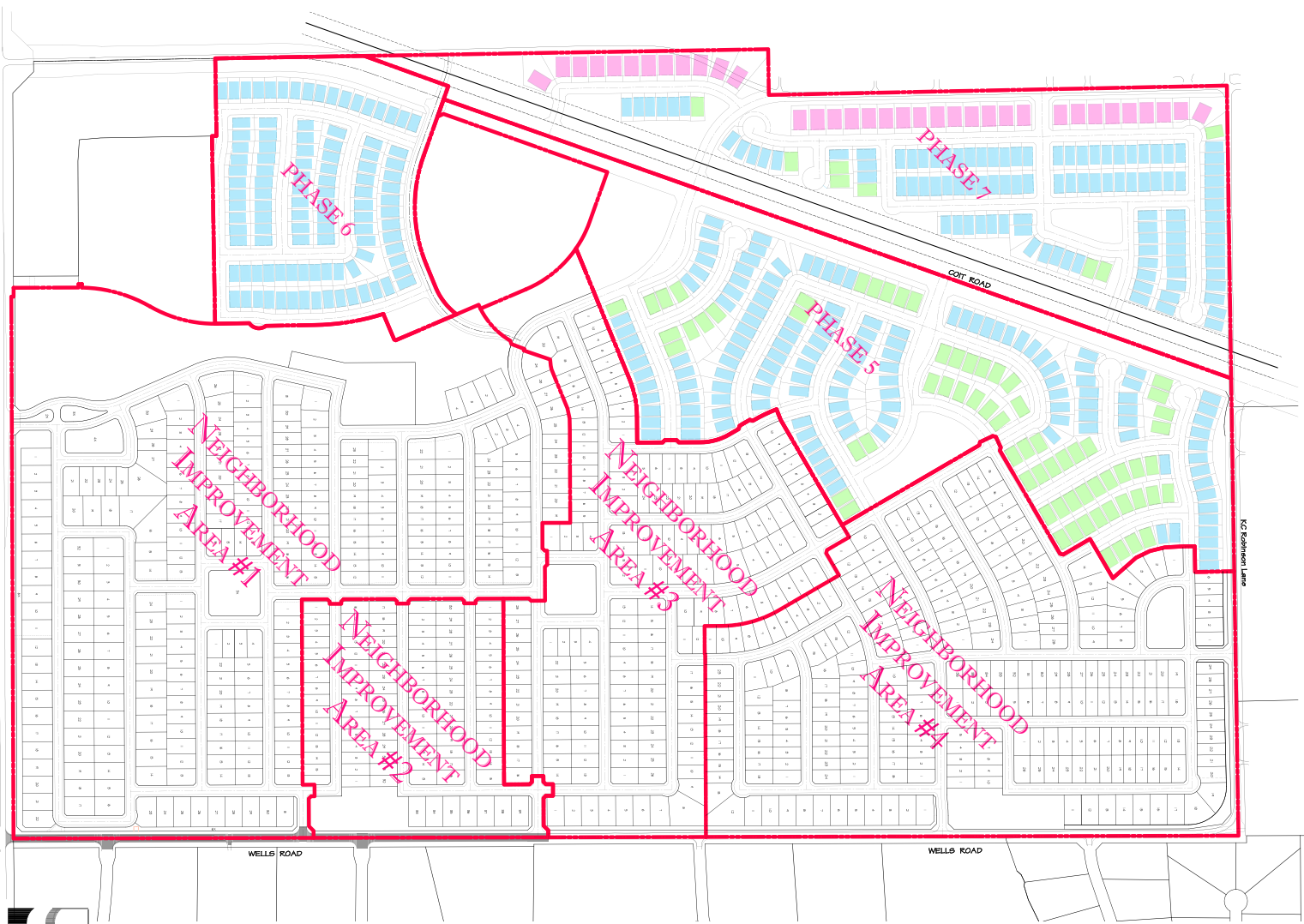
The PID Act requires that this Service and Assessment Plan and each Annual Service Plan Update include a copy of the Notice form required by Section 5.014 of the Texas Property Code. The Homebuyer Disclosure is attached hereto as Appendix C and may be updated in an Annual Service Plan Update.

*(remainder of this page is intentionally left blank)*

**APPENDIX A**  
**PID MAP**



|                     |                                      |                                     |                                     |                 |            |
|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|-----------------|------------|
| PHASE 1             | 80x120' Lots - 95                    | 60x120' Lots - 15                   | 14x30' Lots - 83                    | Total: 243      |            |
| PHASE 2A-1          | 21,950 Ac.                           | 80x120' Lots - 42                   | 14x30' Lots - 5                     | Total: 47       |            |
| PHASE 2A-2          | 21,810 Ac.                           | 80x120' Lots - 7                    | 60x120' Lots - 84                   | 14x30' Lots - 8 | Total: 104 |
| PHASE 3             | 18,356 Ac.                           | 80x120' Lots - 75                   | 60x120' Lots - 15                   | Total: 90       |            |
| PHASE 4 (Remaining) | 80x120' Lots - 156                   | 60x120' Lots - 200                  | 14x30' Lots - 20                    | Total: 276      |            |
| PHASE 5 (Remaining) | 80x120' Lots - 194                   | 60x120' Lots - 83                   | Total: 207                          |                 |            |
| PHASE 6 (Remaining) | 80x120' Lots - 106                   | Total: 106                          |                                     |                 |            |
| PHASE 7 (Remaining) | 80x120' Lots - 107                   | 60x120' Lots - 5                    | 14x30' Lots - 35                    | Total: 150      |            |
| Total:              | 80x120' Lots - 775 (60.18%) Max. 54% | 60x120' Lots - 355 (28.4%) Max. 21% | 14x30' Lots - 153 (11.63%) Max. 12% | Total: 1283     |            |



FRONTIER ROAD (PAV. 14x18)

Kof Johnson Lane

WELLS ROAD

WELLS ROAD

COT ROAD

PHASE 6

PHASE 7

PHASE 5

NEIGHBORHOOD IMPROVEMENT AREA #1

NEIGHBORHOOD IMPROVEMENT AREA #3

NEIGHBORHOOD IMPROVEMENT AREA #2

NEIGHBORHOOD IMPROVEMENT AREA #4



WELLS SOUTH (LILYANA)  
PAD MAP (M)



**APPENDIX B-1**  
**LEGAL DESCRIPTION – ALL PROPERTY**

## Appendix B-1

### **PROPERTY METES AND BOUNDS DESCRIPTION**

(400.524 Acres)

BEING a tract of land situated in the W. Wilhite Survey, Abstract No. 1002 and the Jonathan Westoven Survey, Abstract No. 1030, Collin County, Texas, being all of a called 18.531 acre tract of land described in a Special Warranty Deed to The George White Limited Partnership recorded in Volume 5834, page 478, all of a called 127.069 acre tract of land and a called 26.99 acre tract of land described in a Special Warranty Deed to The George White Limited Partnership recorded in Volume 5834, page 461, and all of a called 214.659 acre tract of land described in Special Warranty Deeds to The George White Limited Partnership recorded in Volume 5834, page 483, Volume 5834, Page 488, Volume 5834, Page 493, Volume 5834, Page 498, Volume 5834, Page 503 and Volume 5946, Page 693, all of the Official Public Records of Real Property of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a PK nail set at the intersection of County Road No. 84, County Road No. 83 and Quail Hollow; said point being the southwest corner of a tract of land described in General Warranty Deed to William K. Wood and Kathy D. Wood recorded in Instrument No. 20071029001470070, Official Public Records of Collin County, Texas; from said point a PK nail found bears North 54°13' East, a distance of 13.4 feet, a PK nail with yellow washer bears North 89°09' East, a distance of 13.7 feet, a 1/2" iron rod found bears North 48°25' West, a distance of 41.2 feet, a 1/2" iron rod found bears South 53°06' West, a distance of 37.0 feet;

THENCE North 89°09'29" East, along the south line of said Wood tract and generally along said County Road No. 84, at a distance of 360.27 feet, passing a PK nail with white washer found, at a distance of 702.60 feet, passing a PK nail with white washer found, at a distance of 1045.10 feet, passing a PK nail with white washer found, in all a total distance of 1387.45 feet to a PK nail with yellow washer found for corner at the intersection of said County Road No. 84 and County Road No. 86; said point being the southeast corner of said Wood tract and the southwest corner of a tract of land described in Special Warranty Deed to Christopher Wesson Bosh and Adrienne Bosh recorded in Instrument No. 20131001001373380, Official Public Records of Real Property of Collin County, Texas; from said point a PK nail with white washer found bears North 15°18' West, a distance of 4.3 feet;

THENCE North 89°05'03" East, along the south line of said Bosh tract and generally along said County Road No. 84, a distance of 1270.15 feet to a PK nail found for corner at the southeast corner of said Bosh tract and the southwest corner of a tract of land described in Warranty Deed to Donald L. Vest recorded in Volume 1344, Page 88 of the Deed Records of Collin County, Texas;

THENCE North 89°04'33" East, along the south line of said Vest tract and generally along said County Road No. 84, a distance of 580.02 feet to a 5/8" iron rod with "KHA" cap set for corner at the southeast corner of said Vest tract; said point being in the west right-of-way line of said County Road No. 84;

THENCE along said west right-of-way line of County Road No. 84, the following courses and distances:

South 00°08'06" East, a distance of 3039.07 feet to a PK nail set for corner; from said point a 1/2" iron rod found bears South 89°24' East, a distance of 30.0 feet;

South 00°07'47" East, a distance of 2245.96 feet to a PK nail set for corner in the north right-of-way line of F.M. 1461 (a variable width right-of-way, 90 feet wide at this point); from said point a 1/2" iron rod with "RPLS 4084" cap bears North 89°46'00" East, a distance of 40.00 feet;

THENCE along the said north right-of-way line of F.M. 1461, the following courses and distances:

South 89°46'00" West, a distance of 2338.62 feet (Deed calls 2329.27 feet) to a 5/8" iron rod with "KHA" cap set at a re-entrant corner;

North 00°14'00" West, a distance of 10.00 feet to a 5/8" iron rod with "KHA" cap set at a re-entrant corner;

South 89°46'00" West, a distance of 878.58 feet (Deed calls 877.70 feet) to a 5/8" iron rod with "KHA" cap set for corner at the southernmost end of a right-of-way corner clip at the intersection of the said north right-of-way line of F.M. 1461 and County Road No. 83;

THENCE North 45°38'30" West, along said right-of-way corner clip, a distance of 128.18 feet (Deed calls 163.70 feet) to a 5/8" iron rod with "KHA" cap set for corner at the northernmost end of said right-of-way corner clip;

THENCE South 89°46'00" West, along the north right-of-way line of said F.M. 1461, a distance of 45.00 feet (Deed calls 35.93 feet) to a PK nail set for corner in said County Road No. 83 at the easternmost southeast corner of a tract of land described in Special Warranty Deed to 1461 Coit, Inc. recorded in Clerk's File No. 93-0113804, Official Public Records of Real Property of Collin County, Texas;

THENCE North 00°57'08" West, departing the north right-of-way line of F.M. 1461, along the east line of said 1461 Coit, Inc. tract and generally along said County Road No. 83, at a distance of 1125.29 feet, passing the northeast corner of said 1461 Coit, Inc. tract, continuing along the east right-of-way line of said County Road No. 83, in all a total distance of 3170.10 feet to a 1" iron rod found for corner in the south line of Lot 8, Block A, Preston Hills II Addition, an addition to Collin County, according to the plat recorded in Cabinet F, Page 678, Map Records of Collin County, Texas;

THENCE North 89°11'16" East, along the south line of said Lot 8, at a distance of 11.59 feet, passing the southernmost southeast corner of said Lot 8 and the west right-of-way line of said County Road No. 83, continuing along the south right-of-way line of said County Road No. 83,

in all a total distance of 197.43 feet (Deed calls 178.2 feet) to a 5/8" iron rod with "KHA" cap set for corner; from said point a 1" iron pipe found bears North 88°40' East, a distance of 8.5 feet;

THENCE along the east right-of-way line of said County Road No. 83, the following courses and distances:

North 01°09'33" West, a distance of 1044.51 feet to a PK nail set at an angle point;

North 01°10'48" West, a distance of 932.07 feet to the POINT OF BEGINNING and containing 400.524 acres (17,446,820 square feet) of land, more or less.

Bearing system of this survey is based on the Texas State Plane Coordinate System, North American Datum of 1983, North Central Zone 4202.

**APPENDIX B-2**  
**LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #1**

**METES AND BOUNDS DESCRIPTION**  
**Lilyana Neighborhood Improvement Area #1**  
**(approximately 93.21 acres)**

BEING, a tract of land situated in the Jonathan Westover Survey, Abstract No. 1030 and William Wilhite Survey, Abstract No. 1002, Collin County, Texas, and being a portion of a called 214.659 acre tract of land as described in instrument to The George White Family Limited Partnership, recorded in County Clerk's File No. 2005-0005703 of the Official Property Records of Collin County, Texas (O.P.R.C.C.T.), and being more particularly described as follows:

BEGINNING at a PK Nail found in the approximate centerline of County Road No. 84 and being in the north right-of-way line of F.M 1461, a variable width right of way, and being the northeast corner of a tract of land to the State of Texas, as described in instrument recorded in Volume 484, Page 275 of the Deed Records of Collin County, Texas (D.R.C.C.T.), being the southeast corner of the 214.659 acre George White Family tract;

THENCE, South 89 degrees 46 minutes 00 seconds West, along the north right-of-way line of F.M. 1461 and the south line of the 214.659 acre George White Family tract, a distance of 2,171.14 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, departing the south line of the 214.659 acre George White Family tract, and the north right-of-way line of F.M. 1461, North 00 degrees 39 minutes 56 seconds East, a distance of 939.08 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, South 89 degrees 51 minutes 22 seconds West, a distance of 61.82 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, North 11 degrees 58 minutes 44 seconds East, a distance of 117.06 feet to a point for a corner;

THENCE, North 01 degrees 14 minutes 17 seconds West, a distance of 142.46 feet to a point for a corner;

THENCE, North 01 degrees 52 minutes 47 seconds West, a distance of 143.69 feet to a point for a corner;

THENCE, North 05 degrees 39 minutes 29 seconds West, a distance of 74.86 feet to a point for a corner;

THENCE, North 10 degrees 23 minutes 36 seconds West, a distance of 74.86 feet to a point for a corner;

THENCE, North 18 degrees 07 minutes 19 seconds West, a distance of 53.93 feet to a point for a corner;



THENCE, North 22 degrees 03 minutes 04 seconds West, a distance of 127.12 feet to a point for a corner;

THENCE, North 68 degrees 27 minutes 26 seconds East, a distance of 123.81 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, North 21 degrees 32 minutes 34 seconds West, a distance of 432.10 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, North 65 degrees 24 minutes 00 seconds East, a distance of 58.10 feet to a point for a corner;

THENCE, North 56 degrees 30 minutes 34 seconds East, a distance of 58.10 feet to a point for a corner;

THENCE, North 48 degrees 55 minutes 07 seconds East, a distance of 47.69 feet to a point for a corner;

THENCE, North 33 degrees 52 minutes 49 seconds East, a distance of 47.94 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, North 22 degrees 52 minutes 44 seconds East, a distance of 182.18 feet to a point for a corner;

THENCE, North 86 degrees 38 minutes 38 seconds East, a distance of 50.03 feet to a point for a corner;

THENCE, North 67 degrees 39 minutes 44 seconds East, a distance of 121.67 feet to a point for a corner;

THENCE, North 73 degrees 33 minutes 49 seconds East, a distance of 44.63 feet to a point for a corner;

THENCE, North 83 degrees 32 minutes 02 seconds East, a distance of 78.51 feet to a point for a corner;

THENCE, North 88 degrees 55 minutes 45 seconds East, a distance of 453.30 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, South 01 degree 01 minute 26 seconds East, a distance of 296.68 feet to a point for a corner;

THENCE, North 89 degrees 21 minutes 24 seconds East, a distance of 299.56 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, South 00 degrees 25 minutes 49 seconds East, a distance of 900.40 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars;

THENCE, North 89 degrees 16 minutes 55 seconds East, a distance of 633.44 feet to a point for a corner;

THENCE, South 68 degrees 22 minutes 28 seconds East, a distance of 43.04 feet to a point for a corner;

THENCE, South 00 degrees 11 minutes 53 seconds West, a distance of 119.12 feet to a point for a corner;

THENCE, North 89 degrees 18 minutes 51 seconds East, a distance of 137.43 feet to a point for a corner;

THENCE, North 00 degrees 16 minutes 22 seconds East, a distance of 155.86 feet to a point for a corner;

THENCE, North 89 degrees 52 minutes 13 seconds East, a distance of 237.38 feet to a Mag nail set in the east line of the 214.659 acre George White Family tract and being in County Road No. 84;

THENCE, South 00 degrees 07 minutes 47 seconds East, along the east line of the 214.659 acre George White Family tract and County Road No. 84, a distance of 1,306.85 feet the POINT OF BEGINNING and CONTAINING 93.21 acres of land, more or less.

All bearings are based on the Texas State Plane Coordinate System, N.A.D. 83, North Central Zone.

**APPENDIX B-3**  
**LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #2**

**METES AND BOUNDS DESCRIPTION**  
**Lilyana Neighborhood Improvement Area #2**  
**(approximately 21.347 acres)**

BEING a tract of land situated in the Jonathan Westover Survey, Abstract No. 1030 and W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, the subject tract being all of a tract conveyed to LILYANA PHASE 2, LLC, according to the deed recorded in Document No. 20171116001527360 of the Official Public Records, Collin County, Texas (DRCCT), with the subject tract being more particularly described as follows:

BEGINNING at a 5/8" capped iron rod found on the west line of County Road 84, a variable width public right-of-way, for the lower northeast corner of Lilyana Phase 1, an addition recorded in Cabinet 2017, Page 199, Plat Records, Collin County, Texas (PRCCT), from which a PK nail found bears S 00°07'47" E, a distance of 1293.95 feet;

THENCE along the northerly and easterly lines of Lilyana Phase 1, the following:

S 89°52'13" W, 30.00 feet;

S 44°49'07" W, 28.31 feet;

S 89°46'00" W, 119.34 feet;

N 45°14'00" W, 14.14 feet;

N 00°14'00" W, 15.00 feet;

S 89°46'00" W, 50.00 feet;

S 00°14'00" E, 51.59 feet;

S 89°46'00" W, 800.00 feet, a 5/8" capped iron rod found;

N 00°14'00" W, 110.00 feet;

N 44°46'00" E, 14.14 feet;

N 89°46'00" E, 10.00 feet;

N 00°14'00" W, 50.00 feet;

S 89°46'00" W, 10.00 feet;

N 45°14'00" W, 14.14 feet, a 5/8" capped iron rod found;

N 00°14'00" W, 220.00 feet;

N 44°46'00" E, 14.14 feet;  
N 89°46'00" E, 10.00 feet;  
N 00°14'00" W, 50.00 feet;  
S 89°46'00" W, 10.00 feet;  
N 45°14'00" W, 14.14 feet, a 5/8" capped iron rod found;  
N 00°14'00" W, 220.00 feet;  
N 44°46'00" E, 14.14 feet;  
N 89°46'00" E, 10.00 feet;  
N 00°14'00" W, 50.00 feet;  
S 89°46'00" W, 10.00 feet;  
N 45°14'00" W, 14.14 feet, a 5/8" capped iron rod found;  
And N 00°14'00" W, 110.00 feet;

THENCE departing an east line of Lilyana Phase 1, through said Celina Development tract, the following:

N 89°46'00" E, 800.00 feet;  
N 00°14'00" W, 110.00 feet;  
N 45°14'00" W, 14.14 feet;  
S 89°46'00" W, 40.00 feet;  
N 00°14'00" W, 50.00 feet;  
N 89°46'00" E, 40.00 feet;  
N 44°46'00" E, 14.14 feet;  
N 00°14'00" W, 40.00 feet;  
N 89°46'00" E, 50.00 feet;  
S 00°14'00" E, 40.00 feet;

S 45°14'00" E, 14.14 feet;

N 89°46'00" E, 121.16 feet;

N 44°48'57" E, 28.31 feet;

And N 89°51'54" E, 30.00 feet to the west line of County Road 84;

THENCE S 00°08'06" E, 61.40 feet along the west line thereof to a PK nail found;

THENCE S 00°07'47" E, 952.01 feet continuing along the west line of County Road 84 to the POINT OF BEGINNING with the subject tract containing 929,889 square feet or 21.347 acres of land.

**APPENDIX B-4**  
**LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #3**

**METES AND BOUNDS DESCRIPTION**  
**Lilyana Neighborhood Improvement Area #3**  
**(approximately 44.724 acres)**

**TRACT 1**

**BEING** a tract of land situated in the J. Westover Survey, Abstract No. 1030, and the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, the subject tract being a portion of a tract of land conveyed to Celina Development, LLC according to the deed recorded in Document No. 20151123001468620 of the Official Public Records, Collin County, Texas (OPRCCT), with the subject tract being more particularly described as follows:

**BEGINNING** at a point on the west line of County Road 84, and from which a 5/8" iron rod found for the northeast corner of the parent tract, bears N 00°08'06" W, 2,297.61 feet;

THENCE S 00°08'06" E, 680.05 feet along County Road 84 to the northeast corner of Lilyana Phase 2A-1, an addition recorded in Cabinet 2018, Page 530 of the Plat Records, Collin County, Texas (PRCCT);

THENCE along Lilyana Phase 2A-1, the following:

S 89°51'54" W, 30.00 feet;

S 44°48'57" W, 28.31 feet;

S 89°46'00" W, 121.16 feet to a point from which an "X" found for the intersection of the centerline of Indian Grass Lane with the centerline of Daisy Corner Drive, bears S 54°13'45" W, 43.01 feet;

N 45°14'00" W, 14.14 feet;

N 00°14'00" W, 40.00 feet;

S 89°46'00" W, 50.00 feet;

S 00°14'00" E, 40.00 feet;

S 44°46'00" W, 14.14 feet;

S 89°46'00" W, 40.00 feet;

S 00°14'00" E, 50.00 feet;

N 89°46'00" E, 40.00 feet;

S 45°14'00" E, 14.14 feet;



S 00°14'00" E, 110.00 feet;

And S 89°46'00" W, 800.00 feet to the east line of Lilyana Phase 1, an addition recorded in Cabinet 2017, Page 199 PRCCT;

THENCE along Lilyana Phase 1, the following:

N 00°14'00" W, 110.00 feet;

N 44°46'00" E, 14.14 feet;

N 89°46'00" E, 10.00 feet to a point from which an "X" found in concrete for the intersection of the centerline of Blue Thistle Road with the centerline of Daisy Corner Drive, bears N 63°40'05" W, 55.90 feet;

N 00°14'00" W, 60.00 feet;

S 89°46'00" W, 155.84 feet;

And N 45°14'00" W, 14.14 feet;

THENCE N 00°14'00" W, 200.00 feet;

THENCE N 44°46'00" E, 14.14 feet;

THENCE N 89°46'00" E, 15.00 feet;

THENCE N 00°14'00" W, 60.00 feet;

THENCE S 89°46'00" W, 14.16 feet;

THENCE N 00°14'00" W, 120.00 feet;

THENCE S 89°46'00" W, 53.00 feet;

THENCE N 00°14'00" W, 310.40 feet;

THENCE around a tangent curve to the left having a central angle of 30°00'00", a radius of 440.00 feet, a chord of N 15°14'00" W - 227.76 feet, an arc length of 230.38 feet;

THENCE N 30°14'00" W, 166.95 feet;

THENCE N 59°46'00" E, 6.90 feet;

THENCE N 30°14'00" W, 170.00 feet;

THENCE N 59°46'00" E, 173.95 feet;

THENCE S 30°14'00" E, 110.00 feet;

THENCE S 75°14'00" E, 14.14 feet;

THENCE N 59°46'00" E, 110.00 feet;

THENCE S 30°14'00" E, 295.79 feet;

THENCE around a tangent curve to the right having a central angle of 30°00'00", a radius of 500.00 feet, a chord of S 15°14'00" E - 258.82 feet, an arc length of 261.80 feet;

THENCE S 00°14'00" E, 78.67 feet;

THENCE N 89°46'00" E, 120.00 feet;

THENCE N 00°14'00" W, 6.12 feet;

THENCE N 89°46'00" E, 792.36 feet to the POINT OF BEGINNING with the subject tract containing 1,148,607 square feet or 26.368 acres of land.

## **TRACT 2**

**BEING** a tract of land situated in the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, the subject tract being a portion of a tract of land conveyed to Celina Development, LLC according to the deed recorded in Document No. 20151123001468620 of the Official Public Records, Collin County, Texas (OPRCCT), with the subject tract being more particularly described as follows:

**BEGINNING** at a point on the north line of Lilyana Phase 1, an addition recorded in Cabinet 2017, Page 199 of the Plat Records, Collin County, Texas (PRCCT) and from which an "X" found in concrete for the intersection of the centerline of Daisy Corner Drive with the centerline of Blue Thistle Road, bears S 64°50'07" E, 128.23 feet;

THENCE along the north line of Lilyana Phase 1, the following:

S 89°46'00" W, 60.00 feet;

S 00°14'00" E, 20.00 feet;

S 44°46'00" W, 14.14 feet;

S 89°46'00" W, 110.00 feet;

N 00°14'00" W, 120.00 feet;

S 89°46'00" W, 400.00 feet;

S 88°53'40" W, 50.19 feet;

S 77°51'01" W, 44.60 feet;

S 67°46'00" W, 181.92 feet;

S 78°31'41" W, 16.36 feet;

S 84°46'23" W, 26.96 feet;

S 18°41'16" W, 120.00 feet;

Around a non-tangent curve to the right having a central angle of 02°17'13", a radius of 175.00 feet, a chord of N 70°10'08" W - 6.98 feet, an arc length of 6.98 feet;

S 20°58'28" W, 60.00 feet;

S 71°28'14" W, 15.16 feet;

S 30°44'50" W, 1.72 feet;

And around a tangent curve to the right having a central angle of 32°55'42", a radius of 330.00 feet, a chord of S 47°12'41" W - 187.05 feet, an arc length of 189.65 feet;

THENCE N 23°02'13" W, 212.96 feet;

THENCE around a tangent curve to the left having a central angle of 32°26'29", a radius of 500.00 feet, a chord of N 39°15'27" W - 279.34 feet, an arc length of 283.10 feet to a point from which a 5/8" iron rod with plastic cap found for a northwest corner of the parent tract, bears N 38°31'32" W, 1,063.32 feet;

THENCE N 67°46'00" E, 610.84 feet;

THENCE around a tangent curve to the right having a central angle of 22°00'00", a radius of 430.00 feet, a chord of N 78°46'00" E - 164.10 feet, an arc length of 165.11 feet;

THENCE N 89°46'00" E, 111.47 feet;

THENCE N 00°14'00" W, 110.00 feet;

THENCE N 45°14'00" W, 14.14 feet;

THENCE N 00°14'00" W, 50.00 feet;

THENCE N 44°46'00" E, 14.14 feet;

THENCE N 00°14'00" W, 92.81 feet;

THENCE around a tangent curve to the left having a central angle of 30°00'00", a radius of 250.00 feet, a chord of N 15°14'00" W - 129.41 feet, an arc length of 130.90 feet;

THENCE N 30°14'00" W, 46.08 feet;

THENCE N 70°51'04" W, 15.18 feet;

THENCE around a non-tangent curve to the right having a central angle of 01°45'56", a radius of 325.00 feet, a chord of S 70°17'42" W - 10.01 feet, an arc length of 10.01 feet;

THENCE N 18°49'20" W, 50.00 feet;

THENCE N 19°57'05" E, 12.81 feet;

THENCE N 30°14'00" W, 1.38 feet;

THENCE around a tangent curve to the right having a central angle of 08°56'51", a radius of 725.00 feet, a chord of N 25°45'34" W - 113.10 feet, an arc length of 113.22 feet;

THENCE N 68°42'51" E, 50.00 feet;

THENCE N 59°46'00" E, 411.23 feet;

THENCE S 30°14'00" E, 170.00 feet;

THENCE S 59°46'00" W, 6.90 feet;

THENCE S 30°14'00" E, 166.95 feet;

THENCE around a tangent curve to the right having a central angle of 30°00'00", a radius of 440.00 feet, a chord of S 15°14'00" E - 227.76 feet, an arc length of 230.38 feet;

THENCE S 00°14'00" E, 310.40 feet;

THENCE N 89°46'00" E, 53.00 feet;

THENCE S 00°14'00" E, 120.00 feet;

THENCE N 89°46'00" E, 14.16 feet;

THENCE S 00°14'00" E, 60.00 feet;

THENCE S 89°46'00" W, 15.00 feet;

THENCE S 44°46'00" W, 14.14 feet;

THENCE S 00°14'00" E, 190.00 feet to the POINT OF BEGINNING with the subject tract containing 799,601 square feet or 18.356 acres of land.

**APPENDIX B-5**  
**LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #4**

**METES AND BOUNDS DESCRIPTION**  
**Lilyana Neighborhood Improvement Area #4**  
**(approximately 67.494 acres)**

BEING a tract of land situated in the J. Westover Survey, Abstract No. 1030, and the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, being part of a tract conveyed to LILYANA PHASE 4, LLC, by deed recorded in Document No. 20210302000414010 of the Deed Records, Collin County, Texas (DRCCT), with the subject tract being more particularly described as follows:

BEGINNING at a 5/8" iron rod found in a bend of County Road 84, a public road, and being on the west line of a right-of-way dedication created by the final plat of Wilson Creek Estates Phase 2, recorded in Cabinet K, Page 192, Plat Records, Collin County, Texas (PRCCT);

THENCE S 00°08'06" E, 2297.61 feet along County Road 84, and along the west line of said right-of-way dedication, and of another dedication created by the final plat of Wilson Creek Estates, recorded in Cabinet J, Page 605 PRCCT, to a point for corner;

THENCE departing said road, into the subject tract, the following:

S 89°46'00" W, 792.36 feet;

S 00°14'00" E, 6.12 feet;

S 89°46'00" W, 120.00 feet;

N 00°14'00" W, 78.67 feet;

A tangent curve to the left having a central angle of 30°00'00", a radius of 500.00 feet, a chord of N 15°14'00" W - 258.82 feet, an arc length of 261.80 feet;

N 30°14'00" W, 295.79 feet;

S 59°46'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 110.00 feet;

S 59°46'00" W, 60.00 feet;

N 30°14'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 60.00 feet;

N 14°46'00" E, 14.14 feet;

N 30°14'00" W, 494.97 feet;

N 75°18'48" W, 14.12 feet;

N 31°27'16" W, 60.00 feet;

A non-tangent curve to the right having a central angle of 01°05'25", a radius of 330.00 feet, a chord of N 59°05'27" E - 6.28 feet, an arc length of 6.28 feet;

N 15°08'08" E, 14.05 feet;

N 59°46'00" E, 50.00 feet;

S 30°14'00" E, 4.87 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 225.35 feet;

N 14°46'00" E, 14.14 feet;

N 59°46'00" E, 50.00 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 219.77 feet;

N 15°24'44" E, 14.30 feet;

N 28°56'32" W, 109.92 feet;

N 61°03'28" E, 190.99 feet;

N 36°03'33" W, 150.88 feet;

A tangent curve to the right having a central angle of 35°18'53", a radius of 295.00 feet, a chord of N 18°24'06" W - 178.96 feet, an arc length of 181.83 feet;

N 00°44'40" W, 86.28 feet;

N 89°15'20" E, 106.54 feet;

N 00°44'40" W, 138.00 feet;

S 89°15'20" W, 533.56 feet;



A tangent curve to the left having a central angle of  $07^{\circ}17'16''$ , a radius of 120.50 feet, a chord of  $S 85^{\circ}36'43'' W$  - 15.32 feet, an arc length of 15.33 feet;

$S 81^{\circ}58'05'' W$ , 52.52 feet;

A tangent curve to the right having a central angle of  $10^{\circ}46'52''$ , a radius of 179.50 feet, a chord of  $S 87^{\circ}21'30'' W$  - 33.73 feet, an arc length of 33.78 feet;

A compound curve to the right having a central angle of  $15^{\circ}06'07''$ , a radius of 402.63 feet, a chord of  $N 79^{\circ}42'00'' W$  - 105.82 feet, an arc length of 106.12 feet;

$S 64^{\circ}33'12'' W$ , 35.34 feet;

And  $N 19^{\circ}31'46'' E$ , 35.36 feet to a point in County Road 84;

THENCE  $N 89^{\circ}09'41'' E$ , 49.21 feet along said road to a PK nail found, being the intersection of County Road 84 and County Road 86, a public road;

THENCE  $N 89^{\circ}15'20'' E$ , 1269.46 feet continuing along County Road 84 to a point for corner;

THENCE  $N 88^{\circ}41'35'' E$ , 580.75 feet continuing along County Road 84 to the POINT OF BEGINNING with the subject tract containing 2,940,037 square feet or 67.494 acres of land.

**APPENDIX C**  
**HOMBUYER DISCLOSURE FORM**

[AFTER RECORDING RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_]<sup>1</sup>

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF CELINA, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
STREET ADDRESS

LOT TYPE \_\_\_\_\_ PRINCIPAL ASSESSMENT: \$ \_\_\_\_\_

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wells South Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Celina. The exact amount of each annual installment will be approved each year by the Celina City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Celina.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

STATE OF TEXAS

§

COUNTY OF COLLIN

§

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

COUNTY OF COLLIN

§

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

**APPENDIX D**  
**MAJOR IMPROVEMENT AREA ASSESSMENT ROLL**

## Appendix D Major Improvement Area Assessment Roll

**Parcel  
Units  
Assessment**

**All Parcels**

**\$8,040,000**

| Year <sup>1</sup> | Principal          | Interest            | Principal & Interest <sup>2</sup> | Administrative Expenses <sup>3</sup> | Prepayment and Delinquency Reserve | Capitalized Interest/Other Credits | Total Annual Installment <sup>4</sup> |
|-------------------|--------------------|---------------------|-----------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------------------|
| 9/1/2016          | \$0                | \$417,075           | \$0                               | \$30,000                             | \$0                                | (\$417,075)                        | \$30,000                              |
| 9/1/2017          | \$0                | \$603,000           | \$50,199                          | \$30,600                             | \$68,005                           | (\$603,000)                        | \$148,804                             |
| 9/1/2018          | \$80,000           | \$603,000           | \$95,348                          | \$29,067                             | \$40,200                           | (\$20,336)                         | \$827,279                             |
| 9/1/2019          | \$85,000           | \$597,000           | \$114,986                         | \$23,836                             | \$39,800                           | (\$14,849)                         | \$845,773                             |
| 9/1/2020          | \$95,000           | \$590,626           | \$133,381                         | \$28,600                             | \$39,375                           | (\$174,381)                        | \$712,601                             |
| 9/1/2021          | \$100,000          | \$583,500           | \$0                               | \$32,000                             | \$38,900                           | (\$55,614)                         | \$698,786                             |
| 9/1/2022          | \$105,000          | \$576,000           | \$0                               | \$33,785                             | \$38,400                           | \$0                                | \$753,185                             |
| 9/1/2023          | \$115,000          | \$568,125           | \$0                               | \$34,461                             | \$37,875                           | \$0                                | \$755,461                             |
| 9/1/2024          | \$125,000          | \$559,500           | \$0                               | \$35,150                             | \$37,300                           | \$0                                | \$756,950                             |
| 9/1/2025          | \$135,000          | \$550,125           | \$0                               | \$35,853                             | \$36,675                           | \$0                                | \$757,653                             |
| 9/1/2026          | \$145,000          | \$540,000           | \$0                               | \$36,570                             | \$36,000                           | \$0                                | \$757,570                             |
| 9/1/2027          | \$155,000          | \$529,125           | \$0                               | \$37,301                             | \$35,275                           | \$0                                | \$756,701                             |
| 9/1/2028          | \$195,000          | \$517,500           | \$0                               | \$38,047                             | \$6,225                            | \$0                                | \$756,772                             |
| 9/1/2029          | \$215,000          | \$502,875           | \$0                               | \$38,808                             | \$0                                | \$0                                | \$756,683                             |
| 9/1/2030          | \$230,000          | \$486,750           | \$0                               | \$39,584                             | \$0                                | \$0                                | \$756,334                             |
| 9/1/2031          | \$245,000          | \$469,500           | \$0                               | \$40,376                             | \$0                                | \$0                                | \$754,876                             |
| 9/1/2032          | \$265,000          | \$451,125           | \$0                               | \$41,184                             | \$0                                | \$0                                | \$757,309                             |
| 9/1/2033          | \$280,000          | \$431,250           | \$0                               | \$42,007                             | \$0                                | \$0                                | \$753,257                             |
| 9/1/2034          | \$300,000          | \$410,250           | \$0                               | \$42,847                             | \$0                                | \$0                                | \$753,097                             |
| 9/1/2035          | \$325,000          | \$387,750           | \$0                               | \$43,704                             | \$0                                | \$0                                | \$756,454                             |
| 9/1/2036          | \$345,000          | \$363,375           | \$0                               | \$44,578                             | \$0                                | \$0                                | \$752,953                             |
| 9/1/2037          | \$370,000          | \$337,500           | \$0                               | \$45,470                             | \$0                                | \$0                                | \$752,970                             |
| 9/1/2038          | \$400,000          | \$309,750           | \$0                               | \$46,379                             | \$0                                | \$0                                | \$756,129                             |
| 9/1/2039          | \$425,000          | \$279,750           | \$0                               | \$47,307                             | \$0                                | \$0                                | \$752,057                             |
| 9/1/2040          | \$460,000          | \$247,875           | \$0                               | \$48,253                             | \$0                                | \$0                                | \$756,128                             |
| 9/1/2041          | \$490,000          | \$213,375           | \$0                               | \$49,218                             | \$0                                | \$0                                | \$752,593                             |
| 9/1/2042          | \$530,000          | \$176,625           | \$0                               | \$50,203                             | \$0                                | \$0                                | \$756,828                             |
| 9/1/2043          | \$565,000          | \$136,875           | \$0                               | \$51,207                             | \$0                                | \$0                                | \$753,082                             |
| 9/1/2044          | \$610,000          | \$94,500            | \$0                               | \$52,231                             | \$0                                | \$0                                | \$756,731                             |
| 9/1/2045          | \$650,000          | \$48,750            | \$0                               | \$53,275                             | \$0                                | \$0                                | \$752,025                             |
| <b>Total</b>      | <b>\$8,040,000</b> | <b>\$12,582,451</b> | <b>\$393,914</b>                  | <b>\$1,201,901</b>                   | <b>\$454,030</b>                   | <b>(\$1,285,255)</b>               | <b>\$21,387,041</b>                   |

1 - The 9/30/XX dates represent the fiscal year end for the Major Improvement Area Bonds.

2 - Represents principal and interest on the City Contributed Major Improvements. The CCMI requirements were met, and payment concluded in 2019.

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 - Annual Installments are calculated using a 7.50% interest rate on the Major Improvement area Bonds plus the Additional Interest plus Administrative Expenses.



**APPENDIX E**  
**NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL**

## Appendix E Neighborhood Improvement Area #1 Assessment Roll

Parcel  
Units  
Assessment

All Parcels

**\$5,790,000**

| Year <sup>1</sup> | Principal          | Interest           | Principal & Interest <sup>2</sup> | Administrative Expenses <sup>3</sup> | Prepayment and Delinquency Reserve | Capitalized Interest/Other Credits | Total Annual Installment <sup>4</sup> |
|-------------------|--------------------|--------------------|-----------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------------------|
| 9/30/2016         | \$0                | \$250,297          | \$0                               | \$30,000                             | \$0                                | (\$250,297)                        | \$30,000                              |
| 9/30/2017         | \$0                | \$361,876          | \$14,994                          | \$30,600                             | \$48,974                           | (\$106,951)                        | \$349,493                             |
| 9/30/2018         | \$75,000           | \$361,875          | \$29,229                          | \$20,933                             | \$28,950                           | (\$6,234)                          | \$509,753                             |
| 9/30/2019         | \$80,000           | \$357,188          | \$35,250                          | \$31,836                             | \$28,575                           | (\$35,250)                         | \$497,599                             |
| 9/30/2020         | \$85,000           | \$347,718          | \$40,356                          | \$31,600                             | \$27,817                           | (\$64,356)                         | \$468,135                             |
| 9/30/2021         | \$90,000           | \$338,807          | \$0                               | \$36,000                             | \$27,105                           | (\$33,695)                         | \$458,217                             |
| 9/30/2022         | \$95,000           | \$341,250          | \$0                               | \$33,785                             | \$27,300                           | \$0                                | \$497,335                             |
| 9/30/2023         | \$100,000          | \$335,313          | \$0                               | \$34,461                             | \$26,825                           | \$0                                | \$496,599                             |
| 9/30/2024         | \$105,000          | \$329,063          | \$0                               | \$35,150                             | \$26,325                           | \$0                                | \$495,538                             |
| 9/30/2025         | \$110,000          | \$322,500          | \$0                               | \$35,853                             | \$25,800                           | \$0                                | \$494,153                             |
| 9/30/2026         | \$120,000          | \$315,625          | \$0                               | \$36,570                             | \$25,250                           | \$0                                | \$497,445                             |
| 9/30/2027         | \$125,000          | \$308,125          | \$0                               | \$37,301                             | \$24,650                           | \$0                                | \$495,076                             |
| 9/30/2028         | \$160,000          | \$300,313          | \$0                               | \$38,047                             | \$160                              | \$0                                | \$498,520                             |
| 9/30/2029         | \$165,000          | \$290,313          | \$0                               | \$38,808                             | \$0                                | \$0                                | \$494,121                             |
| 9/30/2030         | \$175,000          | \$280,000          | \$0                               | \$39,584                             | \$0                                | \$0                                | \$494,584                             |
| 9/30/2031         | \$185,000          | \$269,063          | \$0                               | \$40,376                             | \$0                                | \$0                                | \$494,439                             |
| 9/30/2032         | \$195,000          | \$257,500          | \$0                               | \$41,184                             | \$0                                | \$0                                | \$493,684                             |
| 9/30/2033         | \$210,000          | \$245,313          | \$0                               | \$42,007                             | \$0                                | \$0                                | \$497,320                             |
| 9/30/2034         | \$220,000          | \$232,188          | \$0                               | \$42,847                             | \$0                                | \$0                                | \$495,035                             |
| 9/30/2035         | \$235,000          | \$218,438          | \$0                               | \$43,704                             | \$0                                | \$0                                | \$497,142                             |
| 9/30/2036         | \$250,000          | \$203,750          | \$0                               | \$44,578                             | \$0                                | \$0                                | \$498,328                             |
| 9/30/2037         | \$265,000          | \$188,125          | \$0                               | \$45,470                             | \$0                                | \$0                                | \$498,595                             |
| 9/30/2038         | \$280,000          | \$171,563          | \$0                               | \$46,379                             | \$0                                | \$0                                | \$497,942                             |
| 9/30/2039         | \$295,000          | \$154,063          | \$0                               | \$47,307                             | \$0                                | \$0                                | \$496,370                             |
| 9/30/2040         | \$310,000          | \$135,625          | \$0                               | \$48,253                             | \$0                                | \$0                                | \$493,878                             |
| 9/30/2041         | \$330,000          | \$116,250          | \$0                               | \$49,218                             | \$0                                | \$0                                | \$495,468                             |
| 9/30/2042         | \$350,000          | \$95,625           | \$0                               | \$50,203                             | \$0                                | \$0                                | \$495,828                             |
| 9/30/2043         | \$370,000          | \$73,750           | \$0                               | \$51,207                             | \$0                                | \$0                                | \$494,957                             |
| 9/30/2044         | \$395,000          | \$50,625           | \$0                               | \$52,231                             | \$0                                | \$0                                | \$497,856                             |
| 9/30/2045         | \$415,000          | \$25,938           | \$0                               | \$53,275                             | \$0                                | \$0                                | \$494,213                             |
| <b>Total</b>      | <b>\$5,790,000</b> | <b>\$7,278,079</b> | <b>\$119,829</b>                  | <b>\$1,208,767</b>                   | <b>\$317,731</b>                   | <b>(\$496,783)</b>                 | <b>\$14,217,623</b>                   |

1 - The 9/30/XX dates represent the fiscal year end for the Neighborhood Improvement Area #1 Bonds.

2 - Represents principal and interest on the City Contributed Major Improvements. The CCMI requirements were met and payment concluded in 2019.

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

4 - Annual Installments are calculated using a 6.250% interest rate on the Neighborhood Improvement Area #1 Bonds plus the Additional Interest plus Administrative Expenses.

**APPENDIX F**  
**NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL**

**Appendix F**  
**Neighborhood Improvement Area #2 Assessment Roll**

**Parcel  
Units  
Assessment**

**All Parcels  
99  
\$945,000**

| <b>Year<sup>1</sup></b> | <b>Principal</b> | <b>Interest</b>  | <b>Administrative Expenses<sup>2</sup></b> | <b>Prepayment and Delinquency Reserve</b> | <b>Capitalized Interest</b> | <b>Total Annual Installment<sup>3</sup></b> |
|-------------------------|------------------|------------------|--|---|-----------------------------|---|
| 9/30/2020               | \$25,000         | \$54,322         | \$13,337                                   | \$0                                       | \$0                         | \$92,659                                    |
| 9/30/2021               | \$25,000         | \$31,704         | \$15,000                                   | \$0                                       | \$0                         | \$71,704                                    |
| 9/30/2022               | \$20,000         | \$33,856         | \$15,300                                   | \$4,475                                   | \$0                         | \$73,631                                    |
| 9/30/2023               | \$20,000         | \$33,356         | \$15,606                                   | \$4,375                                   | \$0                         | \$73,337                                    |
| 9/30/2024               | \$20,000         | \$32,856         | \$15,918                                   | \$4,275                                   | \$0                         | \$73,049                                    |
| 9/30/2025               | \$20,000         | \$32,356         | \$16,236                                   | \$4,175                                   | \$0                         | \$72,768                                    |
| 9/30/2026               | \$20,000         | \$31,856         | \$16,561                                   | \$4,075                                   | \$0                         | \$72,492                                    |
| 9/30/2027               | \$20,000         | \$31,231         | \$16,892                                   | \$3,975                                   | \$0                         | \$72,099                                    |
| 9/30/2028               | \$15,000         | \$30,606         | \$17,230                                   | \$3,875                                   | \$0                         | \$66,712                                    |
| 9/30/2029               | \$15,000         | \$30,138         | \$17,575                                   | \$3,800                                   | \$0                         | \$66,512                                    |
| 9/30/2030               | \$15,000         | \$29,669         | \$17,926                                   | \$3,725                                   | \$0                         | \$66,320                                    |
| 9/30/2031               | \$20,000         | \$29,200         | \$18,285                                   | \$3,650                                   | \$0                         | \$71,135                                    |
| 9/30/2032               | \$20,000         | \$28,400         | \$18,651                                   | \$3,550                                   | \$0                         | \$70,601                                    |
| 9/30/2033               | \$20,000         | \$27,600         | \$19,024                                   | \$3,450                                   | \$0                         | \$70,074                                    |
| 9/30/2034               | \$20,000         | \$26,800         | \$19,404                                   | \$3,350                                   | \$0                         | \$69,554                                    |
| 9/30/2035               | \$20,000         | \$26,000         | \$19,792                                   | \$3,250                                   | \$0                         | \$69,042                                    |
| 9/30/2036               | \$20,000         | \$25,200         | \$20,188                                   | \$3,150                                   | \$0                         | \$68,538                                    |
| 9/30/2037               | \$20,000         | \$24,400         | \$20,592                                   | \$3,050                                   | \$0                         | \$68,042                                    |
| 9/30/2038               | \$20,000         | \$23,600         | \$21,004                                   | \$2,950                                   | \$0                         | \$67,554                                    |
| 9/30/2039               | \$25,000         | \$22,800         | \$21,424                                   | \$2,850                                   | \$0                         | \$72,074                                    |
| 9/30/2040               | \$25,000         | \$21,800         | \$21,852                                   | \$2,725                                   | \$0                         | \$71,377                                    |
| 9/30/2041               | \$25,000         | \$20,800         | \$22,289                                   | \$2,600                                   | \$0                         | \$70,689                                    |
| 9/30/2042               | \$25,000         | \$19,800         | \$22,735                                   | \$2,475                                   | \$0                         | \$70,010                                    |
| 9/30/2043               | \$25,000         | \$18,800         | \$23,190                                   | \$2,350                                   | \$0                         | \$69,340                                    |
| 9/30/2044               | \$25,000         | \$17,800         | \$23,653                                   | \$2,225                                   | \$0                         | \$68,678                                    |
| 9/30/2045               | \$30,000         | \$16,800         | \$24,127                                   | \$2,100                                   | \$0                         | \$73,027                                    |
| 9/30/2046               | \$90,000         | \$15,600         | \$24,609                                   | \$1,950                                   | \$0                         | \$132,159                                   |
| 9/30/2047               | \$95,000         | \$12,000         | \$25,101                                   | \$1,500                                   | \$0                         | \$133,601                                   |
| 9/30/2048               | \$100,000        | \$8,200          | \$25,603                                   | \$1,025                                   | \$0                         | \$134,828                                   |
| 9/30/2049               | \$105,000        | \$4,200          | \$26,115                                   | \$525                                     | \$0                         | \$135,840                                   |
| <b>Total</b>            | <b>\$945,000</b> | <b>\$761,751</b> | <b>\$595,221</b>                           | <b>\$85,475</b>                           | <b>\$0</b>                  | <b>\$2,387,447</b>                          |

1 – The 9/30/XX dates represent the fiscal year end for the Neighborhood Improvement Areas #2-3 Bonds.

2- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

3- Annual Installments are calculated using a 2.50% interest rate for years 2021-2025, 3.125% interest rate for years 2026-2030, and 4.0% thereafter on the Neighborhood Improvement Areas #2-3 Bonds plus the Additional Interest plus Administrative Expenses.

**APPENDIX G**  
**NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL**

**Appendix G**  
**Neighborhood Improvement Area #3 Assessment Roll**

**Parcel  
Units  
Assessment**

**All Parcels  
182  
\$2,275,000**

| <b>Year<sup>1</sup></b> | <b>Principal</b>   | <b>Interest</b>    | <b>Administrative Expenses<sup>2</sup></b> | <b>Prepayment and Delinquency Reserve</b> | <b>Capitalized Interest</b> | <b>Total Annual Installment<sup>3</sup></b> |
|-------------------------|--------------------|--------------------|--|---|-----------------------------|---|
| 9/30/2021               | \$0                | \$79,814           | \$0  | \$0                                       | (\$79,814)                  | \$0   |
| 9/30/2022               | \$40,000           | \$86,806           | \$25,500                                   | \$11,375                                  | \$0                         | \$163,681                                   |
| 9/30/2023               | \$40,000           | \$85,806           | \$26,010                                   | \$11,175                                  | \$0                         | \$162,991                                   |
| 9/30/2024               | \$40,000           | \$84,806           | \$26,530                                   | \$10,975                                  | \$0                         | \$162,311                                   |
| 9/30/2025               | \$40,000           | \$83,806           | \$27,061                                   | \$10,775                                  | \$0                         | \$161,642                                   |
| 9/30/2026               | \$40,000           | \$82,806           | \$27,602                                   | \$10,575                                  | \$0                         | \$160,983                                   |
| 9/30/2027               | \$45,000           | \$81,556           | \$28,154                                   | \$10,375                                  | \$0                         | \$165,085                                   |
| 9/30/2028               | \$40,000           | \$80,150           | \$28,717                                   | \$10,150                                  | \$0                         | \$159,017                                   |
| 9/30/2029               | \$40,000           | \$78,900           | \$29,291                                   | \$9,950                                   | \$0                         | \$158,141                                   |
| 9/30/2030               | \$40,000           | \$77,650           | \$29,877                                   | \$9,750                                   | \$0                         | \$157,277                                   |
| 9/30/2031               | \$40,000           | \$76,400           | \$30,475                                   | \$9,550                                   | \$0                         | \$156,425                                   |
| 9/30/2032               | \$45,000           | \$74,800           | \$31,084                                   | \$9,350                                   | \$0                         | \$160,234                                   |
| 9/30/2033               | \$45,000           | \$73,000           | \$31,706                                   | \$9,125                                   | \$0                         | \$158,831                                   |
| 9/30/2034               | \$45,000           | \$71,200           | \$32,340                                   | \$8,900                                   | \$0                         | \$157,440                                   |
| 9/30/2035               | \$50,000           | \$69,400           | \$32,987                                   | \$8,675                                   | \$0                         | \$161,062                                   |
| 9/30/2036               | \$50,000           | \$67,400           | \$33,647                                   | \$8,425                                   | \$0                         | \$159,472                                   |
| 9/30/2037               | \$50,000           | \$65,400           | \$34,320                                   | \$8,175                                   | \$0                         | \$157,895                                   |
| 9/30/2038               | \$55,000           | \$63,400           | \$35,006                                   | \$7,925                                   | \$0                         | \$161,331                                   |
| 9/30/2039               | \$55,000           | \$61,200           | \$35,706                                   | \$7,650                                   | \$0                         | \$159,556                                   |
| 9/30/2040               | \$60,000           | \$59,000           | \$36,420                                   | \$7,375                                   | \$0                         | \$162,795                                   |
| 9/30/2041               | \$60,000           | \$56,600           | \$37,149                                   | \$7,075                                   | \$0                         | \$160,824                                   |
| 9/30/2042               | \$65,000           | \$54,200           | \$37,892                                   | \$6,775                                   | \$0                         | \$163,867                                   |
| 9/30/2043               | \$65,000           | \$51,600           | \$38,649                                   | \$6,450                                   | \$0                         | \$161,699                                   |
| 9/30/2044               | \$70,000           | \$49,000           | \$39,422                                   | \$6,125                                   | \$0                         | \$164,547                                   |
| 9/30/2045               | \$70,000           | \$46,200           | \$40,211                                   | \$5,775                                   | \$0                         | \$162,186                                   |
| 9/30/2046               | \$200,000          | \$43,400           | \$41,015                                   | \$5,425                                   | \$0                         | \$289,840                                   |
| 9/30/2047               | \$210,000          | \$35,400           | \$41,835                                   | \$4,425                                   | \$0                         | \$291,660                                   |
| 9/30/2048               | \$215,000          | \$27,000           | \$42,672                                   | \$3,375                                   | \$0                         | \$288,047                                   |
| 9/30/2049               | \$225,000          | \$18,400           | \$43,526                                   | \$2,300                                   | \$0                         | \$289,226                                   |
| 9/30/2050               | \$235,000          | \$9,400            | \$44,396                                   | \$1,175                                   | \$0                         | \$289,971                                   |
| <b>Total</b>            | <b>\$2,275,000</b> | <b>\$1,894,501</b> | <b>\$989,202</b>                           | <b>\$229,150</b>                          | <b>(\$79,814)</b>           | <b>\$5,308,040</b>                          |

1 – The 9/30/XX dates represent the fiscal year end for the Neighborhood Improvement Areas #2-3 Bonds.

2- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

3- Annual Installments are calculated using a 2.50% interest rate for years 2021-2025, 3.125% interest rate for years 2026-2030, and 4.0% thereafter on the Neighborhood Improvement Areas #2-3 Bonds plus the Additional Interest plus Administrative Expenses.

**APPENDIX H**  
**PROPOSED NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL**

**Appendix H**  
**Proposed Neighborhood Improvement Area #4 Assessment Roll**

**Parcel  
Units  
Assessment**

**All Parcels  
276  
\$5,255,000**

| <b>Year<sup>1</sup></b> | <b>Principal</b>   | <b>Interest</b>    | <b>Administrative Expenses<sup>2</sup></b> | <b>Prepayment and Delinquency Reserve</b> | <b>Capitalized Interest</b> | <b>Total Annual Installment<sup>3</sup></b> |
|-------------------------|--------------------|--------------------|--|---|-----------------------------|---|
| 9/30/2022               | \$0                | \$223,338          | \$0  | \$0                                       | (\$223,338)                 | \$0   |
| 9/30/2023               | \$70,000           | \$223,338          | \$25,500                                   | \$26,275                                  | \$0                         | \$345,113                                   |
| 9/30/2024               | \$75,000           | \$220,363          | \$26,010                                   | \$25,925                                  | \$0                         | \$347,298                                   |
| 9/30/2025               | \$75,000           | \$217,175          | \$26,530                                   | \$25,550                                  | \$0                         | \$344,255                                   |
| 9/30/2026               | \$80,000           | \$213,988          | \$27,061                                   | \$25,175                                  | \$0                         | \$346,223                                   |
| 9/30/2027               | \$85,000           | \$210,588          | \$27,602                                   | \$24,775                                  | \$0                         | \$347,965                                   |
| 9/30/2028               | \$85,000           | \$206,975          | \$28,154                                   | \$24,350                                  | \$0                         | \$344,479                                   |
| 9/30/2029               | \$90,000           | \$203,363          | \$28,717                                   | \$23,925                                  | \$0                         | \$346,005                                   |
| 9/30/2030               | \$95,000           | \$199,538          | \$29,291                                   | \$23,475                                  | \$0                         | \$347,304                                   |
| 9/30/2031               | \$100,000          | \$195,500          | \$29,877                                   | \$23,000                                  | \$0                         | \$348,377                                   |
| 9/30/2032               | \$100,000          | \$191,250          | \$30,475                                   | \$22,500                                  | \$0                         | \$344,225                                   |
| 9/30/2033               | \$105,000          | \$187,000          | \$31,084                                   | \$22,000                                  | \$0                         | \$345,084                                   |
| 9/30/2034               | \$110,000          | \$182,538          | \$31,706                                   | \$21,475                                  | \$0                         | \$345,719                                   |
| 9/30/2035               | \$115,000          | \$177,863          | \$32,340                                   | \$20,925                                  | \$0                         | \$346,128                                   |
| 9/30/2036               | \$120,000          | \$172,975          | \$32,987                                   | \$20,350                                  | \$0                         | \$346,312                                   |
| 9/30/2037               | \$125,000          | \$167,875          | \$33,647                                   | \$19,750                                  | \$0                         | \$346,272                                   |
| 9/30/2038               | \$130,000          | \$162,563          | \$34,320                                   | \$19,125                                  | \$0                         | \$346,007                                   |
| 9/30/2039               | \$135,000          | \$157,038          | \$35,006                                   | \$18,475                                  | \$0                         | \$345,519                                   |
| 9/30/2040               | \$145,000          | \$151,300          | \$35,706                                   | \$17,800                                  | \$0                         | \$349,806                                   |
| 9/30/2041               | \$150,000          | \$145,138          | \$36,420                                   | \$17,075                                  | \$0                         | \$348,633                                   |
| 9/30/2042               | \$155,000          | \$138,763          | \$37,149                                   | \$16,325                                  | \$0                         | \$347,236                                   |
| 9/30/2043               | \$160,000          | \$132,175          | \$37,892                                   | \$15,550                                  | \$0                         | \$345,617                                   |
| 9/30/2044               | \$170,000          | \$125,375          | \$38,649                                   | \$14,750                                  | \$0                         | \$348,774                                   |
| 9/30/2045               | \$175,000          | \$118,150          | \$39,422                                   | \$13,900                                  | \$0                         | \$346,472                                   |
| 9/30/2046               | \$390,000          | \$110,713          | \$40,211                                   | \$13,025                                  | \$0                         | \$553,948                                   |
| 9/30/2047               | \$405,000          | \$94,138           | \$41,015                                   | \$11,075                                  | \$0                         | \$551,228                                   |
| 9/30/2048               | \$420,000          | \$76,925           | \$41,835                                   | \$9,050                                   | \$0                         | \$547,810                                   |
| 9/30/2049               | \$440,000          | \$59,075           | \$42,672                                   | \$6,950                                   | \$0                         | \$548,697                                   |
| 9/30/2050               | \$465,000          | \$40,375           | \$43,526                                   | \$4,750                                   | \$0                         | \$553,651                                   |
| 9/30/2051               | \$485,000          | \$20,613           | \$44,396                                   | \$2,425                                   | \$0                         | \$552,434                                   |
| <b>Total</b>            | <b>\$5,255,000</b> | <b>\$4,726,000</b> | <b>\$989,202</b>                           | <b>\$529,725</b>                          | <b>(\$223,338)</b>          | <b>\$11,276,589</b>                         |

1 – The 9/30/XX dates represent the fiscal year end for the Neighborhood Improvement Area #4 Bonds.

2- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

3- Annual Installments are calculated using an estimated 4.25% interest rate on the Neighborhood Improvement Area #4 Bonds plus the Additional Interest plus Administrative Expenses.



APPENDIX D

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project)” (the “Bonds”), dated October 19, 2021, in the principal amount of \$\_\_\_\_\_, we have examined the legality and validity of the issuance thereof by the City of Celina, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of October 1, 2021, with U.S. Bank National Association, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com).

enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of October 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Celina, Texas (the “Issuer”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project)” (the “Bonds”). The Issuer 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 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 October 1, 2021, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, as amended or supplemented, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Administrator” shall mean the Issuer or a designee thereof who shall have the responsibilities 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 initial Administrator is MuniCap, Inc.

“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.

“Annual Issuer Report” shall mean any Annual Issuer Report prepared by the Issuer pursuant to, and as described in, Section 3, containing the information required by Section 4 of this Disclosure Agreement.

“Annual Service Plan Update” shall have the meaning assigned to such term in Section 4(a)(ii) of this Disclosure Agreement.

“Assessed Parcel” means each parcel of land located within Neighborhood Improvement Area #4 of the District against which a Special Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“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, collectively, the Neighborhood Improvement Area #4 Developer, the Master Developer and the Affiliates of such entities.

“Disclosure Agreement of the Developer” shall mean the Continuing Disclosure Agreement of the Developer dated as of October 1, 2021 executed and delivered by the Developer and the Dissemination Agent.

“Disclosure Representative” shall mean the Director of Finance 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 HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., 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 Wells South 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 defined in the Securities Exchange Act of 1934, as amended) 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 twelve consecutive months beginning on October 1 and ending on September 30, as same may be changed in accordance with section 3 below.

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

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



“Master Developer” shall mean Celina Development, LLC, a Texas limited liability company, its successors and assigns.

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

“Neighborhood Improvement Area #4” means the fourth phase to be developed within the District and further identified and depicted in Appendix B-5 in the Service and Assessment Plan.

“Neighborhood Improvement Area #4 Developer” means Lilyana Phase 4, LLC, a Texas limited liability company, its successors and assigns.

“Neighborhood Improvement Area #4 Improvements” shall have the meaning assigned to such term in the Indenture.

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

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

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“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 meaning assigned to such term in the Indenture.

“Special Assessments” means the aggregate assessments, as shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Trustee” shall mean U.S. Bank National Association, Dallas, Texas or any successor trustee pursuant to the Indenture.

### SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ended September 30, 2021, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial

statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer's Fiscal Year. In each case, the Annual Issuer Report 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 give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If by the fifth (5th) day before the filing date required under Section 4 of this Disclosure Agreement, the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the filing date required under Section 4 of this Disclosure Agreement; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report within the time required under this Disclosure Agreement, state the date by which the Annual Issuer Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB, no later than six months after the end of each Fiscal Year; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year.

(b) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) Within six months after the end of each Fiscal Year (any or all of which may be unaudited),

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

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts securing the Bonds.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “Annual Service Plan Update”), including any changes to the methodology for levying the Special Assessments. Until building permits have been issued for parcels or lots representing, in the aggregate, 95% of the total Special Assessments levied within Neighborhood Improvement Area #4, such Annual Service Plan Update shall include the number of new homes completed in Neighborhood Improvement Area #4 during such Fiscal Year and the aggregate number of new homes completed within Neighborhood Improvement Area #4 since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2021.

(iii) The individual and aggregate taxable assessed valuation for parcels or lots within Neighborhood Improvement Area #4 based on the most recent certified tax roll available to the Issuer.

(iv) For Neighborhood Improvement Area #4, the total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of delinquent Special Assessments collected and Special Assessments prepaid during such Fiscal Year.

(v) As of February 15 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year), the total amount of the following with respect to Neighborhood Improvement Area #4:

(A) Annual Installments invoiced,

B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator),

(C) delinquent Annual Installments,

(D) Foreclosure Proceeds collected, and

(E) prepaid Special Assessments collected.

(vi) The current or delinquent status of the payment of the Special Assessments for each parcel or lot in Neighborhood Improvement Area #4 as of February 15 of the calendar year immediately succeeding such Fiscal Year.

(vii) The principal and interest paid on the Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(viii) 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) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information within the time period specified.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

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.

The Issuer does not intend for any sale by the Developer of real property within Neighborhood Improvement Area #4 in the ordinary course of the Developer's business to be considered a significant 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 occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. 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.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information 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. 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, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative 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. 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 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).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer 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 such series of 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, 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. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

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 Issuer Report, 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 Annual Issuer Report for the 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 Issuer Report 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 Issuer Report 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 Issuer Report 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 may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, 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 the Developer by the Developer, and a default under the Disclosure Agreement of the Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. 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 Special Assessments



collected from the property owners in Neighborhood Improvement Area #4 of the District 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 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. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT 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 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 IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION. THE ISSUER DOES NOT WAIVE, AND EXPRESSLY RESERVES, ITS GOVERNMENTAL IMMUNITY FOR SUIT AND LIABILITY.

SECTION 12. Special Assessments Timeline. The basic expected timeline for the collection of Special Assessments and the anticipated procedures for pursuing the collection of delinquent Special 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 Special Assessments.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer 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 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 agrees 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 Dissemination Agent 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 Administrative Expenses 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 Special Assessments collected from the property owners in Neighborhood Improvement Area #4 of the District for its fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Anti-Boycott Verification. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section 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.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent 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 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 enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Dissemination Agent 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.

SECTION 20. No Discrimination Against Fossil-Fuel Companies. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, 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 with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

SECTION 21. No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Disclosure Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, 'discriminate against a firearm entity or firearm trade association' (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business

relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) 'firearm entity' means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

SECTION 22. Affiliate. As used in Sections 19 through 21, the Dissemination Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent within the meaning of SEC Rule 133(f), 17.C.F.R. § 230.133(f), and exists to make a profit.

SECTION 23. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 24. 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.

*[Signature pages follow.]*

CITY OF CELINA, TEXAS  
(as Issuer)

By: \_\_\_\_\_  
City Manager

HTS CONTINUING DISCLOSURE SERVICES,  
a division of Hilltop Securities Inc.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
ANNUAL ISSUER REPORT**

Name of Issuer: City of Celina, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021  
(Wells South Public Improvement District Neighborhood  
Improvement Area #4 Project)  
Date of Delivery \_\_\_\_\_, 20\_\_  
CUSIP Nos: [Insert CUSIP Nos]

NOTICE IS HEREBY GIVEN that the City of Celina, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of the Issuer dated October 1, 2021 between the Issuer and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

HTS CONTINUING DISCLOSURE SERVICES, a  
division of Hilltop Securities Inc.  
on behalf of the City of Celina, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Celina, Texas

**EXHIBIT B**

**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)**

---

**ANNUAL ISSUER REPORT\***

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [Insert CUSIP Nos]

**DISSEMINATION AGENT**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person \_\_\_\_\_

**BONDS OUTSTANDING**

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

**INVESTMENTS**

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

---

\*Excluding Audited Financial Statements of the Issuer



**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE**

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

**ITEMS REQUIRED BY SECTION 4(a)(ii)-(viii)**  
[Insert a line item for each applicable listing]

## EXHIBIT C

### BASIC TIMELINE FOR SPECIAL ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES

| <u>Date</u> | <u>Delinquency<br/>Clock (Days)</u> | <u>Activity</u>   |
|-------------|-------------------------------------|---|
| January 31  |                                     | Special Assessments are due.  |
| February 1  | 1                                   | Special Assessments Delinquent if not received.   |
| February 15 | 15                                  | <p>Issuer forwards payment to Trustee for all collections received as of February 15, 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 Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 1. <b>If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.</b></p> <p>Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Special Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</b></p> <p><b>If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments,</b></p> |

|          |       |   |
|----------|-------|---|
| March 1  | 29/30 | <p><b>the collection-foreclosure procedure will proceed against all delinquent properties.</b></p> <p>Trustee pays bond interest payments to bondholders.</p> <p>Reserve Fund payment to Bond Fund may be required if Special Assessments are below approximately 50% collection rate.</p> <p>Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.</p>  |
| March 20 | 48/49 | <p><b>Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.</b></p> <p>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.</p> <p><b>Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.</b></p> <p><b>If any property owner with ownership of property responsible for more than \$10,000 of the Special Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Special Assessments.</b></p> |
| April 15 | 74/75 | <p><b>Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.</b></p> <p>If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections,</p>  |

|                |                |  |
|----------------|----------------|--|
|                |                | Dissemination Agent to request same from the Issuer.   |
| May 1          | 90/91          | If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.  |
| May 15         | 104/105        | 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 bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121). |
| <b>June 1</b>  | <b>121/122</b> | <b>Foreclosure action to be filed with the court.</b>  |
| <b>June 15</b> | <b>135/136</b> | <b>Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.</b>   |
| July 1         | 151/152        | If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.   |

A committee of not less than 25% of the Owners may request a meeting with the City Manager or Director of Finance to discuss the Issuer’s actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, Owners may also request a meeting with the Issuer at any time to discuss the Issuer’s plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Special Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT  
NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER**

This Continuing Disclosure Agreement of the Developer dated as of October 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and among Celina Development, LLC, a Texas limited liability company (the “Master Developer”) and Lilyana Phase 4, LLC, a Texas limited liability company (the “Neighborhood Improvement Area #4 Developer”) (the Master Developer and the Neighborhood Improvement Area #4 Developer are collectively referred to herein as the “Developer”), MuniCap, Inc. (the “Administrator”) and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project)” (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 October 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:

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

“Administrator” shall mean the Issuer or a designee thereof who shall have the responsibilities 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 initial Administrator is MuniCap, Inc.

“Affiliate” shall mean, with respect to any entity or person, an entity or person that is controlled by, controls, or is under common control with such entity or person.

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

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

“Assessed Parcel” means each parcel of land located within Neighborhood Improvement Area #4 of the District against which a Special Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

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

“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, collectively, the Neighborhood Improvement Area #4 Developer, the Master Developer and the Affiliates of such entities.

“Development Agreement” means the “Amended and Restated Development Agreement (Wells South Tract)”, between the Issuer and the George White Family Limited Partnership, as original landowner, effective as of September 8, 2015, as assigned to the Master Developer, by that certain “Assignment and Assumption of Celina Development Agreement (Wells South) ”, between the George White Family Limited Partnership and the Master Developer, effective January 2, 2016, and as amended by that certain First Amendment to Amended and Restated Development Agreement (Wells South Tract), between the Issuer and the Master Developer, effective as of February 13, 2018, as the same may be amended from time to time.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of October 1, 2021 executed and delivered by the Issuer and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., 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 Wells South Public Improvement District.

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

“Issuer” shall mean the City of Celina, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Master Developer” shall mean Celina Development, LLC, a Texas limited liability company, its successors and assigns.

“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.

“Neighborhood Improvement Area #4” means the fourth phase to be developed within the District and further identified and depicted in Appendix B-5 in the Service and Assessment Plan.



“Neighborhood Improvement Area #4 Developer” means Lilyana Phase 4, LLC, a Texas limited liability company, its successors and assigns.

“Neighborhood Improvement Area #4 Improvements” shall have the meaning assigned to such term in the Indenture.

“Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report” shall mean any Quarterly Improvement Implementation Report prepared by the Administrator pursuant to, and as described in, Section 3(c) of this Disclosure Agreement.

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

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

“PID Act” means Chapter 372, Texas Local Government Code, as amended.

“PID Reimbursement Agreement” means the "PID Reimbursement Agreement – Wells South" between the City and the Developer relating to the Bonds, dated as of December 7, 2015, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the bonds for funds advanced by the Developer and used to pay costs of such Authorized Improvements and other matters related thereto.

“Quarterly Ending Date” means each March 30, June 30, September 30 and December 30.

“Quarterly Improvement Implementation Report” shall mean any Quarterly Improvement Implementation Report prepared by the Administrator pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“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.

“Special Assessments” means the aggregate assessments, as shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Subsequent Third Party Owner” shall have the meaning assigned to such term in Section 3(e) of this Disclosure Agreement.

“Trustee” means U.S. Bank National Association, Dallas, Texas, or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Improvement Implementation Reports.

(a) The Developer shall provide, or cause to be provided, to the Administrator, at its cost and expense, at least five (5) Business Days prior to each Quarterly Ending Date (beginning December 30, 2021), any information in its knowledge or possession or that will enable the Administrator to complete each Quarterly Improvement Implementation Report containing the information described in this Section 3. Subject to Section 5 below, the Developer shall provide, or cause to be provided, such information required for the preparation of each Quarterly Improvement Implementation Report during the period from the delivery of the Bonds until such time as the Developer is no longer responsible for the payment of: (i) Annual Installments of Special Assessments equal to at least 20% of the total Annual Installments of Special Assessments for any year (with respect to the Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report).

(b) The Administrator shall provide to the Issuer and the Dissemination Agent, on or before each Quarterly Ending Date (beginning with the quarter ending December 30, 2021), each Quarterly Improvement Implementation Report containing the information described in this Section 3. The Issuer shall review the information and authorize the Dissemination Agent to provide such information to the MSRB and the Participating Underwriter no later than the fifteenth (15th) Business Day following the respective Quarterly Ending Date.

(c) Such Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report shall include:

(i) Statement from the Developer as to the status of development loans and any permanent financing with respect to any development undertaken by the Developer in Neighborhood Improvement Area #4 not financed with Bond proceeds, including: (1) the current loan balance, (2) the existence of deeds of trust or other similar encumbrances against the property within Neighborhood Improvement Area #4, (4) the existence of any default, and (5) the remaining term;

(ii) Statement as to available funds to complete the Neighborhood Improvement Area #4 Improvements under construction as contemplated (both Bond financed and non-Bond financed development undertaken by the Developer within Neighborhood Improvement Area #4);

(iii) Status of parcel and/or lot sales within Neighborhood Improvement Area #4 from the Developer to any other party by type and average pricing, as well as anticipated future absorption rates;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Master Developer or Neighborhood Improvement Area #4 Developer;

(v) Any information regarding the Neighborhood Improvement Area #4 Improvements or other information as may be reasonably requested by the Issuer relating to the

ability of the Developer to fulfill its obligations under the Development Agreement or the PID Reimbursement Agreement;

(vi) Written notification of any significant zoning or land use entitlement changes or any other matter that would have a material adverse impact on land values within Neighborhood Improvement Area #4, development potential of lands within Neighborhood Improvement Area #4 or the likelihood of the timely payment of the Special Assessments levied on land or parcels within Neighborhood Improvement Area #4 owned by the Developer;

(vii) Any changes to the land use designation for the property in Neighborhood Improvement Area #4 that might negatively impact its development for those purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time;

(viii) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) within Neighborhood Improvement Area #4 under contract with wholesale purchasers and the name of each such purchaser;

(ix) A listing of any Subsequent Third Party Owners (defined below) representing at least twenty percent (20%) of the Special Assessments, the amount of the levy of Special Assessments against property owned by such Subsequent Third Party Owner, and the percentage of such Special Assessments relative to the entire levy of Special Assessments; and

(x) For each residential home builder within Neighborhood Improvement Area #4, on a per quarter and running total basis, (A) the number of residential units for which construction has begun, (B) the number of residential units for which construction has been completed, (C) the number of residential units which have been sold to end users and the average sales price thereof and (D) the estimated date of completion for all residential units expected to be constructed in Neighborhood Improvement Area #4.

(d) With respect to the Neighborhood Improvement Area #4 Improvements, the Developer will establish an accounting and budgeting system and shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Improvement Implementation Report:

- (i) Total expected costs for design and engineering to be completed after delivery of the Bonds;
- (ii) Total expected construction budget;
- (iii) Construction budget allocated to each progress milestone;
- (iv) Forecast construction milestones by date;
- (v) Forecast completion date; and
- (vi) Forecast Issuer acceptance date.

The Developer shall prepare, within ninety (90) days of the issuance of the Bonds, a schedule reflecting the points listed above for the Neighborhood Improvement Area #4 Improvements within the District to be funded by the Bond proceeds. Quarterly progress reports, reflecting the points listed above, will be summarized by the Developer to reflect the progress and conformance with the overall project budget. These quarterly summaries will be filed with the Administrator for assembly into the Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report and delivered to the Issuer and the Dissemination Agent. Budget overruns in excess of \$250,000 per quarter or delays of greater than sixty (60) days will be highlighted and explained and the Developer shall include a plan to remedy the situation. The Developer's filings under this Section 3(e) will terminate after the Issuer accepts the final segment of the Neighborhood Improvement Area #4 Improvements and Developer provides a final summary report covering the period from the date of its last preceding quarterly progress report to the date of Issuer acceptance of the final segment of the Neighborhood Improvement Areas #4 Improvements.

(e) If the Developer sells, assigns or otherwise transfers ownership of real property in Neighborhood Improvement Area #4 to a third party, which results in such third party owning property representing at least twenty percent (20%) of the total Annual Installments of the Special Assessments first coming due after such transfer of ownership (a "Subsequent Third Party Owner"), the Developer shall require such Subsequent Third Party Owner to comply with the Developer's disclosure obligations hereunder with respect to such acquired real property for so long as such Subsequent Third Party Owner is the owner of property representing at least twenty percent (20%) of the total of Annual Installments of the Special Assessments next coming due. The Developer shall deliver to the Dissemination Agent and the Issuer, a written acknowledgement from each Subsequent Third Party Owner, acknowledging and assuming its obligations under this Disclosure Agreement. Upon any such transfer to a Subsequent Third Party Owner, and such Subsequent Third Party Owner's assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

#### SECTION 4. Event Reporting Obligations of Developer.

(a) Pursuant to the provisions of this Section 4, each of the following is a Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Special Assessments levied within Neighborhood Improvement Area #4 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner 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 Listed Event under this Section 4 nor a breach or default of this Agreement.

(ii) Material damage to or destruction of any development or improvements, including the Authorized Improvements within Neighborhood Improvement Area #4;

(iii) Material default by the Developer on any loan with respect to the development or permanent financing of Neighborhood Improvement Area #4 Improvements undertaken by the Developer;

(iv) Material default by the Developer on any loan secured by property within Neighborhood Improvement Area #4 owned by the Developer;

(v) The bankruptcy filing of the Developer or any determination that the Developer 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, 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 claim for damage, in excess of \$1,000,000 against the Developer which may adversely affect the completion of development of Neighborhood Improvement Area #4 or litigation which would materially adversely affect the financial condition of the Developer; and

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Developer.

Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly notify the Issuer and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent, subject to the Issuer's written approval, to immediately file a notice of such occurrence with the MSRB and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days of the Developer's knowledge of the occurrence of such Listed Event.

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

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Issuer and the Developer of such Listed Event. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer 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 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 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 the Dissemination Agent has been instructed by the Developer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within one (1) Business Day of its receipt of such written instructions from the Developer.

SECTION 5. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or a Subsequent Third Party Owner, if any, under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Developer or a Subsequent Third Party Owner, if any, is no longer responsible for: (1) with respect to the Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report, the payment of Annual Installments of Special Assessments equal to at least 20% of the total Annual Installment of Special Assessments for any year.

(b) With respect to the Neighborhood Improvement Area #4 Quarterly Improvement Implementation Report, at such time that the Developer or a Subsequent Third Party Owner, if any, is no longer responsible for the payment of Annual Installments of Special Assessments equal to at least 20% of the total Annual Installments of Special Assessments for any year, the Administrator shall provide written notice to the Developer or any Subsequent Third Party Owner, if applicable, the Issuer and the Dissemination Agent that such party is no longer responsible for the payment of Annual Installments of Special Assessments equal to at least 20% of the total Annual Installments of Special Assessments for any year, thereby, terminating such party's reporting obligations related to Neighborhood Improvement Area #4 under this Disclosure Agreement (the "Termination Notice"). If such termination notice with respect to the Developer or a Subsequent Third Party Owner occurs prior to the legal defeasance, prior redemption or payment in full of all of the Bonds, the Administrator shall immediately provide, or cause to be provided, the Termination Notice (substantially in the form attached hereto as Exhibit A) to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB and the Participating Underwriter within ten (10) Business Days of its receipt thereof.

(c) The reporting obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the obligations of the Developer and any Subsequent Third Party Owner, if any, have terminated under this Section 5 and any Termination Notice required by subsection (b) of this Section 5 has been provided to the MSRB and Participating Underwriter.

SECTION 6. 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 the obligations of the Developer and Subsequent Third Party Owner, if any, under this Disclosure Agreement, 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. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

SECTION 7. Amendment; waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator 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 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 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. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

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 Improvement Implementation Report, 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 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 7 to the Issuer and the Participating Underwriter.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or Subsequent Third Party Owner 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 Subsequent Third Party Owner chooses to include any information in any Quarterly Improvement Implementation Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Subsequent Third Party Owner, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Improvement Implementation Report or notice of occurrence of a Listed Event.

SECTION 9. Content of Disclosures. In all cases, the Developer or Subsequent Third Party Owner, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under section 3, 4 or 10 of this Disclosure Agreement.

SECTION 10. Default. In the event of a failure of the Developer or Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Developer and/or 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 or 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 shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of the Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer or Administrator.

Notwithstanding the foregoing, the following shall not be deemed a default or non-compliance by the Developer under this Disclosure Agreement for purposes of requesting payments under the Indenture or for purposes of meeting certain obligations of the Developer as a condition to future bond issues if the Developer has fully complied with the requirements of Section 3 or Section 4, as applicable: (1) the failure of the Dissemination Agent to timely provide the MSRB with the Quarterly Improvement Implementation Report received from the Administrator; or (2) the failure of the Dissemination Agent to timely file a notice of Listed Event received from the Developer; provided that any such failure is not in any way due to the actions, or failure to act, of the Developer. Provided further, the following shall not be deemed a default by the Developer under this Disclosure Agreement, if the Developer has fully complied with the requirements of Section 3 or Section 4, as applicable: (1) the failure of the Administrator to timely provide the Quarterly Improvement Implementation Report to the Issuer and the Dissemination Agent; (2) the failure of the Dissemination Agent to timely provide the Quarterly Improvement Implementation Report received from the Administrator to the Participating Underwriter; and (3) the failure of the Dissemination Agent to timely provide notice of a Listed Event received from the Developer to the Participating Underwriter; provided that any such failure is not in any way due to the actions, or failure to act, of the Developer.

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

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. 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 fact that the Dissemination Agent may have a financial advisory relationship with the Issuer in connection with the transaction described in the Indenture shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 4 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. 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) 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 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 SUBSEQUENT THIRD PARTY OWNER 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 ANY SUBSEQUENT THIRD PARTY OWNER, AS APPLICABLE, 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 12. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, 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, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 13. 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 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, any Subsequent Third Party Owner, 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 15. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 16. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses 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 the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 17. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 18. 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.

*[Signature pages follow.]*

HTS CONTINUING DISCLOSURE SERVICES,  
a division of Hilltop Securities Inc.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

CELINA DEVELOPMENT, LLC,  
a Texas limited liability company  
(as Master Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LILYANA PHASE 4, LLC,  
a Texas limited liability company  
(as Neighborhood Improvement Area #4 Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MUNICAP, INC.  
a Maryland corporation  
(as Administrator)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**TERMINATION NOTICE**

Name of Issuer: City of Celina, Texas  
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021  
 (Wells South Public Improvement District Neighborhood  
 Improvement Area #4 Project)  
 CUSIP Nos. [insert CUSIP NOs.]  
 Date of Delivery: \_\_\_\_\_, 20\_\_

[Developer][Subsequent Third-Party Owner]

City of Celina, Texas  
 142 N. Ohio St.  
 Celina, TX 75009

HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

NOTICE IS HEREBY GIVEN that the [Developer][Subsequent Third-Party Owner] is no longer responsible for the payment of Annual Installments of Special Assessments equal to at least twenty percent (20%) of the total Annual Installment of Special Assessments, with respect to the above-named bonds, for any year, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of the Developer dated October 1, 2021, by and among Developer, MuniCap, Inc., (the “Administrator”) and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”).

Dated: \_\_\_\_\_

MuniCap, Inc.  
 on behalf of the City of Celina, Texas  
 (as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX F

PID REIMBURSEMENT AGREEMENT

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)



**PID Reimbursement Agreement**  
**Wells South**

This Reimbursement Agreement (this "Agreement") is entered into by Celina Development, LLC (the "Developer") and the City of Celina, Texas (the "City"), to be effective December 7, 2015 (the "Effective Date"). The Developer and the City are individually referred to as a "Party" and collectively as the "Parties."

SECTION 1. RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to "sections" shall mean sections of this Agreement; (2) all references to "exhibits" shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to "ordinances" or "resolutions" shall mean ordinances or resolutions adopted by the City Council;

1.1 WHEREAS, the Developer is a Texas limited liability company;

1.2 WHEREAS, the City is a Texas home-rule municipality;

1.3 WHEREAS, on July 14, 2015, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, covering approximately 400.524 contiguous acres within the City's extraterritorial jurisdiction that will be annexed into the City's corporate limits on December 7, 2015, which land is described in the PID Creation Resolution;

1.4 WHEREAS, on December 7, 2015, the City Council passed and approved an Assessment Ordinance;

1.5 WHEREAS, the December 7, 2015, Assessment Ordinance approved the SAP;

1.6 WHEREAS, the SAP identifies Public Improvements to be designed, constructed, and installed by or at the direction of the Parties that confer a special benefit on the Assessed Property;

1.7 WHEREAS, the SAP estimates the Actual Costs of the Public Improvements;

- 1.8 WHEREAS, the Assessed Property is being developed in phases;
- 1.9 WHEREAS, the SAP determines and apportions the Actual Costs of the Public Improvements to the Assessed Property, which Actual Costs represent the special benefit that the Public Improvements confer upon the Assessed Property;
- 1.10 WHEREAS, an Assessment Ordinance levied the Actual Costs of the Public Improvements as Special Assessments against the Assessed Property in the amounts set forth on an Assessment Roll;
- 1.11 WHEREAS, Special Assessments and Annual Installments are due and payable as described in the SAP;
- 1.12 WHEREAS, Annual Installments shall be billed and collected by the City;
- 1.13 WHEREAS, Assessment Revenue from the collection of Special Assessments and Annual Installments shall be deposited into the PID Pledged Revenue Fund if PID Bonds secured by such Special Assessments and Annual Installments are issued or into the PID Reimbursement Fund if no such PID Bonds are issued or such PID Bonds are no longer outstanding;
- 1.14 WHEREAS, Bond Proceeds shall be deposited into the PID Project Fund;
- 1.15 WHEREAS, the PID Project Fund shall only be used to pay Actual Costs;
- 1.16 WHEREAS, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the Act;
- 1.17 WHEREAS, the foregoing RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; and (3) constitute representations, warranties, and covenants that each Party has relied upon in entering into this Agreement; and
- 1.18 WHEREAS, all resolutions and ordinances referenced in this Agreement (e.g., the PID Creation Resolution and each Assessment Ordinance), together with all other documents referenced in this Agreement (e.g., the SAP), are incorporated as part of this Agreement for all purposes as if such resolutions, ordinances, and other documents were set forth in their entirety in or as exhibits to this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

## SECTION 2. DEFINITIONS

- 2.1 "Act" is defined as Chapter 372, Texas Local Government Code, as amended.
- 2.2 "Actual Costs" are defined in the SAP.
- 2.3 "Agreement" is defined in the introductory paragraph.
- 2.4 "Administrative Expenses" are defined in the SAP.
- 2.5 "Annual Installment" is defined in the SAP.
- 2.6 "Assessed Property" is defined in the SAP.
- 2.7 "Assessment Ordinance" is defined in the SAP.
- 2.8 "Assessment Revenue" means the revenues actually received by or on behalf of the City from the collection of Special Assessments.
- 2.9 "Assessment Roll" is defined in the SAP.
- 2.10 "Bond Indenture" means the applicable trust indenture pursuant to which PID Bonds are issued.
- 2.11 "Bond Proceeds" mean the proceeds derived from the issuance and sale of PID Bonds that are deposited and made available to pay Actual Costs in accordance with the applicable Bond Indenture.
- 2.12 "Certificate for Payment" means a certificate (substantially in the form of Exhibit A or as otherwise approved by the Developer and the City Representative) executed by a person approved by the City Representative, delivered to the City Representative (and/or, if applicable, to the trustee named in any applicable Bond Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Actual Costs, and requesting payment of such amount from the PID Project Fund. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that the Public Improvements (or its completed segment) covered by the certificate have been inspected by the City.
- 2.13 "City" is defined in the introductory paragraph.

- 2.14 "City Representative" means the person authorized by the City Council to undertake the actions referenced herein.
- 2.15 "City Council" means the governing body of the City.
- 2.16 "Closing Disbursement Request" means a request in the form of Exhibit B or as otherwise approved by the Parties.
- 2.17 "Default" is defined in Section 4.6.1.
- 2.18 "Delinquent Collection Costs" are defined in the SAP.
- 2.19 "Developer" is defined in the introductory paragraph.
- 2.20 "Developer Advances" mean advances made by the Developer to pay Actual Costs.
- 2.21 "Effective Date" is defined in the introductory paragraph.
- 2.22 "Failure" is defined in Section 4.6.1.
- 2.23 "Maturity Date" is the date one year after the last Annual Installment is collected.
- 2.24 "Party" and "Parties" are defined in the introductory paragraph.
- 2.25 "PID" is defined as the Wells South Public Improvement District created by the PID Creation Resolution.
- 2.26 "PID Bonds" are defined in the SAP.
- 2.27 "PID Creation Resolution" is defined as Resolution No. 2015-34R passed and approved by the City Council on July 14, 2015.
- 2.28 "PID Project Fund" means the fund established by the City under the Bond Indenture (and segregated from all other funds of the City) into which the City deposits Bond Proceeds.
- 2.29 "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 if not deposited into the PID Pledged Revenue Fund.
- 2.30 "PID Pledged Revenue Fund" means the fund established by the City under the Bond Indenture (and segregated from all other funds of the City) into which the City deposits Assessment

Revenue from the collection of the Special Assessments securing PID Bonds issued and still outstanding.

2.31 "Public Improvements" are defined in the SAP.

2.32 "Reimbursement Agreement Balance" is defined in Section 3.3.

2.33 "SAP" is defined as the *Wells South Public Improvement District Service and Assessment Plan* approved as part of the December 7, 2015 Assessment Ordinance, as amended by City Council action.

2.34 "Special Assessment" is defined in the SAP

2.35 "Transfer" and "Transferee" are defined in Section 4.8.

### SECTION 3. FUNDING PUBLIC IMPROVEMENTS

3.1 Fund Deposits. Until PID Bonds are issued, the City shall bill, collect, and immediately deposit into the PID Reimbursement Fund all Assessment Revenue consisting of: (1) revenue collected from the payment of Special Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (2) revenue collected from the payment of Annual Installments (excluding Administrative Expenses and Delinquent Collection Costs). Once PID Bonds are issued, the City shall bill, collect, and immediately deposit into the PID Pledged Revenue Fund all Assessment Revenue constituting "pledged revenues" as defined in the Bond Indenture. The City shall also deposit Bond Proceeds and any other funds authorized by the Bond Indenture into the PID Project Fund. 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 City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used to pay Actual Costs of the Public Improvements in accordance with the applicable Bond Indenture. Funds in the PID Reimbursement Fund shall only be used to pay Actual Costs of the Public Improvements or all or any portion of the Reimbursement Agreement Balance in accordance with this Agreement. Once PID Bonds are issued, the Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Actual Costs. If PID Bonds are not issued to pay Actual Costs of Public Improvements, the Developer may elect to make Developer Advances to pay Actual Costs. If PID

Bonds are issued, the Bond Proceeds shall be used to pay Actual Costs, and the Developer shall have no obligation to make Developer Advances unless the Bond Proceeds, together with any other funds in the PID Project Fund or PID Reimbursement Fund, are insufficient to pay the Actual Costs, in which case the Developer shall make Developer Advances to pay the deficit. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of the Developer to pay Actual Costs of the Public Improvements.

3.3 Payment of Reimbursement Agreement Balance. The City agrees to pay to the Developer, and the Developer shall be entitled to receive payments from the City, until the Maturity Date, for amounts shown on each Certificate for Payment (which amounts include all Actual Costs paid by or at the direction of the Developer) plus: (1) simple interest on the unpaid principal balance at the rate of five percent (5%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years one through five beginning on the date each Certificate of Payment is delivered to the City Representative; and (2) simple interest on the unpaid principal balance at the rate of two percent (2%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index reported in the month before the date the obligation was incurred for years six through thirty-five thereafter (the unpaid principal balance, together with accrued but unpaid interest, owed the Developer for all Certificates of Payment is referred to as the "Reimbursement Agreement Balance"). The obligation of the City to pay the Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or the PID Pledged Revenue Fund, or if PID Bonds are issued for the purpose of paying the Reimbursement Agreement balance as described in Section 3.4 hereof, 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. Payments from the PID Pledged Revenue Fund shall be applied in accordance with the applicable Bond Indenture. Each payment from the PID Reimbursement Fund or the PID Pledged Revenue 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 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: (1) paying the Reimbursement Agreement Balance; or (2) paying directly Actual Costs of Public Improvements. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the applicable Bond Indenture. Upon the issuance of PID Bonds for such purpose, the Developer's right to receive payments from the PID Pledged Revenue Fund in accordance with Section 3.3 shall be temporarily suspended until such time as debt service on the PID Bonds is paid from the PID Pledged Revenue Fund. Once debt service on the PID Bonds is paid, the Developer's right to receive payments from the PID Pledged Revenue Fund in accordance with Section 3.3 shall resume. 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, the Developer has a duty to construct those Public Improvements described in the Bond Indenture. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Actual Costs. This Agreement shall apply to all of the PID Bonds issued by the City whether in one or more series, and no additional reimbursement agreement shall be required for future series of PID Bonds.

3.5 Disbursements and Transfers at and after Bond Closing. The City and the Developer agree that from the proceeds of the PID Bonds, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the trustee under the Bond Indenture to pay at closing of the PID Bonds approved amounts from the appropriate account to the persons entitled to payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items expended by the Developer and the City as of the time of the delivery of the PID Bonds as described in the SAP. In order to receive disbursement, the Developer shall execute a Closing Disbursement Request to be delivered to the City no less than three (3) days 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, the Developer shall execute 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 and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by

the City) from the 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 therefore and with the terms of this Agreement and any other agreement between the parties related to property in the PID, and to verify and approve the Actual 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. Within fourteen (14) days following receipt of any Certificate for Payment, the City shall either: (1) approve the Certificate for Payment and forward it to the trustee for payment, or (2) provide the 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. The City shall deliver the approved or partially approved Certificate for Payment to the trustee for payment, and the trustee shall make the disbursements as quickly as practicable thereafter.

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 a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund, the PID Pledged Revenue Fund, or the PID Project Fund. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind shall be used to pay: (1) the Actual Costs of the Public Improvements; (2) the Reimbursement Agreement Balance even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) 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 the 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 in substantial compliance with its obligations under Developer's Continuing Disclosure Agreement, then following the inspection and approval of any portion of Public Improvements for which Developer seeks reimbursement of the Actual Costs by submission of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay disbursements (whether to the Developer or to



any person designated by the Developer) identified in any Closing Disbursement Request or in any Certificate for Payment and to pay debt service on PID Bonds 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. All Public Improvements shall be constructed by or at the direction of the Developer in accordance with the plans and in accordance with this Agreement and any other agreement between the parties related to property in the PID. The 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 Public Improvements 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. The Developer has sole responsibility of ensuring that all Public Improvements 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. The Developer shall employ at all times 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 Public Improvements to be acquired and accepted by the City from the Developer. If an Public Improvements are or will be on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvements. Inspection and acceptance of Public Improvements will be in accordance with applicable City ordinances and regulations.

3.9 Security for Public Improvements. Prior to completion and conveyance to the City of any Public Improvements, the Developer shall cause to be provided to the City a maintenance bond in the amount required by the City's subdivision regulations for applicable Public Improvements, which maintenance bond shall be for a term of two years from the date of final acceptance of the applicable Public Improvements. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that legal counsel for the City has the right to reject any surety company regardless of such company's authorization to do business in Texas. Nothing in this Agreement shall be deemed to prohibit the 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 the Developer or the City with respect thereto so long as such delay in performance shall not subject the Public Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Public Improvements is contested, the Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed 120 percent of the disputed amount.

3.10 Ownership and Transfer of Public Improvements. The Developer shall furnish to the City a preliminary title report for land related to the Public Improvements to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City. The report shall be made available for City review and approval at least fifteen (15) business days prior to the scheduled transfer of title. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the City's use and enjoyment of the Public Improvements. If the City objects to any preliminary title report, the City shall not be obligated to accept title to the applicable Public Improvements until the Developer has cured the objections to the reasonable satisfaction of the City.

#### 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 the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

4.2 No Competitive Bidding. Construction of the Public Improvements shall not require competitive bidding pursuant to Section 252.022(a) (9) of the Texas Local Government Code, as amended. All construction and design documents and plans 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 the 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, the 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 three business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Public Improvements. For a period of two years after completion of the Public Improvements, the Developer shall maintain proper books of record and account for the construction of the Public Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles.

4.5 Representations and Warranties.

4.5.1 The Developer represents and warrants to the City that: (1) the Developer has the authority to enter into and perform its obligations under this Agreement; (2) the Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (4) this Agreement is binding upon the Developer in accordance with its terms; and (5) the execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

4.5.2 The City represents and warrants to the Developer that: (1) the City has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the City has been duly authorized to do so; (3) this Agreement is binding upon the City in accordance with its terms; and (4) 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 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 10 days within which to cure. If the Failure is non-monetary, the non-performing Party shall have 30 days within which to cure.

4.6.2 If the Developer is in Default, the City shall have available all remedies at law or in equity; provided no default by the Developer shall entitle the City to terminate this Agreement or to withhold payments to the Developer from the PID Reimbursement Fund or the PID Pledged Revenue Fund or the PID Project Fund in accordance with this Agreement and the Bond Indenture.

4.6.3 If the City is in Default, the Developer shall have available all remedies at law or in equity; provided, however, no Default by the City shall entitle the Developer to terminate this Agreement.

4.6.4 The City shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

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 the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the Public Improvements. The obligations of the 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 the 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 Transfers. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, the Developer's right, title, or interest to payments under this Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payments of the Reimbursement Agreement Balance, whether such payments are from the PID Reimbursement Fund or the PID Pledged Revenue Fund in accordance with Section 3.3 or from Bond Proceeds (any of the foregoing, a "Transfer." and the person or entity to whom the transfer is

made, a "Transferee"). Notwithstanding the foregoing, no Transfer shall be effective until notice of the Transfer is given to the City. The City may rely on notice of a Transfer received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the City for any funds paid to a third party as a result of a Transfer for which the City received notice.

4.9 Applicable Law; Venue. This Agreement is being executed 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 Collin County, Texas.

4.10 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (1) 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 (2) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City:                   Attn: Mike Foreman, City Manager  
City of Celina  
302 W. Walnut St.  
Celina, Texas 75009  
E-mail: mforeman@celina-tx.gov  
TEL: (972) 382-2682  
FAX: (972) 382-3736

With a copy to:               Attn: Julie Fort  
Messer, Rockefeller & Fort, P.L.L.C.  
6351 Preston Rd., Ste. 350  
Frisco, Texas 75034  
E-mail: julie@txmunicipallaw.com  
TEL: (972) 668-6400  
FAX: (972) 668-6414

To the Owner: Celina Development, LLC  
Attn: Brian Carlock  
Hillwood Communities  
3090 Olive Street, Suite 300  
Dallas, Texas 75219  
E-mail: [brian.carlock@hillwood.com](mailto:brian.carlock@hillwood.com)  
TEL: (972) 201-2932  
FAX: (972) 201-2959

With a copy to: Attn: Misty Ventura  
Shupe Ventura Lindelow & Olson, PLLC  
9406 Biscayne Blvd.  
Dallas, Texas 75218  
E-mail: [misty.ventura@svlandlaw.com](mailto:misty.ventura@svlandlaw.com)  
TEL: (214)328-1101  
FAX: (800) 519-3768

Any Party may change its address by delivering notice of the change in accordance with this section.

4.11 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 applicable Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

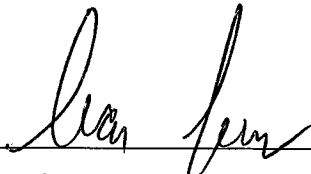
4.12 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.13 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.

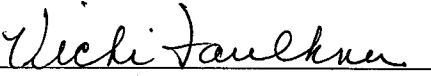
4.14 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City, the Developer, and Transferees any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City, the Developer, and Transferees.

4.15 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

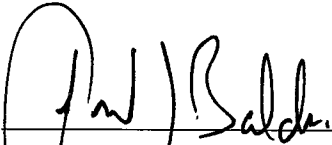
**CITY OF CELINA, TEXAS**

By:   
Sean Terry, Mayor

ATTEST:

By:   
Vicki Faulkner, City Secretary

**CELINA DEVELOPMENT, LLC,  
a Texas limited liability company**

By:   
Name: Fred J. Balda  
Title: Executive Vice President



**Exhibit A**

**CERTIFICATE FOR PAYMENT FORM**

The undersigned is an agent for Celina Development, LLC (the "Developer") and requests payment from the applicable account of the [PID Reimbursement Fund] [PID Pledged Revenue Fund (as defined in the Bond Indenture)] [PID Project Fund] from the City of Celina, Texas (the "City") in the amount of \_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the Wells South Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Reimbursement Agreement (the "Reimbursement Agreement").

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Public Improvements 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 for the Public Improvements below is a true and accurate representation of the Actual Costs associated with the creation, acquisition, or construction of said Public Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Bond Indenture, the Service and Assessment Plan and the Amended and Restated Development Agreement approved by the City Council on September 8, 2015 and effective as of April 28, 2015, and recorded in the Official Public Records of Collin County, Texas, on \_\_\_\_\_, 2015, at document number \_\_\_\_\_.
5. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in the Wells South Public Improvement District and has no outstanding delinquencies for such assessments.
6. All conditions set forth in the Bond Indenture (as defined in the Reimbursement Agreement) for the payment hereby requested have been satisfied.

7. The work with respect to the Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).

8. 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.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for major improvements or any phase of Public Improvements identified may be paid until the work with respect to such Public Improvements (or segment) has been completed and the City has accepted such Public Improvements (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 Public Improvements (or segment).

**Payments requested are as follows:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

[If the Public Improvements are to be paid in part from one series of PID Bonds and in part from another, insert the following:

As required by Section \_\_\_\_ of the Bond Indenture, the costs for the Public Improvements that constitutes the pro-rata share of such Public Improvements allocable to the designated Bonds shall be paid as follows:

| Public Improvements: | Amount to be paid from _____ Fund | Amount to be paid from _____ Fund | Total Cost of Public Improvements |
|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                      |                                   |                                   |                                   |

Attached hereto are 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 Public 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.

**CELINA DEVELOPMENT, LLC,**  
**a Texas limited liability company**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Public Improvements (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 shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate [PID Reimbursement Fund] [PID Pledged Revenue Fund] [PID Project Fund] to the Developer or to any person designated by the Developer.

**CITY OF CELINA, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit B**

**FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for Celina Development, LLC (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from the applicable account of the PID Project Fund from \_\_\_\_\_ (the "Trustee") in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) to be transferred from the applicable account of the Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of the Wells South Public Improvement District (the "District"), 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 \_\_\_\_\_, 20\_\_ (the "Indenture") relating to the "[INSERT NAME OF BONDS] (the "PID Bonds").

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the 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 Actual 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 Indenture, the Service and Assessment Plan, and the Amended and Restated Development Agreement approved by the City Council on September 8, 2015 and effective as of April 28, 2015, and recorded in the Official Public Records of Collin County, Texas, on \_\_\_\_\_, 2015, at document number \_\_\_\_\_.
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.

**CELINA DEVELOPMENT, LLC,  
a Texas limited liability company**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVAL OF REQUEST BY 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 shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from Costs of Issuance Account upon delivery of the PID Bonds.

**CITY OF CELINA, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)



APPENDIX G  
APPRAISAL

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

**Integra Realty Resources**

**Dallas**

**Appraisal of Real Property**

**Wells South Public Improvement District (NIA #4)**

A Residential Subdivision

Southwest corner of CR-84, north of Frontier Parkway

Celina, Collin County, Texas 75078

**Prepared For:**

City of Celina and FMSbonds, Inc.

**Effective Date of the Appraisal:**

June 1, 2022

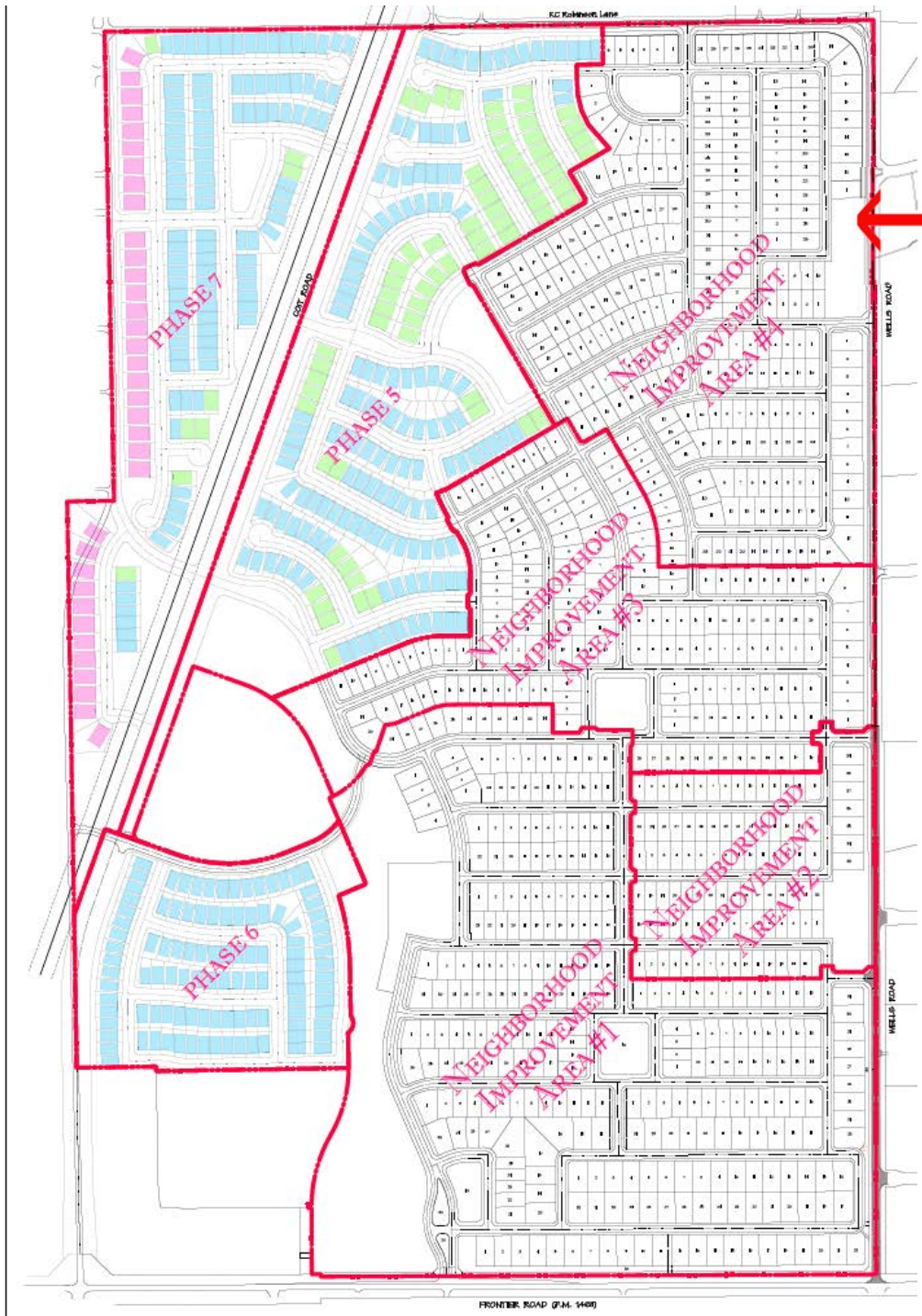
**Report Format:**

Appraisal Report – Comprehensive Format

**IRR - Dallas**

File Number: 191-2021-0675





**Wells South Public Improvement District (NIA #4)**  
 Southwest corner of CR-84, north of Frontier Parkway  
 Celina, Collin County, Texas



July 15, 2021

City of Celina  
Mr. Jason Laumer  
City Manager  
142 N. Ohio Street  
Celina, TX 75009

FMSbonds, Inc.  
Mr. R.R. "Tripp" Davenport, III  
Director  
5 Cowboys Way, Suite 300-25  
Frisco, TX 75034

SUBJECT: Market Value Appraisal  
Wells South Public Improvement District (NIA #4)  
Southwest corner of CR-84, north of Frontier Parkway  
Celina, Collin County, Texas 75078  
IRR - Dallas File No. 191-2021-0675

Dear Messrs. Laumer and Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple interest in the Subject Property as follows:

- Prospective Value Upon Completion (Wells South Public Improvement District, Neighborhood Improvement Area #4) as of June 1, 2022

The client for the assignment is City of Celina 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 City 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 a portion of the Wells South Public Improvement District, Neighborhood Improvement Area #4 (NIA #4) which is planned to be developed with 276 single-family lots on a tract of land containing an area of 64.538 acres within an existing master-planned development known as Lilyana, Phase 4. NIA #4 is planned to be developed with three typical lot dimensions (156 lots - 50' x 120'; 100 lots - 60' x 120'; and 20 lots - 74' x 130'). All of the lots are designed for front access and are located in the Prosper ISD. The

property is governed under a Development Agreement with the City of Celina, Texas which permits single-family residential uses within the master plan. Substantial completion of NIA #4 is expected by June 1, 2022. It is noted that the survey of the property indicates a land size of 67.494 acres which includes the 2.956 acres as ROW for CR-84 (Wells Road). Neighborhood Improvement Areas 1, 2, and 3 have been developed with a total of 574 single-family lots on 161.821 acres (3.5 upa).

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

| Appraisal Premise                      | Interest Appraised | Date of Value | Value Conclusion |
|--|--------------------|---------------|------------------|
| Prospective Market Value at Completion | Fee Simple         | June 1, 2022  | \$19,770,000     |

---

---

#### 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. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of June 1, 2022, the effective appraisal date.
2. All information relative to the developed and undeveloped property located within the Wells South Public Improvement District (Neighborhood Improvement Area #4) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Spiars Engineering, Inc. (engineering/planning/surveying), Hillwood Enterprises, L.P. (owner), Celina Development, LLC (developer), the City of Celina, and the Collin Central Appraisal District is assumed to be correct.

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. None

---

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---



City of Celina  
Mr. Jason Laumer  
July 15, 2021  
Page 3

FMSbonds, Inc.  
Mr. R.R. "Tripp" Davenport, III

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

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 - DALLAS**



Shelley Sivakumar  
Director  
Licensed Residential Real Estate Appraiser  
Texas Certificate # TX 1333354-L  
Telephone: (972) 696-0687  
Email: ssivakumar@irr.com



Stephen T. Crosson, MAI, SRA  
National Practice Leader-Litigation Group  
Certified General Real Estate Appraiser  
Texas Certificate # TX 1325815-G  
Telephone: (972) 725-7728  
Email: scrosson@irr.com



Ernest Gatewood  
Senior Director  
Certified General Real Estate Appraiser  
Texas Certificate # TX 1324355 G  
Telephone: (972) 725-7755  
Email: egatewood@irr.com



# Table of Contents

|  |           |   |           |
|--|-----------|---|-----------|
| <b>Summary of Salient Facts and Conclusions</b>                        | <b>1</b>  | Cumulative Retail Lot Value – NIA #4  | 73        |
| <b>General Information</b>   | <b>3</b>  | Summary of Net/Gross Value Conclusion   | 74        |
| Identification of Subject  | 3         | Subdivision Development Approach (As Complete)  | 76        |
| Sale History   | 3         | Discount Rate   | 79        |
| Pending Transactions   | 3         | Reconciliation and Conclusion of Value – Wells South Public Improvement District (NIA #4) | 84        |
| Purpose of the Appraisal   | 4         | Exposure Time   | 85        |
| Definition of Market Value   | 4         | Marketing Time  | 85        |
| Definition of As Is Market Value                                       | 5         | <b>Certification</b>  | <b>86</b> |
| Definition of Property Rights Appraised                                | 5         | <b>Assumptions and Limiting Conditions</b>  | <b>88</b> |
| Intended Use and User  | 5         | <b>Addenda</b>  |           |
| Applicable Requirements  | 5         | A. Appraiser Qualifications   |           |
| Report Format  | 6         | B. IRR Quality Assurance Survey   |           |
| Prior Services   | 6         | C. Definitions  |           |
| Appraiser Competency   | 6         | D. Property Information   |           |
| <b>Scope of Work</b>   | <b>7</b>  | E. Comparable Land Sales  |           |
| <b>Economic Analysis</b>   | <b>9</b>  | F. Developed 50' Frontage Lots  |           |
| Collin County Area Analysis  | 9         | Developed 60' Frontage Lots   |           |
| Surrounding Area Analysis  | 18        | Developed 74' Frontage Lots   |           |
| Residential Analysis   | 26        |   |           |
| COVID-19 Impact on Current Valuations                                  | 38        |   |           |
| Land Description and Analysis  | 41        |   |           |
| General Description - Wells South Public Improvement District (NIA #4) | 42        |   |           |
| Allocation of Authorized Improvements                                  | 48        |   |           |
| Real Estate Taxes  | 50        |   |           |
| Highest and Best Use   | 51        |   |           |
| <b>Valuation</b>   | <b>53</b> |   |           |
| Valuation Methodology  | 53        |   |           |
| Sales Comparison Approach  | 54        |   |           |
| Developed 50' Frontage Lots (50' x 120'; 6,000 SF)                     | 55        |   |           |
| Developed 60' Frontage Lots (60' x 120'; 7,200 SF)                     | 61        |   |           |
| Developed 74' Frontage Lots (71' x 120'; 9,620 SF)                     | 67        |   |           |



## Quality Assurance

### IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

### Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Stephen T. Crosson, MAI, SRA.

## Summary of Salient Facts and Conclusions

|                                   |   |
|-----------------------------------|---|
| Property Name                     | Wells South Public Improvement District (NIA #4)  |
| Address                           | Southwest corner of CR-84 (Wells Road), north of Frontier Parkway<br>Celina, Collin County, Texas 75078 |
| Property Type                     | Land - Residential  |
| Owner of Record                   | Lilyana Phase 4 LLC   |
| Tax ID                            | 2726990   |
| Land Area - Total                 | 67.494 acres; 2,940,037 SF  |
| CR-84 (Wells Road) ROW            | 2.956 acres   |
| Final Plat Acreage                | 64.538 acres; 2,811,267 SF  |
| Total Proposed Single-Family Lots | 276 lots (4.1 upa)  |
| Developed 50' Frontage Lots       | 50' x 120'; 6,000 SF  |
| Developed 60' Frontage Lots       | 60' x 120'; 7,200 SF  |
| Developed 74' Frontage Lots       | 74' x 130'; 9,620 SF  |
| Zoning Designation                | Development Agreement with the City of Celina, Texas, Wells South Public Improvement District           |
| Highest and Best Use              | Single-family residential use   |
| Exposure Time; Marketing Period   | 6 - 12 months; 6 - 12 months  |
| Effective Date of the Appraisal   | June 1, 2022  |
| Date of the Report                | July 15, 2021   |

### Value Conclusions

|                          |              |                         |
|--------------------------|--------------|-------------------------|
| 50' Frontage Lots        | \$73,750     | (\$1,475/Front Footage) |
| 60' Frontage Lots        | \$88,500     | (\$1,475/Front Footage) |
| 74' Frontage Lots        | \$96,200     | (\$1,300/Front Footage) |
| Cumulative Retail Value* | \$22,279,000 | (\$80,721 Average/Lot)  |

\*This figure does not reflect market value as if sold in a single transaction.

### Value Conclusion

| Appraisal Premise                      | Interest Appraised | Date of Value | Value Conclusion |
|--|--------------------|---------------|------------------|
| Prospective Market Value at Completion | Fee Simple         | June 1, 2022  | \$19,770,000     |

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 Celina 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. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of June 1, 2022, the effective appraisal date.
2. All information relative to the developed and undeveloped property located within the Wells South Public Improvement District (Neighborhood Improvement Area #4) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Spiars Engineering, Inc. (engineering/planning/surveying), Hillwood Enterprises, L.P. (owner), Celina Development, LLC (developer), the City of Celina, and the Collin Central Appraisal District is assumed to be correct.

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. None

---

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

# General Information

## Identification of Subject

The subject represents a portion of the Wells South Public Improvement District, Neighborhood Improvement Area #4 (NIA #4) which is planned to be developed with 276 single-family lots on a tract of land containing an area of 64.538 acres within an existing master-planned development known as Lilyana, Phase 4. NIA #4 is planned to be developed with three typical lot dimensions (156 lots - 50' x 120'; 100 lots - 60' x 120'; and 20 lots - 74' x 130'). All of the lots are designed for front access and are located in the Prosper ISD. The property is governed under a Development Agreement with the City of Celina, Texas which permits single-family residential uses within the master plan. Substantial completion of NIA #4 is expected by June 1, 2022. It is noted that the survey of the property indicates a land size of 67.494 acres which includes the 2.956 acres as ROW for CR-84 (Wells Road). Neighborhood Improvement Areas 1, 2, and 3 have been developed with a total of 574 single-family lots on 161.821 acres (3.5 upa).

A legal description of the property is in the addendum.

---

### Property Identification

---

|                 |  |
|-----------------|--|
| Property Name   | Wells South Public Improvement District (NIA #4)   |
| Address         | Southwest corner of CR-84 (Wells Road), north of Frontier Parkway<br>Celina, Texas 75078 |
| Tax ID          | 2726990  |
| Owner of Record | Lilyana Phase 4 LLC  |

---

## Sale History

To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years.

## Pending Transactions

To the best of our knowledge, the property as a whole is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, the lot contracts for lots in NIA #4 are summarized as follows:



### Lot Contract Summary

| Typical Lot Dimensions | Highland  | American     | MI Homes  | Total Lots | Base      |          |
|------------------------|-----------|--------------|-----------|------------|-----------|----------|
|                        | Homes     | Legend Homes |           |            | Price/Lot | Price/FF |
| 50' x 120' (6,000 SF)  | 72        | 60           | 0         | 132        | \$73,750  | \$1,475  |
| 60' x 120' (7,200 SF)  | 0         | 48           | 52        | 100        | \$88,500  | \$1,475  |
| 74' x 130' (9,620 SF)  | 0         | 8            | 8         | 16         | \$96,000  | \$1,297  |
| <b>Totals</b>          | <b>72</b> | <b>116</b>   | <b>60</b> | <b>248</b> |           |          |

### Absorption Summary

| Homebuilder     | Units/Month |            |            | Total Absorption Period (Months±) |      |      |
|-----------------|-------------|------------|------------|-----------------------------------|------|------|
|                 | 50'         | 60'        | 74'        | 50'                               | 60'  | 74'  |
| Highland Homes  | 4.2         | 0          | 0          | 17.1                              | N/A  | N/A  |
| American Legend | 3.2         | 2.4        | 0.9        | 18.8                              | 20.0 | 9.0  |
| MI Homes        | 0           | 2.7        | 0.4        | N/A                               | 19.3 | 21.0 |
| <b>Totals</b>   | <b>7.4</b>  | <b>5.1</b> | <b>1.3</b> |                                   |      |      |

All lots are contracted with an annual 6% escalation, a \$2,800/lot amenity fee, and \$300/lot maintenance fee.

The contracted lot prices are well supported by that of current market lot sales data and our opinion of values. Furthermore, the total absorption of 50' lots at 7.4 upm, 60' lots at 5.1 upm, and 74' lots at 1.3 upm is well supported by historical absorption data for similar-sized lots.

## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the fee simple interest in the Subject Property as follows:

- Prospective Value Upon Completion (Wells South Public Improvement District, Neighborhood Improvement Area #4) as of June 1, 2022

The date of the report is July 15, 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 underwriting of a proposed public improvement district bond transaction. The clients and intended users are the City of Celina and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than the City of Celina 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.

## **Appraiser Competency**

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

## Scope of Work

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

### Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made 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.

### Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

The financial data of the subject, including statistics reports, historical absorption figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

### Inspection

Shelley Sivakumar and Ernest Gatewood conducted an on-site inspection of the property on July 9, 2021. Stephen T. Crosson, MAI, SRA did not inspect the subject property.



## Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

| <b>Approaches to Value</b>       |                          |                   |
|----------------------------------|--------------------------|-------------------|
| 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      |
| Subdivision 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 Subdivision 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.

## Economic Analysis

### Collin County Area Analysis

Collin County is located in Texas 841 square miles in size and has a population density of 1,275 persons per square mile.

### Population

Collin County has an estimated 2021 population of 1,072,295, which represents an average annual 2.9% increase over the 2010 census of 782,341. Collin County added an average of 26,359 residents per year over the 2010-2021 period, and its annual growth rate exceeded the Dallas MSA rate of 1.8%.

Looking forward, Collin County's population is projected to increase at a 1.7% annual rate from 2021-2026, equivalent to the addition of an average of 19,082 residents per year. Collin County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.5%.

#### Population Trends

|                                       | Population  |               |                 | Compound Ann. % Chng |             |
|---------------------------------------|-------------|---------------|-----------------|----------------------|-------------|
|                                       | 2010 Census | 2021 Estimate | 2026 Projection | 2010 - 2021          | 2021 - 2026 |
| Collin County, TX                     | 782,341     | 1,072,295     | 1,167,704       | 2.9%                 | 1.7%        |
| 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: Claritas

## Employment

Total employment in Collin County was estimated at 422,961 jobs as of September 2020. Between year-end 2010 and 2020, employment rose by 129,525 jobs, equivalent to a 44.1% increase over the entire period. These figures reflect a net gain of 150,282 jobs through 2019, followed by losses in 2020 with the onset of the COVID-19 pandemic. Collin County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 20.8% or 598,747 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Collin County unemployment rate has been consistently lower than that of the Dallas MSA, with an average unemployment rate of 4.9% in comparison to a 5.3% rate for the Dallas MSA. A lower unemployment rate is a positive indicator.

Recent data shows that the Collin County unemployment rate is 5.6% in comparison to a 6.5% rate for the Dallas MSA, a positive sign that is consistent with the fact that Collin 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.) |            |
|--------------------------------|-----------------------------|----------|------------|----------|-------------------------------|------------|
|                                | Collin County               | % Change | Dallas MSA | % Change | Collin County                 | Dallas MSA |
| 2010                           | 293,436                     |          | 2,876,418  |          | 7.2%                          | 8.1%       |
| 2011                           | 302,325                     | 3.0%     | 2,943,465  | 2.3%     | 6.8%                          | 7.6%       |
| 2012                           | 320,125                     | 5.9%     | 3,044,114  | 3.4%     | 5.9%                          | 6.6%       |
| 2013                           | 336,727                     | 5.2%     | 3,127,712  | 2.7%     | 5.5%                          | 6.1%       |
| 2014                           | 355,381                     | 5.5%     | 3,254,583  | 4.1%     | 4.5%                          | 5.0%       |
| 2015                           | 375,692                     | 5.7%     | 3,360,668  | 3.3%     | 3.6%                          | 4.1%       |
| 2016                           | 389,832                     | 3.8%     | 3,441,839  | 2.4%     | 3.5%                          | 3.9%       |
| 2017                           | 409,754                     | 5.1%     | 3,526,930  | 2.5%     | 3.5%                          | 3.7%       |
| 2018                           | 425,738                     | 3.9%     | 3,606,436  | 2.3%     | 3.3%                          | 3.5%       |
| 2019                           | 443,718                     | 4.2%     | 3,719,023  | 3.1%     | 3.1%                          | 3.3%       |
| 2020*                          | 422,961                     | -4.7%    | 3,475,165  | -6.6%    | 6.4%                          | 7.1%       |
| Overall Change 2010-2020       | 129,525                     | 44.1%    | 598,747    | 20.8%    |                               |            |
| Avg Unemp. Rate 2010-2020      |                             |          |            |          | 4.9%                          | 5.3%       |
| Unemployment Rate - March 2021 |                             |          |            |          | 5.6%                          | 6.5%       |

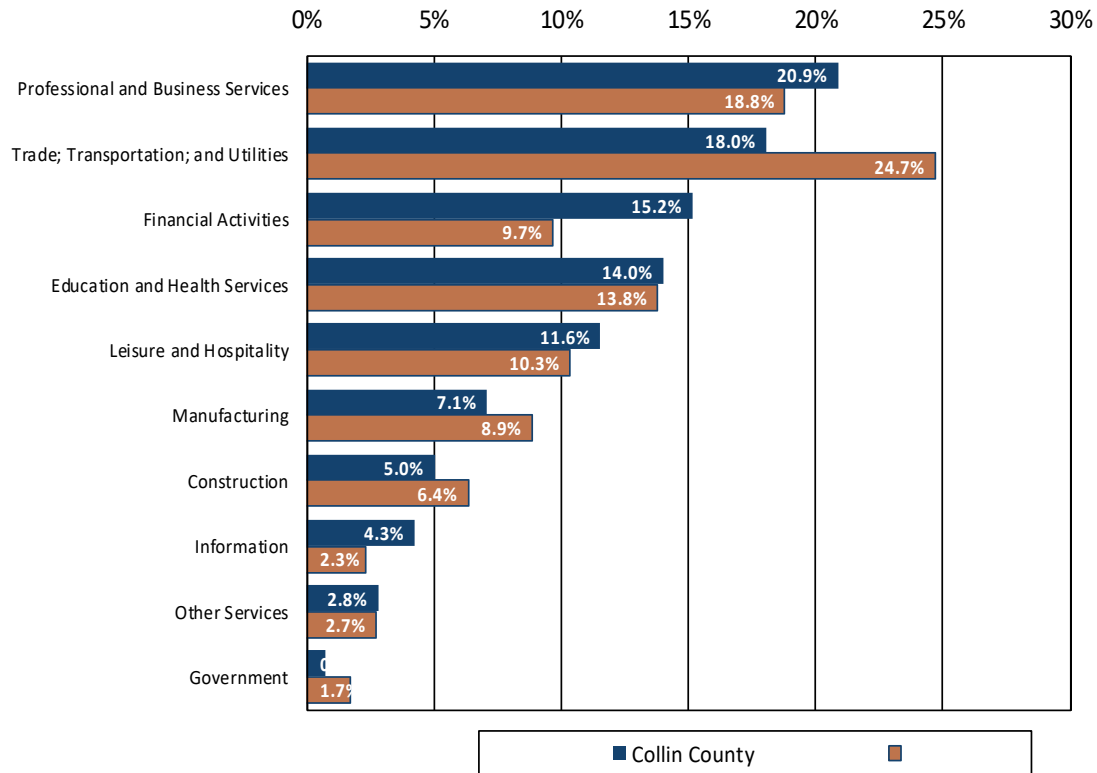
\*Total employment data is as of September 2020; unemployment rate data reflects the average of 12 months of 2020.

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 Collin County job market is depicted in the following chart, along with that of the Dallas MSA. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Collin County jobs in each category.

**Employment Sectors - 2020**



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Collin County has greater concentrations than the Dallas MSA in the following employment sectors:

1. Professional and Business Services, representing 20.9% of Collin County payroll employment compared to 18.8% for the Dallas MSA as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Financial Activities, representing 15.2% of Collin County payroll employment compared to 9.7% for the Dallas MSA as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
3. Education and Health Services, representing 14.0% of Collin County payroll employment compared to 13.8% for the Dallas MSA as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Leisure and Hospitality, representing 11.6% of Collin County payroll employment compared to 10.3% for the Dallas MSA as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Collin County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 18.0% of Collin County payroll employment compared to 24.7% for the Dallas MSA as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Manufacturing, representing 7.1% of Collin County payroll employment compared to 8.9% for the Dallas MSA as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Construction, representing 5.0% of Collin County payroll employment compared to 6.4% for the Dallas MSA as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Government, representing 0.7% of Collin County payroll employment compared to 1.7% for the Dallas MSA as a whole. This sector includes employment in local, state, and federal government agencies.

## Major Employers

Major employers in Collin County are shown in the following table.

### Major Employers - Collin County, TX

|    | Name                               | Number of Employees |
|----|------------------------------------|---------------------|
| 1  | Texas Instruments                  | 9,100               |
| 2  | Bank of America Home Loans         | 8,000               |
| 3  | Plano Independent School District  | 6,500               |
| 4  | Frisco Independent School District | 5,000               |
| 5  | Capital One Finance                | 4,500               |
| 6  | LifeCare                           | 4,500               |
| 7  | HP Enterprise Services             | 4,500               |
| 8  | AT&T                               | 4,300               |
| 9  | Nortel                             | 4,300               |
| 10 | Toyota Motor Corp.                 | 4,000               |

Source: collincountytx.gov

## Major Employers

Major employers in the DFW metro area are shown in the following table.

### Major Employers - DFW Metro

|    | Name                           | Number of Employees |
|----|--------------------------------|---------------------|
| 1  | AMR Corporation                | 24,700              |
| 2  | Bank of America Corporation    | 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    | 14,126              |
| 8  | JP Morgan Chase & Co.          | 13,500              |
| 9  | UT-Southwestern Medical Center | 13,122              |
| 10 | City of Dallas                 | 12,836              |

Source: <http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/>

## 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 higher in Collin County than the Dallas MSA overall during the past eight years. Collin County has grown at a 6.3% average annual rate while the Dallas MSA has grown at a 3.4% rate.

Collin County has a per capita GDP of \$61,083, which is 2% less than the Dallas MSA's GDP of \$62,370. This means that Collin County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

### Gross Domestic Product

| Year                       | (\$,000s)     |          | (\$,000s)   |          |
|----------------------------|---------------|----------|-------------|----------|
|                            | Collin County | % Change | Dallas MSA  | % Change |
| 2012                       | 41,141,177    |          | 374,743,312 |          |
| 2013                       | 43,460,636    | 5.6%     | 385,095,956 | 2.8%     |
| 2014                       | 46,438,378    | 6.9%     | 400,172,423 | 3.9%     |
| 2015                       | 50,520,752    | 8.8%     | 419,840,896 | 4.9%     |
| 2016                       | 54,334,515    | 7.5%     | 432,613,158 | 3.0%     |
| 2017                       | 58,832,224    | 8.3%     | 448,957,236 | 3.8%     |
| 2018                       | 61,794,796    | 5.0%     | 464,389,967 | 3.4%     |
| 2019                       | 63,204,633    | 2.3%     | 472,334,266 | 1.7%     |
| Compound % Chg (2012-2019) |               | 6.3%     |             | 3.4%     |
| GDP Per Capita 2019        | \$61,083      |          | \$62,370    |          |

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2020. 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

Collin County is more affluent than the Dallas MSA. Median household income for Collin County is \$103,507, which is 36.9% greater than the corresponding figure for the Dallas MSA.

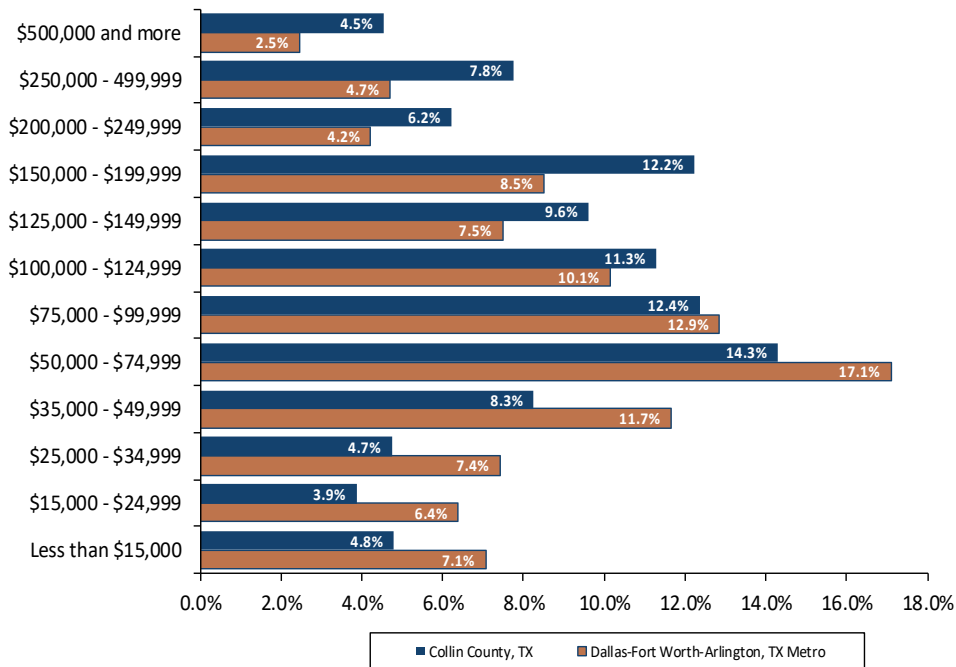
#### Median Household Income - 2021

|   | Median    |
|---|-----------|
| Collin County, TX   | \$103,507 |
| Dallas-Fort Worth-Arlington, TX Metro                           | \$75,635  |
| Comparison of Collin County, TX to Dallas-Fort Worth-Arlington, | + 36.9%   |

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Collin County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 64% of Collin 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 13% of Collin County households are below the \$35,000 level in household income versus 21% of Dallas MSA households.

#### Household Income Distribution - 2021



Source: Claritas



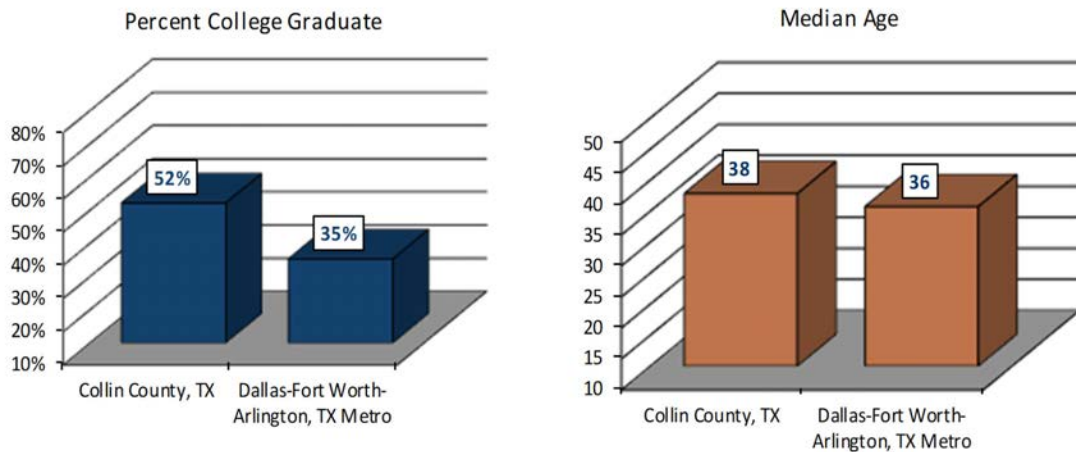
### Education and Age

Residents of Collin County have a higher level of educational attainment than those of the Dallas MSA. An estimated 52% of Collin County residents are college graduates with four-year degrees, versus 35% of Dallas MSA residents. People in Collin County are older than their Dallas MSA counterparts. The median age for Collin County is 38 years, while the median age for the Dallas MSA is 36 years.

---

#### Education & Age - 2021

---

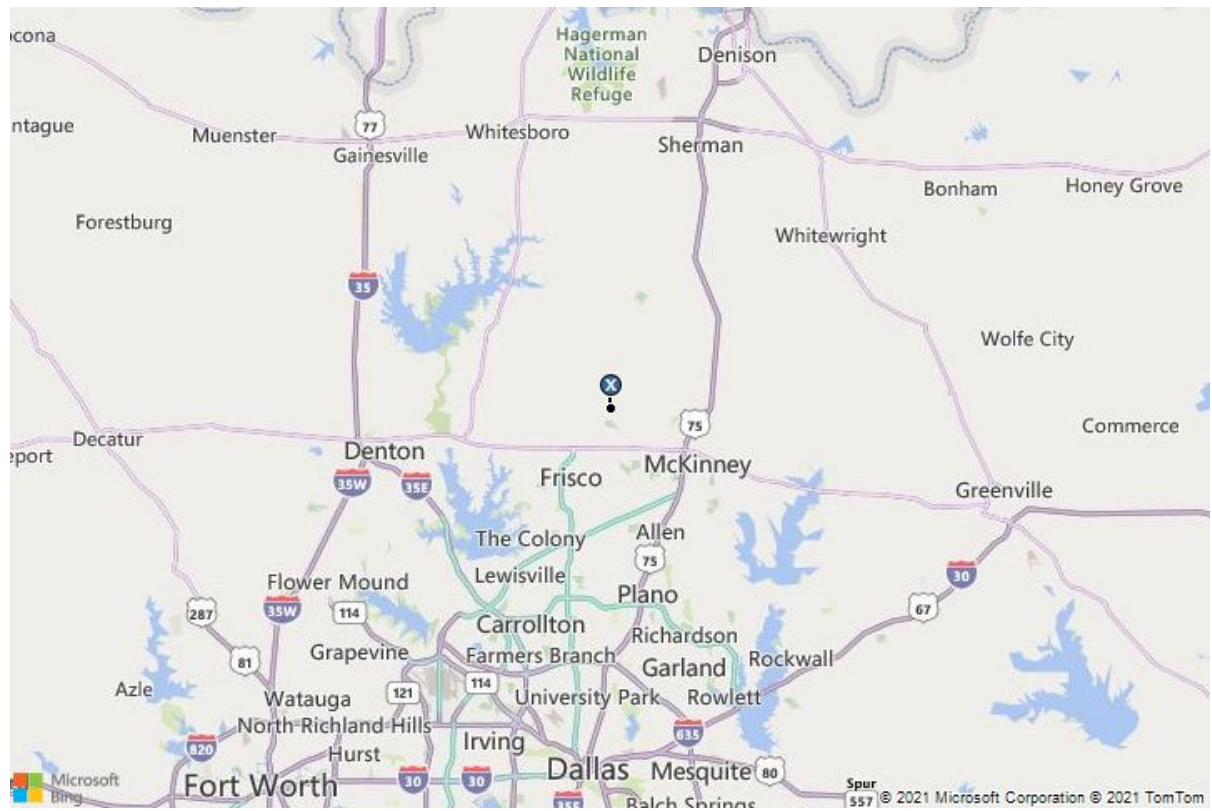


Source: Claritas

### Conclusion

The Collin County economy will benefit from a growing population base and higher income and education levels. Collin County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than the Dallas MSA over the past decade. It is anticipated that the Collin County economy will improve, and employment will grow, strengthening the demand for real estate.

### Area Map



## Surrounding Area Analysis

### Boundaries

The subject is located in the city of Celina in Collin County, Texas. This area is generally delineated as follows:

|              |                              |
|--------------|------------------------------|
| <b>North</b> | Collin County Boundary Line  |
| <b>South</b> | US-380                       |
| <b>East</b>  | City of Celina Boundary Line |
| <b>West</b>  | Collin County Boundary Line  |

A map identifying the location of the property follows this section.

### Access and Linkages

Primary access to the area is provided by SH-289 (Preston Road North), a major arterial that crosses the Dallas metro area in a north/south direction. Access to the subject from SH-289 is provided by via Frontier Parkway, and travel time from the major arterial to the subject is less than five minutes. Overall, vehicular access is average.

The Dallas/Fort Worth International Airport is located about 45 miles from the property; travel time is about one hour, depending upon traffic conditions. The Dallas CBD, the economic and cultural center of the region, is approximately 40 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.

| <b>Surrounding Area Demographics</b>   |               |               |                |                   |                                       |
|--|---------------|---------------|----------------|-------------------|---------------------------------------|
| 2021 Estimates                         | 3-Mile Radius | 5-Mile Radius | 10-Mile Radius | Collin County, TX | Dallas-Fort Worth-Arlington, TX Metro |
| Population 2010                        | 7,719         | 17,380        | 191,217        | 782,341           | 6,366,542                             |
| Population 2021                        | 17,123        | 35,881        | 316,496        | 1,072,295         | 7,735,087                             |
| Population 2026                        | 18,816        | 39,390        | 347,663        | 1,167,704         | 8,313,926                             |
| Compound % Change 2010-2021            | 7.5%          | 6.8%          | 4.7%           | 2.9%              | 1.8%                                  |
| Compound % Change 2021-2026            | 1.9%          | 1.9%          | 1.9%           | 1.7%              | 1.5%                                  |
| Households 2010                        | 2,408         | 5,444         | 62,992         | 283,759           | 2,296,410                             |
| Households 2021                        | 5,320         | 11,242        | 102,627        | 383,211           | 2,764,947                             |
| Households 2026                        | 5,837         | 12,333        | 112,172        | 416,109           | 2,966,316                             |
| Compound % Change 2010-2021            | 7.5%          | 6.8%          | 4.5%           | 2.8%              | 1.7%                                  |
| Compound % Change 2021-2026            | 1.9%          | 1.9%          | 1.8%           | 1.7%              | 1.4%                                  |
| Median Household Income 2021           | \$160,177     | \$148,758     | \$121,849      | \$103,507         | \$75,635                              |
| Average Household Size                 | 3.2           | 3.1           | 3.1            | 2.8               | 2.8                                   |
| College Graduate %                     | 53%           | 54%           | 54%            | 52%               | 35%                                   |
| Median Age                             | 37            | 36            | 36             | 38                | 36                                    |
| Owner Occupied %                       | 86%           | 80%           | 80%            | 68%               | 62%                                   |
| Renter Occupied %                      | 14%           | 20%           | 20%            | 32%               | 38%                                   |
| Median Owner Occupied Housing Value    | \$536,367     | \$506,398     | \$396,660      | \$377,141         | \$260,197                             |
| Median Year Structure Built            | 2012          | 2013          | 2007           | 2000              | 1991                                  |
| Average Travel Time to Work in Minutes | 37            | 36            | 35             | 32                | 31                                    |

Source: Envirionics Analytics

As shown above, the current population within a five-mile radius of the subject is 35,881, and the average household size is 3.1. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Collin County overall, the population within a five-mile radius is projected to grow at a faster rate.

Median household income is \$148,758, which is higher than the household income for Collin County. Residents within a five-mile radius have a higher level of educational attainment than those of Collin County, while median owner-occupied home values are considerably higher.

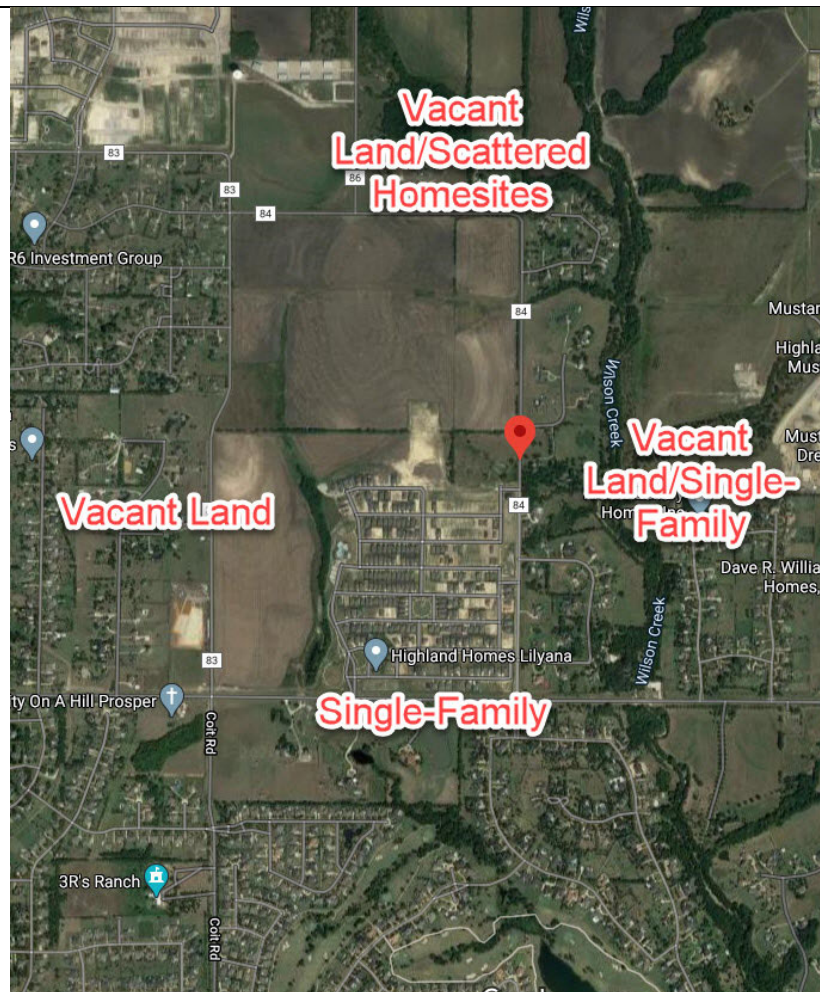
**Land Use**

In the immediate vicinity of the subject, predominant land uses are a mixture of single-family residential with supportive commercial uses at major intersections and roadways. 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%              |
| Infrastructure/Planning           | Average          |

**Subject's Immediate Surroundings**



## Development Activity and Trends

During the last five years, development has been predominantly of single-family residential uses with supportive commercial uses. Following are developments/projects in the immediate and surrounding neighborhood areas including Prosper, Texas. The pace of development has generally accelerated over this time.

**Celina, Texas** – the Celina City Council recently approved the new “Downtown Master Plan” for the future improvements, amenities and development of the downtown area. The plans encompass rezoning and expanding historic preservation efforts.

**Prosper Independent School District** is a public-school district encompassing 57.75 square miles with a student enrollment of approximately 12,000 students. The district is comprised of 12 elementary schools, four middle schools, and two high schools. The district is known for their academic excellence as well as several state championships.

**Mustang Lakes** – is a \$1.1 billion master-planned development which will eventually be built with 1,729 homes. A total of 898 lots have been developed to date. The development is located on FM-1461 at FM-2478. The 682-acre community sits within Celina's city limits (although in Prosper ISD) with homes ranging from \$300,000 to more than \$1.2 million. Homebuilders include K. Hovnanian Homes, Highland Homes, Shaddock Homes, Drees Homes, Britton Homes, Coventry Homes, Dave R. Williams Homes, and Sharif & Munir Custom Homes. Community amenities include waterfalls, fitness center, spa, lazy river, four tennis courts and ten miles of walking trails. Mustang Lakes also includes eight lakes. Mustang Lakes also has upwards of 35 acres zoned for a neighborhood services center, which could build about 200,000 square feet of retail space.

**Lilyana** – is a 400-acre master-planned subdivision being developed by Hillwood Communities located at the northeast corner of FM-1461 (Frontier Parkway) and Coit Road in Celina (Prosper ISD). A total of 1,307 lots are eventually planned with 574 lots developed to date. The total investment in the development will be about \$400 million. Home prices are ranging from \$330,000 to \$585,000. Homebuilders include Highland Homes, David Weekley Homes, American Legend Homes, M/I Homes, Perry Homes, and Village Builders. The master-planned community includes resort-style amenities, multiple community parks, 63 acres of greenspace, and miles of trails.

**Bluewood** – is a 244-acre master-planned subdivision being developed by Hillwood Communities located at the northwest corner of Ownsby Parkway and Coit Road in Celina, Texas. The development is located in the Celina ISD. A total of 833 lots are eventually planned with 723 lots developed to date. Home prices are ranging from \$313,000 to \$456,000. Homebuilders include D.R. Horton Homes, First Texas Homes, M/I Homes, and Meritage Homes. Amenities include community pools, pocket parks, hike/bike trails, and an on-site elementary school.

**Collin College-Central Park** – A \$162 million, five-year growth plan that would build campuses in Wylie, Celina, and Farmersville. Collin College is planning a \$36 million, 120,000 square-foot facility near CR-88 and CR-86 in Celina to serve 1,500 students.

**The Homestead at Ownsby Farms** is a residential development located in Celina in Celina ISD. A total of 373 lots with two typical lot sizes (50' and 60') have been developed with home prices ranging from \$328,000 to \$512,000.

**Green Meadows** - Addison-based Tomlin Investments is developing a \$2-billion master-planned community on 1,408 acres with approximately 3,940 homes known as Green Meadows. A total of 397 lots have been developed to date. This development is located about 40 miles north of Dallas. The development offers a \$4.5 million amenity center, multiple resort-style pools, dog park, community garden, playgrounds, sand volleyball courts, grilling area, party center, and daycare center. Homes are ranging from \$273,000 to \$569,000 in the initial phases.

**Texas Health Recovery & Wellness Center** is a 65,000 square-foot health care campus in Prosper located on US-380, west of the Dallas North Tollway offering care for adolescents struggling with drug and alcohol addiction and other behavioral illnesses.

**Light Farms (aka Light Ranch)** is a 1,070-acre master-planned development in Celina and located in the Prosper ISD. The development has access from the future extension of the Dallas North Tollway. Amenities include a fitness center, four pools, tennis court complex, and a central lawn with gazebo for events. Homebuilders in the community include American Legend Homes, Britton Homes, MainVue Homes, Drees Homes, Highland Homes, Horizon Homes, Huntington Homes, K. Hovnanian Homes, and Shaddock Homes. Home prices are ranging from \$273,000 to \$575,000.

**Star Trail** – a 1,000-acre residential community being developed by Blue Star Land in Prosper. A total of 1,106 homes are eventually planned with 780 lots being completed to date. Home prices are ranging from \$400,000 to \$880,000. This development is located at the northwest corner of Prosper Trail and the Dallas North Tollway.

**Celina Family Healthcare** opened in 2012 and operated by Texas Health Physicians Group (a network of more than 650 primary and specialty care physicians) is a pediatric and adult primary care facility located at 1050 S. Preston Road in Celina Town Center.

**Collin County Area Regional Transit – CCART:** CCART is the rural and urban bus service for Collin County. CCART offers a curb to curb transit service within Collin County for the cities of Plano, Frisco, Allen, Wylie, Farmersville, Melissa, Prosper, Princeton, Celina, Anna, Blue Ridge, Josephine, Nevada, Fairview, Lucas, Murphy, and Lavon.

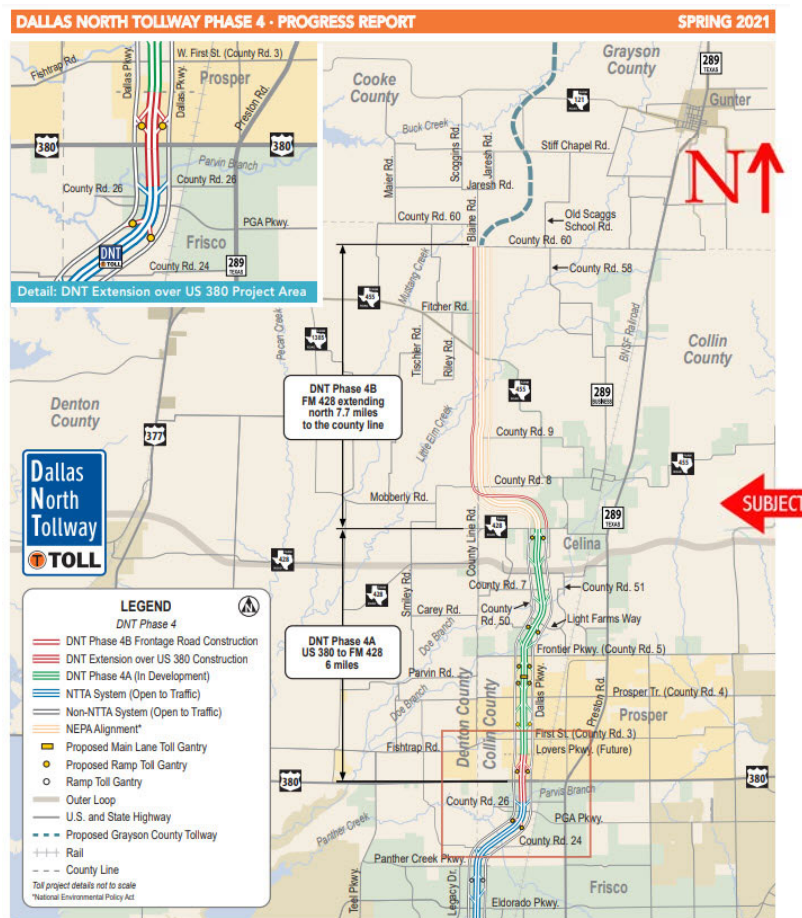
**Shops at Prosper Trail** - Located at the northeast corner of Prosper Trail and Preston Road, the center is anchored by the 123,000 square-foot Kroger Marketplace which was completed in 2016 on what was the former homesite of the former Dallas Cowboy player, Deion Sanders. MQ Development Partners is building the 30-acre shopping center with the Kroger and 45,000 square feet of adjoining retail and restaurant space.

**The Gates of Prosper** - Blue Star Land, the development company owned by Dallas Cowboys owner Jerry Jones, partnered with Lincoln Property Company to build the first phase of the 800-acre Gates of Prosper at the northeast corner of Preston and US-380 for \$1 billion. About 300,000 square feet of retail space on 93 acres has been developed in the first phase and is anchored by Wal-Mart, Kohl's, Hobby Lobby, and Dick's Sporting Goods store. Other portions of the Gates of Prosper will contain office buildings, apartments and more retail while restaurant tenants, and a home goods retailer have also signed up for the retail center.

**Baylor Family Medicine at Prosper** is a 4,700-square-foot facility located within the 16,000-square-foot Eagle Crossing II mixed-use development located at 861 N. Coleman in Prosper. Dallas-based Lee Design Group, under a contract with Health Texas Providers Network, designed the medical space. Eagle Crossings II was constructed by Crossland Construction Company.

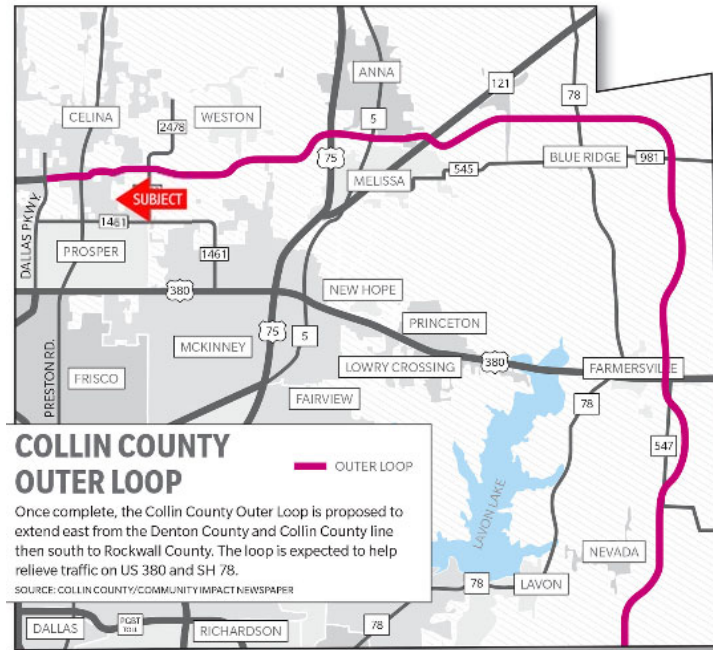
**Dallas North Tollway Northern Extension, Phase 4** when complete is expected to extend the “Tollway” northward from US-380 an additional 17.6 miles into Grayson County (to FM-121) providing a link from the Dallas Central Business District and cities located within Dallas, Collin, Denton, and Grayson counties. The NTTA Board approved the schematic design and environmental evaluation in June 2011 for the Phase 4A/4B/5A extension project.

The extension will be a limited access toll road with six main lanes and four frontage road lanes. Collin County is currently working on the southbound service lanes on the Dallas North Tollway from US-380 to FM-428. This project will allow two lanes north and two lanes south on the service roads. Construction of the DNT extension over US-380 began in early 2020. Design of the frontage road between the Grayson County line and FM-428 continues as well as the environmental engineering work on the DNT 4A project. Following is the current progress “Spring 2021” map of the extension:





**Collin County Outer Loop** - In its current state, the Outer Loop runs 4.6 miles from US-75 in Anna to SH-121 just northeast of Melissa. This section was built at a cost of \$21 million. This section of road runs as a bi-directional two-lane road, which will eventually be the north frontage road. The Outer Loop is planned to run for approximately 50 miles from the future northern extension of the Dallas North Tollway in Celina to IH-30 near Royse City. The loop will be built in five segments (including Segment 1 which is already open).



**Segment 1** is the section of road already opened, running from US-75 to SH-121. This section will eventually become the north frontage road as tolled main lanes are added.

**Segment 2** will run from FM-6, between Nevada and Josephine, to the Rockwall County line near Royse City. This segment could possibly be extended further south past IH-30 through Rockwall, Kaufman, and Dallas counties as part of a much larger outer loop.

**Segment 3** will run past US-75 to the future north extension of the Dallas North Tollway in Celina. This section will run through extreme north McKinney, close to Weston and cross SH-289 (Preston Road) before ending at the Dallas North Tollway. This section could possibly be extended further west through Denton County as part of a larger outer loop.

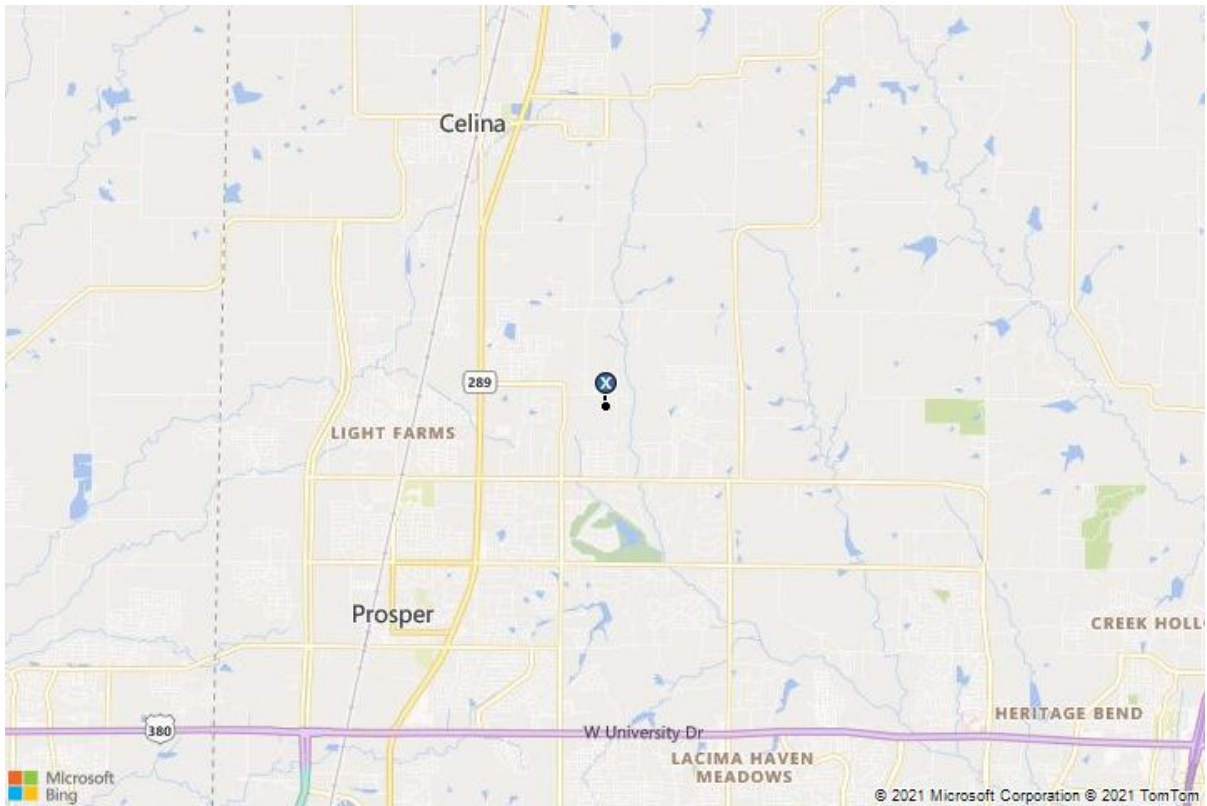
**Segment 4** will run from US-380 near Farmersville to FM-6 between Nevada and Josephine.

**Segment 5** will connect Segments 1 and 4, running through sparsely populated areas of the county.

## 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

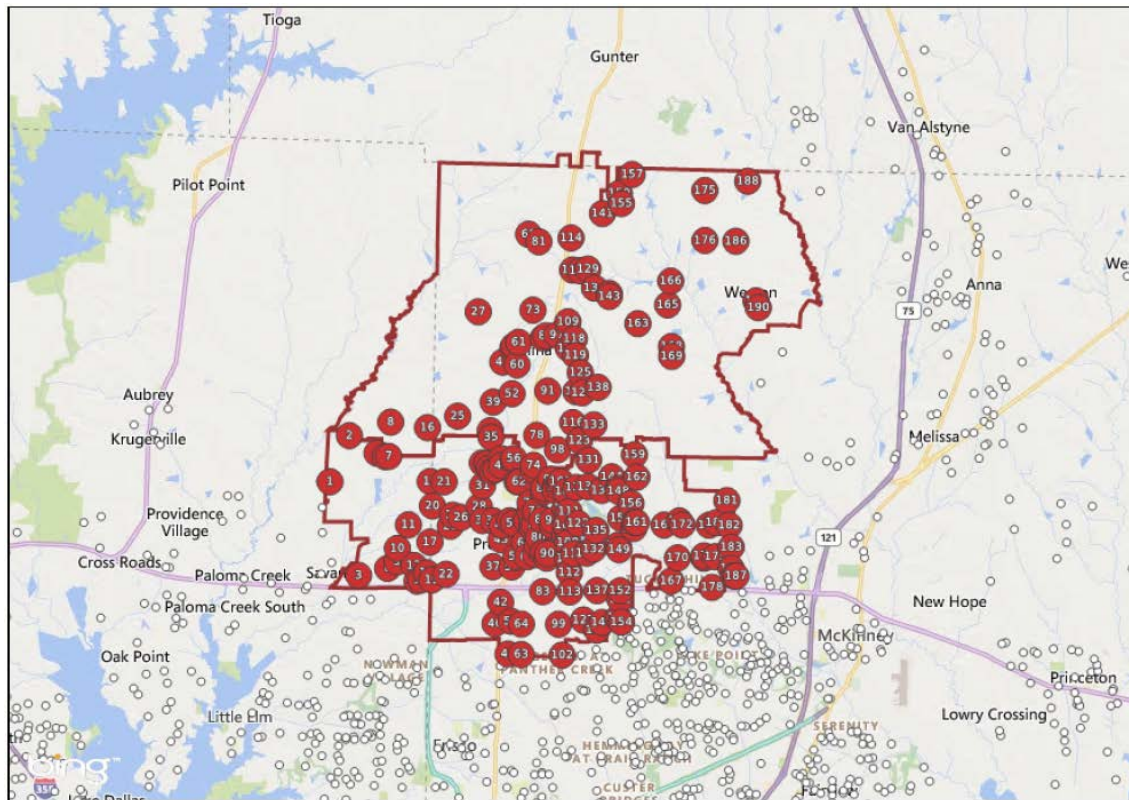


## Residential Analysis

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 Celina in Collin County and is within the Prosper Independent School District in close proximity to the Celina ISD. Therefore, data obtained from Metrostudy as of First Quarter 2021 for the combined "Combined Prosper ISD and Celina ISD " submarket, as shown in the following map, will be analyzed with a summary of the details following.

### Defined Submarket Map Area – Combined Prosper ISD and Celina ISD



TX | Collin Co. (1Q21)  
Copyright Metrostudy

**metrystudy**  
Sales: 1-800-227-8839  
A Hanover Company

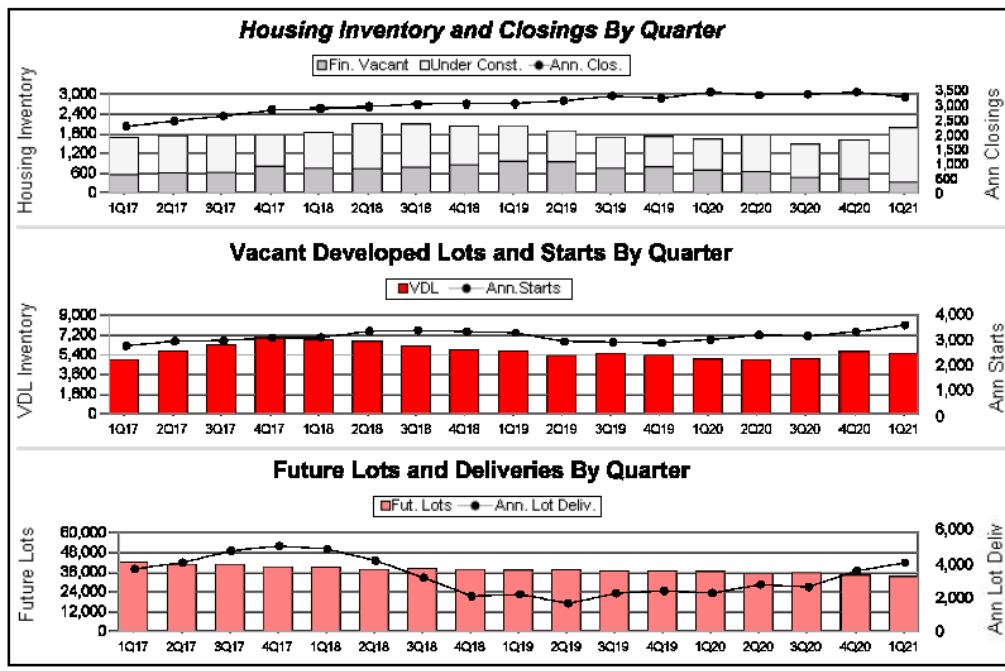
Following is a chart provided by Metrostudy summarizing the historical home/lot absorption from the past several years for the defined submarket area (combined Prosper ISD and Celina ISD):

Historical Housing Chart - Combined Prosper ISD and Celina ISD

### Historical Housing Activity Summary

*Current Selections*

| Qtr  | Qtr Clos | Ann Clos | Model | FinVac | UC    | Total Inv | Total Supply | Qtr Starts | Ann Starts | VDL   | VDL Supply | Fut Lots | Ann Lot Deliv |
|------|----------|----------|-------|--------|-------|-----------|--------------|------------|------------|-------|------------|----------|---------------|
| 1Q17 | 593      | 2,323    | 93    | 548    | 1,140 | 1,781     | 9.2          | 697        | 2,783      | 4,949 | 21.3       | 41,953   | 3,756         |
| 2Q17 | 741      | 2,507    | 105   | 617    | 1,126 | 1,848     | 8.8          | 808        | 2,969      | 5,708 | 23.1       | 40,953   | 4,137         |
| 3Q17 | 748      | 2,675    | 119   | 629    | 1,129 | 1,877     | 8.4          | 777        | 2,994      | 6,330 | 25.4       | 40,888   | 4,836         |
| 4Q17 | 797      | 2,879    | 134   | 811    | 960   | 1,905     | 7.9          | 825        | 3,107      | 7,033 | 27.2       | 39,214   | 5,119         |
| 1Q18 | 627      | 2,913    | 140   | 751    | 1,089 | 1,980     | 8.2          | 702        | 3,112      | 6,778 | 26.1       | 38,842   | 4,941         |
| 2Q18 | 795      | 2,967    | 140   | 735    | 1,362 | 2,237     | 9.0          | 1,052      | 3,356      | 6,606 | 23.6       | 37,973   | 4,254         |
| 3Q18 | 823      | 3,042    | 142   | 773    | 1,313 | 2,228     | 8.8          | 814        | 3,393      | 6,168 | 21.8       | 38,301   | 3,231         |
| 4Q18 | 821      | 3,066    | 147   | 844    | 1,192 | 2,183     | 8.5          | 776        | 3,344      | 5,830 | 20.9       | 37,956   | 2,141         |
| 1Q19 | 629      | 3,068    | 152   | 970    | 1,084 | 2,206     | 8.6          | 652        | 3,294      | 5,734 | 20.9       | 37,319   | 2,250         |
| 2Q19 | 885      | 3,158    | 147   | 952    | 935   | 2,034     | 7.7          | 713        | 2,955      | 5,345 | 21.7       | 37,500   | 1,694         |
| 3Q19 | 987      | 3,322    | 143   | 751    | 940   | 1,834     | 6.6          | 787        | 2,928      | 5,541 | 22.7       | 36,809   | 2,301         |
| 4Q19 | 741      | 3,242    | 141   | 788    | 917   | 1,846     | 6.8          | 753        | 2,905      | 5,373 | 22.2       | 36,691   | 2,448         |
| 1Q20 | 843      | 3,456    | 140   | 692    | 947   | 1,779     | 6.2          | 776        | 3,029      | 5,018 | 19.9       | 36,521   | 2,313         |
| 2Q20 | 777      | 3,348    | 135   | 648    | 1,113 | 1,896     | 6.8          | 894        | 3,210      | 4,966 | 18.6       | 35,445   | 2,831         |
| 3Q20 | 1,023    | 3,384    | 130   | 474    | 1,015 | 1,619     | 5.7          | 746        | 3,169      | 5,057 | 19.1       | 35,848   | 2,685         |
| 4Q20 | 808      | 3,451    | 127   | 422    | 1,186 | 1,735     | 6.0          | 924        | 3,340      | 5,679 | 20.4       | 34,230   | 3,646         |
| 1Q21 | 681      | 3,289    | 118   | 324    | 1,652 | 2,094     | 7.6          | 1,040      | 3,604      | 5,537 | 18.4       | 33,445   | 4,123         |



Dallas/Ft. Worth Residential Survey (1Q21)  
Copyright Metrostudy



### Defined Submarket Area - Combined Prosper ISD and Celina ISD

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area has remained relatively consistent over the past four years. According to Metrostudy, the submarket area absorbed the following total homes/lots from 2017 to First Quarter 2021:

- 2017 – 3,107 homes/lots absorbed
- 2018 – 3,344 homes/lots absorbed
- 2019 – 2,905 homes/lots absorbed
- 2020 – 3,340 homes/lots absorbed
- First Quarter 2021 – 1,040 homes/lots absorbed

Thus, since 2017 (4.25 years), the annual average of homes/lots absorbed was 3,232 homes/lots. It is important to note that in the previous 12-month period, a total of 3,604 homes/lots were absorbed which is above the 4.25-year average.

According to Metrostudy, the existing supply of available housing is currently below ideal levels in the submarket. The number of vacant developed lots in the combined submarket has substantially decreased due to high demand from a high of 7,033 vacant lots as of Fourth Quarter 2017 to a low of 4,966 vacant lots in Second Quarter 2020. The current level is 5,537 vacant lots in First Quarter 2021.

Based upon the Metrostudy absorption figures of the past 4.25 years, there is currently only a 21±-month (5,537 lots ÷ 3,232 lots = 1.7±-years) total supply of existing lots available in the combined submarket. This total supply is considered to be below the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy. Furthermore, utilizing the more current absorption of 3,604 lots, the lot supply decreases to only 18±-months (5,537 lots ÷ 3,604 lots = 1.5±-years).

Thus, the total lot supply in the combined “Prosper ISD and Celina ISD” submarkets is estimated to be 1.5± to 1.7± years (18± months – 21± months). 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 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 50' frontage lots followed by an individual analysis of the 60' frontage lots and 74' frontage lots. All data is per Metrostudy as of First Quarter 2021 and information supplied by developers.

## Competitive Supply – 50' Frontage Lots

| Competitive Supply                                | 50' Frontage Lots |                     |                |                        |                       |
|---|-------------------|---------------------|----------------|------------------------|-----------------------|
| Subdivisions                                      | School District   | Home Prices (000's) | Available Lots | Typical Lot Dimensions | Typical Lot SF        |
| <b>Brookhollow/Lakewood</b><br>Prosper, Texas     | Prosper           | \$400-\$632         | 93             | 55' x 130'             | 7,150                 |
| <b>Light Farms/Eastland</b><br>Celina, Texas      | Prosper           | \$383-\$446         | 7              | 50' x 115'             | 5,750                 |
| <b>Lilyana*</b><br>Celina, Texas                  | Prosper           | \$400-\$541         | 3              | 50' x 120'/125'        | 6,000 - 6,250         |
| <b>Mustang Lakes</b><br>Celina, Texas             | Prosper           | \$509-\$693         | 50             | 50' x 120'/130'        | 6,000 - 6,500         |
| <b>Star Trail</b><br>Prosper, Texas               | Prosper           | \$400-\$633         | 29             | 55' x 125'             | 6,875                 |
| <b>Sutton Fields</b><br>Celina, Texas             | Prosper           | \$268-\$397         | 77             | 50' x 115'             | 5,750                 |
| <b>Bluewood</b><br>Celina, Texas                  | Celina            | \$334-\$405         | 51             | 50' x 115'             | 5,750                 |
| <b>Cambridge Crossing</b><br>Celina, Texas        | Celina            | \$406-\$569         | 134            | 50' x 124'             | 6,200                 |
| <b>Chalk Hill</b><br>Celina, Texas                | Celina            | \$254-\$363         | 138            | 50' x 100'/110'/120'   | 5,000 - 5,500 - 6,000 |
| <b>Glen Crossing</b><br>Celina, Texas             | Celina            | \$318-\$469         | 129            | 50' x 120'             | 6,000                 |
| <b>Homestead at Ownsby Farms</b><br>Celina, Texas | Celina            | \$328-\$409         | 144            | 50' x 120'             | 6,000                 |
| <b>Total</b>                                      |                   |                     | <b>855</b>     |                        |                       |
| *Subject: Wells South PID, NIA #4                 | Prosper           |                     |                | 50' x 120'             | 6,000                 |

Source: Metrostudy as of First Quarter 2021

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 estimate 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 First Quarter 2021.

| Monthly Absorption Performance 50' Frontage Lots |            |              |            |             |               |
|--|------------|--------------|------------|-------------|---------------|
| Subdivisions                                     | Available  | Building     |            | Units/Month | Months Supply |
|  | Lots       | Starts*      | No. Months |             |               |
| Brookhollow/Lakewood                             | 93         | 54           | 15         | 3.6         | 25.8          |
| Light Farms/Eastland                             | 7          | 60           | 12         | 5.0         | 1.4           |
| Lilyana*   | 3          | 266          | 51         | 5.2         | 0.6           |
| Mustang Lakes                                    | 50         | 70           | 15         | 4.7         | 10.7          |
| Star Trail                                       | 29         | 79           | 15         | 5.3         | 5.5           |
| Sutton Fields                                    | 77         | 328          | 15         | 21.9        | 3.5           |
| Bluewood   | 51         | 429          | 42         | 10.2        | 5.0           |
| Cambridge Crossing                               | 134        | 40           | 9          | 4.4         | 30.2          |
| Chalk Hill                                       | 138        | 20           | 3          | 6.7         | 20.7          |
| Glen Crossing                                    | 129        | 73           | 15         | 4.9         | 26.5          |
| Homestead at Ownsby Farms                        | 144        | 195          | 21         | 9.3         | 15.5          |
| <b>Totals/Averages</b>                           | <b>855</b> | <b>1,614</b> |            | <b>81.1</b> | <b>10.5</b>   |
| Average Units/Month                              |            |              |            | <b>7.4</b>  |               |

\*Subject: Wells South PID, NIA #4  
Source: Metrostudy as of First Quarter 2021

Based upon the number of available lots and average absorption per month, the 855 lots remaining within these residential developments indicates only a 10.5±-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 3.6 units to 21.9 units per month, with an overall average of 7.4 units per month. To summarize, it is important to note the following facts:

- Seven of the 11 residential developments presented are projected to be sold out within 15.5± months including the subject's development with only a 0.6-month supply. 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 10.5± month-supply of developed lots.
- The overall lot supply within the combined Prosper ISD and Celina ISD submarkets is estimated to range from 1.5± to 1.7± years (18± months – 21± months) which is below equilibrium lot supply levels of 2.0 – 2.5 years.
- At the effective date of this appraisal, 132 of the subject's 50' lots are under contract to two volume homebuilders (Highland Homes and American Legend Homes). The lot contracts are summarized as follows:



| <b>Lot Contract Summary</b>   |                 |                     |                 |                   |                  |                 |
|-------------------------------|-----------------|---------------------|-----------------|-------------------|------------------|-----------------|
| <b>Typical Lot Dimensions</b> | <b>Highland</b> | <b>American</b>     |                 | <b>Total Lots</b> | <b>Base</b>      |                 |
|                               | <b>Homes</b>    | <b>Legend Homes</b> | <b>MI Homes</b> |                   | <b>Price/Lot</b> | <b>Price/FF</b> |
| 50' x 120' (6,000 SF)         | 72              | 60                  | 0               | <b>132</b>        | \$73,750         | \$1,475         |
| 60' x 120' (7,200 SF)         | 0               | 48                  | 52              | <b>100</b>        | \$88,500         | \$1,475         |
| 74' x 130' (9,620 SF)         | 0               | 8                   | 8               | <b>16</b>         | \$96,000         | \$1,297         |
| <b>Totals</b>                 | <b>72</b>       | <b>116</b>          | <b>60</b>       | <b>248</b>        |                  |                 |

| <b>Absorption Summary</b> |                    |            |            |  |            |            |
|---------------------------|--------------------|------------|------------|--|------------|------------|
|                           | <b>Units/Month</b> |            |            | <b>Total Absorption Period (Months±)</b> |            |            |
|                           | <b>50'</b>         | <b>60'</b> | <b>74'</b> | <b>50'</b>                               | <b>60'</b> | <b>74'</b> |
| <b>Homebuilder</b>        |                    |            |            |  |            |            |
| Highland Homes            | 4.2                | 0          | 0          | 17.1                                     | N/A        | N/A        |
| American Legend           | 3.2                | 2.4        | 0.9        | 18.8                                     | 20.0       | 9.0        |
| MI Homes                  | 0                  | 2.7        | 0.4        | N/A                                      | 19.3       | 21.0       |
| <b>Totals</b>             | <b>7.4</b>         | <b>5.1</b> | <b>1.3</b> |  |            |            |

All lots are contracted with an annual 6% escalation, a \$2,800/lot amenity fee, and \$300/lot maintenance fee.

**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 7.5 units per month (22.5 units per quarterly period) which is supported by the overall average of the competitive supply (7.4 upm) as well as the subject’s lot contracts (7.4 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**

| <b>Competitive Supply</b>         | <b>60’ Frontage Lots</b> |                            |                       |                               |                       |
|-----------------------------------|--------------------------|----------------------------|-----------------------|-------------------------------|-----------------------|
|                                   | <b>School District</b>   | <b>Home Prices (000’s)</b> | <b>Available Lots</b> | <b>Typical Lot Dimensions</b> | <b>Typical Lot SF</b> |
| <b>Brookhollow/Lakewood</b>       | Prosper                  | \$400-\$627                | 45                    | 60’ x 130’                    | 7,800                 |
| Prosper, Texas                    |                          |                            |                       |                               |                       |
| <b>Creeks of Legacy</b>           | Prosper                  | \$390-\$530                | 37                    | 60’ x 125’                    | 7,500                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Bluewood</b>                   | Celina                   | \$390-\$506                | 17                    | 60’ x 115’                    | 6,900                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Lilyana*</b>                   | Prosper                  | \$455-\$552                | 17                    | 60’ x 120’                    | 7,200                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Mustang Lakes</b>              | Prosper                  | \$509-\$698                | 38                    | 60’ x 125’                    | 7,500                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Prairie View Addition</b>      | Prosper                  | \$450-\$529                | 1                     | 65’ x 120’                    | 7,800                 |
| Frisco, Texas                     |                          |                            |                       |                               |                       |
| <b>Windsong Ranch</b>             | Prosper                  | \$485-\$699                | 114                   | 61’/66’ x 130’                | 7,930 - 8,580         |
| Prosper, Texas                    |                          |                            |                       |                               |                       |
| <b>Star Trail</b>                 | Prosper                  | \$546-\$667                | 13                    | 65’ x 125’                    | 8,125                 |
| Prosper, Texas                    |                          |                            |                       |                               |                       |
| <b>Sutton Fields</b>              | Prosper                  | \$356-\$446                | 239                   | 60’ x 115’                    | 6,900                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Wellspring Estates</b>         | Prosper                  | \$338-\$699                | 52                    | 60’ x 125’                    | 7,500                 |
| Celina, Texas                     |                          |                            |                       |                               |                       |
| <b>Total</b>                      |                          |                            | <b>573</b>            |                               |                       |
| *Subject: Wells South PID, NIA #4 | Prosper                  |                            |                       | 60’ x 120’                    | 7,200                 |

Source: Metrostudy as of First Quarter 2021



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 estimate 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 First Quarter 2021.

| Monthly Absorption Performance 60' Frontage Lots |                |                  |            |             |               |
|--|----------------|------------------|------------|-------------|---------------|
| Subdivisions                                     | Available Lots | Building Starts* | No. Months | Units/Month | Months Supply |
| Brookhollow/Lakewood                             | 45             | 57               | 15         | 3.8         | 11.8          |
| Creeks of Legacy                                 | 37             | 71               | 15         | 4.7         | 7.8           |
| Bluewood   | 17             | 210              | 42         | 5.0         | 3.4           |
| Lilyana*   | 17             | 188              | 45         | 4.2         | 4.1           |
| Mustang Lakes                                    | 38             | 66               | 15         | 4.4         | 8.6           |
| Prairie View Addition                            | 1              | 35               | 12         | 2.9         | 0.3           |
| Windsong Ranch                                   | 114            | 172              | 15         | 11.5        | 9.9           |
| Star Trail                                       | 13             | 73               | 15         | 4.9         | 2.7           |
| Sutton Fields                                    | 239            | 124              | 15         | 8.3         | 28.9          |
| Wellspring Estates                               | 52             | 40               | 15         | 2.7         | 19.5          |
| <b>Totals/Averages</b>                           | <b>573</b>     | <b>1,036</b>     |            | <b>52.4</b> | <b>10.9</b>   |
| Average Units/Month                              |                |                  |            | 5.2         |               |

\*Subject: Wells South PID, NIA #4  
Source: Metrostudy as of First Quarter 2021

Based upon the number of available lots and average absorption per month, the 573 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 2.7 units to 11.5 units per month, with an overall average of 5.2 units per month. To summarize, it is important to note the following facts:

- Eight of the 10 residential developments presented are projected to be sold out within 11.8± months including the subject's development with only a 4.1-month supply. 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.

- The overall lot supply within the combined Prosper ISD and Celina ISD submarkets is estimated to range from 1.5± to 1.7± years (18± months – 21± months) which is below equilibrium lot supply levels of 2.0 – 2.5 years.
- At the effective date of this appraisal, all 100 of the subject's 60' lots are under contract to two volume homebuilders (American Legend Homes and MI Homes). The lot contracts are summarized as follows:

| <b>Lot Contract Summary</b>   |                       |                              |                 |                   |                       |                 |
|-------------------------------|-----------------------|------------------------------|-----------------|-------------------|-----------------------|-----------------|
| <b>Typical Lot Dimensions</b> | <b>Highland Homes</b> | <b>American Legend Homes</b> | <b>MI Homes</b> | <b>Total Lots</b> | <b>Base Price/Lot</b> | <b>Price/FF</b> |
| 50' x 120' (6,000 SF)         | 72                    | 60                           | 0               | <b>132</b>        | \$73,750              | \$1,475         |
| 60' x 120' (7,200 SF)         | 0                     | 48                           | 52              | <b>100</b>        | \$88,500              | \$1,475         |
| 74' x 130' (9,620 SF)         | 0                     | 8                            | 8               | <b>16</b>         | \$96,000              | \$1,297         |
| <b>Totals</b>                 | <b>72</b>             | <b>116</b>                   | <b>60</b>       | <b>248</b>        |                       |                 |

| <b>Absorption Summary</b> |                    |            |            |  |            |            |
|---------------------------|--------------------|------------|------------|--|------------|------------|
| <b>Homebuilder</b>        | <b>Units/Month</b> |            |            | <b>Total Absorption Period (Months±)</b> |            |            |
|                           | <b>50'</b>         | <b>60'</b> | <b>74'</b> | <b>50'</b>                               | <b>60'</b> | <b>74'</b> |
| Highland Homes            | 4.2                | 0          | 0          | 17.1                                     | N/A        | N/A        |
| American Legend           | 3.2                | 2.4        | 0.9        | 18.8                                     | 20.0       | 9.0        |
| MI Homes                  | 0                  | 2.7        | 0.4        | N/A                                      | 19.3       | 21.0       |
| <b>Totals</b>             | <b>7.4</b>         | <b>5.1</b> | <b>1.3</b> |  |            |            |

All lots are contracted with an annual 6% escalation, a \$2,800/lot amenity fee, and \$300/lot maintenance fee.

### 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 5.0 units per month (15.0 units per quarterly period) which is supported by the overall average of the competitive supply (5.2 upm) as well as the subject's lot contracts (5.1 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 – 74' Frontage Lots

| Competitive Supply                            | 74' Frontage Lots |                     |                |                        |                |
|---|-------------------|---------------------|----------------|------------------------|----------------|
|   | School District   | Home Prices (000's) | Available Lots | Typical Lot Dimensions | Typical Lot SF |
| <u>Brookhollow/Lakewood</u><br>Prosper, Texas | Prosper           | \$454-\$742         | 47             | 74' x 130'             | 9,620          |
| <u>Creeks of Legacy</u><br>Celina, Texas      | Prosper           | \$390-\$530         | 24             | 70' x 125'             | 8,750          |
| <u>Light Farms/Grange</u><br>Celina, Texas    | Prosper           | \$588-\$688         | 12             | 70' x 130'             | 9,100          |
| <u>Lilyana*</u><br>Celina, Texas              | Prosper           | \$460-\$598         | 7              | 74' x 130'             | 9,620          |
| <u>Mustang Lakes</u><br>Celina, Texas         | Prosper           | \$405-\$821         | 70             | 74' x 130'             | 9,620          |
| <u>Star Trail</u><br>Prosper, Texas           | Prosper           | \$664-\$877         | 57             | 76' x 135'             | 10,260         |
| <u>Sutton Fields</u><br>Celina, Texas         | Prosper           | \$256-\$456         | 36             | 70' x 115'             | 8,050          |
| <u>Wellspring Estates</u><br>Celina, Texas    | Prosper           | \$385-\$669         | 20             | 70' x 140'             | 9,800          |
| <u>Windsong Ranch</u><br>Prosper, Texas       | Prosper           | \$485-\$680         | 133            | 74' x 130'             | 9,620          |
| <b>Total</b>                                  |                   |                     | <b>406</b>     |                        |                |
| *Subject: Wells South PID, NIA #4             |                   | Prosper             |                | 74' x 130'             | 9,620          |
| Source: Metrostudy as of First Quarter 2021   |                   |                     |                |                        |                |

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 74' 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 estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

### Absorption Analysis – 74' 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 First Quarter 2021.

| Monthly Absorption Performance              | 74' Frontage Lots |                  |            |             |               |
|---|-------------------|------------------|------------|-------------|---------------|
|   | Available Lots    | Building Starts* | No. Months | Units/Month | Months Supply |
| <u>Brookhollow/Lakewood</u>                 | 47                | 12               | 3          | 4.0         | 11.8          |
| <u>Creeks of Legacy</u>                     | 24                | 39               | 15         | 2.6         | 9.2           |
| <u>Light Farms/Grange</u>                   | 12                | 23               | 12         | 1.9         | 6.3           |
| <u>Lilyana*</u>                             | 7                 | 93               | 48         | 1.9         | 3.6           |
| <u>Mustang Lakes</u>                        | 70                | 47               | 15         | 3.1         | 22.3          |
| <u>Star Trail</u>                           | 57                | 73               | 15         | 4.9         | 11.7          |
| <u>Sutton Fields</u>                        | 36                | 39               | 15         | 2.6         | 13.8          |
| <u>Wellspring Estates</u>                   | 20                | 17               | 15         | 1.1         | 17.6          |
| <u>Windsong Ranch</u>                       | 133               | 44               | 12         | 3.7         | 36.3          |
| <b>Totals/Averages</b>                      | <b>406</b>        | <b>387</b>       |            | <b>25.9</b> | <b>15.7</b>   |
| <b>Average Units/Month</b>                  |                   |                  |            | <b>2.9</b>  |               |
| *Subject: Wells South PID, NIA #4           |                   |                  |            |             |               |
| Source: Metrostudy as of First Quarter 2021 |                   |                  |            |             |               |

Based upon the number of available lots and average absorption per month, the 406 lots remaining within these residential developments indicates only a 15.7±-month supply (1.3± 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 1.1 units to 4.9 units per month, with an overall average of 2.9 units per month. To summarize, it is important to note the following facts:

- Six of the nine residential developments presented are projected to be sold out within 13.8± months including the subject's development with only a 3.6-month supply. 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 15.7± month-supply of developed lots.
- The overall lot supply within the combined Prosper ISD and Celina ISD submarkets is estimated to range from 1.5± to 1.7± years (18± months – 21± months) which is below equilibrium lot supply levels of 2.0 – 2.5 years.
- At the effective date of this appraisal, 16 of the subject's 74' lots are under contract to two volume homebuilders (American Legend Homes and MI Homes). The lot contracts are summarized as follows:

| <b>Lot Contract Summary</b>   |                 |                     |                 |                   |                  |                 |
|-------------------------------|-----------------|---------------------|-----------------|-------------------|------------------|-----------------|
| <b>Typical Lot Dimensions</b> | <b>Highland</b> | <b>American</b>     |                 | <b>Total Lots</b> | <b>Base</b>      |                 |
|                               | <b>Homes</b>    | <b>Legend Homes</b> | <b>MI Homes</b> |                   | <b>Price/Lot</b> | <b>Price/FF</b> |
| 50' x 120' (6,000 SF)         | 72              | 60                  | 0               | <b>132</b>        | \$73,750         | \$1,475         |
| 60' x 120' (7,200 SF)         | 0               | 48                  | 52              | <b>100</b>        | \$88,500         | \$1,475         |
| 74' x 130' (9,620 SF)         | 0               | 8                   | 8               | <b>16</b>         | \$96,000         | \$1,297         |
| <b>Totals</b>                 | <b>72</b>       | <b>116</b>          | <b>60</b>       | <b>248</b>        |                  |                 |

| <b>Absorption Summary</b> |                    |            |            |  |            |            |
|---------------------------|--------------------|------------|------------|--|------------|------------|
| <b>Homebuilder</b>        | <b>Units/Month</b> |            |            | <b>Total Absorption Period (Months±)</b> |            |            |
|                           | <b>50'</b>         | <b>60'</b> | <b>74'</b> | <b>50'</b>                               | <b>60'</b> | <b>74'</b> |
| Highland Homes            | 4.2                | 0          | 0          | 17.1                                     | N/A        | N/A        |
| American Legend           | 3.2                | 2.4        | 0.9        | 18.8                                     | 20.0       | 9.0        |
| MI Homes                  | 0                  | 2.7        | 0.4        | N/A                                      | 19.3       | 21.0       |
| <b>Totals</b>             | <b>7.4</b>         | <b>5.1</b> | <b>1.3</b> |  |            |            |

All lots are contracted with an annual 6% escalation, a \$2,800/lot amenity fee, and \$300/lot maintenance fee.

### Absorption Projection – 74' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 74' frontages at 2.5 units per month (7.5 units per quarterly period) which is slightly below the overall average of the competitive supply (2.9 upm) yet is slightly above the subject's lot contracts (1.3 upm) and historical absorption average of (1.9 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 74' frontage lots.

### Overall Absorption Summary Projection

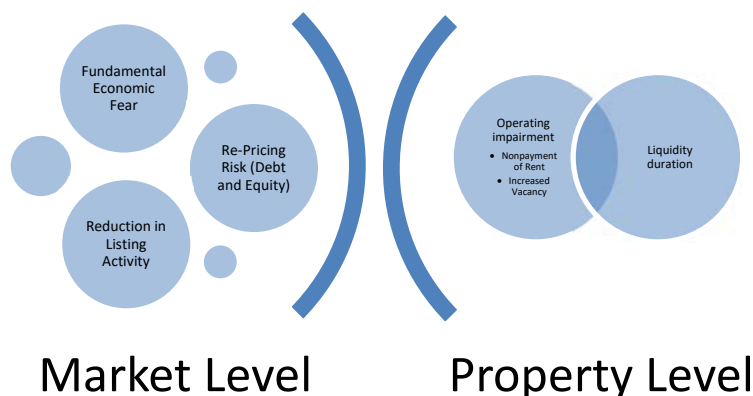
Our quarterly absorption projections are summarized as follows for the subject:

| Projected Quarterly Absorption Summary |           |           |             |             |             |             |           | Total Aborp. Period |           |
|--|-----------|-----------|-------------|-------------|-------------|-------------|-----------|---------------------|-----------|
| Lot Type                               | Jun-22    | Sept-22   | Dec-22      | Mar-23      | Jun-23      | Sept-23     | Dec-23    | Lots                | (Monthst) |
| 50' Lots                               | 22.5      | 22.5      | 22.5        | 22.5        | 22.5        | 22.5        | 21        | 156                 | 20.8      |
| 60' Lots                               | 15        | 15        | 15          | 15          | 15          | 15          | 10        | 100                 | 20.0      |
| 74' Lots                               | 7.5       | 7.5       | 5.0         | 0           | 0           | 0           | 0         | 20                  | 8.0       |
| <b>Totals</b>                          | <b>45</b> | <b>45</b> | <b>42.5</b> | <b>37.5</b> | <b>37.5</b> | <b>37.5</b> | <b>31</b> | <b>276</b>          |           |

As shown, the overall absorption for the subject's 276 lots is estimated to be 20.8± months (50' lots), 20.0± months (60' lots), and 8.0± months (74' lots).

### COVID-19 Impact on Current Valuations

Transaction indicators are the best measure of any impact on values due to COVID-19. At the beginning of the pandemic, many transactions were tabled, and market data was scarce. After an initial lull in activity, price discovery has occurred in many markets across different property types and transactions are getting done. Market instability remains a factor on various levels:



Based on discussions and interviews with a wide range of market participants including brokers, lenders, asset managers, owners, property managers and others, a variety of concerns, and opportunities, are apparent.

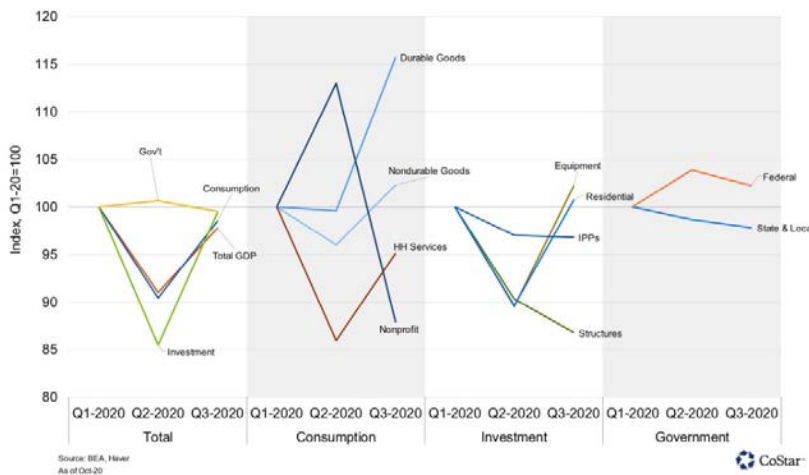
#### The Virus

The second wave began in 4Q20 across virtually the entire country. Infection rates are exploding with many states and local governments restricting movement and social gatherings. The stock market rose to new highs in 4Q20 on the news of multiple promising vaccine options expected to first become widely available to health care workers and then the general public by mid-2021. In the interim, volatility will remain with starts and stops in economic activity. A widely distributed vaccine is critical for employers to be able to safely bring workers back to the office, public schools to remain open with consistency and perceived safe use of public transportation in getting people to work.

#### Macro-Economic Impacts

Not surprisingly, 3Q20 GDP was up significantly but varies considerably by segment (Consumption, Investment, Government) as illustrated in the graph below. Consumption of goods are up while consumption of services remains off notably due in large part to households remaining in various levels of lockdown in many parts of the country. Warehouses and manufacturing are winners – hotels, retail, and restaurants remain weak.

**GDP Recovers, but Plenty of Movement Under Surface**

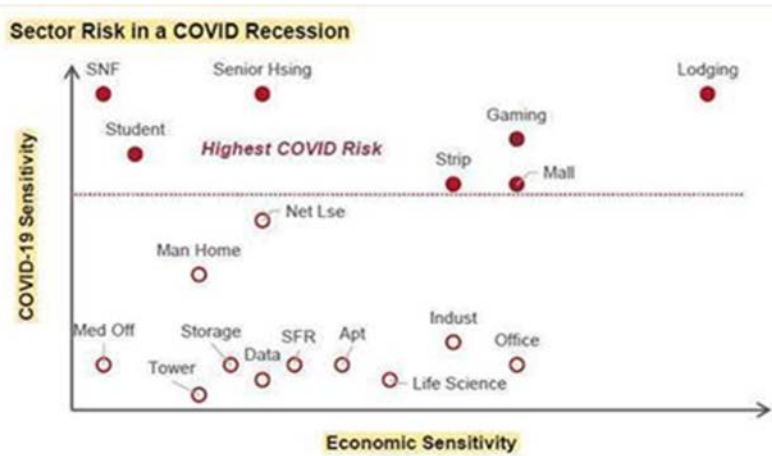


The prospect for a significant stimulus package remains uncertain. State and local finances are troubling not to mention the outlook for employers and workers, particularly in the service sector, who remain on the downside of a K shaped recovery.

After initially ramping up cash reserves to cover bad loans, many larger lending institutions have begun reducing those set asides as the expectation of losses is on the decline. Many smaller to mid-size banks, which have typically been the primary capital source to local, service-oriented businesses, may not be so fortunate.

**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) have been less affected than for example lodging and malls where social distancing is more difficult.





**Rates of Return and Valuation Methodology**

Offsetting the increased risk due to uncertainty in the property markets is the Fed’s monetary policy of holding rates down to enhance liquidity in the debt markets. While many financial institutions have lowered their loan to value ratios as a risk management tool, the cost of borrowing is at historic lows for assets with sustainable cash flow and solid sponsors. The result is downward pressure on rates of return where leverage is attainable but offset to some extent by a rise in equity return requirements. As transactions continue to occur, the overall impact on rates of return, and how they are responding differently by property type and location, is becoming apparent.

Some market participants believe the answer to market value lies in capitalization rates while others believe rates are not moving. Instead, the value impact is limited to cash flow loss plus profit until re-stabilization occurs. Once again, the answers vary by property type and location.

The following valuation tempers the various inputs given the wide range of data in the market. Care must be taken not to “double hit” the analysis by modeling lower net income via lower performance projections and at the same time raising the return requirements, particularly in light of a low interest rate environment.

**Market Sentiment/Participant Interviews**

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

**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 subject's Neighborhood Improvement Area #4 is located at the southwest corner of CR-84 (Wells Road), north of Frontier Parkway within an existing master-planned residential development known as Lilyana. The subject property is located within the Prosper Independent School District.

### Land Description and Analysis

#### Land Description

|                         |   |
|-------------------------|---|
| Land Area               | 67.494 acres; 2,940,037 SF  |
| CR-84 (Wells Road) ROW  | 2.956 acres   |
| Final Plat Acreage      | 64.538 acres; 2,811,267 SF  |
| Total Proposed SF Lots  | 272 lots (146 lots - 50' x 120'; 100 lots - 60' x 120'; 20 lots - 74' x 130') |
| Source of Land Area     | Engineering Report  |
| Primary Street Frontage | CR-84 (Wells Road) - Northern Boundary: 1,899'; Eastern Boundary: 2,298' feet |
| Shape                   | Irregular   |
| Corner                  | Yes   |
| 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 | 48085C0120J   |
| Date                    | June 2, 2009  |
| Zone                    | X   |
| Description             | Outside the 500-year flood plain  |
| Insurance Required?     | No  |

#### Zoning; Other Regulations

|                            |   |
|----------------------------|---|
| Zoning Jurisdiction        | City of Celina, Texas                                 |
| Zoning Designation         | Development Agreement with the City of Celina, Texas  |
| Description                | Wells South Public Improvement District               |
| Legally Conforming?        | Appears to be legally conforming                      |
| Zoning Change Likely?      | No  |
| Permitted Uses             | Single-family residential uses within the master plan |
| Other Land Use Regulations | None reported or observed                             |

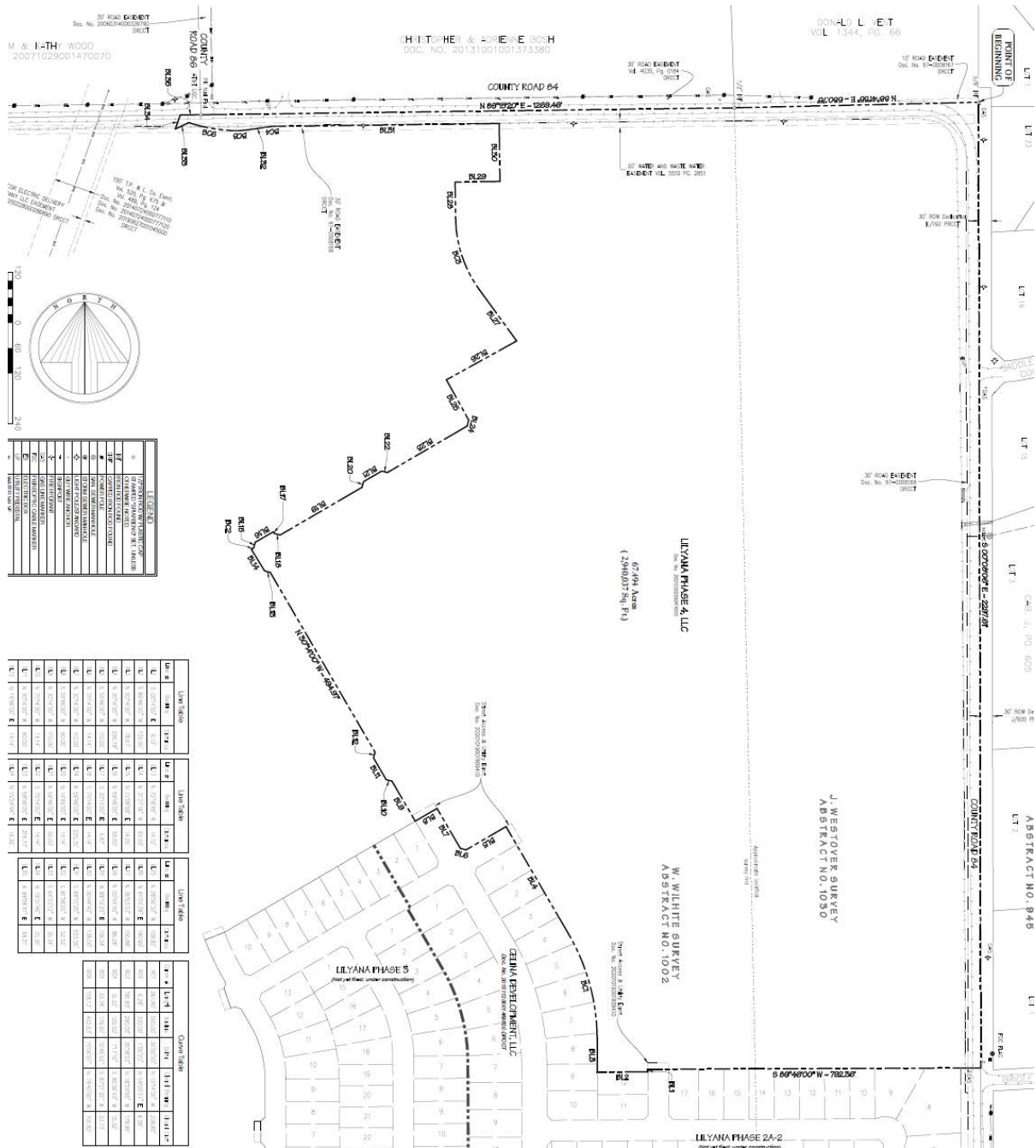
#### Utilities

|         |               |
|---------|---------------|
| Service | Provider      |
| Water   | Celina, Texas |
| Sewer   | Celina, Texas |

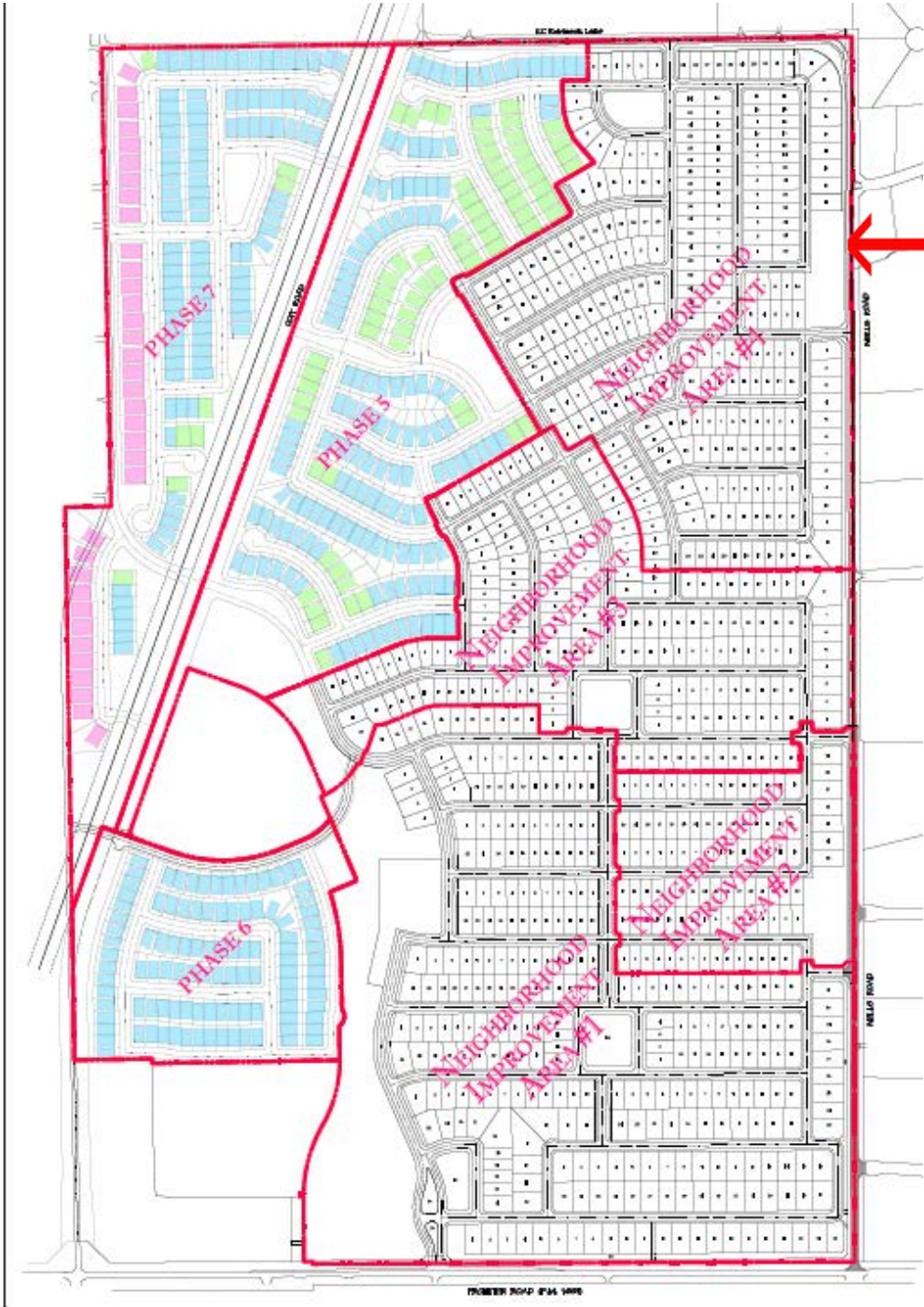
**General Description - Wells South Public Improvement District (NIA #4)**

The subject represents a portion of the Wells South Public Improvement District, Neighborhood Improvement Area #4 (NIA #4) which is planned to be developed with 276 single-family lots on a tract of land containing an area of 64.538 acres within an existing master-planned development known as Lilyana, Phase 4. NIA #4 is planned to be developed with three typical lot dimensions (156 lots - 50' x 120'; 100 lots - 60' x 120'; and 20 lots - 74' x 130'). All of the lots are designed for front access and are located in the Prosper ISD. The property is governed under a Development Agreement with the City of Celina, Texas which permits single-family residential uses within the master plan. Substantial completion of NIA #4 is expected by June 1, 2022. It is noted that the survey of the property indicates a land size of 67.494 acres which includes the 2.956 acres as ROW for CR-84 (Wells Road). Neighborhood Improvement Areas 1, 2, and 3 have been developed with a total of 574 single-family lots on 161.821 acres (3.5 upa).

Survey



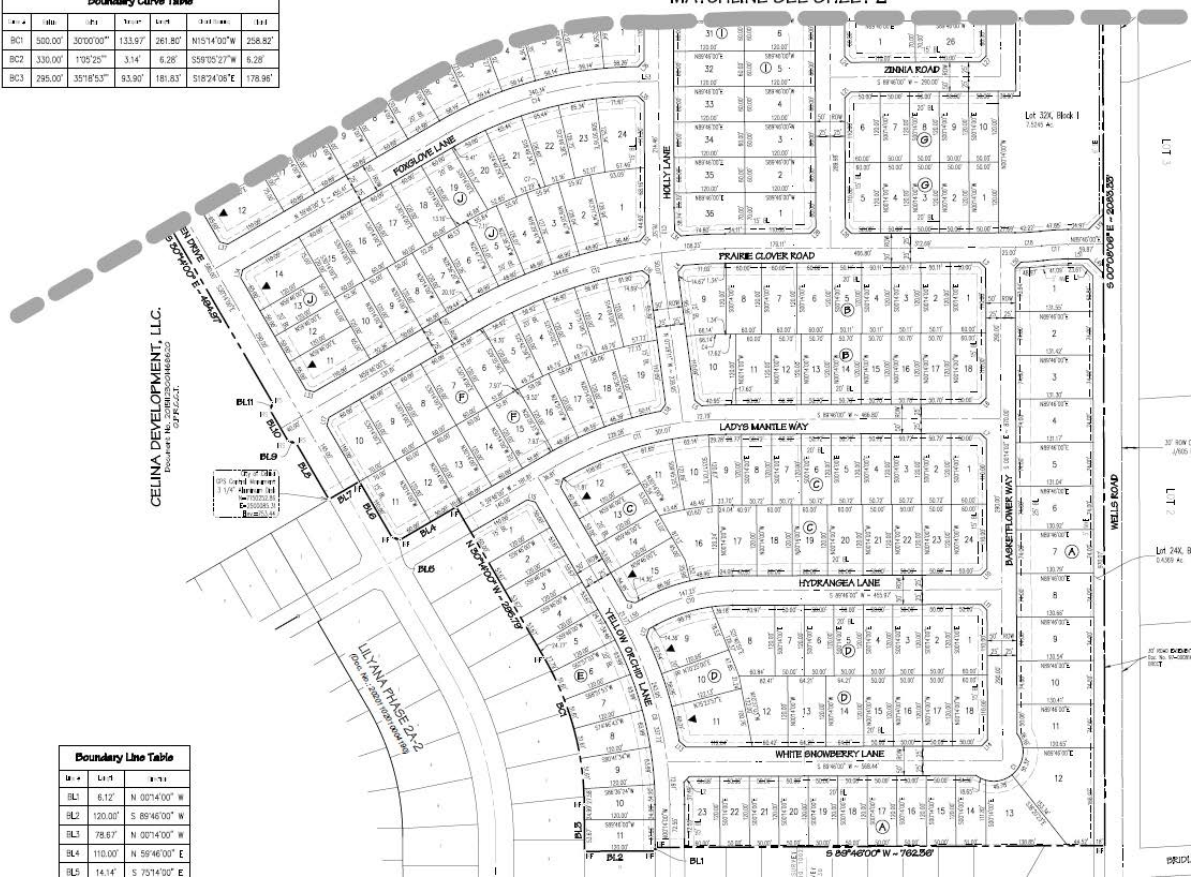
### Overall Site Plan



**Final Plat (NIA #4)**



| Boundary Curve 1 Data |         |                |                |                |                |                |
|-----------------------|---------|----------------|----------------|----------------|----------------|----------------|
| Lot #                 | Area    | B <sub>1</sub> | B <sub>2</sub> | B <sub>3</sub> | B <sub>4</sub> | B <sub>5</sub> |
| BC1                   | 500.00' | 30°00'00"      | 133.67'        | 261.80'        | N15°14'00"W    | 258.82'        |
| BC2                   | 330.00' | 1°05'25"       | 3.14'          | 6.28'          | S59°10'27"W    | 6.28'          |
| BC3                   | 295.00' | 35°18'53"      | 93.90'         | 181.83'        | S16°24'08"E    | 178.96'        |



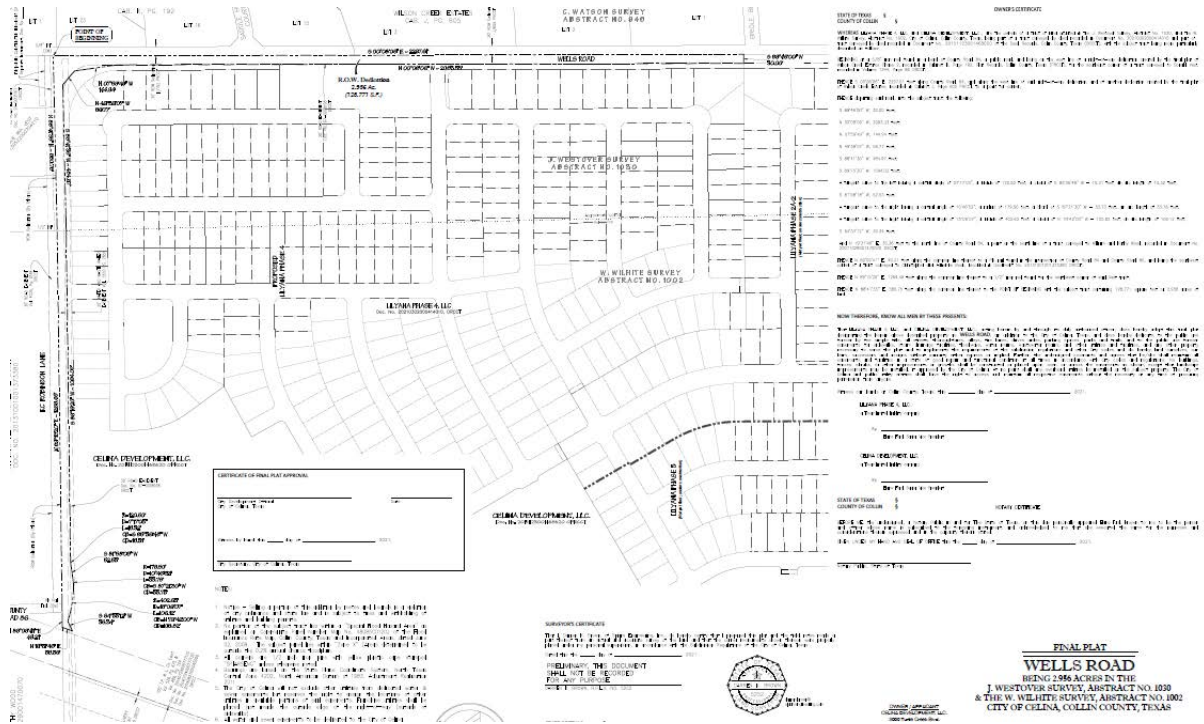
CELINA DEVELOPMENT, LLC.  
 PROJECT NO. 22-00000000000000000000  
 OFFICIAL

| Boundary Line Table |             |               |
|---------------------|-------------|---------------|
| Line #              | Start Point | End Point     |
| BL1                 | 6.12'       | N 00°14'00" W |
| BL2                 | 120.00'     | S 89°46'00" W |
| BL3                 | 78.67'      | N 00°14'00" W |
| BL4                 | 110.00'     | N 59°46'00" E |
| BL5                 | 14.14'      | S 70°14'00" E |





### Final Plat - CR-84 (Wells Road)





## Allocation of Authorized Improvements

### Descriptions and Costs of Neighborhood Improvement Area #4

The Actual Costs for Neighborhood Improvement Area #4 Improvements are to be funded from the proceeds of the Neighborhood Improvement Area #4 Bonds and from funds contributed by the Developer as described herein.

A description of the Neighborhood Improvement Area #4 Improvements follows:

#### Road Improvements

The road improvement portion of the Neighborhood Improvement Area #4 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #4 Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The road improvements will be constructed according to City standards.

#### Water Improvements

The water improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #4 Assessed Property. The water improvements will be constructed according to City standards.

#### Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to neighborhood Improvement Area #4 Assessed Property. The wastewater improvements will be constructed according to City standards.

#### Storm Drainage Improvements

The storm drainage improvement portion of Neighborhood Improvement Area #4 Improvements consists of the construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements will be constructed according to City standards.

### Neighborhood Improvement Area #4 Costs

| Authorized Improvements              | NIA #4 Direct<br>Costs |
|--------------------------------------|------------------------|
| Road Improvements                    | \$2,046,664            |
| Water Improvements                   | \$945,538              |
| Wastewater Improvements              | \$834,416              |
| Storm Drainage Improvements          | \$1,317,644            |
| Soft Costs and Contingency           | \$1,593,479            |
| <b>Total Authorized Improvements</b> | <b>\$6,737,742</b>     |

Note: Costs provided by the Developer. The figures shown in Table III-E may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

## Real Estate Taxes

Real estate tax assessments are administered by the Collin 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 October) 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 Certified |             |                |              |             |           |                       |   |       |
|--|-------------|----------------|--------------|-------------|-----------|-----------------------|---|-------|
| Tax ID                                 | Total Acres | Assessed Value |              |             | Tax Rate  | Taxes and Assessments |   |       |
|  |             | Land           | Improvements | Total       |           | Ad Valorem Taxes      | Assessments with Agricultural Exemption | Total |
| 2726990                                | 61.0916     | \$4,276,412    | \$0          | \$4,276,412 | 2.391453% | \$102,268             | \$10,202                                | \$244 |

The subject’s NIA #4 is currently assessed for 2020 by the tax district as vacant undeveloped land totaling 61.0916 acres (the 2021 assessments for the subject property have not been determined by the tax district at the effective appraisal date). The assessed value as vacant land is irrelevant, as the estimated taxes for the subject’s single-family lots will be based upon our market value opinions within the discounted cash flow statements within this report.

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 not zoned and will be governed by a “development agreement” with the City of Celina, Texas allowing for detached, single-family residential use. 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:

| <b>Approaches to Value</b>       |                                 |                          |
|----------------------------------|---------------------------------|--------------------------|
| <b>Approach</b>                  | <b>Applicability to Subject</b> | <b>Use in Assignment</b> |
| Cost Approach                    | Not Applicable                  | Not Utilized             |
| Sales Comparison Approach        | Applicable                      | Utilized                 |
| Income Capitalization Approach   | Not Applicable                  | Not Utilized             |
| Subdivision Development Approach | Applicable                      | Utilized                 |

## Sales Comparison Approach

To develop an opinion of the subject's lot values within Neighborhood Improvement Area #4, 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 three lot types being 50-feet, 60-feet, and 74-feet in lot width.

The Sales Comparison Approach will be utilized to determine lot values for the individual lot types as well as the other land tracts which are summarized as follows:

### Land Parcels

| Name                        | SF    | Acres | Units | Unit of Comparison |
|-----------------------------|-------|-------|-------|--------------------|
| Developed 50' Frontage Lots | 6,000 | 0.138 | 50    | Front Footages     |
| Developed 60' Frontage Lots | 7,200 | 0.165 | 60    | Front Footages     |
| Developed 74' Frontage Lots | 9,620 | 0.221 | 74    | Front Footages     |

### Developed 50' Frontage Lots (50' x 120'; 6,000 SF)

To apply the sales comparison approach to the Developed 50' Frontage Lots, we searched for sale transactions within the following parameters:

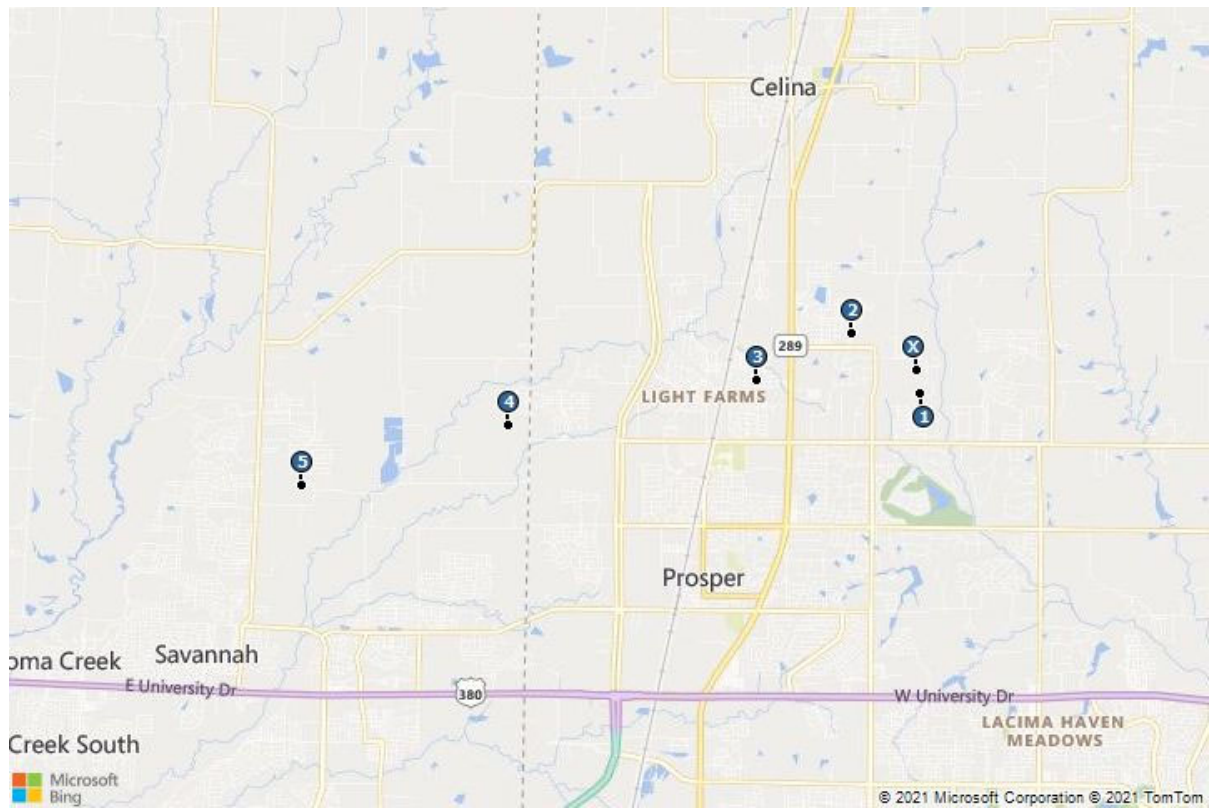
- Location: Celina/Prosper area
- Size: 50' frontage lots
- Use: Single-family residential
- Transaction Date: January 2020 to present

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 50' Frontage Lots  |  |                       |            |               |               |  |                  |            |
|---|--|-----------------------|------------|---------------|---------------|--|------------------|------------|
| No.   | Name/Address   | Sale Date;<br>Status  | Sale Price | SF;<br>Acres  | Front Footage | Zoning                                     | \$/Front Footage | \$/SF Land |
| 1   | Lilyana, Phase 3 - 50' Lots<br>North side of Ladys Mantle Way, north of Frontier Parkway<br>Celina<br>Collin County<br>TX                                | Jun-21<br>Closed      | \$72,670   | 6,250<br>0.14 | 50            | Development Agreement - Wells<br>South PID | \$1,453          | \$11.63    |
| <i>Comments: Lots in this master-planned residential development are located in the city of Celina, and are within the Prosper ISD. Home prices are ranging from \$373,000 to \$495,000.</i>                            |  |                       |            |               |               |  |                  |            |
| 2   | Bluewood, Phase 4 - 50' Lots<br>North side of Cobalt Drive, north of Ownsby Parkway<br>Celina<br>Collin County<br>TX                                     | Feb-21<br>Closed      | \$63,750   | 5,750<br>0.13 | 50            | Development Agreement - Wells<br>North PID | \$1,275          | \$11.09    |
| <i>Comments: Lots in Phase 4 are located within the Celina ISD and are in the Wells North PID. Home prices are ranging from \$349,000 - \$505,000.</i>  |  |                       |            |               |               |  |                  |            |
| 3   | The Homestead at Ownsby Farms, Phase 1 - 50' Lots<br>West side of John Campbell Trail, west of SH-289 (Preston<br>Road)<br>Celina<br>Collin County<br>TX | Jan-20<br>Closed      | \$65,819   | 6,000<br>0.14 | 50            | Planned Development                        | \$1,316          | \$10.97    |
| <i>Comments: Lots in this development are located in the Celina ISD. Home prices are ranging from \$250,000 to \$320,000. The development is located in the Ownsby Farms PID.</i>                                       |  |                       |            |               |               |  |                  |            |
| 4   | Creeks of Legacy West, Phase 2 - 50' Lots<br>Northwest of Frontier Parkway and Legacy Drive<br>Celina<br>Denton County<br>TX                             | Aug-20<br>Closed      | \$70,000   | 6,000<br>0.14 | 50            | Planned Development                        | \$1,400          | \$11.67    |
| <i>Comments: Phase 2 was completed in late July 2020. This sale represents a "bulk" purchase of 146 lots. Lots are located in the Prosper ISD. Home prices are ranging from \$300,000 to \$350,000.</i>                 |  |                       |            |               |               |  |                  |            |
| 5   | Sutton Fields II, Proposed Phases 8A & 8B - 50' Lo<br>North side of Crutchfield Drive, east of FM-1385<br>Celina<br>Denton County<br>TX                  | Oct-21<br>In-Contract | \$60,000   | 5,750<br>0.13 | 50            | Planned Development                        | \$1,200          | \$10.43    |
| <i>Comments: Phases 8A and 8B are proposed to be developed with a total of 116 lots. The development is located in the Prosper ISD. Home prices are projected to range from \$240,000 to \$300,000 in these phases.</i> |  |                       |            |               |               |  |                  |            |
| <b>Subject</b>  |  |                       |            | 6,000         | 50            | Development Agreement - Wells South PID    |                  |            |
| Wells South Public Improvement District (NIA #4)<br>Celina, TX  |  |                       |            | 0.14          |               |  |                  |            |



### Comparable Land Sales Map – Developed 50' Frontage Lots





Sale 1  
Lilyana, Phase 3 - 50' Lots



Sale 2  
Bluewood, Phase 4 - 50' Lots



Sale 3  
The Homestead at Ownsby Farms, Phase 1 - 50' Lots



Sale 4  
Creeks of Legacy West, Phase 2 - 50' Lots



Sale 5  
Sutton Fields II, Proposed Phases 8A & 8B - 50' Lo

### 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.                                       | <b>Sale 2</b> was adjusted upward for conditions of sale as it was part of a 47-lot bulk purchase. |
| Market Conditions    | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. | Upward adjustments are indicated to <b>Sales 1 – 5</b> for improving economic conditions.          |
| Location             | Market or submarket area influences on sale price; surrounding land use influences.                         | <b>Sale 5</b> was adjusted upward for inferior location.   |
| 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.

| <b>Land Sales Adjustment Grid - Developed 50' Frontage Lots</b> |   |   |   |   |  |  |
|---|---|---|---|---|--|--|
|   | <b>Subject</b>  | <b>Comparable 1</b>                                       | <b>Comparable 2</b>                                 | <b>Comparable 3</b>   | <b>Comparable 4</b>                            | <b>Comparable 5</b>                                |
| Name  | Wells South Public Improvement District (NIA #4)                  | Lilyana, Phase 3 - 50' Lots                               | Bluewood, Phase 4 - 50' Lots                        | The Homestead at Ownsby Farms, Phase 1 - 50' Lots               | Creeks of Legacy West, Phase 2 - 50' Lots      | Sutton Fields II, Proposed Phases 8A & 8B - 50' Lo |
| Address   | Southwest corner of CR-84 (Wells Road), north of Frontier Parkway | North side of Ladys Mantle Way, north of Frontier Parkway | North side of Cobalt Drive, north of Ownsby Parkway | West side of John Campbell Trail, west of SH-289 (Preston Road) | Northwest of Frontier Parkway and Legacy Drive | North side of Crutchfield Drive, east of FM-1385   |
| City  | Celina  | Celina  | Celina  | Celina  | Celina   | Celina   |
| County  | Collin  | Collin  | Collin  | Collin  | Denton   | Denton   |
| State   | Texas   | TX  | TX  | TX  | TX   | TX   |
| Sale Date   |   | Jun-21  | Feb-21  | Jan-20  | Aug-20   | Oct-21   |
| Sale Status   |   | Closed  | Closed  | Closed  | Closed   | In-Contract  |
| Sale Price  |   | \$72,670  | \$63,750  | \$65,819  | \$70,000                                       | \$60,000   |
| Square Feet   | 6,000   | 6,250   | 5,750   | 6,000   | 6,000  | 5,750  |
| Acres   | 0.138   | 0.144   | 0.132   | 0.138   | 0.138  | 0.132  |
| Number of Front Footages  | 50  | 50  | 50  | 50  | 50   | 50   |
| <b>Price per Front Footage</b>                                  |   | <b>\$1,453</b>  | <b>\$1,275</b>                                      | <b>\$1,316</b>  | <b>\$1,400</b>                                 | <b>\$1,200</b>                                     |
| Property Rights Adjustment                                      |   | Fee Simple =  | Fee Simple =  | Fee Simple =  | Fee Simple =                                   | Fee Simple =                                       |
| Financing Terms Adjustment                                      |   | Cash to seller =  | Cash to seller =                                    | Cash to seller =  | Cash to seller =                               | Cash to seller =                                   |
| Conditions of Sale Adjustment                                   |   | =   | =   | =   | =  | =  |
| Market Conditions Adjustment                                    | 6/1/2022  | Jun-21  | Feb-21  | Jan-20  | Aug-20   | Oct-21   |
| Location  |   | =   | =   | =   | =  | ++   |
| Access/Exposure   |   | =   | =   | =   | =  | =  |
| Size  |   | =   | =   | =   | =  | =  |
| Shape and Topography  |   | =   | =   | =   | =  | =  |
| Zoning  |   | =   | =   | =   | =  | =  |
| <b>Overall Adjustment</b>                                       |   | <b>+</b>  | <b>++</b>   | <b>++</b>   | <b>++</b>                                      | <b>+++</b>   |
| <b>Indicated Value</b>  |   | <b>\$1,475</b>  |   |   |  |  |



**Land Value Conclusion – Developed 50' Frontage Lots**

Prior to adjustments, the sales reflect a range of \$1,200 - \$1,453 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 50' lot conclusion as follows:

---

**Land Value Conclusion**

---

**Developed 50' Frontage Lots**

---

|                                   |           |
|-----------------------------------|-----------|
| Indicated Value per Front Footage | \$1,475   |
| Subject Front Footages            | <u>50</u> |
| Indicated Value                   | \$73,750  |

---

### Developed 60' Frontage Lots (60' x 120'; 7,200 SF)

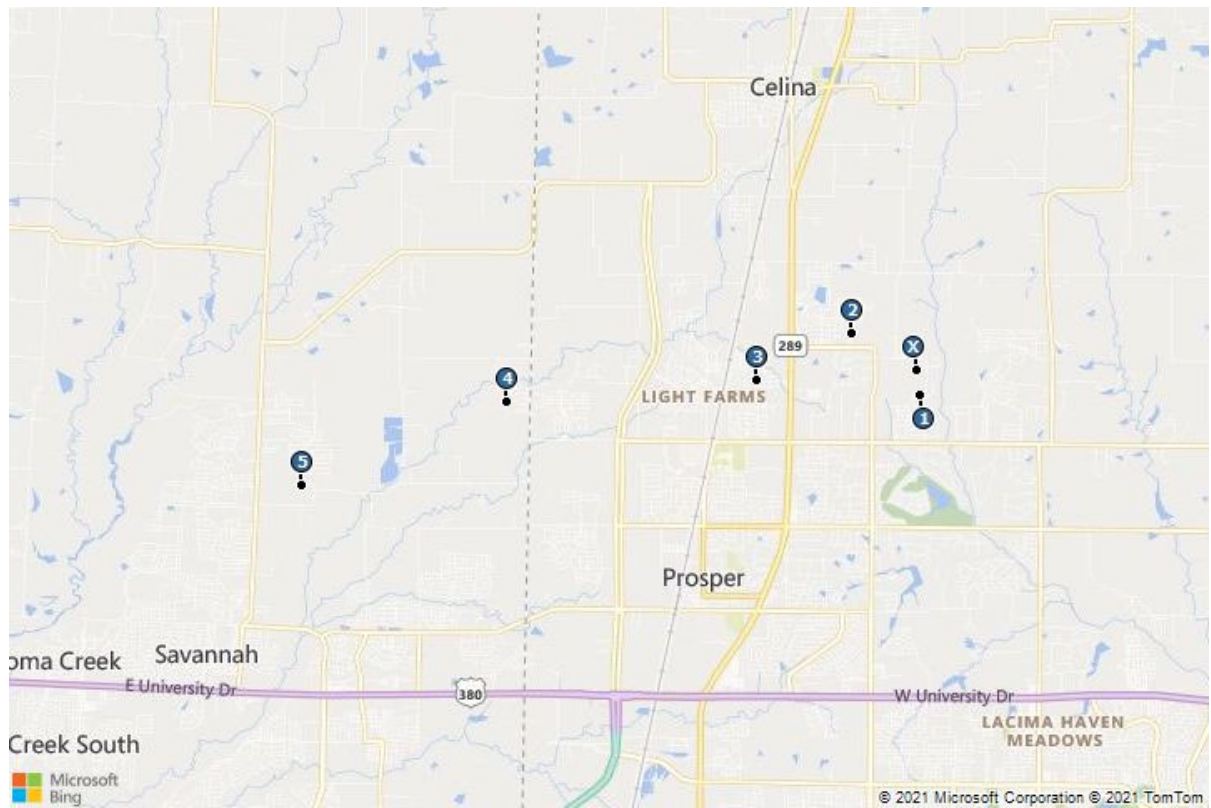
To apply the sales comparison approach to the Developed 60' Frontage Lots, we searched for sale transactions within the following parameters:

- Location: Celina/Prosper area
- Size: 60' frontage lots
- Use: Single-family residential
- Transaction Date: January 2020 to present

For this analysis, we use price per front footage as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

| Summary of Comparable Lot Sales - Developed 60' Frontage Lots  |  |                       |            |               |                  |  |                  |               |
|--|--|-----------------------|------------|---------------|------------------|--|------------------|---------------|
| No.  | Name/Address   | Sale Date;<br>Status  | Sale Price | SF;<br>Acres  | Front<br>Footage | Zoning                                     | \$/Front Footage | \$/SF<br>Land |
| 1  | Lilyana, Phase 2A-2 - 60' Lots<br>North side of Daisy Corner Drive, west of Wells Road (CR-84)<br>Celina<br>Collin County<br>TX                          | Jul-21<br>Closed      | \$87,065   | 7,200<br>0.17 | 60               | Development Agreement - Wells<br>South PID | \$1,451          | \$12.09       |
| <i>Comments: Lots in this master-planned residential development are located in the city of Celina, and are within the Prosper ISD. Home prices are ranging from \$439,000 to \$533,000.</i> |  |                       |            |               |                  |  |                  |               |
| 2  | Bluewood, Phase 4 - 60' Lots<br>North side of Cobalt Drive, north of Ownsby Parkway<br>Celina<br>Collin County<br>TX                                     | Feb-21<br>Closed      | \$75,000   | 6,900<br>0.16 | 60               | Development Agreement - Wells<br>North PID | \$1,250          | \$10.87       |
| <i>Comments: Lots in Phase 4 are located in the Wells North PID and are within the Celina ISD. Home prices are ranging from \$349,000 - \$505,000.</i>                                       |  |                       |            |               |                  |  |                  |               |
| 3  | The Homestead at Ownsby Farms, Phase 1 - 60' Lots<br>West side of John Campbell Trail, west of SH-289 (Preston<br>Road)<br>Celina<br>Collin County<br>TX | Jun-20<br>Closed      | \$80,948   | 7,200<br>0.17 | 60               | Planned Development                        | \$1,349          | \$11.24       |
| <i>Comments: Lots in this development are located in the Celina ISD. Home prices are ranging from \$300,000 to \$400,000. The development is located in the Ownsby Farms PID.</i>            |  |                       |            |               |                  |  |                  |               |
| 4  | Creeks of Legacy West, Phase 2 - 60' Lots<br>Northwest of Frontier Parkway and Legacy Drive<br>Celina<br>Denton County<br>TX                             | Aug-20<br>Closed      | \$78,000   | 7,200<br>0.17 | 60               | Planned Development                        | \$1,300          | \$10.83       |
| <i>Comments: Phase 2 was recently completed in July 2020. Lots are located in the Prosper ISD. Home prices are ranging from \$315,000 to \$400,000.</i>                                      |  |                       |            |               |                  |  |                  |               |
| 5  | Sutton Fields II, Proposed Phases 8A & 8B (60' Lot<br>North side of Crutchfield Drive, east of FM-1385<br>Celina<br>Denton County<br>TX                  | Oct-21<br>In-Contract | \$72,000   | 6,900<br>0.16 | 60<br>378.8      | Planned Development                        | \$1,200          | \$10.43       |
| <i>Comments: Lots in these proposed phases are located in the Prosper ISD. Home prices are projected to range from \$288,000 to \$360,000.</i>   |  |                       |            |               |                  |  |                  |               |
| <b>Subject</b><br>Wells South Public Improvement District (NIA #4)<br>Celina, TX   |  |                       |            | 7,200<br>0.17 | 60               | Development Agreement - Wells<br>South PID |                  |               |

### Comparable Land Sales Map – Developed 60' Frontage Lots





Sale 1  
Lilyana, Phase 2A-2 - 60' Lots



Sale 2  
Bluewood, Phase 4 - 60' Lots



Sale 3  
The Homestead at Ownsby Farms, Phase 1 - 60' Lots



Sale 4  
Creeks of Legacy West, Phase 2 - 60' Lots



Sale 5  
Sutton Fields II, Proposed Phases 8A & 8B (60' Lot)



### 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.  |
| 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.                                       | <b>Sale 2</b> was adjusted upward for conditions of sale as it was part of a 77-lot bulk purchase. |
| Market Conditions    | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. | Upward adjustments are indicated to <b>Sales 1 – 5</b> for improving economic conditions.          |
| Location             | Market or submarket area influences on sale price; surrounding land use influences.                         | <b>Sale 5</b> was adjusted upward for inferior location.   |
| 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.

| <b>Lot Sales Adjustment Grid - Developed 60' Frontage Lots</b> |   |  |   |   |  |  |
|--|---|--|---|---|--|--|
|  | <b>Subject</b>  | <b>Comparable 1</b>  | <b>Comparable 2</b>                                 | <b>Comparable 3</b>   | <b>Comparable 4</b>                            | <b>Comparable 5</b>                                |
| Name   | Wells South Public Improvement District (NIA #4)                  | Lilyana, Phase 2A-2 - 60' Lots                               | Bluewood, Phase 4 - 60' Lots                        | The Homestead at Ownsby Farms, Phase 1 - 60' Lots               | Creeks of Legacy West, Phase 2 - 60' Lots      | Sutton Fields II, Proposed Phases 8A & 8B (60' Lot |
| Address  | Southwest corner of CR-84 (Wells Road), north of Frontier Parkway | North side of Daisy Corner Drive, west of Wells Road (CR-84) | North side of Cobalt Drive, north of Ownsby Parkway | West side of John Campbell Trail, west of SH-289 (Preston Road) | Northwest of Frontier Parkway and Legacy Drive | North side of Crutchfield Drive, east of FM-1385   |
| City   | Celina  | Celina   | Celina  | Celina  | Celina   | Celina   |
| County   | Collin  | Collin   | Collin  | Collin  | Denton   | Denton   |
| State  | Texas   | TX   | TX  | TX  | TX   | TX   |
| Sale Date  |   | Jul-21   | Feb-21  | Jun-20  | Aug-20   | Oct-21   |
| Sale Status  |   | Closed   | Closed  | Closed  | Closed   | In-Contract  |
| Sale Price   |   | \$87,065   | \$75,000  | \$80,948  | \$78,000                                       | \$72,000   |
| Square Feet  | 7,200   | 7,200  | 6,900   | 7,200   | 7,200  | 6,900  |
| Acres  | 0.165   | 0.165  | 0.158   | 0.165   | 0.165  | 0.158  |
| Front Foot   | 60  | 60   | 60  | 60  | 60   | 60   |
| <b>Price per Front Footage</b>                                 |   | <b>\$1,451</b>   | <b>\$1,250</b>                                      | <b>\$1,349</b>  | <b>\$1,300</b>                                 | <b>\$1,200</b>                                     |
| 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  | 6/1/2022  | Jul-21   | Feb-21  | Jun-20  | Aug-20   | Oct-21   |
| Adjustment   |   | +  | +   | ++  | ++   | +  |
| Location   |   | =  | =   | =   | =  | ++   |
| Access/Exposure  |   | =  | =   | =   | =  | =  |
| Size   |   | =  | =   | =   | =  | =  |
| Shape and Topography   |   | =  | =   | =   | =  | =  |
| Zoning   |   | =  | =   | =   | =  | =  |
| <b>Overall Adjustment</b>                                      |   | <b>+</b>   | <b>++</b>   | <b>++</b>   | <b>++</b>                                      | <b>+++</b>   |
| <b>Indicated Value</b>   |   | <b>\$1,475</b>   |   |   |  |  |



**Land Value Conclusion – Developed 60' Frontage Lots**

Prior to adjustments, the sales reflect a range of \$1,200 - \$1,451 per front footage. 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 Footage | \$1,475         |
| Lot Frontage                      | <u>60</u>       |
| Indicated Value                   | <u>\$88,500</u> |

---

### Developed 74' Frontage Lots (71' x 120'; 9,620 SF)

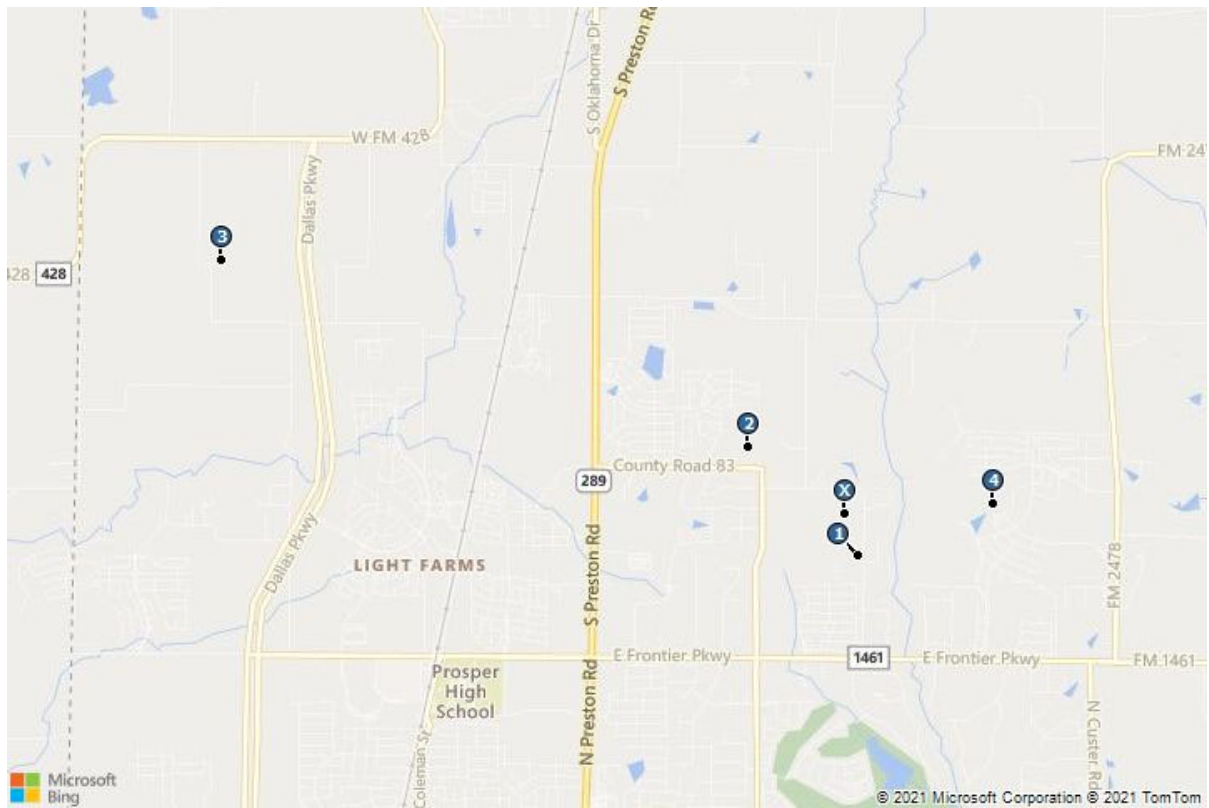
To apply the sales comparison approach to the Developed 74' Frontage Lots, we searched for sale transactions within the following parameters:

- Location: Celina/Prosper area
- Size: 70' – 75' frontage lots
- Use: Single-family residential
- Transaction Date: January 2021 to present

For this analysis, we use price per front footage as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

| Summary of Comparable Lot Sales - Developed 74' Frontage Lots |   |                      |                      |                |               |  |                  |            |
|---|---|----------------------|----------------------|----------------|---------------|--|------------------|------------|
| No.   | Name/Address  | Sale Date;<br>Status | Effective Sale Price | SF;<br>Acres   | Front Footage | Zoning                                     | \$/Front Footage | \$/SF Land |
| 1   | Lilyana, Phase 2A-2 - 74' Lots<br>East side of Indian Grass Lane, west of Wells Road (CR-84)<br>Celina<br>Collin County<br>TX<br><i>Comments: Lots in this master-planned residential development are located in the city of Celina, and are within the Prosper ISD. Home prices are ranging from \$435,000 to \$520,000.</i> | May-21<br>Closed     | \$92,752             | 9,620<br>0.22  | 74            | Development Agreement -<br>Wells South PID | \$1,253          | \$9.64     |
| 2   | Bluewood, Phase 4 - 74' Lots<br>3328 Puffin Lane<br>Celina<br>Collin County<br>TX<br><i>Comments: This property is located within Celina ISD. This master-planned subdivision is being developed in multiple phases on approximately 400 acres. Home prices range from \$349,000 - \$505,000.</i>                             | Mar-21<br>Closed     | \$87,515             | 8,510<br>0.20  | 74<br>378.7   | Development Agreement -<br>Wells North PID | \$1,183          | \$10.28    |
| 3   | Cambridge Crossing, Phase 1 - 74' Lots<br>South side of Camden Court, southeast of Coventry Drive<br>Celina<br>Collin County<br>TX<br><i>Comments: Lots in this development are located in the Celina ISD. Home prices are ranging from \$530,000 to \$619,000.</i>   | Feb-21<br>Closed     | \$118,141            | 8,880<br>0.20  | 74            | Planned Development                        | \$1,597          | \$13.30    |
| 4   | Mustang Lakes, Phase 3B - 74' Lots<br>East side of Sable Falls Way, south of Ownsby Parkway<br>Celina<br>Collin County<br>TX<br><i>Comments: Lots in this development are located in the Prosper ISD. Home prices are ranging from \$581,000 to \$740,000.</i>  | Feb-21<br>Closed     | \$125,504            | 10,360<br>0.24 | 74            | Planned Development                        | \$1,696          | \$12.11    |
|   | <b>Subject</b><br>Wells South Public Improvement District (NIA #4)<br>Celina, TX  |                      |                      | 9,620<br>0.22  | 74            | Development Agreement -<br>Wells South PID |                  |            |

### Comparable Land Sales Map – Developed 74' Frontage Lots





Sale 1  
Lilyana, Phase 2A-2 - 74' Lots



Sale 2  
Bluewood, Phase 4 - 74' Lots



Sale 3  
Cambridge Crossing, Phase 1 - 74' Lots



Sale 4  
Mustang Lakes, Phase 3B - 74' 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. | Upward adjustments are indicated to <b>Sales 1 – 4</b> for improving economic conditions. |
| Location             | Market or submarket area influences on sale price; surrounding land use influences.                         | <b>Sales 3 and 4</b> were adjusted downward for superior location.                        |
| 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 74' Frontage Lots

|                                | Subject   | Comparable 1   | Comparable 2                 | Comparable 3  | Comparable 4  |
|--------------------------------|---|--|------------------------------|---|---|
| Name                           | Wells South Public Improvement District (NIA #4)                  | Lilyana, Phase 2A-2 - 74' Lots                             | Bluewood, Phase 4 - 74' Lots | Cambridge Crossing, Phase 1 - 74' Lots                  | Mustang Lakes, Phase 3B - 74' Lots                    |
| Address                        | Southwest corner of CR-84 (Wells Road), north of Frontier Parkway | East side of Indian Grass Lane, west of Wells Road (CR-84) | 3328 Puffin Lane             | South side of Camden Court, southeast of Coventry Drive | East side of Sable Falls Way, south of Ownsby Parkway |
| City                           | Celina  | Celina   | Celina                       | Celina  | Celina  |
| County                         | Collin  | Collin   | Collin                       | Collin  | Collin  |
| State                          | Texas   | TX   | TX                           | TX  | TX  |
| Sale Date                      |   | May-21   | Mar-21                       | Feb-21  | Feb-21  |
| Sale Status                    |   | Closed   | Closed                       | Closed  | Closed  |
| Sale Price                     |   | \$92,752   | \$87,515                     | \$118,141   | \$125,504   |
| Price Adjustment               |   | -  | -                            | -   | -   |
| Description of Adjustment      |   |  |                              |   |   |
| Effective Sale Price           |   | \$92,752   | \$87,515                     | \$118,141   | \$125,504   |
| Square Feet                    | 9,620   | 9,620  | 8,510                        | 8,880   | 10,360  |
| Acres                          | 0.221   | 0.221  | 0.195                        | 0.204   | 0.238   |
| Front Foot                     | 74  | 74   | 74                           | 74  | 74  |
| <b>Price per Front Footage</b> |   | <b>\$1,253</b>   | <b>\$1,183</b>               | <b>\$1,597</b>  | <b>\$1,696</b>  |
| Property Rights Adjustment     |   | Fee Simple =   | Fee Simple =                 | Fee Simple =  | Fee Simple =  |
| Financing Terms Adjustment     |   | Cash to seller =   | Cash to seller =             | Cash to seller =  | Cash to seller =                                      |
| Conditions of Sale Adjustment  |   | =  | =                            | =   | =   |
| Market Conditions Adjustment   | 6/1/2022  | May-21 +   | Mar-21 +                     | Feb-21 +  | Feb-21 +  |
| Location                       |   | =  | =                            | --  | --  |
| Access/Exposure                |   | =  | =                            | =   | =   |
| Size                           |   | =  | =                            | =   | =   |
| Shape and Topography           |   | =  | =                            | =   | =   |
| Zoning                         |   | =  | =                            | =   | =   |
| <b>Overall Adjustment</b>      |   | <b>+</b>   | <b>+</b>                     | <b>-</b>  | <b>-</b>  |
| <b>Indicated Value</b>         |   | <b>\$1,300</b>   |                              |   |   |



**Land Value Conclusion – Developed 74' Frontage Lots**

Prior to adjustments, the sales reflect a range of \$1,183 - \$1,696 per front footage. 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 74' lot conclusion as follows:

---

**Lot Value Conclusion**

---

|                                   |           |
|-----------------------------------|-----------|
| Indicated Value per Front Footage | \$1,300   |
| Lot Frontage                      | <u>74</u> |
| Indicated Value                   | \$96,200  |

---

**Cumulative Retail Lot Value – NIA #4**

Following is the calculation for the total cumulative retail lot value for the subject’s 276 proposed lots within NIA #4. **It is noted that this value represents a summation of the individual retail lot value opinions and should not be construed as the value as if sold in a single transaction.**

**Cumulative Retail Lot Value Calculation**

| Total Lots | Typical Lot |          | Average Price/Lot | Price/FF | Total Cumulative Retail Value |
|------------|-------------|----------|-------------------|----------|-------------------------------|
|            | Dimension   | Total SF |                   |          |                               |
| 156        | 50' x 120'  | 6,000    | \$73,750          | \$1,475  | \$11,505,000                  |
| 100        | 60' x 120'  | 7,200    | \$88,500          | \$1,475  | \$8,850,000                   |
| 20         | 74' x 130'  | 9,620    | \$96,200          | \$1,300  | \$1,924,000                   |
| <b>276</b> |             |          | <b>\$80,721</b>   |          | <b>\$22,279,000</b>           |

As shown, the total cumulative retail lot value equates to \$22,279,000 or an overall average of \$80,721/lot.



## 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 of 20.8± months (50' lots), 20.0± months (60' lots), and 8.0± months (74' lots), a net to gross sales price ratio (average bulk sale value per lot/average retail sales price per lot) of 88% is deemed appropriate for the subject, as proposed.

### Net/Gross Value Conclusion

Based upon the preceding, it is our opinion that the net/gross market value for the subject utilizing overall average retail lot value of \$80,721 for the lots and a net/gross ratio of 88% is \$19,610,000 (R), or an overall average of \$71,051/lot.

#### Net/Gross Ratio Market Value Summary

|                               |                     |
|-------------------------------|---------------------|
| Average Lot Value             | \$80,721            |
| Total Lots                    | 276                 |
| N/G Ratio %                   | 88%                 |
| <b>Total Market Value (R)</b> | <b>\$19,610,000</b> |
| <b>Average/Lot</b>            | <b>\$71,051</b>     |

Our bulk sale comparables from 2010 - 2020 are listed in the following summary table.

| <b>Bulk Lot Sale Summary</b>   |                     |                   |                       |                 |                       |                         |                  |
|--------------------------------|---------------------|-------------------|-----------------------|-----------------|-----------------------|-------------------------|------------------|
| <b>Subdivision</b>             | <b>Date of Sale</b> | <b>Total Lots</b> | <b>Lot Dimensions</b> | <b>Total SF</b> | <b>Bulk Price/Lot</b> | <b>Retail Price/Lot</b> | <b>N/G Ratio</b> |
| <b>Austin Ridge</b>            | Apr-10              | 192               | 55' x 115'            | 6,325           | \$46,700              | \$62,500                | 74.7%            |
| Frisco                         |                     |                   | 80' x 125'            | 10,000          |                       |                         |                  |
| <b>Chase Oaks Village (TH)</b> | Jul-10              | 92                | 25' x 100'            | 2,500           | \$18,587              | \$30,000                | 62.0%            |
| Plano                          |                     |                   |                       |                 |                       |                         |                  |
| <b>Stone River Estates</b>     | Dec-10              | 69                | 65' x 125'            | 8,125           | \$11,594              | \$25,000                | 46.4%            |
| Royse City                     |                     |                   | 75' x 125'            | 9,375           |                       |                         |                  |
| <b>Myers Meadows</b>           | Sep-10              | 35                | 65' x 120'            | 7,800           | \$35,000              | \$62,000                | 56.5%            |
| Garland                        |                     |                   |                       |                 |                       |                         |                  |
| <b>Founders Addition</b>       | Jun-11              | 38                | 150' x 320'           | 48,000          | \$20,000              | \$40,000                | 50.0%            |
| Kaufman County                 |                     |                   |                       |                 |                       |                         |                  |
| <b>Williamsburg</b>            | Nov-11              | 75                | 50' x 115'            | 5,750           | \$30,000              | \$32,500                | 92.3%            |
| Fate                           |                     |                   |                       |                 |                       |                         |                  |
| <b>Hidden Creek, Ph. 1</b>     | Mar-12              | 26                | 70' x 105'            | 7,350           | \$19,000              | \$30,141                | 63.0%            |
| Royse City                     |                     |                   | 80' x 105'            | 8,400           |                       |                         |                  |
| <b>Woodland Creek</b>          | Jul-12              | 68                | 60' x 120'            | 7,200           | \$17,000              | \$25,000                | 68.0%            |
| Royse City                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Ovilla Parc</b>             | Dec-12              | 50                | 100' x 200'           | 20,000          | \$43,200              | \$50,000                | 86.4%            |
| Ovilla                         |                     |                   |                       |                 |                       |                         |                  |
| <b>Mission Ridge Estates</b>   | Jun-12              | 20                | 50' x 120'            | 6,000           | \$12,000              | \$20,000                | 60.0%            |
| Fort Worth                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Hunters Field</b>           | Jun-12              | 78                | 50' x 120'            | 6,000           | \$15,120              | \$20,000                | 75.6%            |
| Fort Worth                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Deer Meadows</b>            | Jun-12              | 75                | 50' x 120'            | 6,000           | \$20,000              | \$25,500                | 78.4%            |
| Fort Worth                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Prestwyck</b>               | Jan-13              | 90                | 50'/60' x 110'        | 5,500-6,600     | \$53,000              | \$62,500                | 84.8%            |
| McKinney                       |                     |                   | 50'/60' x 120'        | 6,000-7,200     | \$53,000              | \$67,500                | 78.5%            |
| <b>Pecan Ridge Estates</b>     | Feb-13              | 80                | 50' x 120'            | 6,000           | \$40,000              | \$50,000                | 80.0%            |
| McKinney                       |                     |                   |                       |                 |                       |                         |                  |
| <b>Verandah</b>                | Feb-13              | 28                | 40' x 115'            | 4,600           | \$22,857              | \$25,974                | 88.0%            |
| Royse City ETJ                 |                     |                   | 50' x 115'            | 5,750           |                       |                         |                  |
| <b>Canyon West</b>             | Jul-13              | 25                | 200' x 220'           | 44,000          | \$10,750              | \$30,000                | 35.8%            |
| Parker County                  |                     |                   |                       |                 |                       |                         |                  |
| <b>Shiloh Manor</b>            | Oct-13              | 49                | 150' x 350'           | 52,500          | \$46,857              | \$54,000                | 86.8%            |
| Midlothian ETJ                 |                     |                   |                       |                 |                       |                         |                  |
| <b>Lakeridge Townhomes</b>     | Jul-14              | 79                | 20' x 75'             | 1,500           | \$26,000              | \$45,000                | 57.8%            |
| Lewisville                     |                     |                   |                       |                 |                       |                         |                  |
| <b>The Gables at Ohio</b>      | Aug-16              | 85                | 25' x 81'             | 2,025           | \$88,500              | \$100,000               | 88.5%            |
| Frisco                         |                     |                   |                       |                 |                       |                         |                  |
| <b>Bristol Park</b>            | Aug-17              | 24                | 1.572 acres           | 68,485          | \$115,000             | \$165,055               | 69.7%            |
| Lucas                          |                     |                   |                       |                 |                       |                         |                  |
| <b>Sonoma Verde</b>            | Mar-17              | 93                | 60' x 120'            | 7,200           | \$43,750              | \$50,000                | 87.5%            |
| McLendon-Chisholm              |                     |                   |                       |                 |                       |                         |                  |
| <b>Winn Ridge, Ph. 2</b>       | Aug-18              | 389               | 50' x 120'            | 6,000           | \$39,500              | \$62,500                | 63.2%            |
| Aubrey                         |                     |                   |                       |                 |                       |                         |                  |
| <b>Sutton Fields</b>           | Jul-19              | 100               | 50' x 115'            | 5,750           | \$50,000              | \$61,000                | 82.0%            |
| Celina                         |                     | 85                | 60' x 115'            | 6,900           | \$57,000              | \$70,000                | 81.4%            |
| <b>LakePointe</b>              | Jul-19              | 114               | 50' x 120'            | 6,000           | \$47,500              | \$51,000                | 93.1%            |
| Lavon                          |                     | 109               | 60' x 120'            | 7,200           | \$54,900              | \$58,000                | 94.7%            |
| <b>Massey Meadows, Ph. 1</b>   | 19-May              | 186               | 70' x 120'            | 8,400           | \$70,000              | \$77,000                | 90.9%            |
| Midlothian                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Ventana, Ph. 2</b>          | May-20              | 62                | 50' x 120'            | 6,000           | \$60,000              | \$66,250                | 90.6%            |
| Fort Worth                     |                     |                   |                       |                 |                       |                         |                  |
| <b>Inspiration, Ph. 9</b>      | Mar-20              | 125               | 50' x 120'            | 6,000           | \$76,125              | \$79,170                | 96.1%            |
| St. Paul                       |                     |                   |                       |                 |                       |                         |                  |

Source: Developers 2010-2020

## Subdivision Development Approach (As Complete)

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, we have projected the overall absorption for the subject to be 20.8± months (50' lots), 20.0± months (60' lots), and 8.0± months (74' lots). Our quarterly absorption projections are summarized as follows for the subject:

| Projected Quarterly Absorption Summary |           |           |             |             |             |             |           | Total Aborp. Period |           |
|--|-----------|-----------|-------------|-------------|-------------|-------------|-----------|---------------------|-----------|
| Lot Type                               | Jun-22    | Sept-22   | Dec-22      | Mar-23      | Jun-23      | Sept-23     | Dec-23    | Lots                | (Months±) |
| 50' Lots                               | 22.5      | 22.5      | 22.5        | 22.5        | 22.5        | 22.5        | 21        | 156                 | 20.8      |
| 60' Lots                               | 15        | 15        | 15          | 15          | 15          | 15          | 10        | 100                 | 20.0      |
| 74' Lots                               | 7.5       | 7.5       | 5.0         | 0           | 0           | 0           | 0         | 20                  | 8.0       |
| <b>Totals</b>                          | <b>45</b> | <b>45</b> | <b>42.5</b> | <b>37.5</b> | <b>37.5</b> | <b>37.5</b> | <b>31</b> | <b>276</b>          |           |

### Price/Value Increases Over the Sellout Period

An ongoing spike in home sales has reduced home inventories in North Texas to record lows. At the same time, the strong residential price gains that metro Dallas witnessed during the latter half of 2020 has persisted into the 2021. The pandemic is encouraging potential buyers to move from urban apartments to suburban homes with demand driven by strong job creation over the past decade, demographic trends, and significant in-migration from out-of-state buyers. Inflation is expected to make a brief run at the Fed's 2% target in early 2021. A resurgent economy that will benefit industries hurt by the Covid pandemic will help fuel the run. The move may not be sustained; however, due to labor market slack and some prices that will retreat.

### Trends in National Inflation and Interest Rates

| Year  | U.S. Prime |                      | Real Rate of Return |
|-------|------------|----------------------|---------------------|
|       | Rate       | Increase in U.S. CPI |                     |
| 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%               |
| 2020  | 3.25%      | 0.13%                | 3.12%               |
| 06/21 | 3.25%      | 3.60%                | -0.35%              |

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

All increases are compared to previous December figures

As shown in the preceding table, CPI increases ranged from 0.13% to 3.60% from 2010 through June 2021 with 3.25% to 5.50% prime rates resulting in real annual rates of returns ranging from -0.35% - 3.55% (with the most current real rate of return at a negative 0.35%). 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. Rollback taxes are not deducted herein.

**Marketing expense** is not included in this analysis as 248 of the subject's lots are contracted to three 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.

**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 April 1, 2021 provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers in Second Quarter 2021.

**YIELD COMPARISON**  
April 1, 2021

|  | 2016<br>AVERAGE | 2017<br>AVERAGE | 2018<br>AVERAGE | 2019<br>AVERAGE | 2020<br>AVERAGE | 2021<br>JANUARY | 2021<br>APRIL |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| PwC Yield Indicator (PYI) <sup>a</sup>   | 7.70%           | 7.65%           | 7.58%           | 7.47%           | 7.56%           | 7.58%           | 7.52%         |
| Long-Term Mortgages <sup>b</sup>         | 4.18%           | 4.59%           | 4.95%           | 4.71%           | 3.95%           | 4.39%           | 4.82%         |
| 10-Year Treasuries <sup>c</sup>          | 1.81%           | 2.37%           | 2.79%           | 2.21%           | 0.97%           | 0.93%           | 1.69%         |
| Consumer Price Index Change <sup>d</sup> | 1.63%           | 2.03%           | 2.60%           | 1.76%           | 1.19%           | 1.83%           | 8.37%         |
| <b>SPREAD TO PYI (Basis Points)</b>      |                 |                 |                 |                 |                 |                 |               |
| Long-Term Mortgages                      | 352             | 306             | 263             | 276             | 361             | 319             | 270           |
| 10-Year Treasuries                       | 589             | 528             | 479             | 526             | 659             | 665             | 583           |
| Consumer Price Index Change              | 607             | 562             | 508             | 571             | 755             | 575             | (85)          |

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, 80% 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 2021 National Land Yield Study, pretax IRRs for these higher risk properties currently range from 10% to 25%, with an average of 16.7% for mixed-use respondents regarding vacant land, which has a slightly inferior diminishing return asset as the subject - developed residential lots. This average is 110 basis points higher than six months ago (15.6%).

Exhibit DL-1  
**DISCOUNT RATES (IRRS)<sup>a</sup>**  
 Second Quarter 2021

|                         | CURRENT QUARTER | FOURTH QUARTER 2020 |
|-------------------------|-----------------|---------------------|
| <b>FREE &amp; CLEAR</b> |                 |                     |
| Range                   | 10.00% – 25.00% | 10.00% – 25.00%     |
| Average                 | 16.70%          | 15.60%              |
| Change                  |                 | + 110               |

a. Rate on unleveraged, all-cash transactions; including developer's profit

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 Second Quarter 2021 “Developer Survey” with First Quarter 2021 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.

| RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2021* |              |        |        |                 |        |        |
|--|--------------|--------|--------|-----------------|--------|--------|
| Texas - Subdivisions & PUDs                          |              |        |        |                 |        |        |
|  | Actual Rates |        |        | Pro-Forma Rates |        |        |
|  | Min          | Max    | Avg    | Min             | Max    | Avg    |
| <b>Site-Built Residential</b>                        | 13.69%       | 32.04% | 21.19% | 13.14%          | 30.76% | 20.34% |
| -100 Units   | 13.69%       | 27.62% | 20.24% | 13.14%          | 26.52% | 19.43% |
| 100-500 Units  | 14.03%       | 30.38% | 21.32% | 13.47%          | 29.17% | 20.47% |
| 500+ Units   | 14.37%       | 31.76% | 21.69% | 13.80%          | 30.49% | 20.82% |
| Mixed Use  | 14.72%       | 32.04% | 21.51% | 14.13%          | 30.76% | 20.65% |
| <b>Manufactured Housing</b>                          | 13.50%       | 34.06% | 22.03% | 12.96%          | 32.70% | 21.15% |
| -100 Units   | 13.50%       | 29.62% | 21.13% | 12.96%          | 28.43% | 20.28% |
| 100-500 Units  | 13.84%       | 32.58% | 22.28% | 13.29%          | 31.27% | 21.39% |
| 500+ Units   | 14.18%       | 34.06% | 22.67% | 13.61%          | 32.70% | 21.76% |
| <b>Business Parks</b>                                | 13.70%       | 31.56% | 20.99% | 13.15%          | 30.30% | 20.15% |
| -100 Acres   | 13.70%       | 27.44% | 20.16% | 13.15%          | 26.35% | 19.35% |
| 100-500 Acres  | 14.04%       | 30.19% | 21.23% | 13.48%          | 28.98% | 20.38% |
| 500+ Acres   | 14.38%       | 31.56% | 21.59% | 13.81%          | 30.30% | 20.73% |
| <b>Industrial Parks</b>                              | 13.81%       | 27.03% | 19.00% | 13.26%          | 25.95% | 18.24% |
| -100 Acres   | 13.81%       | 23.50% | 18.28% | 13.26%          | 22.56% | 17.55% |
| 100-500 Acres  | 14.16%       | 25.86% | 19.21% | 13.59%          | 24.82% | 18.44% |
| 500+ Acres   | 14.50%       | 27.03% | 19.52% | 13.92%          | 25.95% | 18.74% |

\*1st Quarter 2021 Data

Copyright 2021 RealtyRates.com™

As shown above, the minimum actual rates in Texas range from 13.69% for less than 100 units; 14.03% for 100 to 500+ units; and 14.37% for 500+ units with minimum pro-forma rates ranging from 13.14% to 13.80%.

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”.<sup>1</sup> 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).

<sup>1</sup> 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 2021 (10% - 25%; 16.7% average) and slightly below the minimum rates provided by the RealtyRates "Developer Survey" for Texas of 13.69% for less than 100 units; 14.03% for 100 to 500+ units; and 14.37% for 500+ units with minimum pro-forma rates ranging from 13.14% to 13.80% 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 – Wells South Public Improvement District (NIA #4)**

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value as complete for the subject is \$19,770,000, or an overall average of \$71,630/lot.

Wells South Public Improvement District (NIA #4)

| Wells South PID (NIA #4)       |              | Prepared By: S. Sivakumar |             | Number of Units: 276 |             | Quarterly   |             | Period 3     |             | Period 4 |             | Period 5 |             | Period 6 |              | Period 7       |            |
|--------------------------------|--------------|---------------------------|-------------|----------------------|-------------|-------------|-------------|--------------|-------------|----------|-------------|----------|-------------|----------|--------------|----------------|------------|
| Scenario: As Complete          |              | Jun-2022                  |             | Sep-2022             |             | Dec-2022    |             | Mar-2023     |             | Jun-2023 |             | Sep-2023 |             | Dec-2023 |              | Project Totals |            |
| Cash Flows Beginning 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 |
| Average/50' Lot                | \$73,750     | 22.5                      | \$74,856    | 22.5                 | \$75,979    | 22.5        | \$77,119    | 22.5         | \$78,276    | 22.5     | \$79,450    | 22.5     | \$80,641    | 21       | \$12,030,631 | 156            |            |
| Average/60' Lot                | \$88,500     | 15                        | \$89,828    | 15                   | \$91,175    | 15          | \$92,543    | 15           | \$93,931    | 15       | \$95,340    | 15       | \$96,770    | 10       | \$9,237,426  | 100            |            |
| Average/74' Lot                | \$96,200     | 7.5                       | \$97,643    | 7.5                  | \$99,108    | 5           | \$100,594   | 0            | \$102,103   | 0        | \$103,635   | 0        | \$105,189   | 0        | \$1,949,361  | 20             |            |
| Revenues                       | \$3,708,375  | 45                        | \$3,764,001 | 45                   | \$3,819,627 | 43          | \$3,875,253 | 38           | \$3,930,879 | 38       | \$3,986,505 | 38       | \$4,042,131 | 31       | \$23,217,418 | 276            |            |
| Expenses                       |              | Period 1                  | Period 2    | Period 3             | Period 4    | Period 5    | Period 6    | Period 7     |             |          |             |          |             |          |              |                |            |
| Taxes on 50' Lots              | \$57,525     | \$49,967                  | \$42,168    | \$34,125             | \$25,831    | \$17,280    | \$8,467     | \$235,363    |             |          |             |          |             |          |              |                |            |
| Taxes on 60' Lots              | \$44,250     | \$38,177                  | \$31,911    | \$25,449             | \$18,786    | \$11,917    | \$4,838     | \$175,328    |             |          |             |          |             |          |              |                |            |
| Taxes on 74' Lots              | \$9,620      | \$6,103                   | \$2,478     | \$0                  | \$0         | \$0         | \$0         | \$18,201     |             |          |             |          |             |          |              |                |            |
| COST OF SALES                  | \$92,709     | \$94,100                  | \$89,317    | \$78,083             | \$79,254    | \$80,443    | \$80,443    | \$66,529     |             |          |             |          |             |          |              |                |            |
| MARKETING                      | \$0          | \$0                       | \$0         | \$0                  | \$0         | \$0         | \$0         | \$0          |             |          |             |          |             |          |              |                |            |
| REMUNERATION                   | \$18,542     | \$18,820                  | \$17,863    | \$15,617             | \$15,851    | \$16,089    | \$13,306    | \$116,087    |             |          |             |          |             |          |              |                |            |
| Total Expenses                 | \$222,646    | \$207,167                 | \$183,738   | \$153,273            | \$139,722   | \$125,728   | \$93,140    | \$2,568,028  |             |          |             |          |             |          |              |                |            |
| Net Income                     | \$3,485,729  | \$3,556,834               | \$3,635,889 | \$3,721,580          | \$3,806,883 | \$3,861,412 | \$3,948,991 | \$2,650,000  |             |          |             |          |             |          |              |                |            |
| Annual Discount Rate:          | 12.00%       | 0.97087                   | 0.91514     | 0.88849              | 0.86261     | 0.83748     | 0.81309     | \$2,088,041  |             |          |             |          |             |          |              |                |            |
| Discounted Value               | \$3,384,203  | \$3,352,657               | \$3,101,373 | \$2,638,840          | \$2,614,083 | \$2,589,488 | \$2,088,041 | \$19,768,684 |             |          |             |          |             |          |              |                |            |
| Net Present Value              | \$19,768,684 |                           |             |                      |             |             |             |              |             |          |             |          |             |          |              |                |            |
| Rounded                        |              | \$19,770,000              |             |                      |             |             |             |              |             |          |             |          |             |          |              |                |            |

Powered by @Value Software - www.value.com



## Reconciliation and Conclusion of Value – Wells South Public Improvement District (NIA #4)

In the previous sections, we have provided an opinion of the market value of the fee simple interest in the subject's NIA #4 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 – Wells South Public Improvement District (NIA #4)

#### Summary of Prospective Market Value at Completion Indications

|   |                     |
|---|---------------------|
| <b>Net/Gross Ratio Market Value</b>       | \$19,610,000        |
| <b>Discounted Cash Flow Analysis</b>      | \$19,770,000        |
| <b>Final Opinion of Prospective Value</b> | <b>\$19,770,000</b> |

## Conclusion

Following is our conclusion of the opinion of values for Wells South Public Improvement District (NIA #4):

| <b>Value Conclusions</b>               |                    |               |                  |
|--|--------------------|---------------|------------------|
| Appraisal Premise                      | Interest Appraised | Date of Value | Value Conclusion |
| Prospective Market Value at Completion | Fee Simple         | June 1, 2022  | \$19,770,000     |

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinion of value expressed in this report is based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this 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 value 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. Shelley Sivakumar and Ernest Gatewood made a personal inspection of the property that is the subject of this report. Stephen T. Crosson, MAI, SRA 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, Stephen T. Crosson, MAI, SRA 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.



Shelley Sivakumar  
Director  
Licensed Residential Real Estate Appraiser  
Texas Certificate # TX 1333354-L  
Telephone: (972) 696-0687  
Email: ssivakumar@irr.com



Stephen T. Crosson, MAI, SRA  
National Practice Leader-Litigation Group  
Certified General Real Estate Appraiser  
Texas Certificate # TX 1325815-G  
Telephone: (972) 725-7728  
Email: scrosson@irr.com



Ernest Gatewood  
Senior Director  
Certified General Real Estate Appraiser  
Texas Certificate # TX 1324355 G  
Telephone: (972) 725-7755  
Email: egatewood@irr.com



## 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 you, your 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 – Dallas, 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. We are not a building or environmental inspector. The Integra Parties do 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 – Dallas, 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. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of June 1, 2022, the effective appraisal date.
2. All information relative to the developed and undeveloped property located within the Wells South Public Improvement District (Neighborhood Improvement Area #4) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Spiars Engineering, Inc. (engineering/planning/surveying), Hillwood Enterprises, L.P. (owner), Celina Development, LLC (developer), the City of Celina, and the Collin Central Appraisal District is assumed to be correct.

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. None

---

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

## **Addendum A**

### **Appraiser Qualifications**

# Stephen T. Crosson, MAI, SRA

## Experience

Stephen “Steve” Crosson, MAI, SRA has been active in the real estate industry since 1970. Prior to joining Integra as National Practice Leader – Litigation Support, he was a Principal of Capright (2016-2018). Mr. Crosson was a Member of Crosson Analytics, LLC (2014 – 2016) and served as Chairman and CEO of Crosson Dannis, Inc. (1977 – 2014).

To date, Mr. Crosson has completed, supervised, or reviewed valuations of thousands of properties in 40 states and Puerto Rico for a variety of institutional, private, and government clients. Throughout his career, Mr. Crosson has appraised virtually every type of real estate asset, including partial interests.

In addition to his valuation experience, Mr. Crosson has provided clients with consulting expertise in the following areas: litigation support, forensic analysis, fairness opinions, purchase price allocation, property tax appeals, due diligence, portfolio review, and appraisal management. Mr. Crosson has served as an expert witness and has provided extensive testimony. His special expertise is in complex properties and valuation related issues as well as methodology and standards of care.

## Education

Steve received his Bachelor of Business Administration in banking and finance at the University of North Texas. He then received his graduate degree in real estate at Southern Methodist University - Cox School of Business.

## Qualified Before Courts & Administrative Bodies

Certified General Real Estate Appraiser (Multiple States)

## Miscellaneous

### Affiliations:

#### **Appraisal Institute**

- Designated Member of the Appraisal Institute (MAI, SRA)
- Publications Review Committee (2008 – Present)

#### **Royal Institution of Chartered Surveyors**

- Fellow (FRICS)

#### **American Bar Association**

- Associate Member

#### **American Bankruptcy Institute**

#### **The Appraisal Journal**

- Chair & Editor In Chief (2005 – Present)
- Vice Chair (2004)
- Editorial Board (2001 – 2004)

#### **The Real Estate Council (TREC)**

- Board Member (Various Terms)

#### **Various Trade Publications**

- Authored numerous published articles

[scrosson@irr.com](mailto:scrosson@irr.com)

## Integra Realty Resources

### Dallas

1100 Mira Vista Boulevard  
Suite 300  
Plano, TX 75093

T (972) 881-7191

F (972) 733-1403

[irr.com](http://irr.com)



# Stephen T. Crosson, MAI, SRA

## Miscellaneous (Cont'd)

### Articles Written:

**"Valuation of Participating Interest"**  
*The Appraisal Journal*

**"Commercial Real Estate and Capital Markets"**  
*Insights*

**"Appraisal Issues in Securitized Real Estate Offerings"**  
*CDI Research Articles*

**"Appraisal Issues in Valuation for Pension Fund Plan Sponsors"**  
*CDI Research Article*

**"Appraisal Issues in Valuation"**  
*The Institutional Real Estate Letter*

**"Mark to Mark in the United Kingdom"**  
*International Appraising: The Appraisal Journal*

**"Maximizing Resale Value in Corporate Real Estate Facilities"**  
*Corporate Real Estate Executive*

**"Student Shelter: More Opportunity in College Housing"**  
*Multifamily Executive*

**"Redesigning Appraisal Reports for Securitized Offerings"**  
*Real Estate Review*

**"Regression Analysis: A Cost-Effective Approach for The Valuation of Commercial Property Portfolios"**  
*Real Estate Finance*

**"Taking Up Residence"**  
*The Institutional Real Estate Letter*

**"The Third Dimensional Approach"**  
*Mortgage Banking*

**"Valuation Issues: Rooftop Revenue"**  
*CDI Research Series*

### Notable Assignments:

➤ **Lost Profits Involving Condominium Development in Edison, New Jersey.**

**Client: U.S. Department of Justice**

This was litigation brought by a developer of a condominium development. Subsequent to site purchase, the plaintiff discovered contamination due to the site's prior use as an arsenal. The issue was diminution due to delays caused by the time needed for remediation. The case was in the U.S. Court of Claims in Washington, D.C. Mr. Crosson was deposed.

➤ **Standards of Care Litigation in Puerto Rico.**

**Client: Property Purchaser**

The matter involved the valuation of a large ocean front tract. Subsequent to purchase, the buyer discovered the existence of extensive fill and other sources of soil instability. The client sued the valuer, asserting that he failed to consider the effect of such problems in his valuation. Mr. Crosson was engaged to provide expert testimony regarding methodology and standards of care. He was deposed in San Juan, Puerto Rico.

[scrosson@irr.com](mailto:scrosson@irr.com)

Integra Realty Resources  
Dallas

1100 Mira Vista Boulevard  
Suite 300  
Plano, TX 75093

T (972) 881-7191

F (972) 733-1403

[irr.com](http://irr.com)





# Stephen T. Crosson, MAI, SRA

## Miscellaneous (Cont'd)

- **Litigation for Impact of Wind Farms on Nearby Properties.**  
**Client: Power Company**  
The client was sued by numerous property owners who contended that the proximity of proposed wind turbine farms would materially diminish the value of their respective properties. The wind farms were in disparate locations in Texas, New Mexico, and Kansas. The matter was in Texas State District Court. Despite having prepared an expert report, Mr. Crosson was not deposed, nor did he testify.
- **Litigation regarding damages, including stigma, of geotechnical failures in large planned commercial development in Alabama.**  
**Client: Property Developer**  
The property required extensive site work (cutting and filling) in order to be developable. The client sued the site work contractor and others, alleging that the fill had been improperly done, causing numerous failures of earthen embankments. Further, the fill materials were inappropriate, containing tree roots and old tires, among other components. Mr. Crosson was deposed and testified before a three-person panel of arbitrators in Mobile, Alabama.
- **Bankruptcy of Large Resort Hotel in Honolulu, HI.**  
**Client: Lender**  
The property was the Hyatt Wakiki Hotel. Ownership sought protection of the asset in U.S. Bankruptcy Court in California. Mr. Crosson was deposed.
- **Litigation Regarding Large Resort Development in Greater Las Vegas Area.**  
**Client: Lender**  
The loan participant sued the originating lender, alleging that, among other things, that the valuations performed at the time of origination were highly flawed. Mr. Crosson was engaged to provide an expert report regarding standards of care and methodology. The matter was heard in State District Court in Dallas, Texas. Mr. Crosson was not called to testify.
- **19 Apartment Properties in Northern and Southern California, Virginia, and Massachusetts.**  
**Client: U.S. Department of Justice**  
The U.S. was sued by various plaintiffs regarding diminution due to recession and subsequent reinstatement of plaintiffs' right to repay mortgages in full at the end of a specified period. The plaintiffs alleged damages during the "lock out" period. The matter consisted of several cases, 6 of which are ongoing, all in the U.S. Court of Claims in Washington, D.C. Mr. Crosson was deposed and testified in some of the cases and expects to provide additional testimony in the unresolved matters.
- **Numerous Resort Condominiums in South Padre Island, Texas.**  
**Client: Lenders**  
Mr. Crosson provided valuations on several properties. No litigation was involved.
- **30,000+ Acre Recreational Ranch in Southwest Texas**  
**Client: Major Lender**
- **Valuation of Numerous Billboard Assets in Mid-West**  
**Client: Specialty Lender**
- **Office Building in Dallas, Texas**  
**Client: Insurance company for defendant**  
Mr. Crosson provided an expert report addressing the effect, if any, of slightly mismatched replacement exterior windows. Litigation was involved.
- **Partial Taking of Existing Denominational Cemetery in New Jersey**  
**Client: Diocese of Camden, New Jersey**  
Mr. Crosson provided opinions regarding the impact on value of the partial taking for highway construction. Litigation was involved.

[scrosson@irr.com](mailto:scrosson@irr.com)

Integra Realty Resources  
Dallas

1100 Mira Vista Boulevard  
Suite 300  
Plano, TX 75093

T (972) 881-7191

F (972) 733-1403

[irr.com](http://irr.com)





**Certified General  
Real Estate Appraiser**

Appraiser: **Stephen Thomas Crosson**  
License #: **TX 1325815 G** License Expires: **12/31/2021**

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:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



Douglas E. Oldmixon  
Commissioner

# Shelley M. Sivakumar

## Experience

Shelley Sivakumar has over 23 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 including Public Improvement Districts 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                         | Market Analysis/STDB                             |
| Workfile Documentation for Appraisers                  | USPAP  |
| Basic Appraisal Procedures                             | Expert Witness for Commercial Appraisers         |
| General Appraiser Market Analysis Highest and Best Use | General Appraiser Site Valuation & Cost Approach |
| General Appraiser Sales Comparison Approach            | Commercial Appraisal Review                      |
| General Report Writing and Case Studies                | Fair Housing                                     |
| A Review of Disciplinary Cases                         | Market Analysis/STDB                             |
| Workfile Documentation for Appraisers                  | USPAP  |
| Appraising Residential Properties                      | Environmental Issues                             |
| Income Property Appraisal                              | Texas Real Estate Contracts                      |
| Real Estate Appraisal                                  | Texas Real Estate Agency                         |
| Basic Income Capitalization                            | Modern Real Estate Practice in Texas             |
|  | Statistics, Modeling and Finance                 |
|  | General Appraiser Income Approach                |
| 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                                  |  |

ssivakumar@irr.com • (972) 696-0687

Wells South Public Improvement District (NIA #4)

Integra Realty Resources  
Dallas

1100 Mira Vista Boulevard  
Suite 300  
Plano, TX 75093

T (972) 881-7191  
F (972) 733-1403

irr.com





# Ernest Gatewood

## Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources Dallas, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for almost 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President 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.

Mr. Gatewood has experience in 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, single-family subdivision analyses.

## Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2022  
Texas, Licensed Real Estate Salesman, 277705-32, Expires December 2021

## Education

Richland Junior College, Dallas, Texas  
The University of North Texas, Denton, Texas

## Miscellaneous

An affiliate of the Appraisal Institute

## Integra Realty Resources Dallas

1100 Mira Vista Boulevard  
Plano, TX 75093

T (972) 881-7191  
F (972) 733-1403

irr.com

egatewood@irr.com - (972) 725-7755





## Certified General Real Estate Appraiser

Appraiser: Ernest Elva Gatewood III

License #: TX 1324355 G

License Expires: 12/31/2022

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:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Chelsea Buchholtz  
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!*

# irr.com



**Addendum B**  
**IRR Quality Assurance Survey**



# IRR Quality Assurance Survey

## We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

## Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! The members of this team are listed below. You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: [quality.irr.com](http://quality.irr.com)

| Integra Regional Quality Managers |                              |  |
|-----------------------------------|------------------------------|--|
| Region                            | Regional Quality Manager     | Title  |
| Northeast Region                  | William Kimball,<br>MAI      | Senior Managing Director                       |
| Southeast Region                  | Leslie North,<br>MAI, AI-GRS | Managing Director                              |
| Central Region                    | Gary Wright,<br>MAI, SRA     | Senior Managing Director                       |
| Southwest Region                  | Rusty Rich,<br>MAI, MRICS    | Senior Managing Director                       |
| West Region                       | Larry Close,<br>MAI          | Senior Managing Director                       |
| Corporate                         | Rob McPherson,<br>MAI, CCIM  | Director of Product Development<br>and Quality |



## **Addendum C**

### **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 Incentive**

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project through to completion.

### **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[h]; 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 D**

### **Property Information**

## 2020 Tax Data – As Vacant Land

7/12/2021

Collin CAD - Property Search

### Property Search

Property ID: 2726990 - Tax Year:

#### General Information

|                             |   |
|-----------------------------|---|
| Property ID                 | 2726990   |
| Property Status             | Active  |
| Geographic ID               | R-7030-002-0040-1   |
| Property Type               | Real  |
| Property Address            | County Road 84<br>Prosper, TX 75078                                       |
| Total Land Area             | 61.0916 acres   |
| Total Improvement Main Area | n/a   |
| Abstract/Subdivision        | <a href="#">Jonathan Westover Survey</a>                                  |
| Primary State Code          | D1 (Qualified Open-space Ag Land)   |
| Legal Description           | ABS A1030 JONATHAN WESTOVER<br>SURVEY, SHEET 2, TRACT 4, 61.0916<br>ACRES |
| Tax Agent                   | <a href="#">Ryan Lic</a>  |

#### Owner Information

|                   |   |
|-------------------|---|
| Owner ID          | 970602  |
| Owner Name(s)     | <a href="#">Celina Development LLC</a>                  |
| Exemptions        | None  |
| Percent Ownership | 100.00%   |
| Mailing Address   | 9800 Hillwood Pkwy Ste 300<br>Fort Worth, TX 76177-1552 |

#### 2020 Value Information

|                                |                 |
|--------------------------------|-----------------|
| Improvement Homesite Value     | \$0             |
| Improvement Non-Homesite Value | \$0             |
| Total Improvement Market Value | \$0             |
| Land Homesite Value            | \$0             |
| Land Non-Homesite Value        | \$0             |
| Land Agricultural Market Value | \$4,276,412     |
| Total Land Market Value        | \$4,276,412     |
| Total Market Value             | \$4,276,412     |
| Agricultural Use Loss          | (-) \$4,266,210 |
| Total Appraised Value          | \$10,202        |
| Homestead Cap Loss             | \$0             |
| Total Assessed Value           | \$10,202        |

#### Entities

| Taxing Entity        | Tax Rate             | Collected By                             |
|----------------------|----------------------|--|
| CCL (Celina City)    | 0.645000 (2020 Rate) | <a href="#">Collin County Tax Office</a> |
| GCN (Collin County)  | 0.172531 (2020 Rate) | <a href="#">Collin County Tax Office</a> |
| JCN (Collin College) | 0.081222 (2020 Rate) | <a href="#">Collin County Tax Office</a> |
| SPR (Prosper ISD)    | 1.492700 (2020 Rate) | <a href="#">Collin County Tax Office</a> |

#### Improvements

Our records don't show any improvement data for Property ID 2726990 in the year 2020.

#### Land Segments

|                 |                                   |
|-----------------|-----------------------------------|
| Land Segment #1 | Cropland                          |
| State Code      | D1 (Qualified Open-space Ag Land) |
| Homesite        | No                                |
| Market Value    | \$4,276,412                       |
| Ag Use Value    | 1D1                               |
| Land Size       |                                   |

**Value History**

| Year | Improvement | Land        | Market      | Ag Loss     | Appraised   | HS Cap Loss | Assessed    |
|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2020 | \$0         | \$4,276,412 | \$4,276,412 | \$4,266,210 | \$10,202    | \$0         | \$10,202    |
| 2019 | \$0         | \$5,186,972 | \$5,186,972 | \$5,174,820 | \$12,152    | \$0         | \$12,152    |
| 2018 | \$0         | \$5,887,882 | \$5,887,882 | \$5,874,355 | \$13,527    | \$0         | \$13,527    |
| 2017 | \$0         | \$7,004,879 | \$7,004,879 | \$6,919,246 | \$85,633    | \$0         | \$85,633    |
| 2016 | \$0         | \$8,893,779 | \$8,893,779 | \$5,891,356 | \$3,002,423 | \$0         | \$3,002,423 |

**Deed History**

| Deed Date  | Seller                        | Buyer                  | Instr #           | Volume/Page |
|------------|-------------------------------|------------------------|-------------------|-------------|
| 11/20/2015 | WHITE GEORGE FMLY LTD P/S THE | CELINA DEVELOPMENT LLC | 20151123001468620 |             |

**SB 541 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2005****RESTRICTION ON POSTING DETAILED IMPROVEMENT INFORMATION ON INTERNET WEBSITE:**

Information in appraisal records may not be posted on the Internet if the information is a photograph, sketch, or floor plan of an improvement to real property that is designed primarily for use as a human residence. This section does not apply to an aerial photograph that depicts five or more separately owned buildings.

**HB 394 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2015****RESTRICTION ON POSTING AGE RELATED INFORMATION ON INTERNET WEBSITE:**

Information in appraisal records may not be posted on the Internet if the information indicates the age of a property owner, including information indicating that a property owner is 65 years of age or older.

## Legal Description

### Overall – 67.494 Acres

BEING a tract of land situated in the J. Westover Survey, Abstract No. 1030, and the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, being part of a tract conveyed to LILYANA PHASE 4, LLC, by deed recorded in Document No. 20210302000414010 of the Deed Records, Collin County, Texas (DRCCT), with the subject tract being more particularly described as follows:

BEGINNING at a 5/8" iron rod found in a bend of County Road 84, a public road, and being on the west line of a right-of-way dedication created by the final plat of Wilson Creek Estates Phase 2, recorded in Cabinet K, Page 192, Plat Records, Collin County, Texas (PRCCT);

THENCE S 00°08'06" E, 2297.61 feet along County Road 84, and along the west line of said right-of-way dedication, and of another dedication created by the final plat of Wilson Creek Estates, recorded in Cabinet J, Page 605 PRCCT, to a point for corner;

THENCE departing said road, into the subject tract, the following:

S 89°46'00" W, 792.36 feet;

S 00°14'00" E, 6.12 feet;

S 89°46'00" W, 120.00 feet;

N 00°14'00" W, 78.67 feet;

A tangent curve to the left having a central angle of 30°00'00", a radius of 500.00 feet, a chord of N 15°14'00" W - 258.82 feet, an arc length of 261.80 feet;

N 30°14'00" W, 295.79 feet;

S 59°46'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 110.00 feet;

S 59°46'00" W, 60.00 feet;

N 30°14'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 60.00 feet;

N 14°46'00" E, 14.14 feet;

N 30°14'00" W, 494.97 feet;

N 75°18'48" W, 14.12 feet;

N 31°27'16" W, 60.00 feet;

A non-tangent curve to the right having a central angle of 01°05'25", a radius of 330.00 feet, a chord of N 59°05'27" E - 6.28 feet, an arc length of 6.28 feet;

N 15°08'08" E, 14.05 feet;

N 59°46'00" E, 50.00 feet;

S 30°14'00" E, 4.87 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 225.35 feet;

N 14°46'00" E, 14.14 feet;

N 59°46'00" E, 50.00 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 219.77 feet;

N 15°24'44" E, 14.30 feet;

N 28°56'32" W, 109.92 feet;

N 61°03'28" E, 190.99 feet;

N 36°03'33" W, 150.88 feet;

A tangent curve to the right having a central angle of 35°18'53", a radius of 295.00 feet, a chord of N 18°24'06" W - 178.96 feet, an arc length of 181.83 feet;

N 00°44'40" W, 86.28 feet;

N 89°15'20" E, 106.54 feet;

N 00°44'40" W, 138.00 feet;

S 89°15'20" W, 533.56 feet;

A tangent curve to the left having a central angle of 07°17'16", a radius of 120.50 feet, a chord of S 85°36'43" W - 15.32 feet, an arc length of 15.33 feet;

S 81°58'05" W, 52.52 feet;

A tangent curve to the right having a central angle of 10°46'52", a radius of 179.50 feet, a chord of S 87°21'30" W - 33.73 feet, an arc length of 33.78 feet;

A compound curve to the right having a central angle of  $15^{\circ}06'07''$ , a radius of 402.63 feet, a chord of  $N 79^{\circ}42'00'' W$  - 105.82 feet, an arc length of 106.12 feet;

$S 64^{\circ}33'12'' W$ , 35.34 feet;

And  $N 19^{\circ}31'46'' E$ , 35.36 feet to a point in County Road 84;

THENCE  $N 89^{\circ}09'41'' E$ , 49.21 feet along said road to a PK nail found, being the intersection of County Road 84 and County Road 86, a public road;

THENCE  $N 89^{\circ}15'20'' E$ , 1269.46 feet continuing along County Road 84 to a point for corner;

THENCE  $N 88^{\circ}41'35'' E$ , 580.75 feet continuing along County Road 84 to the POINT OF BEGINNING with the subject tract containing 2,940,037 square feet or 67.494 acres of land.

## Phase 4 - 64.538 Acres

WHEREAS Celina Development, LLC is the owner of a tract of land situated in the J. Westover Survey, Abstract No. 1030, and the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, being part of a tract conveyed by deed recorded in Document No. 20151123001468620 of the Deed Records, Collin County, Texas (DRCCT), with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod with plastic cap found on the west line of County Road 84, a public right-of-way, from which a 5/8" iron rod found in a bend of County Road 84, and being on the west line of a right-of-way dedication created by the final plat of Wilson Creek Estates Phase 2, recorded in Cabinet K, Page 192, Plat Records, Collin County, Texas (PRCCT), for the northeast corner of said Celina Development, LLC, bears N 00°36'47" E, 2297.86 feet;

THENCE into and through said Celina Development tract, the following:

S 89°46'00" W, 762.36 feet;

S 00°14'00" E, 6.12 feet;

S 89°46'00" W, 120.00 feet;

N 00°14'00" W, 78.67 feet;

A tangent curve to the left having a central angle of 30°00'00", a radius of 500.00 feet, a chord of N 15°14'00" W - 258.82 feet, an arc length of 261.80 feet;

N 30°14'00" W, 295.79 feet;

S 59°46'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 110.00 feet;

S 59°46'00" W, 60.00 feet;

N 30°14'00" W, 110.00 feet;

N 75°14'00" W, 14.14 feet;

N 30°14'00" W, 60.00 feet;

N 14°46'00" E, 14.14 feet;

N 30°14'00" W, 494.97 feet;

N 75°18'48" W, 14.12 feet;

N 31°27'16" W, 60.00 feet;

A non-tangent curve to the right having a central angle of 01°05'25", a radius of 330.00 feet, a chord of N 59°05'27" E - 6.28 feet, an arc length of 6.28 feet;

N 15°08'08" E, 14.05 feet;

N 59°46'00" E, 50.00 feet;

S 30°14'00" E, 4.87 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 225.35 feet;

N 14°46'00" E, 14.14 feet;

N 59°46'00" E, 50.00 feet;

S 75°14'00" E, 14.14 feet;

N 59°46'00" E, 219.77 feet;

N 15°24'44" E, 14.30 feet;

N 28°56'32" W, 109.92 feet;

N 61°03'28" E, 190.99 feet;

N 36°03'33" W, 150.88 feet;

A tangent curve to the right having a central angle of 35°18'53", a radius of 295.00 feet, a chord of N 18°24'06" W – 178.96 feet, an arc length of 181.83 feet;

N 00°44'40" W, 86.28 feet;

N 89°15'20" E, 106.54 feet;

And N 00°44'40" W, 138.00 feet to a point on the south line of County Road 84;

THENCE along the south and west lines of County Road 84, the following:

N 89°15'20" E, 560.46 feet;

N 88°41'35" E, 484.97 feet;

S 49°39'07" E, 59.77 feet;

S 07°59'49" E, 144.94 feet;

And S 00°08'06" E, 2083.33 feet to the POINT OF BEGINNING with the subject tract containing 2,811,267 square feet or 64.538 acres of land.



## ROW Legal Description - CR-84 (Wells Road)

WHEREAS LILYANA PHASE 4, LLC, and CELINA DEVELOPMENT, LLC., are the owners of a tract of land situated in the J. Westover Survey, Abstract No. 1030, and the W. Wilhite Survey, Abstract No. 1002, City of Celina, Collin County, Texas, being part of a tract conveyed by deed recorded in Document No. 20210302000414010 and part of tract conveyed by deed recorded in Document No. 20151123001468620 of the Deed Records, Collin County, Texas (DRCT), with the subject tract being more particularly described as follows:

BEGINNING at a 5/8" iron rod found in a bend of County Road 84, a public road, and being on the west line of a right-of-way dedication created by the final plat of Wilson Creek Estates Phase 2, recorded in Cabinet K, Page 192, Plat Records, Collin County, Texas (PRCT), for the southeast corner of a tract conveyed to Donald Vest, recorded in Volume 1344, Page 66 DRCT;

THENCE S 00°08'06" E, 2297.61 feet along County Road 84, and along the west line of said right-of-way dedication, and of another dedication created by the final plat of Wilson Creek Estates, recorded in Cabinet J, Page 605 PRCT, to a point for corner;

THENCE departing said road, into the subject tract, the following:

S 89°46'00" W, 30.00 feet;

N 00°08'06" W, 2083.33 feet;

N 07°59'49" W, 144.94 feet;

N 49°39'07" W, 59.77 feet;

S 88°41'35" W, 484.97 feet;

S 89°15'20" W, 1094.02 feet;

A tangent curve to the left having a central angle of 07°17'03", a radius of 120.50 feet, a chord of S 85°36'48" W - 15.31 feet, an arc length of 15.32 feet;

S 81°58'18" W, 52.53 feet;

A tangent curve to the right having a central angle of 10°46'52", a radius of 179.50 feet, a chord of S 87°21'30" W - 33.73 feet, an arc length of 33.78 feet;

A tangent curve to the right having a central angle of 15°06'07", a radius of 402.63 feet, a chord of N 79°42'00" W - 105.82 feet, an arc length of 106.12 feet;

S 64°33'12" W, 35.34 feet;

And N 19°31'46" E, 35.36 feet to the north line of County Road 84, a point on the south line of a tract conveyed to William and Kathy Wood, recorded in Document No. 20071029001470070 DRCT;

THENCE N 89°09'41" E, 49.21 feet along the common line thereof to a PK nail found in the intersection of County Road 84 and County Road 86, and being the southwest corner of a tract conveyed to Christopher and Adrienne Bosh, recorded in Document No. 20131001001373380 DRCT;

THENCE N 89°15'20" E, 1269.46 feet along the common line thereof to a 1/2" iron rod found for the southwest corner of said Vest tract;

THENCE N 88°41'35" E, 580.75 feet along the common line thereof to the POINT OF BEGINNING with the subject tract containing 128,771 square feet or 2.956 acres of land.

## **Addendum E**

### **Comparable Land Sales Developed 50' Frontage Lots**

## Location & Property Identification

Property Name: Lilyana, Phase 3 - 50' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: North side of Ladys Mantle Way, north of Frontier Parkway  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 1440 Ladys Mantle Way  
 IRR Event ID: 2677541



## Sale Information

Sale Price: \$72,670  
 Effective Sale Price: \$72,670  
 Sale Date: 06/25/2021  
 Sale Status: Closed  
 \$/Acre(Gross): \$506,411  
 \$/Land SF(Gross): \$11.63  
 \$/Unit: \$1,453 /Unit  
 Grantor/Seller: Lilyana Phase 3, LLC  
 Grantee/Buyer: Highland Homes - Dallas, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: The base lot price was set at \$70,000/lot in 1Q21 with an annual 6.0% escalation.  
 Document Type: Deed  
 Recording No.: 20210625001294120  
 Verified By: Shelley Sivakumar  
 Verification Date: 07/12/2021  
 Confirmation Source: Kim Comiskey (Hillwood Communities)  
 Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: Lilyana, Phase 3, Block E, Lot 6/Tax ID 2826574  
 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: Development Agreement - PID  
 Zoning Desc.: Development Agreement - Wells South PID  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Public Records

## Comments

Lots in this master-planned residential development are located in the city of Celina and are within the Prosper ISD. Home prices are ranging from \$373,000 to \$495,000.

## Improvement and Site Data

**Lilyana, Phase 3 - 50' Lots**



## Location & Property Identification

Property Name: Bluewood, Phase 4 - 50' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: North side of Cobalt Drive, north of Ownsby Parkway  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 1116 Cobalt Drive  
 IRR Event ID: 2474714



## Sale Information

Sale Price: \$63,750  
 Effective Sale Price: \$63,750  
 Sale Date: 02/25/2021  
 Sale Status: Closed  
 \$/Acre(Gross): \$482,955  
 \$/Land SF(Gross): \$11.09  
 \$/Unit: \$1,275 /Unit  
 Grantor/Seller: Bluewood, Phase 4, LLC  
 Grantee/Buyer: D.R. Horton - Texas, Ltd.  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: This represents the purchase of 47 - 50' lots in bulk at substantial completion.

Legal/Tax/Parcel ID: Bluewood, Phase 4, BlockH, Lot 23/Tax ID 2830081  
 Acres(Gross): 0.13  
 Land-SF(Gross): 5,750  
 No. of Units (Potential): 50  
 Shape: Rectangular  
 Topography: Level  
 Frontage Feet: 50  
 Frontage Desc.: 50' x 115'  
 Zoning Code: Development Agreement - PID  
 Zoning Desc.: Development Agreement - Wells North PID  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Public Records

Document Type: Deed  
 Recording No.: 20210224000359320  
 Verified By: Shelley Sivakumar  
 Verification Date: 07/12/2021  
 Confirmation Source: Kim Comiskey (Hillwood - 972-571-6687)  
 Verification Type: Confirmed-Seller

## Comments

Lots in Phase 4 are located within the Celina ISD and are in the Wells North PID. Home prices are ranging from \$349,000 - \$505,000.

## Improvement and Site Data

### Bluewood, Phase 4 - 50' Lots



## Location & Property Identification

Property Name: The Homestead at Ownsby Farms, Phase 1 - 50' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: West side of John Campbell Trail, west of SH-289 (Preston Road)  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 3808 Horseshoe Trail  
 IRR Event ID: 2509164



## Sale Information

Sale Price: \$65,819  
 Effective Sale Price: \$65,819  
 Sale Date: 01/02/2020  
 Sale Status: Closed  
 \$/Acre(Gross): \$477,988  
 \$/Land SF(Gross): \$10.97  
 \$/Unit: \$1,316 /Unit  
 Grantor/Seller: CADG Ownsby Farms, LLC  
 Grantee/Buyer: Megatel Homes, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: The base lot price was set at \$60,000/lot (\$1,200/FF) in May 2018 with an annual 6% escalation. Homebuilders also pay an additional \$1,000/lot amenity fee and \$500/lot marketing fee.  
 Document Type: Deed  
 Recording No.: 20200103000015440  
 Verified By: Shelley Sivakumar  
 Verification Date: 10/01/2020  
 Confirmation Source: Centurion American  
 Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: The Homestead at Ownsby Farms, Block J, Lot 3/Tax ID 2779194  
 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 - 39  
 Zoning Desc.: Planned Development  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Engineering Report

## Comments

Lots in this development are located in the Celina ISD. Home prices are ranging from \$250,000 to \$320,000. The development is located in the Ownsby Farms PID.

## Location & Property Identification

Property Name: Creeks of Legacy West, Phase 2 - 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Northwest of Frontier Parkway and Legacy Drive

City/State/Zip: Celina, TX 75009

County: Denton

Submarket: Celina

Market Orientation: Suburban

IRR Event ID: 2509112



## Sale Information

Sale Price: \$70,000

Effective Sale Price: \$70,000

Sale Date: 08/21/2020

Sale Status: Closed

\$/Acre(Gross): \$508,351

\$/Land SF(Gross): \$11.67

\$/Unit: \$1,400 /Unit

Grantor/Seller: CADG Creek of Legacy Stonegate LLC

Grantee/Buyer: KB Home Lone Star, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: This represents a "bulk" sale of 146 lots of 50' lots in Phase 2 at \$70,000 (\$1,400/FF).

Document Type: Deed

Recording No.: 2020-129790

Verified By: Shelley Sivakumar

Verification Date: 10/01/2020

Confirmation Source: Centurion American

Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: Creeks of Legacy West, Phase 2, Block J, Lot 24/Tax ID 775376

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.: Past Appraisal

## Comments

Phase 2 was completed in late July 2020. This sale represents a "bulk" purchase of 146 lots. Lots are located in the Prosper ISD. Home prices are ranging from \$300,000 to \$350,000.

## Improvement and Site Data

### Creeks of Legacy West, Phase 2 - 50' Lots



## Location & Property Identification

Property Name: Sutton Fields II, Proposed Phases 8A & 8B - 50' Lo

Sub-Property Type: Residential, Single Family Lot

Address: North side of Crutchfield Drive, east of FM-1385

City/State/Zip: Celina, TX 75009

County: Denton

Submarket: Celina

Market Orientation: Suburban

IRR Event ID: 2511985



## Sale Information

Sale Price: \$60,000

Effective Sale Price: \$60,000

Sale Date: 10/01/2021

Sale Status: In-Contract

\$/Acre(Gross): \$454,545

\$/Land SF(Gross): \$10.43

\$/Unit: \$1,200 /Unit

Grantor/Seller: CADG Sutton Fields II LLC

Grantee/Buyer: D.R. Horton Homes

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price is set at \$60,000/lot (\$1,200/FF) with an annual 6% escalation, a \$1,500/lot amenity center fee, and \$500/lot marketing fee.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 10/08/2020

Confirmation Source: Centurion American

Verification Type: Confirmed-Seller

## Improvement and Site Data

### Sutton Fields II, Proposed Phases 8A & 8B - 50' Lo

Legal/Tax/Parcel ID: Sutton Fields II, Proposed 116 lots in Phases 8A & 8B

Acres(Gross): 0.13

Land-SF(Gross): 5,750

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 115'

Zoning Code: PD

Zoning Desc.: Planned Development

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Sutton Fields II PID

Source of Land Info.: Public Records

## Comments

Phases 8A and 8B are proposed to be developed with a total of 116 lots. The development is located in the Prosper ISD. Home prices are projected to range from \$240,000 to \$300,000 in these phases.



## **Developed 60' Frontage Lots**



# Land Sale Profile

# Sale No. 1

## Location & Property Identification

Property Name: Lilyana, Phase 2A-2 - 60' Lots  
Sub-Property Type: Residential, Single Family Lot  
  
Address: North side of Daisy Corner Drive, west of Wells Road (CR-84)  
  
City/State/Zip: Celina, TX 75009  
County: Collin  
Submarket: Celina  
Market Orientation: Suburban  
Property Location: 1712 Daisy Corner Drive  
IRR Event ID: 2677544



## Sale Information

Sale Price: \$87,065  
Effective Sale Price: \$87,065  
Sale Date: 07/12/2021  
Sale Status: Closed  
\$/Acre(Gross): \$526,709  
\$/Land SF(Gross): \$12.09  
\$/Unit: \$1,451 /Unit  
Grantor/Seller: Lilyana Phase 3, LLC  
Grantee/Buyer: American Legend Homes LLC  
  
Property Rights: Fee Simple  
Financing: Cash to seller  
Terms of Sale: The base lot price was set at \$84,000/lot in 01/21 with an annual 6.0% escalation.  
  
Document Type: Deed  
Recording No.: 20210617001223790  
Verified By: Shelley Sivakumar  
Verification Date: 07/12/2021  
Confirmation Source: Kim Comiskey (Hillwood Communities)  
Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: Lilyana, Phase 2A-2, Block E, Lot 14/Tax ID 2826407  
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: Development Agreement  
Zoning Desc.: Development Agreement - Wells South PID  
  
Flood Plain: No  
Utilities: Water Public, Sewer  
Source of Land Info.: Public Records

## Comments

Lots in this master-planned residential development are located in the city of Celina, and are within the Prosper ISD. Home prices are ranging from \$439,000 to \$533,000.

## Improvement and Site Data

Lilyana, Phase 2A-2 - 60' Lots



## Location & Property Identification

Property Name: Bluewood, Phase 4 - 60' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: North side of Cobalt Drive, north of Ownsby Parkway  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 1112 Cobalt Drive  
 IRR Event ID: 2474692



## Sale Information

Sale Price: \$75,000  
 Effective Sale Price: \$75,000  
 Sale Date: 02/22/2021  
 Sale Status: Closed  
 \$/Acre(Gross): \$473,485  
 \$/Land SF(Gross): \$10.87  
 \$/Unit: \$1,250 /Unit  
 Grantor/Seller: Bluewood Phase 4, LLC  
 Grantee/Buyer: M/I Homes of DFW, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: This lot price represents a bulk purchase of 24 lots - 60' and 31 lots - 50' lots in one transaction at substantial completion.  
 Document Type: Deed  
 Recording No.: 20210224000359320  
 Verified By: Shelley Sivakumar  
 Verification Date: 05/10/2021  
 Confirmation Source: Kim Comiskey (Huffines - 972-571-6687)  
 Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: Bluewood, Phase 4, Block M, Lot 14/Tax ID 2830237  
 Acres(Gross): 0.16  
 Land-SF(Gross): 6,900  
 No. of Units (Potential): 60  
 Shape: Rectangular  
 Topography: Level  
 Frontage Feet: 60  
 Frontage Desc.: 60' x 115'  
 Zoning Code: PID  
 Zoning Desc.: Wells North Public Improvement District  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Public Records

## Comments

Lots in Phase 4 are located in the Wells North PID and are within the Celina ISD. Home prices are ranging from \$349,000 - \$505,000.

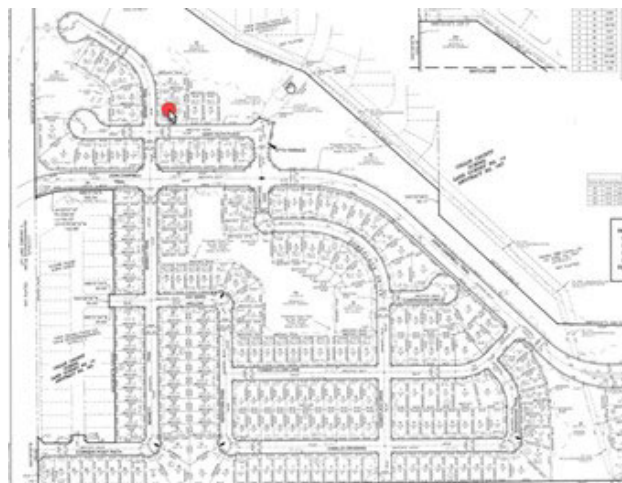
## Improvement and Site Data

### Bluewood, Phase 4 - 60' Lots



## Location & Property Identification

Property Name: The Homestead at Ownsby Farms, Phase 1 - 60' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: West side of John Campbell Trail, west of SH-289 (Preston Road)  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 3620 Bennett Trail  
 IRR Event ID: 2509172



## Sale Information

Sale Price: \$80,948  
 Effective Sale Price: \$80,948  
 Sale Date: 06/10/2020  
 Sale Status: Closed  
 \$/Acre(Gross): \$489,704  
 \$/Land SF(Gross): \$11.24  
 \$/Unit: \$1,349 /Unit  
 Grantor/Seller: CADG Ownsby Farms, LLC  
 Grantee/Buyer: Megatel Homes, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: The base lot price was set at \$72,000/lot (\$1,200/FF) in May 2018 with an annual 6.0% escalation. Homebuilders also pay \$1,000/lot amenity fee and \$500/lot marketing fee.  
 Document Type: Deed  
 Recording No.: 20200612000877470  
 Verified By: Shelley Sivakumar  
 Verification Date: 10/01/2020  
 Confirmation Source: Centurion American  
 Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: The Homestead at Ownsby Farms, Block A, Lot 14/Tax ID 2779049  
 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 - 39  
 Zoning Desc.: Planned Development  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Engineering Report

## Comments

Lots in this development are located in the Celina ISD. Home prices are ranging from \$300,000 to \$400,000. The development is located in the Ownsby Farms PID.

## Location & Property Identification

|                     |  |
|---------------------|--|
| Property Name:      | Creeks of Legacy West, Phase 2 - 60' Lots      |
| Sub-Property Type:  | Residential, Single Family Lot                 |
| Address:            | Northwest of Frontier Parkway and Legacy Drive |
| City/State/Zip:     | Celina, TX 75009                               |
| County:             | Denton   |
| Submarket:          | Celina   |
| Market Orientation: | Suburban                                       |
| IRR Event ID:       | 2509102  |



## Sale Information

|                       |  |
|-----------------------|--|
| Sale Price:           | \$78,000   |
| Effective Sale Price: | \$78,000   |
| Sale Date:            | 08/18/2020   |
| Sale Status:          | Closed   |
| \$/Acre(Gross):       | \$471,869  |
| \$/Land SF(Gross):    | \$10.83  |
| \$/Unit:              | \$1,300 /Unit  |
| Grantor/Seller:       | CADG Creeks of Legacy Stonegate, L.L.C.  |
| Grantee/Buyer:        | Trendmaker Homes DFW, LLC  |
| Property Rights:      | Fee Simple   |
| Financing:            | Cash to seller   |
| Terms of Sale:        | The base lot price of \$78,000/lot (\$1,300/FF) was set in August 2020 with an annual 6% escalation. |
| Document Type:        | Deed   |
| Recording No.:        | 2020-125189  |
| Verified By:          | Shelley Sivakumar  |
| Verification Date:    | 10/01/2020   |
| Confirmation Source:  | Centurion American   |
| Verification Type:    | Confirmed-Seller   |

## Improvement and Site Data

|                           |  |
|---------------------------|--|
| Legal/Tax/Parcel ID:      | Creeks of Legacy West, Phase 2, Block N, Lot 5/Tax ID 775442 |
| 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.:     | Past Appraisal   |

## Comments

Phase 2 was recently completed in July 2020. Lots are located in the Prosper ISD. Home prices are ranging from \$315,000 to \$400,000.

## Location & Property Identification

Property Name: Sutton Fields II, Proposed Phases 8A & 8B (60' Lot)

Sub-Property Type: Residential, Single Family Lot

Address: North side of Crutchfield Drive, east of FM-1385

City/State/Zip: Celina, TX 75009

County: Denton

Submarket: Celina

Market Orientation: Suburban

IRR Event ID: 2511995



## Sale Information

Sale Price: \$72,000

Effective Sale Price: \$72,000

Sale Date: 10/01/2021

Sale Status: In-Contract

\$/Acre(Gross): \$454,545

\$/Land SF(Gross): \$10.43

\$/Unit: \$1,200 /Unit

Grantor/Seller: CADG Sutton Fields II LLC

Grantee/Buyer: D.R. Horton Homes

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: The base lot price has been set at \$72,000/lot (\$1,200/FF) for lots in Phases 8A & 8B with an annual 6% escalation, a \$1,500/lot amenity center fee, and \$500/lot marketing fee.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 10/08/2020

Confirmation Source: Centurion American

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Sutton Fields II, Proposed 116 lots in Phases 8A & 8B

Acres(Gross): 0.16

Land-SF(Gross): 6,900

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 115'

Zoning Code: PD

Zoning Desc.: Planned Development

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Sutton Fields II PID

Source of Land Info.: Public Records

## Comments

Lots in these proposed phases are located in the Prosper ISD. Home prices are projected to range from \$288,000 to \$360,000.

## Developed 74' Frontage Lots

## Location & Property Identification

Property Name: Lilyana, Phase 2A-2 - 74' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: East side of Indian Grass Lane, west of Wells Road (CR-84)  
 City/State/Zip: Celina, TX 75078  
 County: Collin  
 Submarket: Prosper  
 Market Orientation: Suburban  
 Property Location: 3908 Indian Grass Lane  
 IRR Event ID: 2677606



## Sale Information

Sale Price: \$92,752  
 Effective Sale Price: \$92,752  
 Sale Date: 05/10/2021  
 Sale Status: Closed  
 \$/Acre(Gross): \$420,072  
 \$/Land SF(Gross): \$9.64  
 \$/Unit: \$1,253 /Unit  
 Grantor/Seller: Lilyana Phase 3, LLC  
 Grantee/Buyer: M/I Homes of DFW, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: The base lot price was set at \$90,000/lot in 1Q21 with an annual 6.0% escalation.  
 Document Type: Deed  
 Recording No.: 20210511000947690  
 Verified By: Shelley Sivakumar  
 Verification Date: 07/12/2021  
 Confirmation Source: Kim Comiskey (Hillwood Communities)  
 Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: Lilyana, Phase 2A-2, Block H Lot 6/Tax ID 2826450  
 Acres(Gross): 0.22  
 Land-SF(Gross): 9,620  
 No. of Units (Potential): 74  
 Shape: Rectangular  
 Topography: Level  
 Frontage Feet: 74  
 Frontage Desc.: 74' x 130'  
 Zoning Code: Development Agreement  
 Zoning Desc.: Development Agreement - Wells South PID  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Source of Land Info.: Public Records

## Comments

Lots in this master-planned residential development are located in the city of Celina, and are within the Prosper ISD. Home prices are ranging from \$435,000 to \$520,000.

## Improvement and Site Data

**Lilyana, Phase 2A-2 - 74' Lots**



## Location & Property Identification

Property Name: Bluewood, Phase 4 - 74' Lots

Sub-Property Type: Residential, Single Family Lot

Address: 3328 Puffin Lane

City/State/Zip: Celina, TX 75078

County: Collin

Submarket: Prosper

Market Orientation: Suburban

Property Location: East side of Puffin Lane, north side of Ownsby Parkway (CR-83)

IRR Event ID: 2677478



## Sale Information

Sale Price: \$87,515

Effective Sale Price: \$87,515

Sale Date: 03/22/2021

Sale Status: Closed

\$/Acre(Gross): \$447,876

\$/Land SF(Gross): \$10.28

Grantor/Seller: Bluewood Phase 4, 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 \$87,000/lot with an annual 6.0% escalation in 1Q21. This sale represented four lots sold in one transaction (Lots 12, 13/Block J and Lots 10, 11/Block K.

Document Type: Deed

Recording No.: 20210322000556110

Verified By: Shelley Sivakumar

Verification Date: 07/12/2021

Confirmation Source: Kim Comiskey (Hillwood Communities 972-571-6687))

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Bluewood, Phase 4, Lot 12, Block J/Tax ID # 2830170

Acres(Gross): 0.20

Land-SF(Gross): 8,510

Shape: Rectangular

Topography: Level

Frontage Feet: 74

Frontage Desc.: 74' x 115'

Zoning Code: Development Agreement

Zoning Desc.: Development Agreement - Wells South PID

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Public Records

## Comments

This property is located within Celina ISD. This master-planned subdivision is being developed in multiple phases on approximately 400 acres. Home prices range from \$349,000 - \$505,000.



## Location & Property Identification

Property Name: Cambridge Crossing, Phase 1 - 74' Lots  
 Sub-Property Type: Residential, Single Family Lot  
 Address: South side of Camden Court, southeast of Coventry Drive  
 City/State/Zip: Celina, TX 75009  
 County: Collin  
 Submarket: Celina  
 Market Orientation: Suburban  
 Property Location: 2616 Camden Court  
 IRR Event ID: 2626495



## Sale Information

Sale Price: \$118,141  
 Effective Sale Price: \$118,141  
 Sale Date: 02/26/2021  
 Sale Status: Closed  
 \$/Acre(Gross): \$579,407  
 \$/Land SF(Gross): \$13.30  
 \$/Unit: \$1,597 /Unit  
 Grantor/Seller: Tollway/Outer Loop LP  
 Grantee/Buyer: Highland Homes - Dallas LLP  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: The base lot price was set at \$114,700/lot (\$1,550/FF) in 3Q2020 with an annual 6% escalation.  
 Document Type: Deed  
 Recording No.: 20210226000383650  
 Verified By: Shelley Sivakumar  
 Verification Date: 03/09/2021  
 Confirmation Source: Highland Homes  
 Verification Type: Confirmed-Buyer

Legal/Tax/Parcel ID: Cambridge Crossing, Phase 1, Block H, Lot 6/Tax ID 2812551  
 Acres(Gross): 0.20  
 Land-SF(Gross): 8,880  
 No. of Units (Potential): 74  
 Shape: Rectangular  
 Topography: Level  
 Frontage Feet: 74  
 Frontage Desc.: 74' x 120'  
 Zoning Code: Planned Development  
 Zoning Desc.: Planned Development  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Utilities Desc.: Cambridge Crossing PID  
 Source of Land Info.: Engineering Report

## Comments

Lots in this development are located in the Celina ISD. Home prices are ranging from \$530,000 to \$619,000.

## Improvement and Site Data

### Cambridge Crossing, Phase 1 - 74' Lots



# Land Sale Profile

# Sale No. 4

## Location & Property Identification

Property Name: Mustang Lakes, Phase 3B - 74' Lots  
Sub-Property Type: Residential, Single Family Lot  
Address: East side of Sable Falls Way, south of Ownsby Parkway  
City/State/Zip: Celina, TX 75009  
County: Collin  
Submarket: Celina  
Market Orientation: Suburban  
Property Location: 3516 Sable Falls Way  
IRR Event ID: 2626470



## Sale Information

Sale Price: \$125,504  
Effective Sale Price: \$125,504  
Sale Date: 02/26/2021  
Sale Status: Closed  
\$/Acre(Gross): \$527,771  
\$/Land SF(Gross): \$12.11  
\$/Unit: \$1,696 /Unit  
Grantor/Seller: Celina 682 Partners LP  
Grantee/Buyer: Highland Homes - Dallas LP  
Property Rights: Fee Simple  
Financing: Cash to seller  
Terms of Sale: The base lot price was set at \$118,400/lot (\$1,600/FF) in 1Q2020 with an annual 6.0% escalation.  
Document Type: Deed  
Recording No.: 20210226000383530  
Verified By: Shelley Sivakumar  
Verification Date: 03/09/2021  
Confirmation Source: Highland Homes  
Verification Type: Confirmed-Buyer

Legal/Tax/Parcel ID: Mustang Lakes, Phase 3B, Lot 6, Block GG/Tax ID 2810246

Acres(Gross): 0.24  
Land-SF(Gross): 10,360  
No. of Units (Potential): 74  
Shape: Rectangular  
Topography: Level  
Frontage Feet: 74  
Frontage Desc.: 74' x 140'  
Zoning Code: Planned Development  
Zoning Desc.: Planned Development  
Flood Plain: No  
Utilities: Water Public, Sewer  
Source of Land Info.: Public Records

## Comments

Lots in this development are located in the Prosper ISD. Home prices are ranging from \$581,000 to \$740,000.

## Improvement and Site Data

### Mustang Lakes, Phase 3B - 74' Lots





(THIS PAGE IS INTENTIONALLY LEFT BLANK.)



CITY OF CELINA, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021  
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT NEIGHBORHOOD IMPROVEMENT AREA #4 PROJECT)



Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)