

**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, defined below, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not a specific preference item for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.*



**\$6,310,000\***  
**CITY OF AUBREY, TEXAS,**  
**(a municipal corporation of the State of Texas located in Denton County)**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022**  
**(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

**Dated Date: September 15, 2022**

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

**Interest to Accrue from Closing Date**

The City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project) (the “Bonds”), are being issued by the City of Aubrey, 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. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing March 1, 2023, 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 Wilmington Trust, National Association, as trustee (the “Trustee”), to Cede & Co. as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance (the “Bond Ordinance”) expected to be adopted by the City Council of the City (the “City Council”) on September 22, 2022 and an Indenture of Trust, dated as of September 15, 2022 (the “Indenture”), entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing a portion of the Phase #3B Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds. See “THE PHASE #3B IMPROVEMENTS” and “APPENDIX B — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Phase #3B Assessments (as defined herein) levied against assessable property in Phase #3B of the District in accordance with the Assessment Ordinance (as defined herein) and other funds comprising the Trust Estate, 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 price 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 was made for a rating on the Bonds.**

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell 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, Winstead PC, for the City by its counsel, Messer, Fort & McDonald, PLLC, and for the Developer (as defined herein) by its counsel, Boghetich Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October 20, 2022 (“Closing Date”).



\* Preliminary; subject to change.

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

CUSIP Prefix: \_\_\_\_\_<sup>(a)</sup>

\$6,310,000\*  
CITY OF AUBREY, TEXAS,  
(a municipal corporation of the State of Texas located in Denton County)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (JACKSON RIDGE PUBLIC IMPROVEMENT  
DISTRICT PHASE #3B PROJECT)

## \$ \_\_\_\_\_ Serial Bonds

Year ( <u>September 1</u> )	Principal <u>Amount</u> \$	Interest <u>Rate</u> %	Initial <u>Yield</u> %	<u>CUSIP No.</u> <sup>(a)</sup> _____
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## \$ \_\_\_\_\_ Term Bonds

\$ \_\_\_\_\_% Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP 050197 \_\_\_\_\_<sup>(a) (b) (c)</sup>

\$ \_\_\_\_\_% Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP 050197 \_\_\_\_\_<sup>(a) (b) (c)</sup>

\$ \_\_\_\_\_% Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP 050197 \_\_\_\_\_<sup>(a) (b) (c)</sup>

\$ \_\_\_\_\_% Term Bonds, Due September 1, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP 050197 \_\_\_\_\_<sup>(a) (b) (c)</sup>

\* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems, Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to redemption, in whole or in part, 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."

## **CITY OF AUBREY, TEXAS CITY COUNCIL**

<u>Name</u>	<u>Place</u>	Term Expires ( <u>May</u> )
Chris Rich	Mayor	2023
Jeff Perry	Place 1	2024
Matt Jones	Place 2	2024
Erin Allen	Place 3	2023
Dewayne Brawner	Place 4	2023
Chuck Fikes	Place 5	2024

### **FINANCE DIRECTOR**

Mike English

### **CITY ADMINISTRATOR**

Charles Kreidler

### **CITY SECRETARY**

Jenny Huckabee

### **ADMINISTRATOR**

MuniCap, Inc.

### **FINANCIAL ADVISOR TO THE CITY**

Hilltop Securities Inc.

### **BOND COUNSEL**

Bracewell LLP

### **UNDERWRITER'S COUNSEL**

Winstead PC

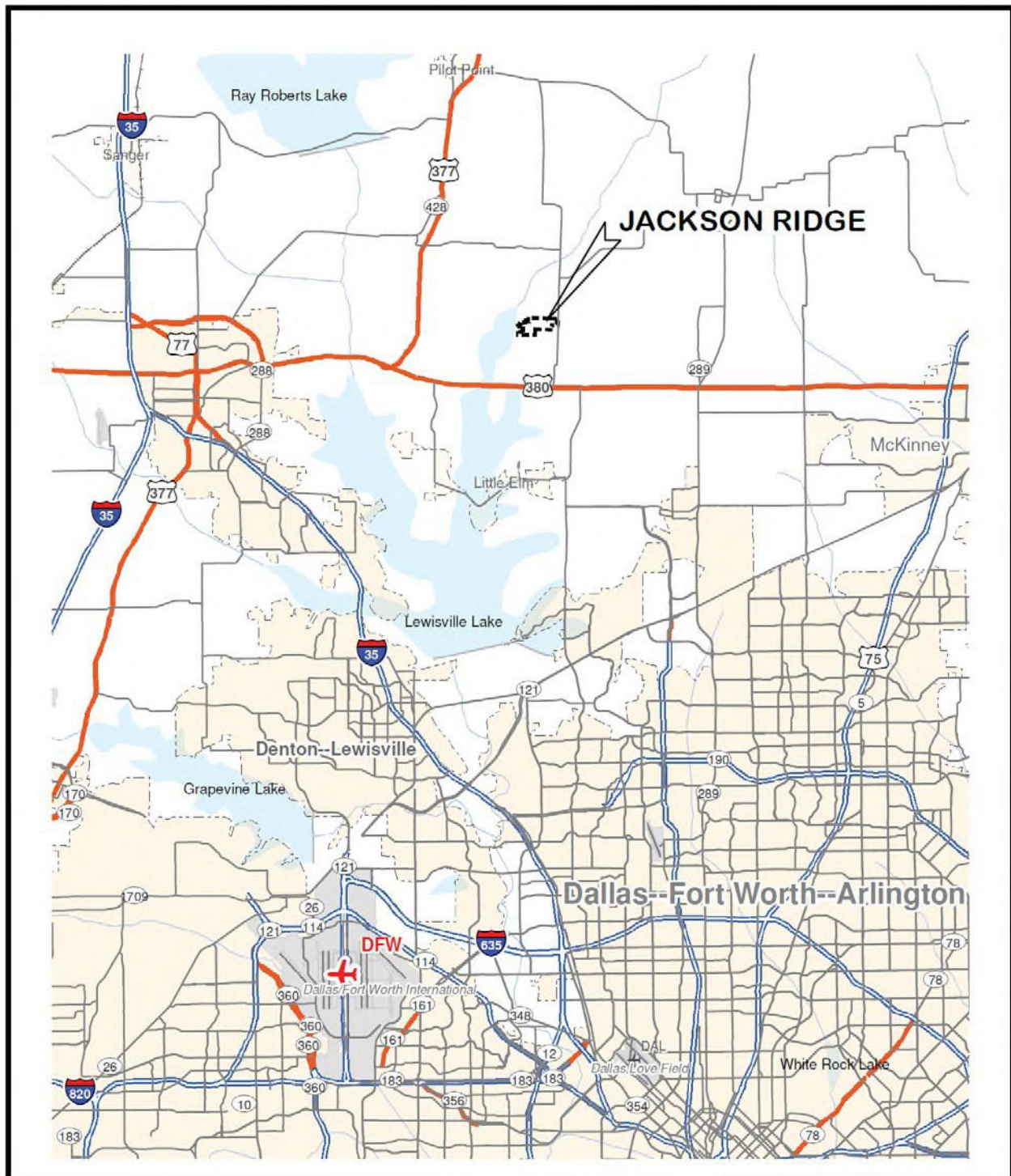
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[jim.sabonis@hilltopsecurities.com](mailto:jim.sabonis@hilltopsecurities.com)

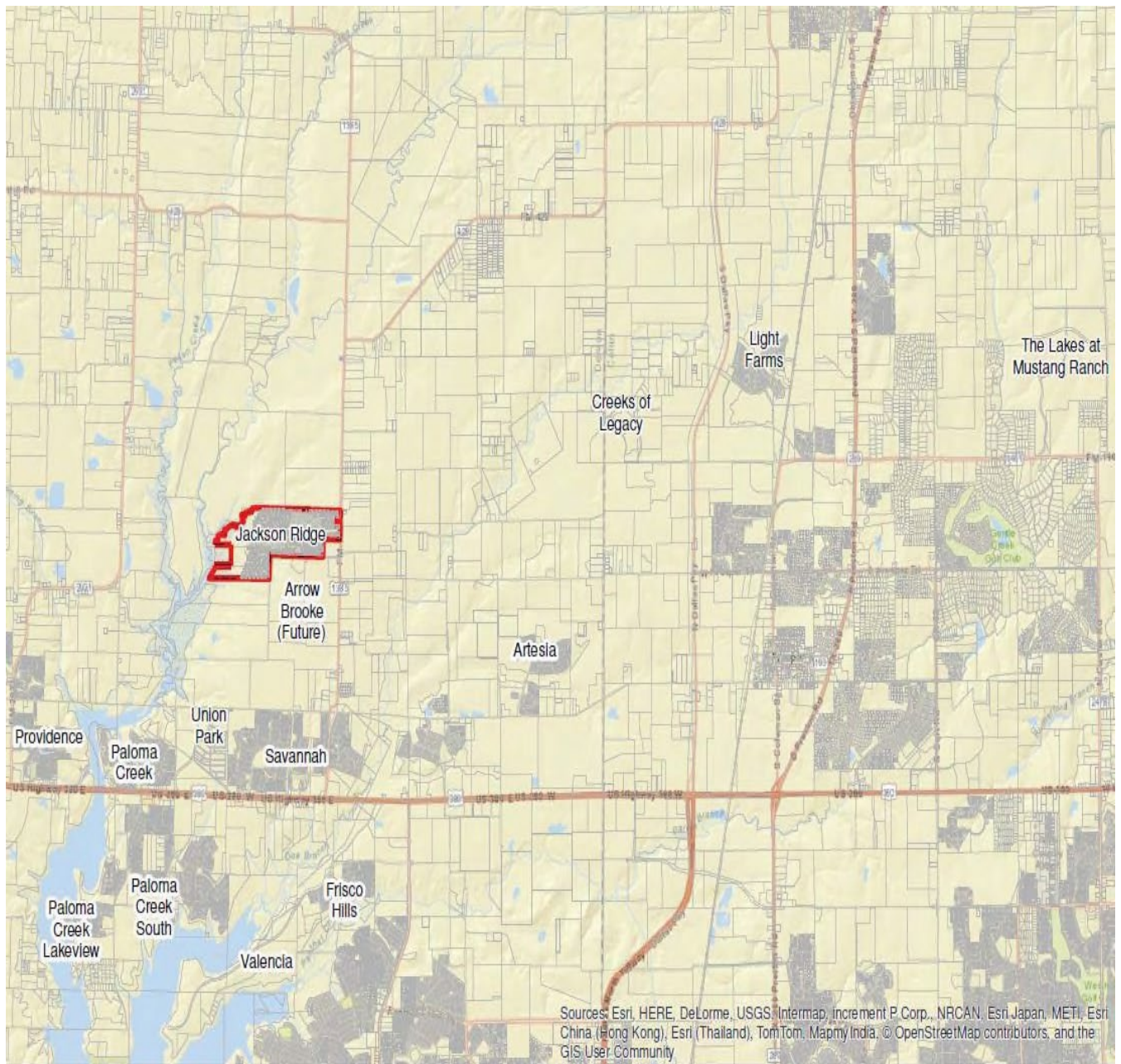
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## REGIONAL LOCATION MAP OF THE DISTRICT

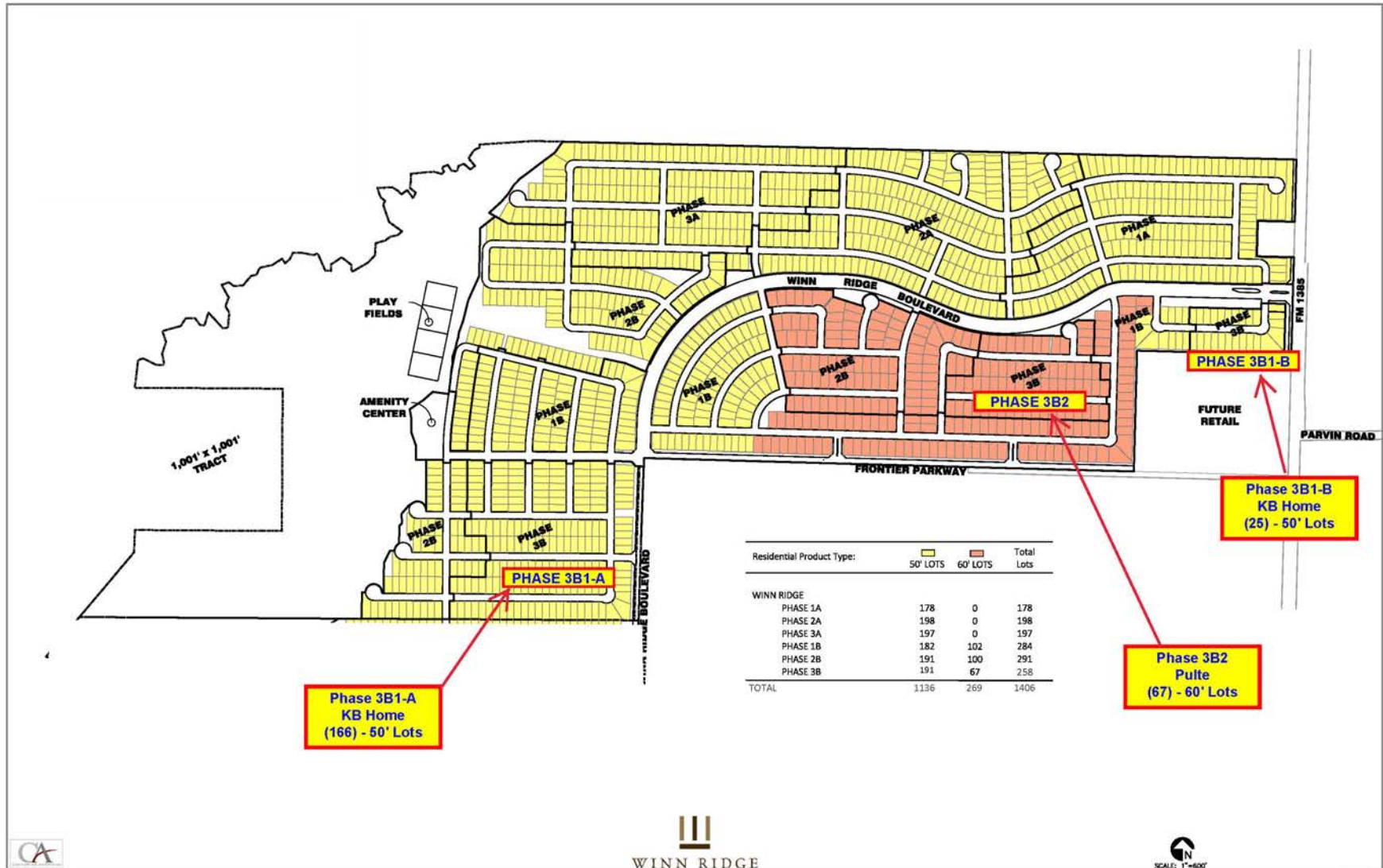




## AREA LOCATION MAP OF THE DISTRICT

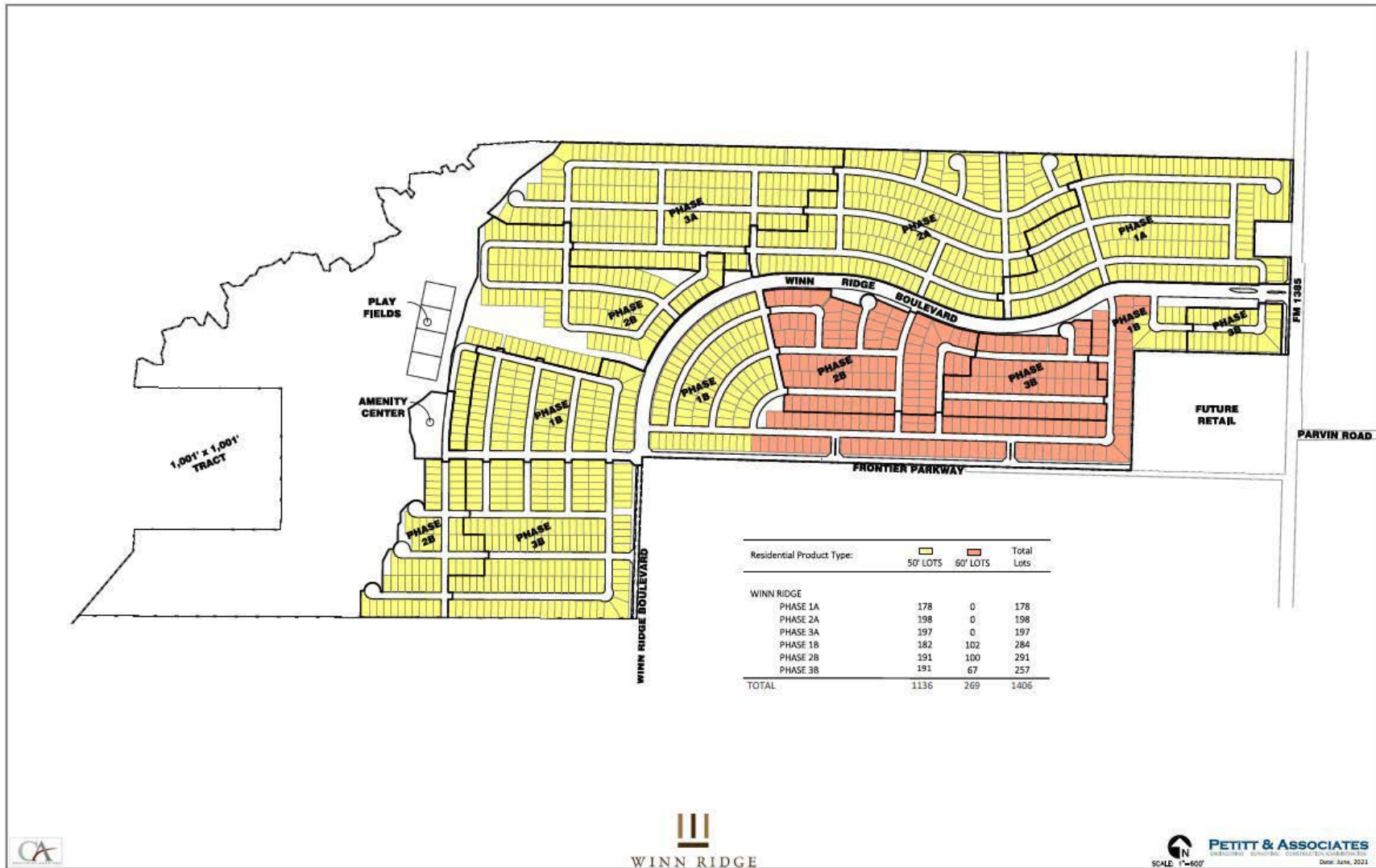


# MAP SHOWING PHASES OF THE DISTRICT AND SUBPHASES OF PHASE #3B





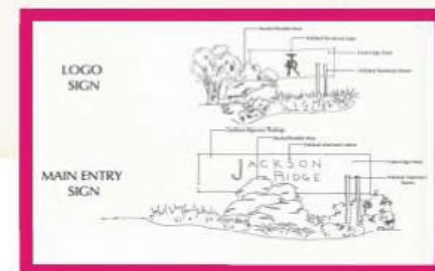
## MAPS SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT<sup>1</sup>



<sup>1</sup> The District is located within the master-planned community known as Winn Ridge.



JACKSON RIDGE





*FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES 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 DEVELOPER 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” HEREIN.

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

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## TABLE OF CONTENTS

INTRODUCTION .....	1	Collection and Enforcement of Assessment Amounts .....	29
PLAN OF FINANCE .....	2	Phase #3B Assessment Amounts .....	30
Development Plan .....	2	Prepayment of Phase #3B Assessments .....	31
Status of Phase #3B Improvements and Lot Contracts .....	2	Mandatory Prepayment .....	32
Prior Bond Financings .....	3	Priority of Lien .....	32
The Bonds .....	3	Foreclosure Proceedings .....	32
LIMITATIONS APPLICABLE TO INITIAL PURCHASERS .....	4	Credits Applied Against Assessments .....	33
DESCRIPTION OF THE BONDS .....	5	THE CITY .....	34
General Description .....	5	Background .....	34
Redemption Provisions .....	5	City Government .....	34
BOOK-ENTRY-ONLY SYSTEM .....	7	THE DISTRICT .....	34
SECURITY FOR THE BONDS .....	10	General .....	34
General .....	10	Powers and Authority of the City .....	34
Pledged Revenues .....	10	THE PHASE #3B IMPROVEMENTS .....	38
Collection and Enforcement of Phase #3B Assessments .....	11	General .....	38
Unconditional Levy of Phase #3B Assessments .....	11	Phase #3B Improvements .....	38
Perfect Security Interest .....	12	Ownership and Maintenance of Phase #3B Improvements .....	40
Pledged Revenue Fund .....	12	THE DEVELOPMENT .....	40
Bond Fund .....	13	Overview .....	40
Project Fund .....	14	Development Plan and Status of Development .....	40
Bond Reserve Account of the Reserve Fund .....	15	Status of Lot and Home Construction in the District .....	41
Delinquency and Prepayment Reserve Account of the Reserve Fund .....	16	Builder Purchase and Sale Agreements in Phase #3B .....	43
Administrative Fund .....	16	Photographs of Development in the District .....	43
Bonds Deemed Paid .....	17	The Development Agreement .....	45
Events of Default .....	17	The Phase #3B Reimbursement Agreement .....	46
Immediate Remedies in Event of Default .....	18	Amenities .....	46
Restriction on Owner's Actions .....	18	The Privately Funded Improvements .....	46
Application of Revenues and Other Moneys after Event of Default .....	19	Zoning/Permitting .....	47
Investment of Funds .....	20	Education .....	47
Against Encumbrances .....	20	Environmental .....	47
Additional Obligations; Other Obligations or Other Liens .....	20	Flood Plain Designation .....	47
SOURCES AND USES OF FUNDS .....	21	Preliminary Geotechnical Exploration .....	48
DEBT SERVICE REQUIREMENTS .....	22	Mineral Rights .....	48
OVERLAPPING TAXES AND DEBT .....	23	Utilities .....	48
Overlapping Taxes Within Phase #3B .....	23	THE DEVELOPER .....	48
Overlapping Debt of Phase #3B .....	27	General .....	49
ASSESSMENT PROCEDURES .....	27	Description of the Developer .....	49
General .....	27	General Development Financing by Centurion .....	52
Assessment Methodology .....	28	History and Financing of the District .....	53
		DEVELOPMENT CONSULTANT .....	54
		Scarborough Lane Development, Inc. ....	54

THE ADMINISTRATOR .....	54	TAX MATTERS .....	67
APPRAISAL OF PROPERTY WITHIN PHASE #3B OF THE DISTRICT .....	55	Tax Exemption .....	67
The Appraisal .....	55	Additional Federal Income Tax Considerations .....	68
BONDHOLDERS' RISKS .....	55	LEGAL MATTERS .....	69
Assessment Limitations .....	56	Legal Proceedings .....	69
Overlapping Phases #2-3 Major Improvement Assessment .....	57	Legal Opinions .....	70
Competition .....	57	Litigation — The City .....	70
Infectious Disease Outbreak .....	58	Litigation — The Developer .....	71
Failure or Inability to Complete Proposed Development .....	59	SUITABILITY FOR INVESTMENT .....	71
Completion of Homes .....	59	ENFORCEABILITY OF REMEDIES .....	71
Absorption Rate .....	59	NO RATING .....	71
Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developer to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Bonds .....	59	CONTINUING DISCLOSURE .....	71
Loss of Tax Exemption .....	60	The City .....	71
Bankruptcy .....	60	The City Compliance with Prior Undertakings .....	72
Direct and Overlapping Indebtedness, Phase #3B Assessments and Taxes .....	60	The Developer .....	72
Depletion of Reserve Fund .....	60	The Developer's Compliance with Prior Undertakings .....	72
Hazardous Substances .....	61	UNDERWRITING .....	72
Risk from Weather Events .....	61	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE .....	73
Regulation .....	61	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS .....	73
Potential Future Changes in State Law Regarding Public Improvement Districts .....	61	INVESTMENTS .....	73
100-Year Flood Plain .....	62	INFORMATION RELATING TO THE TRUSTEE .....	76
Exercise of Mineral Rights .....	62	SOURCES OF INFORMATION .....	76
Bondholders' Remedies and Bankruptcy .....	62	General .....	76
Judicial Foreclosures .....	63	Experts .....	77
No Acceleration .....	64	Updating of Limited Offering Memorandum .....	77
Bankruptcy Limitation to Bondholders' Rights .....	64	FORWARD-LOOKING STATEMENTS .....	77
Tax-Exempt Status of the Bonds .....	64	AUTHORIZATION AND APPROVAL .....	77
Management and Ownership .....	64	APPENDIX A      General Information Regarding the City and Surrounding Area	
General Risks of Real Estate Investment and Development .....	65	APPENDIX B      Form of Indenture	
Use of Appraisal .....	65	APPENDIX C      Form of Service and Assessment Plan	
Developer Principal Financial Relationships and Other Matters Relating to Centurion Affiliates .....	65	APPENDIX D      Form of Opinion of Bond Counsel	
Dependence upon Developer and Homebuilders .....	67	APPENDIX E-1     Form of Disclosure Agreement of the Issuer	
		APPENDIX E-2     Form of Disclosure Agreement of Developer	
		APPENDIX F      Appraisal of Phase #3B of the District	



## **PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$6,310,000\***

**CITY OF AUBREY, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (JACKSON RIDGE PUBLIC  
IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Aubrey, Texas (the “City”), of its \$6,310,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B 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 22, 2022 (the “Bond Ordinance”), and an Indenture of Trust, dated as of September 15, 2022 (the “Indenture”), entered into by and between the City and Wilmington Trust, 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 revenues from special assessments (the “Phase #3B Assessments”) levied against assessable property (the “Phase #3B Assessed Property”) located within Phase #3B (as described below) of the Jackson Ridge Public Improvement District (the “District”) pursuant to a separate ordinance adopted by the City Council on August 11, 2022 (the “Assessment Ordinance”). See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. All capitalized terms used in this Limited Offering Memorandum 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 Phase #3B Improvements (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Development Agreement (as defined herein), the Phase #3B Reimbursement Agreement (as defined herein), CADG Comanche 248, LLC (the “Developer”), and MuniCap, Inc. (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the Service and Assessment Plan appears as APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the

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\* 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**

The District is approximately 421.097 acres and, along with adjacent land (“Winn Ridge South”), is part of the master-planned community known as “Winn Ridge.” The term “Development” is used herein to describe the portion of Winn Ridge consisting of the District. The Development is expected to consist of three phases, two of which have been completed, and the third of which is under development. The development of the major infrastructure to serve the entire District (the “Major Improvements”), the internal infrastructure to serve the initial phase (“Phase #1”) of the District, the internal infrastructure to serve the second phase (“Phase #2”) of the District, (consisting of “Phase #2A” and “Phase #2B”) and the Privately Funded Improvements (as defined herein) have been completed. Lastly, the development will conclude with the development of the third phase (“Phase #3”) of the District (consisting of Phase #3A and Phase #3B). The development of Phase #3A was completed in May 2020. The development of Phase #3B commenced in May 2021 and is expected to be completed in 3Q 2022. When completed, the District is expected to consist of 1,406 lots in a combination of 50’ and 60’ sizes. See “THE DEVELOPMENT — Development Plan and Status of Development.” The boundaries of the District and each of the planned phases are shown in the “MAP SHOWING PHASES OF THE DISTRICT AND SUBPHASES OF PHASE #3B” on page v and “MAPS SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT” on pages vi and vii.

The Developer acquired all of the land within the District through a series of purchases from 2013 through 2015. See “THE DEVELOPER — History and Financing of the District – Purchase of Property Comprising the District.” On July 31, 2015, Pulte Homes of Texas, L.P., a Texas limited partnership (“Pulte”) and the Developer entered into a real estate purchase and sale agreement (as amended, the “Pulte Land Contract”) for the purchase of approximately 113.974 acres within the District, which Pulte has developed into 573 lots within Phase #1A, Phase #2A and Phase #3A (the “Phase A Property”). As a result of this sale and transfer, the Developer remained the owner of approximately 307.123 acres within the District, which the Developer developed into 833 lots within Phase #1B, Phase #2B, Phase #3B (the “Phase B Property”) and certain land outside of the District set aside for the Amenities (as defined herein) and flood plain/open space. See “THE DEVELOPMENT — Builder Purchase and Sale Agreements in Phase #3B” and “— Amenities” herein.

In addition to the internal improvements, pursuant to the Development Agreement and the Landowner Escrow Agreement (as defined herein), the Developer and Pulte agreed to construct certain Privately Funded Improvements (as defined herein) for the benefit of all residents within the District. See “THE DEVELOPMENT — The Privately Funded Improvements” and “— Amenities” herein.

### **Status of Phase #3B Improvements and Lot Contracts**

The Developer began construction of the Phase #3B Improvements in 2Q 2021 and expects the Phase #3B Improvements to be complete by 3Q 2022. Phase #3B, when complete, will consist of 258 single-family lots. The Developer executed Lot Purchase and Sale Agreements with KB Home Lone Star, Inc. (“KB Homes”) and Pulte which Lot Purchase and Sale Agreements provided, inter alia, for the purchase of all 258 lots within Phase #3B Property.

Development of the portion of the Phase #3B Improvements benefitting the 25 lot subphase shown as Phase #3B1-B on the “MAP SHOWING PHASES OF THE DISTRICT AND SUBPHASES OF PHASE #3B” on page v (“Phase #3B1-B”) was completed in August 2022 and the 25 lots are expected to be taken down by KB Homes in late September 2022. Development of the portion of the Phase #3B Improvements benefitting the 67 lot subphase shown as Phase #3B-2 on the “MAP SHOWING PHASES OF THE DISTRICT AND SUBPHASES OF PHASE #3B” on page v (“Phase #3B-2”) is expected to be completed in September 2022 and the 67 lots are expected to be taken down by Pulte in October 2022. Development of the portion of the Phase #3B Improvements benefitting the 166 lot subphase shown as Phase #3B1-A on the “MAP SHOWING PHASES OF THE DISTRICT AND SUBPHASES OF PHASE #3B” on page v (“Phase #3B1-A”) is expected to be completed in October 2022 and the 166 lots are expected to be taken down by KB Homes in November 2022.

As of September 1, 2022, the Developer has expended approximately \$3,045,000 towards the costs of the construction of the Phase #3B Improvements which was funded by the Development Loan.

See “THE PHASE #3B IMPROVEMENTS,” “THE DEVELOPMENT — Development Plan and Status of Development,” “THE DEVELOPMENT — Status of Lot and Home Construction in the District” and “THE DEVELOPMENT — Builder Purchase and Sale Agreements in Phase #3B.”

### **Prior Bond Financings**

To finance the costs of the “Phase #1 Improvements,” which consist of (i) the pro rata portion of certain roadway, water and wastewater improvements that will benefit the entire District (the “Major Improvements”) allocable to Phase #1 and (ii) the internal improvements which only benefit Phase #1, the City previously issued its \$13,460,000 City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phase #1 Project) (the “Phase #1 Bonds”). The current outstanding principal amount of the Phase #1 Bonds is \$12,130,000. The Phase #1 Bonds are secured by assessments on assessable property in Phase #1 of the District (“Phase #1 Assessments”). **The Phase #1 Assessments are not security for the Bonds.**

To finance the costs of the “Phases #2-3 Major Improvements,” which consist of the pro rata portion of the Major Improvements allocable to Phases #2-3, the City previously issued its \$10,255,000 City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Project) (the “Phases #2-3 Major Improvement Bonds”). The current outstanding principal amount of the Phases #2-3 Major Improvement Bonds is \$8,645,000. The Phases #2-3 Major Improvement Bonds are secured by assessments on assessable property in Phases #2-3 of the District (the “Phases #2-3 Major Improvement Assessments”). Additionally, the indenture relating to the Phases #2-3 Major Improvement Bonds contained certain conditions that the City has required to be met before issuing bonds for Phase #3B of the District (the “Bonds Test”). The City has confirmed that the requirements of the Bonds Test have been met. **The Phases #2-3 Major Improvement Assessments are not security for the Bonds.**

To finance the costs of the “Phase #2 Improvements,” which consist of the internal improvements which only benefit Phase #2, the City previously issued its \$9,425,000 City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #2 Project) (the “Phase #2 Bonds”). The current outstanding principal amount of the Phase #2 Bonds is \$8,950,000. The Phase #2 Bonds are secured by assessments on assessable property in Phase #2 of the District (“Phase #2 Assessments”). **The Phase #2 Assessments are not security for the Bonds.**

To finance the costs of the “Phase #3A Improvements,” which consist of the internal improvements which only benefit Phase #3A, the City previously issued its \$3,644,000 City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2021 (Jackson Ridge Public Improvement District Phase #3A Project) (the “Phase #3A Bonds”). The current outstanding principal amount of the Phase #3A Bonds is \$3,542,000. The Phase #3A Bonds are secured by assessments on assessable property in Phase #3A of the District (“Phase #3A Assessments”). **The Phase #3A Assessments are not security for the Bonds.**

### **The Bonds**

Proceeds of the Bonds will be used primarily to finance (i) paying or reimbursing a portion of the Phase #3B Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds. See “THE PHASE #3B IMPROVEMENTS,” “APPENDIX B — Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues (as defined herein) and other funds comprising the Trust Estate, consisting primarily of Phase #3B Assessments to be levied against the Phase #3B Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.” **The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the**

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

#### **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

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

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute the investment letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Authorized 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 by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for



- the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
  - 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter, will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing March 1, 2023 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, 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”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### **Redemption Provisions**

*Optional Redemption.* The City reserves the option to redeem Bonds maturing on or after September 1, 20\_\_ in whole or any part, before their respective scheduled maturity dates, on September 1, 20\_\_, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

*Extraordinary Optional Redemption.* Notwithstanding any provision in the 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, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 or any other transfers to the Redemption Fund under the terms of the Indenture, including from transfers of Foreclosure Proceeds and transfers from the Project Fund and transfers as described under “SECURITY FOR THE BONDS – Pledged Revenue Fund” and “– Project Fund.” The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the Indenture unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Bonds. See “ASSESSMENT PROCEDURES — Prepayment of Phase #3B Assessments” for the definition and description of Prepayments.

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**Mandatory Sinking Fund Redemption.** The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**\$                      Term Bonds due September 1, 20**

<b><u>Redemption Date</u></b>	<b><u>Principal Amount</u></b>
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__†	

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† Stated maturity.

**\$                      Term Bonds due September 1, 20**

<b><u>Redemption Date</u></b>	<b><u>Principal Amount</u></b>
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__†	

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† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of the Term Bonds required to be redeemed on any redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

**Partial Redemption.** If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond. If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to the Indenture, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

A portion of a single Bond of an Authorized Denomination may be redeemed, but only in a principal amount equal to \$1,000 or any integral thereof. The Trustee shall treat each \$1,000 portion of such Bond as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Upon surrender of any Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the 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. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice given as provided shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to the Indenture, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Payment Upon Redemption. 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. Upon presentation and surrender of any Bond called for redemption at the designated corporate trust 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.

Effect of Redemption. Notice of redemption having been given as provided in, and not otherwise rescinded as provided by 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 or the principal of and interest on such Bonds, as applicable, 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.

## **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 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 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 Direct and Indirect 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 Direct and Indirect 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 Direct and Indirect 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 Direct and Indirect Participants.

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

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

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

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

## **SECURITY FOR THE BONDS**

### **General**

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

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Phase #3B Assessments levied against the assessable parcels or lots within Phase #3B of the District 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, which was adopted by the City on November 17, 2015, was then updated on September 26, 2017 and August 28, 2018, amended and restated on March 21, 2017, further updated on October 23, 2018 and July 28, 2020, and amended and restated on July 27, 2021 and August 11, 2022 and is expected to be further updated on September 22, 2022, to reflect the issuance of the Bonds (collectively the "Service and Assessment Plan").

The Service and Assessment Plan describes the special benefit received by the property within the District, including Phase #3B, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of assessments, including the Phase #3B Assessments pursuant to the Phase #3B Assessment Roll, 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 herein) of Phase #3B Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Phase #3B Improvements by levying Phase #3B Assessments upon in the Phase #3B Assessed Property of the District benefitted thereby. For a description of the assessment methodology and the amounts of assessments anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

Pursuant to the Indenture, the following terms are assigned the following meanings:

"Pledged Revenues" are the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs), (ii) the moneys held in any

of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Annual Installments” are, collectively, with respect to each Phase #3B Assessed Property, each annual payment of the Phase #3B Assessments as shown on the Phase #3B Assessment Roll and related to the Bonds and the Phase #3B Improvements, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account, as described in the Indenture.

“Additional Interest” is the 0.50% additional interest charged on the Phase #3B Assessments pursuant to Section 372.018 of the PID Act. In the Indenture, the City covenants that it will take all actions permissible under Applicable Laws to cause the Phase #3B Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

The PID Act provides that the Phase #3B Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Phase #3B Assessment Lien”) against the property assessed, superior to all other liens or claims, except liens and claims by the State, counties, school districts, or municipalities 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 Phase #3B Assessment Lien is effective from the date of the Assessment Ordinance until the Phase #3B 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 Phase #3B Assessments**

For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Phase #3B 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 Phase #3B Assessments.

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Phase #3B Assessment or the corresponding Phase #3B Assessed Property.

#### **Unconditional Levy of Phase #3B Assessments**

On August 11, 2022, the City levied the Phase #3B Assessments on the property within Phase #3B of the District and such Phase #3B Assessments shall 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 Phase #3B Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Phase #3B 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 Phase #3B Assessments. Pursuant to the Assessment Ordinance, upon the issuance of Bonds, interest on the Phase #3B Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest 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 Phase #3B Assessment, shall be calculated on or before September 1 and shall be due when billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due on or about October 1, 2023 and will be delinquent if not paid prior to February 1, 2024.

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, a Phase #3B Assessment to pay the annual costs incurred by the City in the administration and operation of Phase #3B of the District. The portion of each Annual Installment of a Phase #3B Assessment used to pay such annual administrative 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 Phase #3B Assessments to pay annual Administrative Expenses shall be due in the manner set forth in the Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. The portion of the Phase #3B Assessments to pay Administrative Expenses does not secure repayment of the Bonds and does not constitute Pledged Revenues for payment of the Bonds.

There will be no discount for the early payment of Phase #3B Assessments.

The Phase #3B Assessment Lien for Phase #3B Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and will remain in place until the Phase #3B Assessments are paid or until all Bonds are finally 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.

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Phase #3B 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.

### **Perfected Security Interest**

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues and such pledge is valid, effective, and perfected. In the Indenture, the City covenants that should State law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of such revenues 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**

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2023, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, which shall be deposited pursuant to the Indenture) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year,

(ii) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement,

(iii) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement, and

(iv) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iii) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture.

The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to the Indenture as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (i), (ii) and (iii) above.

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

Notwithstanding the paragraphs above: (i) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth above and as otherwise directed by the Indenture; (ii) 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; and (iii) 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 Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Phase #3B Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Administrative Expenses (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Phase #3B Assessments for any lawful purposes permitted by the PID Act for which Phase #3B Assessments may be paid.

Phase #3B Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Phase #3B Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Phase #3B Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

## **Bond Fund**

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the paragraph above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. 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 (\$)
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Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the Indenture shall be transferred, at the direction of the City, to the Phase #3B Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem the Bonds and the Capitalized Interest Account shall be closed.

### **Project Fund**

Money on deposit in the Phase #3B Improvement Account, and Costs of Issuance Account of the Project Fund shall be used for the purposes 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 or pursuant to a closing memorandum drafted by the City's financial advisor prior to closing on the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request.

Except as otherwise provided in the Indenture, money on deposit in the Phase #3B Improvement Account of the Project Fund, shall be used solely to pay the costs of the Phase #3B Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Phase #3B Improvement Costs, the Trustee shall make payment from the Phase #3B Improvement Account of the Project Fund. Except as otherwise provided in the Indenture, money on deposit in the Phase #3B Improvement Account shall be used solely to pay the Phase #3B Improvement Costs as set forth in the applicable Certificate for Payment.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phase #3B Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Phase #3B Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phase #3B Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Phase #3B Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Phase #3B Improvement Account 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. In making a determination, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Phase #3B Improvements have been completed and that all Phase #3B Improvements Costs have been paid, or that any such costs are not required to be paid from the Phase #3B Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Phase #3B Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Phase #3B Improvement Account of the Project Fund. Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the 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.



### **Bond Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. Pursuant to the Indenture, the "Bond 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 the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the date of issuance; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated and adjusted for compliance with the above upon (a) any transfers made pursuant to the terms of the Indenture, (b) an optional redemption pursuant to the terms of the Indenture, (c) an extraordinary optional redemption pursuant to the terms of the Indenture or (d) at any time as determined by the City in compliance with applicable federal tax regulations.

The City agrees with the Owners of the Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to the subsequent paragraph below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due. Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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

If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account 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.

Whenever Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage 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 on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account 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.

The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund and subsequently used for the payment of operating costs directly relating to the Phase #3B Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

### **Delinquency and Prepayment Reserve Account of the Reserve Fund**

Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Administrative Expenses, or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to the Indenture.

### **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 Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs to be deposited pursuant to the Indenture.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered pursuant to the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs.

**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 in the Indenture, (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 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, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on 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 (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. 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. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

**Events of Default**

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Phase #3B 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; 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 aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

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

Upon the happening and continuance of any of the Events of Default described above, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may 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 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 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 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 Applicable Laws and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

### **Restriction on Owner's Actions**

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 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

granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers 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 a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

In case the Trustee or any registered owners of Bonds 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 registered owners of Bonds, then and in every such case the City, the Trustee and the registered owners of Bonds shall be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

#### **Application of Revenues and Other Moneys after Event of Default**

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, 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.

In the event funds are not adequate to cure an Event of Default, the available funds will 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.

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 registered owners of Bonds.

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

## **Investment of Funds**

Money in any Fund 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) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, 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 set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30. 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 investments 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. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

## **Against Encumbrances**

The City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, other than that specified in the Indenture, 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 evidences of indebtedness other than the Bonds or refunding bonds issued to refund the Bonds secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

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

The City reserves the right, subject to the provisions contained in 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.

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

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, 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 Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in the Indenture 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 adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

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## 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 Phase #3B Improvement Account of the Project Fund	\$
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Administrative Fund	
Underwriter's Discount <sup>(1)</sup>	
Total Uses	\$

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

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## DEBT SERVICE REQUIREMENTS

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

<b>Year Ending (September 1)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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			
2052			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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## **OVERLAPPING TAXES AND DEBT**

The land within Phase #3B 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 Phase #3B Assessments. In addition to the Phase #3B Assessments, the City levied the Phases #2-3 Major Improvement Assessments, on assessable property within Phases #2-3 of the District, which includes Phase #3B of the District, pursuant to a separate assessment ordinance previously adopted by the City Council to finance the costs of the Phases #2-3 Major Improvements.

### **Overlapping Taxes Within Phase #3B**

In addition to the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments, described above, each lot owner in Phase #3B of the District will pay a maintenance and operation fee and a property owner's association fee to the Winn Ridge Homeowner's Association (the "HOA"), which was formed on March 27, 2017. In addition to the City, Denton County and the Denton Independent School District may each levy ad valorem taxes upon land in Phase #3B 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. Phase #3B of the District is located within the corporate boundaries of the City and entirely within Denton County.

The following table reflects the overlapping ad valorem tax rates currently levied on property located in Phase #3B of the District.

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### OVERLAPPING TAXES WITHIN PHASE #3B<sup>(1)</sup>

<u>Taxing Entity</u>	<i>Projected Build Out Tax Year 2022 Ad Valorem Tax Rate<sup>(1)</sup></i>
The City	\$0.464928
Denton County	\$0.217543
Denton Independent School District	<u>\$1.344600</u>
Total Current Tax Rate	\$2.027071
Estimated Average Annual Installment of Phase #3B Assessment in Phase #3B of the District as a Tax Rate Equivalent <sup>(2)</sup>	\$0.745695
Estimated Gross Average Annual Installment of Phases #2-3 Major Improvement Assessment in Phase #3B of the District as a Tax Rate Equivalent <sup>(3)</sup>	<u>\$0.339905</u>
<b>Estimated Total Gross Tax Rate and Average Annual Installment in Phase #3B of the District as a Tax Rate Equivalent</b>	<b><u>\$3.112671</u></b>
Projected TIRZ Credit applicable to Phases #2-3 Major Improvement Assessment in Phase #3B of the District as a Tax Rate Equivalent (2022-2040) <sup>(4)</sup>	<u>(\$0.210147)</u>
<b>Estimated Total Tax Rate and Average Annual Installment in Phase #3B of the District after Projected TIRZ Credit as a Tax Rate Equivalent</b>	<b><u>\$2.902523</u></b>
Projected MSUD Contract Revenue Credit applicable to Phases #2-3 Major Improvement Assessment in Phase #3B of the District as a Tax Rate Equivalent (2022-2040) <sup>(5)</sup>	<u>(\$0.067840)</u>
<b>Estimated Net Average Annual Installments in Phase #3B of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent</b>	\$0.807612
<b>Estimated Total Net Tax Rate and Average Annual Installment in Phase #3B of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent</b>	<b><u>\$2.834683</u></b>

(1) Illustrative.

(2) Derived from information provided by the Developer. Value at build out assumed to be \$81,420,000 assuming 67 homes at \$360,000 and assuming 191 homes at \$300,000. The average Annual Installment for the Phase #3B Assessments is approximately \$605,435.73 from fiscal year 2024 through fiscal year 2045. This amount is inclusive of projected Annual Installments for prepayment and delinquency reserves and Administrative Expenses.

(3) Derived from information presented in the Service and Assessment Plan. Phase #3B represents 225.53 equivalent units from a total of 811.91 equivalent units within Phases #2-3, which represents 28.78% of the Phases #2-3 Major Improvement Area. Value of Phases #2-3 at build out assumed to be \$293,220,000 assuming 167 homes at \$360,000 and 777 homes at \$300,000 (updated estimate as provided by the Developer). The average net annual installments for Phases #2-3 is approximately \$101,612.19 from fiscal year 2022 through fiscal year 2040. The average net annual installments for Phases #2-3 allocable to Phase #3B is approximately \$28,225.54 (101,612.19 \* 28.78%) from fiscal year 2022 through fiscal year 2040. This amount is net of the projected average MSUD Credit and projected average TIRZ credit for lots within Phase #3B and inclusive of projected annual installments for prepayment and delinquency reserves and administrative expenses. See "THE DEVELOPMENT – Development Plan and Status of Development" below.

(4) Derived from information in the Service and Assessment Plan. The annual installment of the Phases #2-3 Major Improvement Assessments is calculated by taking into consideration any applicable TIRZ Credit (as defined herein). As per the TIRZ Plan (as defined herein), the TIRZ Credit shall be calculated at the City's total tax rate times 45.20% per \$100 in value for the payment of Major Improvements only. The Annual Installments of Phase #3B Assessments applicable to the Phase #3B Assessed Property will not be reduced by the TIRZ Credit.

(5) Derived from information in the Service and Assessment Plan. The annual installment of the Phases #2-3 Major Improvement Assessments is calculated by taking into consideration any MSUD Contract Revenue Credit (as defined herein). The average annual MSUD Contract Revenue Credit attributable to Phase #3B is approximately \$0.0678 from fiscal year 2023 through fiscal year 2040. See "ASSESSMENT PROCEDURES – Phases #2-3 Major Improvement Assessments" herein. The Annual Installments of Phase #3B Assessments applicable to the Phase #3B Assessed Property will not be reduced by the MSUD Contract Revenue Credit.

Sources: Denton County Tax Office, the TIRZ Plan and the Service and Assessment Plan.

The following tables are a compilation of the estimated aforementioned annual taxes, special assessments and fees for the Lots within Phase #3B.

**ESTIMATED SAMPLE TAX STATEMENT FOR PHASE #3B <sup>(1)</sup>**

Taxing Entity	Tax Year 2022 Ad Valorem Tax Rate (50') <sup>(2)</sup>	Estimated \$300,000 50' Home Tax Bill	Tax Year 2022 Ad Valorem Tax Rate (60') <sup>(2)</sup>	Estimated \$360,000 60' Home Tax Bill
The City	\$0.464928	\$1,394.78	\$0.464928	\$1,673.74
Denton County	\$0.217543	\$652.63	\$0.217543	\$783.15
Denton Independent School District	<u>\$1.344600</u>	<u>\$4,033.80</u>	<u>\$1.344600</u>	<u>\$4,840.56</u>
Total Current Tax Rate	\$2.027071	\$6,081.21	\$2.027071	\$7,297.46
Estimated Average Annual Installment of Phase #3B Assessment in Phase #3B of the District <sup>(3)</sup>	\$0.742712	\$2,228.14	\$0.745695	\$2,684.50
Estimated Gross Average Annual Installment of Phases #2-3 Major Improvement Assessment in Phase #3B of the District <sup>(3)</sup>	<u>\$0.339905</u>	<u>\$1,019.71</u>	<u>\$0.339905</u>	<u>\$1,223.66</u>
<b>Estimated Total Gross Tax Rate and Average Annual Installment in Phase #3B of the District</b>	<b><u>\$3.109688</u></b>	<b><u>\$9,329.06</u></b>	<b><u>\$3.112671</u></b>	<b><u>\$11,205.61</u></b>
Projected TIRZ Credit applicable to Phases #2-3 Major Improvement Assessment in Phase #3B of the District (2022-2040) <sup>(3)</sup>	<u>(\$0.210147)</u>	<u>(\$630.44)</u>	<u>(\$0.210147)</u>	<u>(\$756.53)</u>
<b>Estimated Total Tax Rate and Average Annual Installment in Phase #3B of the District after Projected TIRZ Credit</b>	<b><u>\$2.899540</u></b>	<b><u>\$8,698.62</u></b>	<b><u>\$2.902523</u></b>	<b><u>\$10,449.08</u></b>
Projected MSUD Contract Revenue Credit applicable to Phases #2-3 Major Improvement Assessment in Phase #3B of the District (2022- 2040) <sup>(3)</sup>	<u>(\$0.067840)</u>	<u>(\$203.52)</u>	<u>(\$0.067840)</u>	<u>(\$244.22)</u>
<b>Estimated Total Net Tax Rate and Average Annual Installment in Phase #3B of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit</b>	<b><u>\$2.831700</u></b>	<b><u>\$8,495.10</u></b>	<b><u>\$2.834683</u></b>	<b><u>\$10,204.86</u></b>

<sup>(1)</sup> Illustrative.

<sup>(2)</sup> 2022 tax rates as reported by the taxing entities. Per \$100 in value.

<sup>(3)</sup> Derived from information presented in the Amended and Restated Service and Assessment Plan. See "OVERLAPPING TAXES WITHIN PHASE #3B" table above for additional information.

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**ESTIMATED TAXES, ASSESSMENTS AND FEES BY LOT TYPE WITHIN PHASE #3B<sup>(1)</sup>**

<u>Lot Type</u>	<u>Estimated Property Taxes<sup>(2)</sup></u>	<u>Estimated HOA Fee</u>	<u>Phases #2 - 3 Major Improvements Annual Installment<sup>(3)</sup></u>	<u>Annual Installment<sup>(4)</sup></u>	<u>Total</u>
60'	\$7,297.46	\$540.00	\$222.90	\$2,684.50	\$10,744.86
50'	\$6,081.21	\$540.00	\$185.75	\$2,228.14	\$9,035.10

<sup>(1)</sup> Illustrative.

<sup>(2)</sup> Estimated property taxes are based on an estimated value of \$300,000 for a 50' lot and \$360,000 for a 60' lot, as provided by the Developer.

<sup>(3)</sup> Derived from information in the Amended and Restated Service and Assessment Plan. Phases #2-3 Annual Installment is net of the projected TIRZ Credit and MSUD Contract Revenue Credit. See "ASSESSMENT PROCEDURES – Phases #3B Assessment Amounts" herein.

<sup>(4)</sup> Derived from information in the Amended and Restated Service and Assessment Plan.

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## Overlapping Debt of Phase #3B

As noted above, Phase #3B of the District includes 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 Phase #3B of the District and City debt to be secured by the Phase #3B Assessments:

### Overlapping Debt within Phase #3B

Taxing or Assessing Entity	Total Outstanding Debt as of September 1, 2022	Estimated % Applicable <sup>(1)</sup>	Estimated Overlapping Debt <sup>(1)</sup>
The City (The Bonds)	\$ 6,310,000 <sup>(2)</sup>	100.000%	\$ 6,310,000 <sup>(2)</sup>
The City (Phases #2-3 MI Bonds) <sup>(3)</sup>	\$ 8,645,000	27.778%	\$ 2,401,383 <sup>(3)</sup>
The City (Ad Valorem Taxes) <sup>(4)</sup>	\$ 19,104,000	2.394%	\$ 457,295
Denton County	\$ 559,930,000	0.013%	\$ 72,135
Denton Independent School District	\$ <u>1,268,695,283</u>	0.068%	\$ <u>861,587</u>
<b>Total</b>	\$ <u>1,856,440,666</u>		\$ <u>10,102,400</u>

(1) The overlapping percentage for the Bonds is based on the number of equivalent units as shown in the Service and Assessment Plan. The overlapping percentage for the City, the County and Denton Independent School District is based on the value of finished lots as provided in the Appraisal and on the Tax Year 2022 Net Taxable Assessed Valuation for the taxing entities. See "APPRAISAL OF PROPERTY WITHIN PHASE #3B OF THE DISTRICT."

(2) Preliminary; subject to change.

(3) Represents Phase #3B's applicable share of the Phases #2-3 Major Improvement Assessments.

(4) Includes the City's \$10,490,000 Certificates of Obligation, Series 2022 expected to be delivered on September 22, 2022.

Sources: Denton Central Appraisal District, the Service and Assessment Plan and Municipal Advisory Council of Texas.

## ASSESSMENT PROCEDURES

### General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Phase #3B Improvements through Phase #3B Assessments, it must adopt a resolution generally describing the Phase #3B Improvements and the land within Phase #3B of the District to be subject to Phase #3B Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Phase #3B Assessment Roll"), which Phase #3B Assessment Roll shows the land within Phase #3B assessed, the amount of the benefit to and the Phase #3B Assessment against each lot or parcel of land and the number of Annual Installments in which the Phase #3B Assessment is divided. The Phase #3B Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phase #3B Improvements and funding the same with Phase #3B Assessments. The City levied the Phase #3B Assessments and adopted the Assessment Ordinance on August 11, 2022. Accordingly, the Phase #3B Assessments became legal, valid and binding liens upon the property against which the Phase #3B Assessments were made as of August 11, 2022.

Under the PID Act, the costs of Phase #3B Improvements may be assessed by the City against the assessable property in Phase #3B of the District so long as the special benefit conferred upon the assessed property by the Phase #3B Improvements equals or exceeds the Phase #3B Assessments. The costs of the Phase #3B 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 Phase #3B of the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Service and Assessment Plan."

## Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Phase #3B Improvements, provides the basis and justification for the determination that such special benefit exceeds the Phase #3B Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Phase #3B Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Phase #3B Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Phase #3B Assessments.

As further set forth in the Service and Assessment Plan, the benefits received by the Phase #3B Improvements are currently spread among the existing parcels in Phase #3B of the District (the “Phase #3B Assessed Property”) based on the ratio (or Equivalent Unit Factor) of the Equivalent Units expected to be built on each Phase #3B Assessed Property to the estimated number of Equivalent Units for all Parcels or Lots within Phase #3B of the District. As the existing parcels are subsequently divided, the Phase #3B Assessments will be further apportioned pro rata based on the Equivalent Units of the newly created parcels. “Equivalent Units” means, as to any parcel, the number of dwelling units by lot type expected to be built on the parcel multiplied by the factors shown below.

### ESTIMATED PHASE #3B ASSESSMENT VALUE TO LIEN RATIOS<sup>(1)</sup>

Lot Type	Number of Lots <sup>(2)</sup>	Estimated Base Lot Price <sup>(3)</sup>	Average Unit Value <sup>(4)</sup>	Assessment per Lot <sup>(5)</sup>	Estimated Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value to Unit Price to Assessment
50'	191	\$40,250	\$300,000	\$23,222.19	1.73	12.92
60'	67	\$47,000	\$360,000	\$27,978.54	1.68	12.87

<sup>(1)</sup> Preliminary; subject to change.

<sup>(2)</sup> Based on the final plat of Phase #3B. Derived from information in the Service and Assessment Plan.

<sup>(3)</sup> Estimated base lot prices provided by Developer. See “THE DEVELOPMENT — Status of Lot and Home Construction in the District.”

<sup>(4)</sup> For purposes of the SAP, the average Unit value is \$300,000 for 50's and \$360,000 for 60's. Such value may differ from estimated values of homes provided by the Developer. See “THE DEVELOPMENT – Status of Lot and Home Construction in the District.”

<sup>(5)</sup> Derived from information in the Service and Assessment Plan. This Assessment only includes the Phase #3B Assessments and does not include the Phases #2-3 Major Improvement Assessments.

The following table reflects the Phase #3B Assessments allocable to the payment of Bonds and the Phases 2-3 Major Improvement Assessments allocable to Phase #3B levied and collected per Unit.

### ESTIMATED PHASE #3B ASSESSMENT AND PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENT VALUE TO LIEN RATIOS<sup>(1)</sup>

Lot Type	Number of Lots <sup>(2)</sup>	Estimated Base Lot Price <sup>(3)</sup>	Average Unit Value <sup>(4)</sup>	Assessment per Lot <sup>(5)</sup>	Estimated Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value to Unit Price to Assessment
50'	191	\$40,250	\$300,000	\$32,059.81	1.26	9.36
60'	67	\$47,000	\$360,000	\$38,626.27	1.22	9.32

<sup>(1)</sup> Preliminary; subject to change.

<sup>(2)</sup> Based on the final plat of Phase #3B. Derived from information in the Service and Assessment Plan.

<sup>(3)</sup> Estimated base lot prices provided by Developer. See “THE DEVELOPMENT — Status of Lot and Home Construction in the District.”

<sup>(4)</sup> For purposes of the SAP, the average Unit value is \$300,000 for 50's and \$360,000 for 60's. Such value may differ from estimated values of homes provided by the Developer. See “THE DEVELOPMENT – Status of Lot and Home Construction in the District.”

<sup>(5)</sup> Derived from information in the Service and Assessment Plan. Reflects the outstanding Assessment balance per Lot following the September 1, 2022 principal payment for the Phases #2-3 Major Improvement Bonds.

The City has determined that such method of allocation will result in the imposition of equal shares of the Phase #3B Assessments on parcels similarly situated within the District. The Phase #3B Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within the District and all future owners and within the District. See “APPENDIX C — Form of Service and Assessment Plan.”

### **Collection and Enforcement of Assessment Amounts**

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as regular ad valorem taxes of the City. The Phase #3B 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 Phase #3B Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Phase #3B Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipal ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

In the Indenture, the City covenants to collect, or cause to be collected, Phase #3B Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Phase #3B Assessment Roll and a calculation of the Annual Installment for each Parcel. Phase #3B Assessments for Administrative Expenses shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City covenants, agrees and warrants that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Phase #3B 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 Phase #3B Assessments.

To the extent permitted by law and to the extent possible, 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 April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Phase #3B Assessment or the corresponding Assessed Parcel.

The City will, to the extent practicable, implement the basic timeline and procedures for Phase #3B Assessment collections and pursuit of delinquencies set forth in Exhibit C of the Disclosure Agreement of the Issuer set forth in APPENDIX E-1 and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Phase #3B Assessments.

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

Annual Installments will be paid to the City or its agent. Annual Installments are due on October 1 of each year, and become delinquent on February 1 of the following year. In the event Phase #3B 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 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Phase #3B Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

### **Phase #3B Assessment Amounts**

Phase #3B Assessment Amounts. The maximum amounts of the Phase #3B Assessments have been established by the methodology described in the Service and Assessment Plan. The Phase #3B Assessment Roll as updated to reflect the issuance of the Bonds, shall set forth for each year the Annual Installment for each Parcel consisting of (i) the Phase #3B Assessments for each Parcel, (ii) interest on the Phase #3B Assessments (including the 0.5% additional interest amount to be collected for the prepayment and delinquency reserve and (iii) the component of the Annual Installment allocable to Administrative Expenses. The Annual Installments for Phase #3B may not exceed the amounts shown on the Phase #3B Assessment Roll. The Phase #3B Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Phase #3B Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

The Annual Installments shown on the Phase #3B Assessment Roll will be reduced to equal the actual costs of repaying the 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. If the total annual installments collected from an Assessed Property within Phase #3B in a given year are less than the combined Annual Installments of Phase #3B Assessments and annual installments of Phases #2-3 Major Improvement Assessments due from such Assessed Property for that year, then the annual installments collected will be allocated between the Annual Installments of Phase #3B Assessments and the annual installments of Phases #2-3 Major Improvement Assessments based on the ratio of the total Annual Installments of Phase #3B Assessments and the total annual installments of Phases #2-3 Major Improvement Assessments due from such Assessed Property for that year.

Method of Apportionment of Phase #3B Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Phase #3B Assessments shall be initially allocated to the Assessed Property based on the ratio (or Equivalent Unit Factor) of the Equivalent Units of each parcel to the total Equivalent Units within the District. As the existing parcels are subsequently divided, the Phase #3B Assessments will be further apportioned pro rata based on the Equivalent Units of the newly created parcels. See "APPENDIX C — Form of Service and Assessment Plan." See "ASSESSMENT PROCEDURES — Assessment Methodology."

The Phase #3B Assessment per 50' Lot with respect to the Bonds is \$23,222.19\* and the Phase #3B Assessment per 60' Lot with respect to the Bonds is \$27,978.54\*. See "ASSESSMENT PROCEDURES — Assessment Methodology." The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the

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\* Preliminary; subject to change.

Phase #3B Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Form of Service and Assessment Plan.”

The following tables provide information about the Annual Installment as an equivalent tax rate per Unit and the annual installments of the Phases #2-3 Major Improvement Assessments allocable to Phase #3B as an equivalent tax rate per Unit.

**Average Annual Installments and Estimated Equivalent Tax Rate – Phase #3B<sup>(1)</sup>**

Lot Type	Number of Lots <sup>(2)</sup>	Phase #3B Assessment per Lot <sup>(3)</sup>	Total Phase #3B Assessment <sup>(3)</sup>	Average Annual Installment per Lot <sup>(5)</sup>	Equivalent Tax Rate per \$100 Assessed Value <sup>(4)(5)</sup>
50'	191	\$23,222.19	\$4,435,438	\$2,228.14	\$0.742712
60'	67	\$27,978.54	\$1,874,562	\$2,684.50	\$0.745695

<sup>(1)</sup> Preliminary; subject to change. Includes only the Annual Installments of the Phase #3B Assessments. For the Tax Rate Equivalent that includes both the annual installments of the Phase #3B Assessments and the annual installments of the Phases #2-3 Major Improvement Assessments, see table below.

<sup>(2)</sup> Based on the final plat of Phase #3B. Derived from information in the Service and Assessment Plan.

<sup>(3)</sup> Derived from information in the Service and Assessment Plan.

<sup>(4)</sup> For purposes of the SAP, the average Unit value is \$300,000 for 50's and \$360,000 for 60's. Such value may differ from estimated values of homes provided by the Developer. See “THE DEVELOPMENT – Status of Lot and Home Construction in the District.”

<sup>(5)</sup> See “OVERLAPPING TAXES AND DEBT – Overlapping Taxes Within Phase #3B.”

**Average Annual Installments and Estimated Equivalent Tax Rate – Phase #3B and Phases #2-3 Major Improvement Assessments allocable to Phase #3B<sup>(1)</sup>**

Lot Type	Number of Lots <sup>(2)</sup>	Phase #3B Assessment per Lot <sup>(3)</sup>	Phases #2-3 Major Improvement Assessment per Lot (allocable to Phase #3B) <sup>(3)</sup>	Total Phase #3B Assessment and Phases #2-3 Major Improvement Assessment <sup>(3)</sup>	Average Annual Installment per Lot <sup>(5)</sup>	Equivalent Tax Rate per \$100 Assessed Value <sup>(4)(5)</sup>
50'	191	\$23,222.19	\$812.93	\$4,590,707	\$3,041.07	\$1.013688
60'	67	\$27,978.54	\$979.43	\$1,940,184	\$3,663.93	\$1.017759

<sup>(1)</sup> Preliminary; subject to change. Includes only the Annual Installments of the Phase #3B Assessments and Phases #2-3 Major Improvement Assessments allocable to Phase #3B and net of projected MSUD Contract Revenue Credit.

<sup>(2)</sup> Based on the final plat of Phase #3B. Derived from information in the Service and Assessment Plan.

<sup>(3)</sup> Derived from information in the Service and Assessment Plan. Phases #2-3 Major Improvement Assessment per Lot allocable to Phase #3B is net of projected MSUD Contract Revenue Credit.

<sup>(4)</sup> For purposes of the SAP, the average Unit value is \$300,000 for 50's and \$360,000 for 60's. Such value may differ from estimated values of homes provided by the Developer. See “THE DEVELOPMENT – Status of Lot and Home Construction in the District.”

<sup>(5)</sup> See “OVERLAPPING TAXES AND DEBT – Overlapping Taxes Within Phase #3B.”

**Prepayment of Phase #3B Assessments**

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a “Prepayment”) all or part of any Phase #3B Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. The owner of any assessed property within Phases #2-3 may also voluntarily prepay all or part of any Phases #2-3 Major Improvement Assessment. Unless otherwise directed to a specific assessment by the Parcel owner, any Prepayment or partial Prepayment for an Assessed Property with Phase #3B will be allocated between the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments based on the ratio of the outstanding Phase #3B Assessments and Phases #2-3 Major Improvement Assessments due from such Assessed Property at the time of such Prepayment or partial Prepayment. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of a Phase #3B Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Phase #3B Assessments.

## **Mandatory Prepayment**

Pursuant to the Service and Assessment plan, if a Parcel subject to Phase #3B Assessments is transferred to a party that is exempt from the payment of the Phase #3B Assessment under applicable law, or if an owner causes a Parcel subject to Phase #3B Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Phase #3B Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

The payments required above shall be treated the same as any Phase #3B Assessment that is due and owing under the Act, the Assessment Ordinance, and the Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

## **Priority of Lien**

The Phase #3B 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 and will continue until the Phase #3B 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 Phase #3B Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

## **Foreclosure Proceedings**

In the event of delinquency in the payment of any Annual Installment, except for unpaid Phase #3B 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 Phase #3B Assessment will be subject to the lien established for remaining unpaid installments of the Phase #3B Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Phase #3B 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 or make payment for the purchase of the delinquent Phase #3B 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 Phase #3B Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption of the Phase #3B Assessments, provided that the City is not required to expend any funds for collection and enforcement of Phase #3B Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B — Form of Indenture." See also "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer" for a description of the expected timing of certain events with respect to collection of the delinquent Phase #3B Assessments.

In the Indenture, the City creates the Reserve Account of the Reserve Fund and the Delinquency and Prepayment Account of the Reserve Fund, and the City 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



amounts on deposit in the Administrative Fund 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 — Bond Reserve Account of the Reserve Fund,” “— Delinquency and Prepayment Account of the Reserve Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

### Credits Applied Against Assessments

***TIRZ Credit.*** On November 17, 2015, the City created Tax Increment Reinvestment Zone Number One, City of Aubrey, Texas - Jackson Ridge (the “TIRZ”), pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”). In addition, the City adopted an ordinance (the “TIRZ Ordinance”) authorizing the use of TIRZ Revenues (defined below) for project costs under the TIRZ Act, relating to certain authorized improvements, which include the Major Improvements within the District, as provided for in the Tax Increment Reinvestment Zone Number One Project Plan and Financing Plan (including amendments or supplements thereto (the “TIRZ Plan”)). “TIRZ Revenues” mean, for each year, the amounts paid by the City from the TIRZ tax increment fund pursuant to the TIRZ Ordinance to reduce an annual installment, as applicable, as calculated each year by the Administrator in collaboration with the City, in accordance with the Service and Assessment Plan.

In the TIRZ Ordinance, the City agreed to use TIRZ Revenues generated from each parcel within Phase #1 and Phases #2-3 that are subject to the Phase #1 Assessments or the Phases #2-3 Major Improvement Assessments, as applicable, to offset a portion of such parcel’s PID assessments related to the Major Improvements (the “TIRZ Credit”) and to reimburse the Developer or Pulte, respectively, for any accrued liability for assessments or annual installments for Major Improvements paid by the Developer or Pulte, respectively, on non-completed lots within the District. The annual installment of the Phase #1 Assessments and the Phases #2-3 Major Improvement Assessments for each applicable parcel will be calculated by taking into consideration any TIRZ Credit applicable to such parcel. See “APPENDIX C — Form of Service and Assessment Plan.” **The Annual Installments of Phase #3B Assessments applicable to the Phase #3B Assessed Property will not be reduced by such TIRZ Credit.**

***MSUD Contract Revenue Credit.*** Pursuant to the transfer and service agreement entered into by the City, the Developer, Pulte, and Mustang Special Utility District (“MSUD”) on March 27, 2017 (the “Transfer and Service Agreement”), MSUD has agreed to reimburse the City for reservation fees paid by the City with proceeds of the Phase #1 Bonds and Phases #2-3 Major Improvement Bonds in the total amount of \$2,794,820. Such reimbursement will be used to pay the principal and interest on a portion of the Phase #1 Bonds and the Phases #2-3 Major Improvement Bonds. These proportional bond debt service payments to be paid by MSUD will be used to offset a portion of the Phase #1 annual installments and the Phases #2-3 annual installments (the “MSUD Contract Revenue Credit”). The annual installments of the Phase #1 Assessments and the Phases #2-3 Major Improvement Assessments for each applicable parcel will be calculated by taking into consideration any MSUD Contract Revenue Credit applicable to such parcel. See “APPENDIX C — Form of Service and Assessment Plan.” **The Annual Installments of Phase #3B Assessments applicable to the Phase #3B Assessed Property will not be reduced by such MSUD Contract Revenue Credit.**

### COLLECTION OF TIRZ CREDIT AND MSUD CONTRACT REVENUE CREDIT APPLICABLE TO PHASE #2-3 MAJOR IMPROVEMENT ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Prior to Credits	TIRZ Credit	MSUD Credit	Annual Installment Assessed	Annual Installments Collected <sup>(1)</sup>
2017	2016	\$71,675	\$0	\$0	\$71,675	\$71,675
2018	2017	\$918,121	\$4,094	\$168,626	\$745,401	\$745,401
2019	2018	\$1,029,070	\$8,123	\$202,452	\$818,495	\$818,495
2020	2019	\$989,816	\$17,505	\$202,311	\$770,000	\$770,000
2021	2020	\$1,017,900	\$37,218	\$201,924	\$778,760	\$778,760
2022	2021	\$1,016,056	\$109,281	\$202,229	\$704,546	\$704,546

<sup>(1)</sup> Collections as of August 25, 2022 according to Denton Tax Office online records.

## **THE CITY**

### **Background**

The City is located at the intersection of FM 428 and US Hwy 377, in northeast Denton County. The City contains a total land area of approximately 4 square miles. The City is approximately 10 miles north of U.S. Highway 380 and 20 miles west of IH 35 on the outskirts of the Dallas-Fort Worth Metroplex. It is located approximately 21 miles northwest of Frisco, Texas, the nearest major employment center, and approximately 49 miles north of Dallas. The City is approximately 39 miles north of Dallas-Fort Worth International Airport and approximately 43 miles north of Dallas Love Field. The City's 2010 census population was 2,595. The City's population for 2020 was 5,380. The City's current population estimate is 5,447.

### **City Government**

The City is a political subdivision and a Type A general law municipality of the State, duly organized and existing under the laws of the State. The City operates under an aldermanic form of government with a City Council comprised of the Mayor and five Council members who are elected for staggered two-year terms. The City Council formulates operating policy for the City while the Mayor is the chief administration officer.

The current members of the City Council and their respective expiration of terms of office as well as the principal administrators of the City are shown on page ii hereof.

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. 709-15 of the City adopted on June 25, 2015 in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Phase #3B 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 governed by the City Council. Maps of the property within the District are included on pages v, vi, and vii hereof.

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

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Phase #3B Improvements. See "THE PHASE #3B 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 drainage public improvements within Phase #3B of the District comprising the Phase #3B Improvements 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."

## Collection and Delinquency History of the District

Phase #1. On November 17, 2015, the City levied the Phase #1 Assessments in Phase #1 of the District through the City Council's adoption of an assessment ordinance and approval of the Service and Assessment Plan. Upon such adoption, the Phase #1 Assessments became legal, valid and binding liens upon the property against which the Phase #1 Assessments are made. The initial annual installment of Phase #1 Assessments was due and payable on or before January 31, 2017. The following table shows the collection and delinquency history of the Phase #1 Assessments.

### COLLECTION AND DELINQUENCY OF PHASE #1 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2017	2016	\$ 123,502	4	\$ 0	0.00%	\$ 0	0.00%	\$ 123,502
2018	2017	\$ 1,178,648	4	\$ 0	0.00%	\$ 0	0.00%	\$ 1,178,648
2019	2018	\$ 1,141,861	461 <sup>(2)</sup>	\$ 9,504	0.83%	\$ 0 <sup>(3)</sup>	0.00%	\$ 1,141,861
2020	2019	\$ 1,029,900	459 <sup>(2)</sup>	\$ 4,493	0.44%	\$ 0 <sup>(3)</sup>	0.00%	\$ 1,029,900
2021	2020	\$ 966,768	458 <sup>(2)</sup>	\$ 3,460	0.36%	\$ 0 <sup>(3)</sup>	0.00%	\$ 966,768
2022	2021	\$ 915,320	458 <sup>(2)</sup>	\$ 8,103	0.89%	\$ 2,012 <sup>(4)</sup>	0.22%	\$ 913,308

<sup>(1)</sup> Excluding prepayments, penalties and interest.

<sup>(2)</sup> Parcels levied is net of prepayments, if any.

<sup>(3)</sup> Delinquent tax year 2018, 2019, and 2020 annual installments were collected in full as of August 10, 2021 according to Denton Tax Office online records.

<sup>(4)</sup> Delinquent as of August 25, 2022 according to the Denton Tax Office online records.

There have been prepayments totaling \$112,162.45 of the Phase #1 Assessments.

Phase #2. On October 23, 2018, the City levied the Phase #2 Assessments in Phase #2 of the District through the City Council's adoption of an assessment ordinance and approval of the Service and Assessment Plan. Upon such adoption, the Phase #2 Assessments became legal, valid and binding liens upon the property against which the Phase #2 Assessments are made. The initial annual installment of Phase #2 Assessments was due and payable on or before January 31, 2020. The following table shows the collection and delinquency history of the Phase #2 Assessments.

### COLLECTION AND DELINQUENCY OF PHASE #2 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2020	2019	\$786,000	202 <sup>(2)</sup>	\$1,543	0.20%	\$ 0	0.00%	\$786,000
2021 <sup>(2)</sup>	2020	\$773,609	488 <sup>(2)</sup>	\$4,564	0.59%	\$ 0 <sup>(3)</sup>	0.00%	\$770,566
2022	2021	\$775,639	488 <sup>(2)</sup>	\$5,006	0.65%	\$ 0 <sup>(3)</sup>	0.00%	\$775,639

<sup>(1)</sup> Excluding prepayments, penalties and interest. No Annual Installment was collected for Fiscal Year ended September 30, 2019. The City used proceeds from the Phase #2 Bonds to fund the Administrative Account and Capitalized Interest Account.

<sup>(2)</sup> Parcels levied is net of prepayments, if any.

<sup>(3)</sup> Delinquent as of August 25, 2022 according to the Denton Tax Office online records.

There have been prepayments totaling \$57,942.36 of the Phase #2 Assessments.

Phase #3A. On July 28, 2020, the City levied the Phase #3A Assessments in Phase #3A of the District through the City Council's adoption of an assessment ordinance and approval of an updated to the Service and Assessment

Plan. Upon such adoption, the Phase #3A Assessments became legal, valid and binding liens upon the property against which the Phase #3A Assessments are made. The initial annual installment of Phase #3A Assessments was due and payable on or before January 31, 2022. The following table shows the collection and delinquency history of the Phase #3A Assessments.

#### COLLECTION AND DELINQUENCY OF PHASE #3A ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2022	2021	\$254,170	197 <sup>(2)</sup>	\$1,290	0.51%	\$ 0 <sup>(3)</sup>	0.00%	254,170

<sup>(1)</sup> Excluding prepayments, penalties and interest. No Annual Installment was collected for Fiscal Year ended September 30, 2021. The City used proceeds from the Phase #3A Bonds to fund the Administrative Account and Capitalized Interest Account.

<sup>(2)</sup> Parcels levied is net of prepayments, if any.

<sup>(3)</sup> Delinquent as of August 25, 2022 according to the Denton Tax Office online records.

There have been no prepayments of the Phase #3A Assessments.

*Phases #2-3 Major Improvement Assessments.* On November 17, 2015, the City levied the Phases #2-3 Major Improvement Assessments in Phases #2-3 through the City Council's adoption of an assessment ordinance and approval of the Service and Assessment Plan. Upon such adoption, the Phases #2-3 Major Improvement Assessments became legal, valid and binding liens upon the property against which the Phases #2-3 Major Improvement Assessments are made. The initial annual installment of Phases #2-3 Major Improvement Assessments was due and payable beginning on or before January 31, 2017. The following table shows the collection and delinquency history of the Phases #2-3 Major Improvement Assessments.

#### COLLECTION AND DELINQUENCY OF PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2017	2016	\$ 71,675	6	\$ 0	0.00%	\$ 0	0.00%	\$ 71,675
2018	2017	\$ 745,401	6	\$ 0	0.00%	\$ 0	0.00%	\$ 745,401
2019	2018	\$ 818,495	6	\$ 0	0.00%	\$ 0	0.00%	\$ 818,495
2020	2019	\$ 770,000	204	\$ 786	0.10%	\$ 0	0.00%	\$ 770,000
2021	2020	\$ 778,760	493	\$ 2,403	0.31%	\$ 0	0.00%	\$ 778,760
2022	2021	\$ 704,546	689	\$ 3,267	0.46%	\$ 0 <sup>(3)</sup>	0.00%	\$ 704,546

<sup>(1)</sup> Excluding prepayments, penalties and interest.

<sup>(2)</sup> Parcels levied is net of prepayments, if any.

<sup>(3)</sup> Delinquent as of August 25, 2022 according to the Denton Tax Office online records.

There have been prepayments totaling \$29,377.55 of the Phase #2-3 Major Improvement Assessments.

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

## Top Assessment Payers in the District

The following tables shows the top assessment payers in the District, by Phase.

### TOP PHASE #2-3 MAJOR IMPROVEMENT AREA ASSESSMENT PAYERS

Owner Name <sup>(1)</sup>	Number of Parcels/Lots <sup>(2)</sup>	Assessments Levied <sup>(3)</sup>	% of Total Assessments
Pulte Homes of Texas LP	43	\$357,294	4.15%
CADG Comanche 248 LLC	3	\$2,401,089	27.87%
KB Homes Lone Star Inc	59	\$521,356	6.05%
Homeowners	584	\$5,335,883	61.93%
<b>TOTAL</b>	<b>689</b>	<b>\$8,615,622</b>	<b>100.00%</b>

<sup>(1)</sup> According to Denton Central Appraisal District online records of as September 1, 2022.

<sup>(2)</sup> Net of prepaid Assessments, if any.

<sup>(3)</sup> Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of September 1, 2022.

### TOP PHASE #1 ASSESSMENT PAYERS

Owner Name <sup>(1)</sup>	Number of Parcels/Lots <sup>(2)</sup>	Assessments Levied <sup>(3)</sup>	% of Total Assessments
Pulte Homes of Texas LP	12	\$351,811	2.81%
KB Homes Lone Star Inc	8	\$209,509	1.67%
CADG Comanche 248 LLC	0	\$0	0.00%
Cubestar Investments LLC	2	\$52,377	0.42%
DR Horton Texas LTD	0	\$0	0.00%
Homeowners	436	\$11,927,816	95.11%
<b>TOTAL</b>	<b>458</b>	<b>\$12,541,513</b>	<b>100.00%</b>

<sup>(1)</sup> According to Denton Central Appraisal District online records of as September 1, 2022.

<sup>(2)</sup> Net of prepaid Assessments, if any.

<sup>(3)</sup> Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of September 1, 2022.

### TOP PHASE #2 ASSESSMENT PAYERS

Owner Name <sup>(1)</sup>	Number of Parcels/Lots <sup>(2)</sup>	Assessments Levied <sup>(3)</sup>	% of Total Assessments
KB Homes Lone Star Inc	59	\$1,036,253	11.65%
Pulte Homes of Texas LP	9	\$165,691	1.86%
Homeowners	420	\$7,690,114	86.48%
<b>TOTAL</b>	<b>458</b>	<b>\$8,892,058</b>	<b>100.00%</b>

<sup>(1)</sup> According to Denton Central Appraisal District online records of as September 1, 2022.

<sup>(2)</sup> Net of prepaid Assessments, if any.

<sup>(3)</sup> Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of September 1, 2022.

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### TOP PHASE #3A ASSESSMENT PAYERS

Owner Name <sup>(1)</sup>	Number of Parcels/Lots <sup>(2)</sup>	Assessments Levied	% of Total Assessments
Pulte Homes of Texas LP	34	\$557,371	15.74%
Homeowners	163	\$2,984,629	84.26%
<b>TOTAL</b>	<b>197</b>	<b>\$3,542,000</b>	<b>100.00%</b>

<sup>(1)</sup> According to Denton Central Appraisal District online records of as September 1, 2022.

<sup>(2)</sup> Net of prepaid Assessments, if any.

<sup>(3)</sup> Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of September 1, 2022.

<sup>(4)</sup> While the homes in Phase #3A will be marketed under Pulte's affiliate brand Centex Homes, Pulte Homes of Texas, L.P. owns the majority of the lots in Phase #3A.

<sup>(5)</sup> According to Denton Central Appraisal District online records of as of September 1, 2022, 163 homes have been sold to Homeowners in Phase #3A; however, according to the 2Q 2022 Developer Quarterly Implementation Report, Pulte has provided that 161 homes have actually been sold to homeowners as of June 30, 2022.

### TOP PHASE #3B ASSESSMENT PAYERS

Owner Name <sup>(1)</sup>	Number of Parcels/Lots <sup>(2)</sup>	Assessments Levied	% of Total Assessments
Developer	3	\$6,310,000	100.00%
<b>TOTAL</b>	<b>3</b>	<b>\$6,310,000</b>	<b>100.00%</b>

<sup>(1)</sup> According to Denton Central Appraisal District online records of as September 1, 2022.

<sup>(2)</sup> According to Denton Central Appraisal District online records of as September 1, 2022, no lots have been sold to builders in Phase #3B; however, the Developer has provided that no lots have actually been sold to builders.

<sup>(3)</sup> Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of September 1, 2022.

### THE PHASE #3B IMPROVEMENTS

#### General

The Phase #3B Improvements consist of costs of the internal infrastructure benefitting only Phase #3B of the District. A portion of the costs of construction of the Phase #3B Improvements will be reimbursed to the Developer from the proceeds of the Bonds. The balance of the costs of the Phase #3B Improvements will be financed by the Developer without reimbursement by the City. The Developer is responsible for the completion of the construction, acquisition or purchase of the Phase #3B Improvements, and the Developer or its designees will act as construction manager.

#### Phase #3B Improvements

Road Improvements. The roadway improvements within Phase #3B include clearing, grubbing, excavation of streets and right of ways, right of way acquisition, construction of lime-treated subgrade and reinforced concrete street pavements, removal of existing curb or pavement asphalt street pavements, deceleration lanes, turn lanes, sidewalks, signage and traffic control devices, including an allocable share of perimeter road improvements, for the benefit of the Phase #3B Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Distribution System Improvements. The Phase #3B waterline improvements consists of PVC waterlines, various gate valves and boxes, fire hydrants, and tapping sleeves, service lines, trench safety and other water line appurtenances for the benefit of the Assessed Property. These water distribution system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.

*Sanitary Sewer Improvements.* The Phase #3B wastewater collection system improvements include PVC pipes, manholes, service lines, clean-outs, concrete encasements, and other sewer line appurtenances and trench safety for the benefit of the Phase #3B Assessed Property. The sanitary sewer collection system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.

*Storm Drainage Improvements.* The drainage portion of the Phase #3B Improvements consists of pre and post-development erosion control, silt fences, rock check dams, drainage structures, various size reinforced concrete pipes, reinforced concrete box culverts, curb inlets, headwalls, retention and detention structures and trench safety for the benefit of the Phase #3B Assessed Property. The drainage project will be constructed to City standards and specifications and will be owned and operated by the City.

*Soft and Miscellaneous Costs.* The soft and miscellaneous costs portion of the Phase #3B Improvements consists of legal and consulting fees, engineering fees, contingency, right of way, and other soft and miscellaneous costs.

The City will reimburse the project costs for a Phase #3B Improvement (or completed segment or phase) from proceeds of the Bonds upon approval of a certification of payment pursuant to the Indenture. The Developer will be paid for costs actually incurred in developing and constructing the Phase #3B Improvements within the District upon completion of such projects and dedication to, and acceptance by, the City or MSUD of such projects. See “SECURITY FOR THE BONDS – Project Fund.”

The following table reflects the budgeted costs as reflected in the Service and Assessment plan, as well as the total actual costs of the Phase #3B Improvements.

#### **COSTS OF PHASE #3B IMPROVEMENTS**

Phase #3B Improvements	SAP Phase #3B Improvement Costs *
Road improvements (including right of way)	\$3,116,072
Water distribution system improvements	\$439,278
Sanitary sewer collection system improvements	\$523,135
Storm sewer collection system improvements	\$587,670
Other soft and miscellaneous costs	\$1,643,883
Bond issuance costs	\$1,579,867
<b><i>Total<sup>(1)</sup></i></b>	<b><u>\$7,889,906</u></b>

<sup>(1)</sup> Totals may not sum due to rounding.

The total costs of the Phase #3B Improvements is expected to be approximately \$7,889,906\*. A portion of such costs in the approximate amount of \$6,310,000\* is expected to be paid with proceeds of the Bonds. The balance of the costs of the Phase #3B Improvements, in the approximate amount of \$1,579,906\*, is being financed by the Developer with funds invested in the construction of the Phase #3B Improvements, which funds will not be reimbursed by the City.

As of September 1, 2022, the Developer has expended approximately \$3,045,000 towards the costs of the construction of the Phase #3B Improvements, which was funded with the Development Loan.

The Appraisal (as defined below) estimates that the value for the 258 developed lots within Phase #3B of the District as of September 1, 2022, is \$18,900,000. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City and the Underwriter. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value. Investors should not assume that the disposition of the lots in Phase #3B of

\* Preliminary; subject to change.

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, hypothetical conditions and qualifications, which are set forth in the Appraisal. See “APPRAISAL OF PROPERTY WITHIN PHASE #3B THE DISTRICT” for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions and qualifications.

### **Ownership and Maintenance of Phase #3B Improvements**

A portion of the Phase #3B Improvements, including the road improvements and the storm and drainage improvements, will be dedicated to the City, and the City will provide for the ongoing operation, maintenance and repair of such improvements constructed and conveyed, as outlined in the Service and Assessment Plan. The remaining Phase #3B Improvements, including the water distribution improvements and sewer system improvements, will be dedicated to MSUD, and MSUD will provide for the ongoing operation, maintenance and repair of such improvements constructed and conveyed, as outlined in the Water and Wastewater Agreement (as defined below).

## **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’s obligation to pay the Phase #3B Assessments is the same as the obligation of any landowner within Phase #3B to pay such Phase #3B Assessments. The Developer is not a guarantor of the payment of Phase #3B Assessments by any other land owner, and the recourse for the failure of any landowner, including the Developer, to pay such Phase #3B Assessments is limited to collection proceedings against the land subject to such Phase #3B Assessments.*

### **Overview**

The Development is an approximately 421.097-acre project located within the city limits of the City of Aubrey, north of Highway 380 and adjacent to FM 1385. The City, located in the north-central region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is in a location that is poised for growth as the overall DFW MSA continues its growth trajectory.

### **Development Plan and Status of Development**

The Developer acquired all of the land within the District through a series of purchases from 2013 through 2015. See “THE DEVELOPER — History and Financing of the District – Purchase of Property Comprising the District.” On July 31, 2015, Pulte and the Developer entered into the Pulte Land Contract for the purchase of approximately 113.974 acres within the District, which Pulte developed into 573 lots within the Phase A Property (Phase #1A, Phase #2A and Phase #3A). As a result of this sale and transfer, the Developer remained the owner of approximately 307.123 acres within the District, which the Developer developed into 833 lots within the Phase B Property (Phase #1B, Phase #2B, Phase #3B) and certain land outside of the District set aside for the Amenities (as defined herein) and flood plain/open space. See “THE DEVELOPMENT — Status of Lot and Home Construction in the District,” “— Builder Purchase and Sale Agreements in Phase #3B” and “— Amenities” herein.

The majority of the Development (with the exception of land already sold to homebuilders or residents) is owned by the Developer or Pulte. See “THE DISTRICT — Top Assessment Payers in the District.” The development of the District began in 2015 with the construction of the Phase #1 Improvements, the Phases #2-3 Major Improvements and the Privately Funded Improvements, followed by the Phase #2 Improvements. The development of the District has concluded with the development of Phase #3 of the District (consisting of Phase #3A and Phase #3B).

Phase #1 includes 462 lots. The Phase #1 Improvements were completed and accepted by the City and MSUD, as applicable, in September of 2017. The Phases #2-3 Major Improvements were all completed and accepted by the City, MSUD and UTRWD (as defined herein), as applicable, in December of 2020. Phase #2 includes 489 lots. The Phase #2 Improvements were completed and accepted by the City and MSUD, as applicable, in October of 2019. Phase #3A includes 197 lots. The Phase #3A Improvements were completed and accepted by the City or MSUD, as



applicable, in May of 2020. Phase #3B is expected to consist of 258 lots. The Developer began construction of the Phase #3B Improvements in 2Q 2021, and expects the Phase #3B Improvements to be complete by 3Q 2022. As of June 1, 2022, all utilities and paving improvements have been constructed in Phase #3B. Development of the portion of the Phase #3B Improvements benefitting the 25 lots in Phase #3B1-B was completed in August 2022. Development of the portion of the Phase #3B Improvements benefitting the 67 lots in Phase #3B-2 is expected to be completed in September 2022. Development of the portion of the Phase #3B Improvements benefitting the 166 lots in Phase #3B1-A is expected to be completed in October 2022.

As of September 1, 2022, the Developer has expended approximately \$3,045,000 towards the costs of the construction of the Phase #3B Improvements, which was funded with the Development Loan.

The actual and anticipated schedule for lots development within the entire District by lot type is shown in the following table.

#### ACTUAL AND EXPECTED BUILD-OUT SCHEDULE OF LOTS WITHIN THE DISTRICT

Phase	Single-Family Lots	Actual/Expected Infrastructure Completion Date	Actual/Expected Final Lot Sale Date <sup>(1)</sup>
1A	178	Q3 — 2017	N/A
1B	284	Q3 — 2017	Q1 — 2019
2A	198	Q4 — 2019	N/A
2B	291	Q4 — 2019	Q4 — 2021
3A	197	Q2 — 2020	N/A
3B	258	Q3 — 2022	Q4 — 2023
<b>Total</b>	<b>1,406</b>		

<sup>(1)</sup> The expected final sale dates do not include (a) the sale of lots within the Phase A Property, as Pulte was both the developer and homebuilder within the Phase A Property and (b) the delivery of two model home lots held back by the Developer in Phase 1B.

#### HOMEBUILDERS

Homebuilder	Total Lots <sup>(1)</sup>	Lot Type	Phase #1A	Phase #1B	Phase #2A	Phase #2B	Phase #3A	Phase #3B
Centex Homes <sup>(2)</sup>	573	50' Lot	178	--	198	--	197	--
Pulte Homes	269	60' Lot	--	102	--	100	--	67
KB Homes	560	50' Lot	--	178	--	191	--	191
D.R. Horton	3	50' Lot	--	3	--	--	--	--
Smiles Charity	1	50' Lot	--	1	--	--	--	--
<b>Total</b>	<b>1,406<sup>(2)</sup></b>		<b>178</b>	<b>284</b>	<b>198</b>	<b>291</b>	<b>197</b>	<b>258</b>

<sup>(1)</sup> Lot totals include model homes.

<sup>(2)</sup> Pulte Homes will construct the homes on the 50' lots in Phase #1A, Phase #2A, and Phase #3A; however, the homes will be marketed under Pulte's affiliate brand Centex Homes.

#### Status of Lot and Home Construction in the District

The following paragraphs, as well as the table below, outline the status of single-family lot and home construction in the District.

**Phase #1.** Phase #1 contains 462 lots. The homebuilders in Phase #1 are Centex Homes, KB Homes, and Pulte Homes, who constructed homes on 459 of the lots in Phase #1. Additionally, D.R. Horton constructed model homes on three of the lots, and one lot was dedicated to a disabled veteran through Smiles Charity. As of September 1, 2022, 447 homes have been sold to homeowners in Phase #1.

**Phase #2.** There are 489 lots in Phase #2. The homebuilders in Phase #2 are Centex Homes, KB Homes, and Pulte Homes. As of September 1, 2022, 416 homes have been sold to homeowners in Phase #2.

**Phase #3A.** There are 197 lots in Phase #3A. Pulte will construct the homes within Phase #3A; however, the homes will be marketed under Pulte’s affiliate brand Centex Homes. As of September 1, 2022, 184 homes have been sold to homeowners.

**Phase #3B.** The Developer executed Lot Purchase and Sale Agreements with KB Homes and Pulte Homes for the proposed 258 lots within Phase #3B of the District. Under the Lot Purchase and Sale Agreement with KB Homes which Lot Purchase and Sale Agreement was for lots in Phase #1B, Phase #2B and Phase #3B of the District, KB Homes deposited \$3,600,000 in earnest money, which earnest money has been released to the Developer.

Home construction has not commenced in Phase #3B. See “— Status of Single-Family Lot and Home Construction in District” and “— Builder Purchase and Sale Agreements in Phase #3B” below for more information on the status of lot purchase and sale agreements and home construction in Phase #3B.

#### STATUS OF SINGLE-FAMILY LOT AND HOME CONSTRUCTION IN DISTRICT<sup>(1)</sup>

Phase #	Lot Size	Total No. of Lots	Completed Lots	Total Builder Contracted Lots <sup>(2)</sup>	Builder Contracted Lots Taken Down <sup>(2)</sup>	Homes Under Construction	Completed Homes Not Sold to Residents	Homes Under Contract or Sold to Residents	Expected final Sale Date to Residents
1A	50'	178	178	N/A	N/A	0	0	176	June 2023
1B	50'	182	182	182	182	2	3	174	Nov. 2024
1B	60'	102	102	102	102	4	0	97	Sept. 2023
2A	50'	198	198	N/A	N/A	0	0	197	Sept. 2024
2B	50'	191	191	191	191	53	1	137	June 2023
2B	60'	100	100	100	100	11	7	82	Mar. 2023
3A	50'	197	197	N/A	N/A	13	0	184	Mar. 2023
3B	50'	191	25	191	--	--	--	--	Nov. 2025
3B	60'	67	0	67	--	--	--	--	Mar. 2025
<b>Total</b>		1,406							

<sup>(1)</sup> As of September 1, 2022.

<sup>(2)</sup> Builder contracted Lots are not applicable to Pulte, as Pulte is both the developer and homebuilder within the Phase A Property.

The actual and current expectations regarding estimated home and lot prices and absorption by lot type in the District is shown in the following table.

#### LOT AND HOME PRICES WITHIN THE DISTRICT

Phase #	Lot Size	Quantity	Base Lot Price <sup>(1)</sup>	Average Base Home Price <sup>(2)</sup>
1A	50'	178	N/A	\$238,768
1B	50'	182	38,000	267,000
1B	60'	102	43,000	321,502
2A	50'	198	N/A	230,309
2B	50'	191	39,500	308,000
2B	60'	100	45,000	343,000
3A	50'	197	N/A	295,768
3B	50'	191	40,250	425,000
3B	60'	67	47,000	450,000

<sup>(1)</sup> Base Lot Price provided by the Developer and does not include additional fees to be paid by the homebuilders. Pulte “self-developed” Phases 1A, 2A, and 3A and thus there is not a contracted base lot price from the Developer (Seller) to Pulte (Purchaser).

<sup>(2)</sup> The values provided as the Average Base Home Price are provided by the Developer and are an average value in current dollars (without any inflation or price escalation). The values provided as the Average Base Home Price may vary from the Estimated Average Unit Value as provided in the Service and Assessment Plan.

### Builder Purchase and Sale Agreements in Phase #3B

The Developer executed Lot Purchase and Sale Agreements with KB Homes and Pulte which Lot Purchase and Sale Agreements provided, inter alia, for the purchase of all 258 lots within Phase #3B Property. The Lot Purchase and Sale Agreements provide that the Pulte and KB Homes will purchase 100% of their respective contracted lots in Phase #3B after substantial completion. The Developer expects that closings to Pulte and KB Homes will occur in 4Q 2022 as shown below.

Subphase	Builder	Number of Lots Contracted (Number/Size)	Lot Price	Lot Takedown information (lots per closing)	Number of Lots Delivered to Date
#3B1-A #3B1-B	KB Homes	191 x 50'	\$40,250	Bulk takedown of all 25 lots in Phase #3B1-A in September 2022  Bulk takedown of all 166 lots in Phase #3B1-B in November 2022	0
#3B-2	Pulte	67 x 60'	\$47,000	Bulk Takedown of all 67 lots in October 2022	0

### Photographs of Development in the District



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Aerial view of the District facing west from the front entry of the District at FM 1835.



Aerial view of the District facing north, into the District.

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Aerial view of the District's southern limits, facing south.



Aerial view of the District including the amenity center.

### **The Development Agreement**

On May 27, 2015 the City and the Developer entered into the Jackson Ridge Development Agreement which provides certain rules and regulations for the design, construction and process for the development of all property within the District (the "Original Jackson Ridge Development Agreement"). On December 8, 2015, the Developer assigned the portion of the Development Agreement applicable to the Phase A Property to Pulte (the "Assignment of the Development Agreement"). On March 21, 2017, the City, the Developer and Pulte entered into the First

Amendment to Jackson Ridge Development Agreement revising certain responsibilities of Developer, as well as the operation of water and sanitary sewer facilities (the “First Amendment to Jackson Ridge Development Agreement”). The City, the Developer and Pulte entered into the Second Amendment to Jackson Ridge Development Agreement on October 23, 2018, to revise the timing of construction and completion of the amenities (the “Second Amendment to Jackson Ridge Development Agreement” and, collectively with the Original Jackson Ridge Development Agreement, Assignment of the Development Agreement, and the First Amendment to Jackson Ridge Development Agreement, the “Development Agreement”). See “THE DEVELOPMENT — Amenities.” The Development Agreement provides certain rules and regulations for design and construction of the Authorized Improvements and the Privately Funded Improvements and the process for the development of all property within the District. As the District lies completely within the city limits of the City, the City’s zoning and subdivision regulations provide specific land use rules and regulations for the development of the property within the District. See “THE DEVELOPMENT — Zoning/Permitting.” The Development Agreement supplements those rules and regulations, provides the procedural process and timing for the establishment of the District, and outlines each party’s rights and obligations related to development of the property within the District.

### **The Phase #3B Reimbursement Agreement**

The City and the Developer executed the Jackson Ridge Public Improvement District Phase #3B Reimbursement Agreement (the “Phase #3B Reimbursement Agreement”), effective August 11, 2022, providing, in accordance with the Development Agreement, that the City would reimburse the Developer and its assigns for the costs of Phase #3B Improvements paid for by the Developer as set forth in the Service and Assessment Plan and not to exceed \$6,310,038, plus interest accrued. This reimbursement amount is payable from Phase #3B Assessment Revenue to be deposited in the Phase #3B Assessment Fund as described in the Phase #3B Reimbursement Agreement. The Bonds are being issued to reimburse the Developer for a portion of the costs of Phase #3B Improvements, the balance of which was funded by the Developer pursuant to the Phase #3B Reimbursement Agreement.

### **Amenities**

As part of the Privately Funded Improvements, the Developer agreed to construct an amenity center, which includes four soccer fields, a playground, swimming pool with splash area, covered pavilions and restrooms, and walking trails (collectively, the “Amenities”). The Amenities were completed in May of 2019 and were dedicated to and accepted by the HOA. The HOA has been and will continue to provide for the ongoing operation, maintenance and repair of the Amenities through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District. The total actual cost to construct the Amenities was \$1,587,000, which was funded by the Developer and Pulte. The Developer’s portion of such Amenities was funded with funds from the Development Loan.

### **The Privately Funded Improvements**

Pursuant to the Development Agreement, the Developer agreed to construct certain Privately Funded Improvements within the District (consisting of, among other improvements, street lights, electric and gas infrastructure, lot excavation, geotechnical engineering costs, retaining walls, screening walls, landscape, irrigation, entry features, and the Amenities) (collectively, the “Privately Funded Improvements”). The Privately Funded Improvements not dedicated to the City, will be dedicated to and accepted by the HOA or will be included within the developed lots. The HOA will provide for the ongoing operation, maintenance and repair of the Privately Funded Improvements through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District. All common area lots, including screening walls, landscape, irrigation, entry features, and amenities have previously been dedicated to the HOA.

Concurrently with the execution of the Pulte Land Contract, Pulte and the Developer entered into a landowner development and escrow agreement with Sendera Title, Inc., as escrow agent, (the “Landowner Escrow Agreement”) whereby, among other things, Pulte and the Developer agreed to share in the funding of the Privately Funded Improvements, related to common area lots that would be dedicated to the HOA, with the Developer responsible for 59.5% and Pulte responsible for 40.5% of the funding.

The costs of such Privately Funded Improvements will be paid entirely by Pulte and the Developer without reimbursement by the City. As of September 2022, the Developer and Pulte have paid approximately \$6,085,408 for the construction of such Privately Funded Improvements (excluding the Amenities), of which Pulte has paid approximately \$2,267,697 and the Developer has paid approximately \$3,817,711. The Developer's portion was funded with the Development Loan.

The Developer and Pulte commenced construction of the Privately Funded Improvements within Phase #1 of the District (excluding the Amenities) in March of 2016 and completed such construction in June of 2017. The Developer and Pulte commenced construction of the Privately Funded Improvements within Phase #2 of the District (excluding the Amenities) in October of 2017 and completed such construction in January of 2019. Pulte and the Developer commenced construction of the Privately Funded Improvements within Phase #3A of the District (excluding the Amenities) in December of 2019 and completed such construction in May of 2020. Pulte and the Developer commenced construction of the Privately Funded Improvements within Phase #3B of the District (excluding the Amenities) in May 2021 and expects to complete such construction in October 2022.

### **Zoning/Permitting**

Pursuant to the Development Agreement, the Developer secured planned development district ("PDD") zoning, which allows flexibility for each phase of the Development to be developed in a manner that can be adjusted to changes in demand at the time of development of each phase in conformity with the limitations and conditions set forth in the Development Agreement and the PDD zoning ordinance. In addition, the Development Agreement provides for tailored design regulations within the Development.

### **Education**

The Development is located within the Denton Independent School District ("DISD"). DISD operates 2 early childhood schools, 24 elementary schools, 8 middle schools, 6 high schools and 2 alternative schools. Union Park Elementary, which is approximately 1 mile from the District, Navo Middle School, which is approximately 5.4 miles from the District, and Braswell High School, which is approximately 3.3 miles from the District, are expected to serve the District.

While Union Park Elementary has yet to be rated, GreatSchools.org rated Navo Middle School as a 5 out of 10 and Braswell High School as a 5 out of 10. According to the Texas Education Agency ("TEA"), for the 2021-2022 school year, DISD received an accountability rating of "B" from the TEA, Braswell High School received an accountability rating of "B" from the TEA, and Navo Middle School received an accountability rating of "C" from the TEA, and Union Park Elementary School received an accountability rating of "C" from the TEA. The categories for public school districts and public schools are A, B, C, D or F.

### **Environmental**

Site Evaluation. A Phase One Environmental Site Assessment related to 52 acres and a Phase One Environmental Site Assessment related to 393 acres (jointly, the "Phase One ESA") of the property within the District were completed in July 2015 and March 2014, respectively. Based on the information presented in the Phase One ESA, there was no evidence that the Development was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

Endangered Species. According to the website for the United States Fish and Wildlife Service, 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.

### **Flood Plain Designation**

Approximately 115 acres of the District, which are within Phases #2A, #2B and #3A, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map No. 48121C0410G, dated April 18, 2011, Panel 410 of 750 and Map No. 48121CO270G, dated

April 18, 2011, Panel 270 of 750. Approximately 11.7 acres of the lands identified to be within the flood plain which is located in Phase #3A will be reclaimed with a CLOMR/LOMR. The remaining approximately 104 acres of undeveloped floodplain, none of which is located in Phase #3B, is dedicated as open space, park or drainage easements.

### **Preliminary Geotechnical Exploration**

Three Preliminary Geotechnical Exploration reports (collectively, the “Preliminary Geotech”) covering the property within the District were completed in July of 2014, June of 2014 and August of 2015. The Preliminary Geotech indicated that the estimated potential seasonal movement of the soil within the District ranged from 3.5 to 6 inches of movement. A Final Geotechnical Exploration report was completed in July of 2020 for Phase #3B of the District indicating that the estimated seasonal movement of the soil within Phase #3B ranges from 1 inch to 4.5 inches of movement post-soil mitigation (moisture conditioning performed as part of development).

### **Mineral Rights**

There are certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to three deeds in the chain of title for the property in the District. Two of the three reservations of mineral rights include a waiver by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights.

The Developer is not aware of any real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Phase #3B Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Mineral Rights.”

### **Utilities**

Water and Wastewater. In accordance with the Development Agreement, as amended, and the Non-Standard Service Contract, effective June 28, 2017 (the “Water and Wastewater Agreement”) by and among MSUD, the Developer, and Pulte, all existing and future water improvements and certain wastewater improvements will be dedicated to, and owned and operated by MSUD. Until such time as the City can efficiently provide retail water and wastewater service to the District, MSUD has agreed to be the provider of retail water and wastewater services to the users within the District and has agreed to provide sufficient water and wastewater capacity to all lots within the District. Wastewater treatment services will be provided by MSUD through a contract with the Upper Trinity River Water District (“UTRWD”) to treat MSUD wastewater at the UTRWD wastewater treatment plant. Certain wastewater Major Improvements will be designed and constructed in accordance with City standards and will be dedicated to, and owned and operated by UTRWD.

Other Utilities. The Developer anticipates the additional utilities for Phase #3B to be provided by: (1) Phone/Data - AT&T; (2) Electric - CoServ; (3) Cable - AT&T and Suddenlink; and (4) Natural Gas - Atmos.

### **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’s obligation to pay the Phase #3B Assessments is the same as the obligation of any landowner within Phase #3B to pay such Phase #3B Assessments. The Developer is not a guarantor of the payment of Phase #3B Assessments by any other land owner, and the recourse for the failure of any landowner, including the Developer, to pay such*



*Phase #3B Assessments is limited to collection proceedings against the land subject to such Phase #3B Assessments. NEITHER DEVELOPER, NOR ANY PERSON OR ENTITY AFFILIATED WITH DEVELOPER, SHALL BE DEEMED OR CONSIDERED A GUARANTOR WITH RESPECT TO THE PAYMENT OF THE BONDS. WHILE DEVELOPER HAS CERTAIN DEVELOPMENT OBLIGATIONS WITH RESPECT TO SPECIFIC PORTIONS OF THE DEVELOPMENT PURSUANT TO EXISTING AGREEMENTS REFERENCED HEREIN, NOTHING CONTAINED HEREIN SHALL BE CONSTRUED TO CREATE ANY ADDITIONAL DEVELOPMENT OBLIGATIONS ON THE PART OF DEVELOPER.*

## **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 builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

## **Description of the Developer**

The Developer is an affiliate of Centurion and was created by Centurion for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption "THE DEVELOPMENT." The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payment of the Phase #3B Assessments or taxes will directly affect the City's ability to meet its obligations to make payments on the Bonds.

Since 1990, Centurion has developed over 100,000 single-family lots in dozens of communities surrounding North Texas. It has worked closely with investors, land-owners, financial institutions, and vendors to acquire over 50,000 acres of land inventory for a diverse mix of developments in size and scope. Centurion's communities include amenities such as parks, golf courses, water park themes, and hiking and biking trails. Over the past thirty years, Centurion has demonstrated the ability to successfully deliver master-planned communities that have been recognized in the real estate industry. For additional information relating to Centurion see "BONDHOLDERS' RISKS -- Developer Principal Financial Relationships and Other Matters Relating to Centurion Affiliates."

Mr. Mehrdad Moayedhi has ultimate control of Centurion, the Developer, and all of the Developer's affiliates. Centurion maintains a staff of approximately 50 employees. Centurion creates single-asset limited liability companies to own development sites and contracts with developers and other professionals in the delivery of its communities.

In addition, Centurion works closely with local municipalities, commercial developers, and public school systems as part of its overall master plan. Centurion works with North Texas' top builders to deliver the latest concepts ranging from upscale, luxury homes in secluded neighborhoods to affordable housing communities for first-time home buyers. Centurion purchases and develops land in prime locations with the right mix of natural land settings, strong job growth, good school systems and access to local community shopping. A snapshot of some of the communities Centurion has developed is presented below.

<b><u>Name</u></b>	<b><u>County</u></b>	<b><u>Property Type</u></b>	<b><u>Starting Home Price</u></b>	<b><u>Status of Development</u></b>
*Entrada at Westlake	Tarrant	Mixed-use	\$1,100,000	Vertical ongoing
River Walk at Central Park	Denton	Mixed-use	\$375,000	Vertical Ongoing
The Villas at Twin Creeks	Collin	Single-family	\$230,000	Completed
Kensington Gardens	Dallas	Single-family	\$500,000	Phase 1: Started 6/2012 Phase 2: Delivered 12/2018
Water's Edge at Hogan's Glen	Denton	Single-family	\$480,000	Completed/Ashton Finishing Construction
Montalcino Estates	Denton	Single-family	\$700,000	Under Development
Estancia Estates	Denton	Single-family	\$400,000	Completed /Built Out
Highlands Glen	Denton	Single-family	\$300,000	Completed/Ashton Finishing Up
The Highlands at Trophy Club	Denton	Single-family	\$250,000	Completed/Ashton Finishing Up
Water's Edge	Denton	Single/Multifamily	\$300,000	Started 9/2018 * Delivered Q4 2019
Williamsburg	Rockwall	Single-family	\$150,000	Fee Developer
Crestview at Prosper Creek	Collin	Single-family	\$250,000	Complete - Megatel Finishing Construction
Palomar Estates	Tarrant	Single-family	\$750,000	Complete
Estancia	Tarrant	Single-family	\$450,000	Complete
Verandah	Rockwall	Single-family	\$200,000	Development Phase Ongoing
Terracina	Denton	Single-family	\$400,000	Development Complete / Toll Brothers Bldg Phase 3
The Resort on Eagle Mountain Lake	Tarrant	Single	\$250,000	Development Ongoing - Builder Doing Takedowns
Travis Ranch	Kaufman	Single-family	\$200,000	Development Ongoing - Builder Doing Takedowns
Carter Ranch	Collin	Single-family	\$150,000	Phase 1: Completed * Phase 2CII: Bldg Completed
Frisco Hills	Denton	Single-family	\$200,000	Development Complete / HB Finishing Up
Rolling Meadows	Tarrant	Single-family	\$100,000	Phase1: Completed * Phase 2A2 & 3 HB Completed
Waterfront at Enchanted Bay	Tarrant	Single-family	\$150,000	Phase 1: Started 5/2005 * Phase 1: Delivered 2/2007 Phase 2: Being Engineered
Thornbury	Travis	Single-family	\$150,000	Development Complete / HB Complete
Rough Hollow	Travis	Single-family	\$550,000	Development Complete / HB Complete
Lexington Parke	Travis	Single-family	\$150,000	Development Complete / HB Complete
Villages of Woodland Springs	Tarrant	Single-family	\$150,000	Started Q4 2000 * Delivered Q4 2017
Spring Creek	Tarrant	Single-family	\$150,000	Development Complete / HB Complete
Silver Ridge	Tarrant	Single-family	\$150,000	Development Complete / HB Complete
Sendera Ranch	Tarrant	Single-family	\$150,000	Centurion Owns Future Land / Banking Land
Rosemary Ridge	Tarrant	Single-family	\$100,000	Development Complete / HB Complete
Llano Springs	Tarrant	Single-family	\$150,000	Development Complete / HB Complete
Hills of Lake Country	Tarrant	Single-family	\$150,000	Development Complete / HB Complete
Garden Springs	Tarrant	Single-family	\$125,000	Development Complete / HB Complete
Dominion Estates	Tarrant	Single-family	\$125,000	Development Complete / HB Complete
Deer Creek North	Tarrant	Single-family	\$125,000	Development Complete / HB Complete

Creskide of Crowley	Tarrant	Single-family	\$150,000	Sold Land / Ashton Building / Also Banking
Bonds Ranch	Tarrant	Single-family	\$150,000	Purchased all Finished Lots / All Lots sold in Q4 2017
Crown Valley	Parker	Single-family	\$150,000	Development Complete / Sold Phase / Pod Sale
Windmill Farms	Kaufman	Single-family	\$150,000	HB Complete
Knox Ranch	Hood	Mixed-use	\$450,000	HB Complete
Windsor Hills	Ellis	Single-family	\$250,000	Undeveloped; in the Zoning Process
Saddlebrook	Ellis	Mixed-use	\$175,000	Next Phase Going Through Engineering
The Villas of Indian Creek	Denton	Single-family	\$150,000	Development Complete / HB Complete
*Valencia on the Lake	Denton	Single-family	\$175,000	Next Phase Going Through Engineering
Shale Creek	Wise	Single-family	\$100,000	Last Phase Going Through Engineering
Shahan Prairie	Denton	Single-family	\$150,000	Sold Land
Frisco Ranch	Denton	Single-family	\$150,000	Development Complete / HB Complete
Brookfield	Denton	Single-family	\$180,000	Sold Land
Sweetwater Crossing	Collin	Single-family	\$150,000	Development Complete / HB Complete
Prestwyck	Collin	Mixed-use	\$190,000	Development Complete / HB Complete
Oak Hollow	Collin	Single-family	\$100,000	Development Complete / HB Complete
Northpointe Crossing	Collin	Single-family	\$100,000	Development Complete / HB Complete
McKinney Greens	Collin	Single-family	\$150,000	Development Complete / HB Complete
The Dominion	Dallas	Single-family	\$250,000	Development Complete / HB Ongoing
Residences at the Stoneleigh	Dallas	Condo	\$750,000	Unit Sales Ongoing
Mountain Creek	Dallas	Multifamily	\$225,000	Development Complete / HB Complete
Chateaus of Coppell	Dallas	Single-family	\$350,000	Development Ongoing - HB Building
The Bridges at Preston Crossings	Parker	Single-family	\$250,000	Development Complete / HB Complete
*Winn Ridge	Denton	Single-family	\$250,000	Development Complete / HB Complete
*Sutton Fields	Denton	Single-family	\$350,000	Development Complete / HB Complete
*Hillstone Pointe	Denton	Single-family	\$250,000	Phase 1: Delivered 12/2017, Remainder Raw Land Sold to Horton & Lennar
*Northlake Estates	Denton	Single-family	\$300,000	Development Ongoing - HB Building
*Creeks of Legacy	Denton/Collin	Single-family	\$350,000	Development Ongoing - HB Building
University Place	Dallas	Single-family	\$450,000	Development Ongoing - HB Building
*Lakewood Hills	Denton	Single-family	\$450,000	Development Ongoing - HB Building
Steeplechase	Denton	Single-family	\$500,000	Development Ongoing - HB Building
*Mercer Crossing	Dallas	Mixed-use	\$350,000	Development Ongoing - HB Building
*Owensby Farms	Collin	Single-family	\$300,000	Development Ongoing - HB Building
*Anna Hurricane Creek	Collin	Single-family	\$300,000	PID Bonds issued; Phase 1: Started 9/2018, Currently Being Developed
*Chalk Hill	Collin	Single-family	\$300,000	Phase 1: Started 9/2018, Currently Being Developed
Windsor Hills	Dallas	Single-family	TBD	Pre-development process.
Walden Pond	Kaufman	Single/Multifamily	TBD	Pre-development process.
Mobberly	Denton	Single-family	TBD	Pre-development process.

*Whitewing Trails	Collin	Single-family/Multifamily	\$281,000	PID Bonds issued; Development ongoing.
Denton - Kings Ridge	Denton	Single/Multifamily	\$250,000	Zoning approved.
*Hickory Farms	Dallas	Single-family	TBD	PID bonds issued.
Dove Creek	Collin	Single-family	\$275,000	Under Development
Preston Hills	Collin	Single-family	\$400,000	Under Development
Founders Park	Tarrant	Single/Multifamily	300,000	Development Complete -HB Building
Barcelona	Collin	Single-family	\$350,000	Phase 3; Under Development
Bloomridge	Collin	Single-family	\$300,000	Phase 2; Under Development
Erwin Farms	Collin	Single-family	\$350,000	Phase 3; Under Development
Enchanted Creek	Collin	Single-family	\$300,000	Engineering Phase 2
Alpha Ranch	Wise/Denton	Single-family	\$225,000	Pre-development process.
Bear Creek	Dallas	Single-family	\$250,000	Phase 3; Under Development
Wade Settlement	Collin	Single-family	\$350,000	Phase 2; Development
Falls of Prosper	Collin	Single-family	\$400,000	Phase 2; Development
*Iron Horse	Dallas	Mixed-use	\$250,000	PID bonds issued; Development Ongoing
*Polo Ridge	Kaufman	Single-family	\$350,000	PID bonds issued; Development Ongoing
*City Point	Tarrant	Mixed-use	\$290,000	PID bonds issued; Development Ongoing
*Edgewood Creek	Denton	Single-family	\$300,000	PID bonds issued; Development Ongoing
*Cartwright Ranch	Kaufman	Single-family	\$220,000	PID bonds issued; Development Ongoing
*Spiritas Ranch	Denton	Single-family	\$250,000	PID bonds issued; Development Ongoing
*Thunder Rock	Burnet	Mixed-use	\$250,000	PID Bonds issued; Development Ongoing
*Anna Hurricane North	Collin	Single-family	\$300,000	PID Bonds issued; Development Ongoing
* Collin Creek Redevelopment	Collin	Mixed-use	\$600,000	PID Bonds issued; Development Ongoing
*Sutton Fields East	Collin	Single-family	\$315-375,000	PID Bonds issued; Development Ongoing
* Mobberly Farms	Denton	Single-family	\$294-335,000	PID Bonds issued; Development Ongoing
* Creekview Meadows	Denton	Single-family	\$350-400,000	PID Bonds issued; Development Ongoing

### General Development Financing by Centurion

Centurion and its various affiliated special purpose entities, including the Master Developer, utilize a variety of funding sources for the purchase land and subsequent development or redevelopment thereof. Typically, the applicable Centurion affiliate will obtain an acquisition loan from a lender to fund the acquisition of land. To fund horizontal development of such land, Centurion affiliates use a combination of developer equity, builder earnest money, builder payments under lot contracts, development loans from lending institutions, incentives from local governments (including tax increment grants), public/private partnerships, funds from tax-exempt bonds issued by local governments and backed by special assessments on the developable land and other sources of capital.

Centurion has also recently completed a financing (the “Financing”) under which acquisition loans relating to certain projects (the “Financing Projects”) owned by various Centurion affiliates were refinanced with the proceeds of securities issued by an unaffiliated newly-formed limited liability company created for the purpose of (i) acquiring the property relating to such Financing Projects, (ii) providing funds for limited infrastructure development by the Centurion affiliates related to such Financing Projects and (iii) issuing the bonds secured by inter alia, the property relating to such Financing Projects and certain proceeds derived from lot contracts relating to such Financing Projects. The Financing was completed for the purpose of refinancing loans related to the Financing Projects at a lower rate and achieving debt service savings, terminating certain covenants and freeing up certain collateral related to the

refinanced loans, and providing additional funds for development of a portion of the Financing Projects, which funds are expected to be provided at a lower interest rate than development loans typically available relating to the Financing Projects from traditional lenders. Property relating to the Financing Projects is cross-collateralized under the Financing.

The five Financing Projects are comprised of certain projects located in the Dallas-Fort Worth area, one of which is located in a special district and one of which is located in two public improvement districts. The Development and the Developer were not involved in such Financing.

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

*Purchase of Property Comprising the District.* Property within the District comprising the Development was acquired in a series of purchases between Comanche Land Partners, LTD, Estate of Oro D. Jackson and Comanche Ridge 52 Partners, LTD by the Developer, as a long-term development to consist of residential land use. The Developer made the following purchases of property, the majority of which are located within the District:

- Approximately 145 acres of land from Oro D. Jackson in February 2014
- Approximately 248 acres of land from Comanche Land Partners, LTD in June 2013
- Approximately 52 acres of land from Comanche Ridge 52 Partners, Ltd. in October 2015

The Developer utilized Patriot Real Estate Holdings MF-6, LLC, a Texas limited liability company, Centurion Acquisitions, L.P., a Texas limited partnership, and Centurion American Acquisition LLC, a Texas limited liability company, all affiliates of Centurion, to complete the purchases of the foregoing property.

*Sale and Transfer of Phase A Property to Developer.* Pulte purchased the Phase A Property from the Developer for a purchase price of approximately \$10,735,000. Pulte's acquisition was made on a cash basis through corporate funding, and no third-party financing was used to acquire or has been used to subsequently develop the Phase A Property.

*Financing of Development in Phase #3B of the District.* In order to refinance certain purchase loans and its development activities within the District, including Phase #3B, on February 12, 2016, the Developer and its affiliates entered into a loan (the "Development Loan") for \$8,600,000 with Trez Capital (2015) Corporation (the "Lender"). The principal amount of the Development Loan was increased to \$11,776,154 on October 28, 2016 and was further increased to \$16,000,000 on September 13, 2018. The Development Loan was modified on January 15, 2021 to provide that up to \$8,173,554 (including an interest reserve of \$1,051,792) of undisbursed proceeds of the Development Loan would be advanced, provided that the Lender shall not be obligated to make any advance which would cause the outstanding balance of the Development Loan to exceed \$11,449,539.

The Development Loan matures on October 30, 2022, with an option of the Developer to extend for 3 months thereafter provided that there exists no event of default (and no condition exists which, after notice or lapse of time, or both, would constitute an event of default) under the loan documents on the date on which the Developer exercises the extension option or as of the commencement of the extension term. The Developer may exercise the extension option only if not later than October 15, 2022: (a) Borrower delivers written notice of Borrower's exercise thereof to Lender (the "Extension Notice"); and (b) Borrower pays to the Lender an amount equal to one-fourth ( $\frac{1}{4}$ ) of one percent of the sum of (i) the outstanding principal balance of the Development Loan, plus (ii) the unadvanced proceeds of the Loan, as of the date of the Extension Notice.

As of September 1, 2022, there is an outstanding balance of approximately \$10,083,344.81. The Development Loan is currently secured by the property in Phase #3B of the District.

Proceeds of the Bonds will pay for a portion of the costs of the Phase #3B Improvements in the approximate amount of \$6,310,000\*. The total costs of the Phase #3B Improvements (including costs of issuance of the Bonds) is expected to be approximately \$7,889,906\*. The balance of the costs of the Phase #3B Improvements, in the

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\* Preliminary; subject to change.

approximate amount of \$1,579,906\*, is being financed by the Developer with funds from the Development Loan invested in the construction of the Phase #3B Improvements, which funds will not be reimbursed by the City.

The PID Act provides that the Phases #2-3 Major Improvement Assessment Lien and the Phase #3B Assessment Lien are first and prior liens against the assessed property within the Phases #2-3 Major Improvement Area and Phase #3B, respectively, and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the Lender shall consent to and acknowledge the creation of the District, the levy of the Phase #3B Assessments and the subordination of the lien securing the Development Loan to the assessment liens on property within Phase #3B of the District securing payment of the Phase #3B Assessments. As a result, the lien on the property within Phase #3B of the District securing the Phase #3B Assessments will have priority over the liens on the property within Phase #3B of the District securing the Development Loan.

## **DEVELOPMENT CONSULTANT**

### **Scarborough Lane Development, Inc.**

Scarborough Lane Development, Inc. (“Scarborough”), a Dallas, Texas based real estate development and investment firm that brings together the experience and capacity to plan, develop, manage and complete a project through its entire life cycle from concept to final completion.

Scarborough has a demonstrable track record of residential and commercial real estate developments that protect the environment, enhance the economic development of the cities in which they are located and provide a superior quality of life for residents and citizens who live and work in these innovative communities and projects. Scarborough Lane Development’s core strengths of project management and development complement its commitment and dedication in designing and constructing a residential or commercial community.

Ryan Burkhardt oversees all of the development activity for Scarborough Lane Development. His experience includes 14 years in the real estate field including a position with Ernst and Young in the real estate group. He holds a MS in Accounting from Texas Tech University and has been instrumental in the development and sale of over 5,000 residential lots throughout Texas. His duties at Scarborough include acquisitions, financing, entitlement, development and sale of residential communities. In addition, he has created and manages various complex projects including special financing districts, Municipal Utility Districts, Fresh Water Supply Districts, Public Improvement Districts and the issuance of over \$300M in bonds associated with these districts.

## **THE ADMINISTRATOR**

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

The City has entered into an agreement for administration of the District (the “MuniCap Agreement”) with MuniCap 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 Phase #3B Assessments, (ii) delinquency management, (iii) prepayment of Phase #3B 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 300 special assessment and taxing districts in 30 states, including Texas. MuniCap periodically donates to certain charitable or public events hosted by the City.

## APPRAISAL OF PROPERTY WITHIN PHASE #3B OF THE DISTRICT

### The Appraisal

**General.** Peyco Southwest Realty (the “Appraiser”) prepared an Appraisal for the City dated August 12, 2022 based upon a physical inspection of the District conducted on August 4, 2022 (the “Appraisal”). The Appraisal was prepared at the request of the City. The Appraisal is attached hereto as APPENDIX F 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 F — Appraisal of Phase #3B of the District.”

**Value Estimates.** The Appraiser estimated the prospective market value at completion of the Phase #3B Improvements of the fee simple interest in the property located in the Phase #3B of the District.

The Appraiser estimated the prospective market value at completion of the fee simple interest in the tracts of land comprising Phase #3B of the District under certain extraordinary assumptions described therein. The Appraisal does not reflect the value of Phase #3B of the District as if sold to a single purchaser in a single transaction. See “THE PHASE #3B IMPROVEMENTS” and “THE DEVELOPMENT — Development Plan and Status of Development.” The Appraisal does not reflect the as-is condition of Phase #3B of the District. See “APPENDIX F — Appraisal of Phase #3B of the District.”

The value estimate for the 258 developed lots within Phase #3B 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 September 1, 2022 is \$18,900,000.

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.

### BONDHOLDERS’ RISKS

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

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City’s control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Phase #3B Assessments levied by the City, (b) cash flow delays associated with the institution of

foreclosure and enforcement proceedings against property within Phase #3B of the District, (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 Phase #3B Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Phase #3B of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

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

#### **Assessment Limitations**

Annual Installments of Phase #3B Assessments are billed to property owners in Phase #3B of the District. 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 the Bonds maturing in each year, Annual Collection Costs, and the Additional Interest. 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 payments of the Annual Installments of the Phase #3B 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 of the Phase #3B Assessments in Phase #3B of 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 Phase #3B 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 Phase #3B of the District, any Phase #3B 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 Phase #3B Assessments, the liens securing such delinquent ad valorem taxes and delinquent Phase #3B Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Phase #3B 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 Phase #3B 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 a Phase #3B 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 Phase #3B Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, a Phase #3B Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Phase #3B Assessment Lien from attaching to such homestead property or instead cause the Phase #3B Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer represents that it owned all property within Phase #3B the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Phase #3B Assessed Property superior to the Phase #3B Assessment Lien and, therefore, the Phase #3B 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 Phase #3B 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 PHASE #3B 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 PHASE #3B OF THE DISTRICT.

#### **Overlapping Phases #2-3 Major Improvement Assessment**

The property in Phase #3B of the District has been assessed with both the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments. **The Phase #3B Assessments levied for the payment of the Bonds and the Phases #2-3 Major Improvement Assessments (which Phases #2-3 Major Improvement are pledged to the payment of the Phases #2-3 Major Improvement Bonds) have a lien of equal dignity on the parcels assessed therefor. In the event of partial payments of the Annual Installments of the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments, the Denton County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Phase #3B Assessments and the Phases #2-3 Major Improvement Assessments.**

#### **Competition**

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will 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 be able to compete with the Development. A sample of competitive projects near the Development is below.

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Project Name	# of units	Proximity to District	Developer	Date Started	Completed/ Expected Completion Date	Expected Home Sale Prices	# of Units Remaining
Sutton Fields	50' = 1294 60' = 459 70' = 77	Directly across FM 1385	Centurion American	3Q17	4Q25	\$382 - \$704	799
Arrowbrooke	50' = 1,093 60' = 419	Just South of District	Meritage / Bloomfield	4Q15	4Q22	\$405 - \$719	91
Sandbrock Ranch	45' = 591 50' = 760 60' = 418 70' = 160	Directly North of District	Horizon Group	1Q18	3Q23	\$455 - \$847	322
Sutton Fields North	50' = 215 60' = 233	NE of District across FM 1385	Centurion American	2Q18	2Q22	\$271 - \$500	4

### 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. 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.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the Pandemic, which disaster declaration has subsequently extended. In addition, certain local officials also declared a local state of disaster. 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 issued a number of executive orders relating to COVID-19 preparedness and mitigation, which restricted or halted business activity, restricted the number of people that can congregate in a public setting, and limited the movement of citizens to only essential activities. Under executive orders in effect as of the date of this Limited Offering Memorandum, there are no COVID-19 related operating limits for any business or other establishment and no State-imposed requirement to wear a face covering. The Governor retains the right to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Limited Offering Memorandum.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. Stock values and crude oil prices, in the United States and globally, have seen significant declines attributed to COVID-19 concerns. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City and lead to unemployment for property owners within the District or may otherwise have a negative impact on the sale of parcels, lots or homes within the District. The Bonds are secured primarily by Assessments levied on benefitted property within Phase #3B of 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 Phase #3B 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. 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 PHASE #3B ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE PHASE #3B ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN PHASE #3B 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 homebuilders 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 Phase #3B Assessments.

### **Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developer to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Bonds**

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or any homebuilders with Phase #3B of the District do not provide the required notice and prospective purchasers of property with Phase #3B of the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to

sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or any homebuilders with Phase #3B of the District do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See "APPENDIX C — Form of Service and Assessment Plan."

### **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 Phase #3B Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Phase #3B 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 Phase #3B 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 Phase #3B Assessments might not be paid in full.

### **Direct and Overlapping Indebtedness, Phase #3B Assessments and Taxes**

The ability of an owner of property with Phase #3B of the District to pay the Phase #3B 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 with Phase #3B of the District and will likely do so in the future. Such entities could also impose assessment liens on the property with Phase #3B of the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the Developer to pay the Phase #3B Assessments. See "OVERLAPPING TAXES AND DEBT."

### **Depletion of Reserve Fund**

Failure of the owners of property with Phase #3B of the District to pay the Phase #3B Assessments when due could result in the rapid, total depletion of the accounts in 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 Indenture provides that if, after a withdrawal from the Reserve Fund, the amount in the Reserve Fund is less than the Bond Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS — Bond Reserve Account of the Reserve Fund" herein.

## **Hazardous Substances**

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

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

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency. See “THE DEVELOPMENT — Environmental” for discussion of previous Phase One ESA performed on property within the District.

## **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.

## **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**

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

## **100-Year Flood Plain**

Approximately 115 acres of the District, which are within Phases #2A, #2B and #3A, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map No. 48121C0410G, dated April 18, 2011, Panel 410 of 750 and Map No. 48121CO270G, dated April 18, 2011, Panel 270 of 750. Approximately 11.7 acres of the lands identified to be within the flood plain which is located in Phase #3A will be reclaimed with a CLOMR/LOMR. The remaining approximately 104 acres of undeveloped floodplain, none of which is located in Phase #3B, is dedicated as open space, park or drainage easements.

## **Exercise of Mineral Rights**

As described herein under "THE DEVELOPMENT— Mineral Rights," there are certain mineral rights reservations located within the District, including in Phase #3B, not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Denton County. However, the Developer is not aware of any ongoing or expected mineral rights development or exploration in or adjacent to the District.

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

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Phase #3B to pay Phase #3B Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

## **Bondholders' Remedies and Bankruptcy**

Upon the happening and continuance of any one or more of the Events of Default under the Indenture, the Trustee may, and upon the written direction of the Owners of at least 25% of the outstanding principal amount of the Bonds the Outstanding 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 the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within 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 Phase #3B 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 addressed whether the distinction, as found in tort-based causes of action, between governmental and proprietary acts (the “Proprietary-Governmental Dichotomy”) 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* again in June 2018 and clarified 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 guidance at the time of inception of the contractual relationship. 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 judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by 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 moneys due under a contract).

## **Judicial Foreclosures**

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Phase #3B of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. (See “OVERLAPPING TAXES AND DEBT” herein.) Collection of delinquent taxes, assessments and the Phase #3B Assessments may be adversely affected by the effects of market conditions on the foreclose sale price, and by other

factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Acceleration**

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

### **Bankruptcy Limitation to Bondholders' Rights**

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

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

### **Tax-Exempt Status of the Bonds**

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has announced that its audit efforts will focus in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagree, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

### **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.

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.

## **Use of Appraisal**

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in an appraisal is based on various assumptions of future expectations and while the appraiser's forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Phase #3B of the District.

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

## **Developer Principal Financial Relationships and Other Matters Relating to Centurion Affiliates**

No assurances can be given as to the result of the following lawsuits or any charges related thereto or the impact, if any, of such result on one or more of Mehrdad Moayed (‐Moayed‐), the operations of Centurion, and the Developer's ability to continue funding the Development.

*Investigation of United Development Funding.* Subsidiaries of Centurion American are involved in the development of master planned residential community and mixed-use projects. Some of these projects have previously been developed using funding provided by various entities associated with United Development Funding (‐UDF‐), including United Development Funding IV, a publicly traded real estate investment trust (‐UDF IV‐). In connection with governmental investigations of UDF (the ‐UDF Investigations‐), Centurion and some of its

employees were contacted in mid-2016 to provide certain information to such governmental fact-finders as part of an information gathering process on the UDF Investigations. Centurion and its employees fully complied with the information gathering process. Neither Centurion nor any of its employees or affiliates have received any information indicating that they are either targets or subjects of any governmental investigation.

*Rainier Medical Investors LLC & RMI River Walk Investors LP v. Centurion Riverwalk, LLC, et al., in Denton County, Texas.* Plaintiff Rainier Medical Investors LLC and Plaintiff RMI River Walk Investors, LP (“Rainier Plaintiffs”) brought claims against Defendant Centurion Riverwalk, LLC (“Centurion”) and Defendant 2M Riverwalk, LLC (“2M,” together with Centurion, “Rainier Defendants”) and alleged various causes of action against other defendants, including Defendant Megatel Lakeshores TH, LLC (“Megatel TH”). Megatel TH asserted a cross-petition against Rainier Defendants and Third-Party Defendant Moayeddi for statutory fraud, fraudulent inducement, and breach of contract (“Cross-Claims”). On May 27, 2020, Megatel TH non-suited without prejudice its claims against Moayeddi. On July 8, 2020, the Court signed an order dismissing, with prejudice, all claims between the Rainier Plaintiffs and Rainier Defendants. On April 29, 2021, Megatel TH filed an agreed scheduling order. However, the Court did not sign the Order because the proposed September 20, 2021 trial date was no longer available. Thereafter, without a signed scheduling order reopening discovery, Megatel TH propounded written discovery to the Rainier Defendants and noticed the depositions of the Rainier Defendants. The Rainier Defendants timely objected as discovery was closed. On June 9, 2021, the Rainier Defendants filed their motion for summary judgment. Thereafter, Megatel TH moved to reopen and to compel discovery. On July 15, the Court heard Megatel TH’s motion to enter new scheduling order, motions to quash depositions, and objections to discovery. The judge granted Megatel’s motions and re-opened discovery. The Rainier Defendants were ordered by the Court to respond to Megatel TH’s written discovery by August 16, 2021. Additionally, the Rainier Defendants’ summary judgment motion, which was originally set for hearing on August 11, 2021, was continued by the Court until after November 30, 2021. Further, the Court ordered the depositions of the Rainier Defendants and Non-Party Travis Boghetich. Megatel TH conducted such depositions on September 15, 2021. Currently, there is no trial date set in this case.

*Megatel Homes III, LLC v. Wilbow-Windhaven Development Corporation v. Centurion Windhaven, LP, et al.; in Denton County Texas.* Plaintiff Megatel Homes III, LLC (“Megatel”) brought claims against both Defendant Wilbow Windhaven Development Corp. (“Wilbow”), Defendant Centurion Acquisitions, LP (“CA”), and Defendant CADG Windhaven, LLC (“CADG,” collectively with CA, “Centurion Defendants”). Megatel’s claims against Wilbow consist of request for Declaratory Judgment; Breach of Contract; and Indemnity. Megatel’s claims against CA and CADG consist of Breach of Contract; Fraud; and Indemnity. A Motion to Expunge Lis Pendens was granted by court on October 2, 2020. Megatel re-filed the Lis Pendens and Wilbow filed a Motion to Expunge. The court granted the Motion to Expunge the Lis Pendens on May 19, 2021. No trial date is set.

*Megatel Claims.* Megatel has brought several additional causes of action against Moayeddi, Centurion (and certain of its affiliates) and UDF as listed below. Megatel has asserted various allegations of fraud, RICO violations, conspiracy, breach of fiduciary duty, and others in what Centurion believes to be an attempt to force Moayeddi, Centurion and UDF to settle with Megatel. In addition to the filing of the below lawsuits, Megatel has also filed Lis Pendens against property owned by third-parties, has sent letters to Megatel’s competitors attempting to interfere with their relationship with Centurion and has possibly partnered with parties believed to be adversarial to Moayeddi, Centurion and UDF. Centurion continues to aggressively fight against these actions and against what it believes to be the baseless claims made in the lawsuits.

1. Cause No. 3:20-CV-00688-L: *Megatel Homes, LLC, et al. v. Mehrdad Moayeddi, et al., in U.S. District Court, Northern District of Texas;*
2. Cause No. DC-19-08774 in the 160<sup>th</sup> Judicial District Court, Dallas Co., Texas; *Megatel Homes, LLC, et al. v. United Development Funding L.P., et al.;*
3. Cause No. 380-02960-2020 in the 380<sup>th</sup> District Court, Collin County, Texas; *Megatel Homes III, LLC v. MM Plano 54, LLC;*
4. Cause No. DC-19-18033 in the 160<sup>th</sup> District Court, Dallas County, Texas; *Megatel Homes III, LLC v. CADG Mercer MM Holdings, LLC et al.;*
5. Cause No. 219-01995-2021 in the 219<sup>th</sup> Judicial District Court, Collin County, Texas; *Megatel Homes III, LLC v. CTMGT Erwin Farms, LLC and CADG Erwin Farms, LLC;*
6. Cause No. 199-01546-2021 in the 199<sup>th</sup> Judicial District Court, Collin County, Texas; *Megatel Homes III, LLC v. CTMGT Frontier 80, LLC;*

7. *Cause No. DC-21-08227 in the 68<sup>th</sup> District Court, Dallas County, Texas; Megatel Homes III, LLC v. MM Finished Lots, LLC and CADG Shady Side, LLC; and*
8. *Cause No. 21-8109-431; Megatel Homes III, LLC v. MM Northlake Phase 203, LLC , as successor in interest to CADG Property Holdings III, LLC.*

### **Dependence upon Developer and Homebuilders**

The ability of the Developer, to the extent that closings to the homebuilders described herein to not occur, and the Homebuilders, to the extent that such closings do occur, to make full and timely payment of the Phase #3B Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds.

The City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Phase #3B Improvement within the District. See "THE PHASE #3B IMPROVEMENTS" and "THE DEVELOPMENT — Development Plan". There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Phase #3B Assessments, if necessary, or as to whether the Developer will advance such funds.

If for any reason, the Development cannot be completed as planned, the Developer or any subsequent property owner will nevertheless remain responsible for the full amount of the applicable Phase #3B Assessments, notwithstanding the fact that the amount of the Phase #3B Assessments when levied assumed the full development of the Phase #3B Assessed Property.

### **TAX MATTERS**

**The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.**

#### **Tax Exemption**

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City and other parties involved with the issuance of the Bonds, with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

### **Additional Federal Income Tax Considerations**

*Collateral Tax Consequences.* Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

For tax years beginning after December 31, 2022, an "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

*Tax Accounting Treatment of Original Issue Premium.* The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and

foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

*Tax Accounting Treatment of Original Issue Discount.* The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”). In such case, the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

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

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

*Tax Legislative Changes.* Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax counsel.

## **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 proceeds of the Pledged Revenues 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.

Bracewell LLP serves as Bond Counsel and Disclosure Counsel to the City. Winstead PC serves as Underwriter's Counsel. The legal fees paid to Bond Counsel, Disclosure 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 of 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 in the Limited Offering Memorandum 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 "Phase #3B Assessment Amounts"), "THE DISTRICT" (except for under the subcaption "Collection and Delinquency History of the District" and "Top Assessment Payers in the District"), "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings (except for the last two sentences of the second paragraph)," "LEGAL MATTERS — Legal Opinions," "SUITABILITY FOR INVESTMENT," "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 Phase #3B 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, Pulte 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 Pulte, threatened against or affecting Pulte wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Pulte 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 Phase #3B Reimbursement Agreement, the Development Agreement, or the Bond Purchase 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, Mr. Mehrdad Moayed and his affiliated entities 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.

For a description of litigation and other matters related to affiliated entities of the Developer, see “BONDHOLDERS’ RISKS — Developer Principal Financial Relationships and Other Matters Relating to Centurion Affiliates.”

## **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 bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

## **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 Wilmington Trust, National Association (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 the 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 the 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 the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

### **The City Compliance with Prior Undertakings**

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

### **The Developer**

Developer, MuniCap and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Phase #3B and the Phase #3B Improvements (collectively, the “Phase #3B Developer Reports”). The specific nature of the information to be contained in the Phase #3B Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of Developer to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. 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. 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**

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

## **UNDERWRITING**

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$\_\_\_\_\_ (representing the aggregate principal amount of the Bonds, less an underwriting discount of \$\_\_\_\_\_, which includes the fees of Underwriter’s Counsel in the amount of \$\_\_\_\_). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial



offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

## **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.

## **INFORMATION RELATING TO THE TRUSTEE**

The City has appointed Wilmington Trust, 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 about the Trustee may be found at its website at [www.wilmingtontrust.com](http://www.wilmingtontrust.com). Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

## **SOURCES OF INFORMATION**

### **General**

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The information contained in this Limited Offering Memorandum relating to the description of the Phase #3B Improvements generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan," " — Status of Phase #3B Improvements," "THE PHASE #3B IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, Phase #3B and/or the Phase #3B Improvements) "LEGAL MATTERS — Litigation — The Developer" and "CONTINUING DISCLOSURE — The Developer" and " — The Developer's Compliance with Prior Undertakings," to the extent such information relates to the Developer, Phase #3B and/or the Phase #3B Improvements, has been provided by the Developer and the Developer warrants and represents that such information is true and correct and in all material respects 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, Pulte will deliver a certificate to this effect to the City and the Underwriter.

## **Experts**

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by MuniCap, Inc. and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by 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.

## **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 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 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.

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY AND THE SURROUNDING AREA

The following information has been provided for informational purposes only.

The City is located at the intersection of FM 428 and US Hwy 377, in northeast Denton County. The City contains a total land area of approximately 4 square miles. The City is approximately 10 miles north of U.S. Highway 380 and 20 miles west of IH 35 on the outskirts of the Dallas-Fort Worth Metroplex. It is located approximately 21 miles northwest of Frisco, Texas, the nearest major employment center, and approximately 49 miles north of Dallas. The City is approximately 39 miles north of Dallas-Fort Worth International Airport and approximately 43 miles north of Dallas Love Field. The City's 2010 census population was 2,595. The City's population for 2020 was 5,380. The City's current population estimate is 5,447.

The City is a political subdivision and a Type A general law municipality of the State, duly organized and existing under the laws of the State. The City was incorporated in 1924. The City operates under an aldermanic form of government with a City Council comprised of the Mayor and five Council members who are elected for staggered two-year terms. The City Council formulates operating policy for the City while the Mayor is the chief administration officer. The current members of the City Council and their respective expiration of terms of office are shown on page ii hereof.

### THE CITY AND DENTON COUNTY

#### Historical Employment in Denton County (Average Annual)<sup>(1)</sup>

Denton County

	Average Annual				
	2022 <sup>(2)</sup>	2021	2020	2019	2018
Civilian Labor Force	554,494	528,401	508,668	497,471	479,070
Total Employed	535,865	505,287	475,991	482,704	463,617
Total Unemployed	18,629	23,114	32,677	14,767	15,453
Unemployment Rate	3.4%	4.4%	6.4%	3.0%	3.2%

<sup>(1)</sup> Source: Texas Workforce Commission.

<sup>(2)</sup> Data through July 2022.

#### Major Employers in Denton County

The major employers in Denton County are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Education	8,887
Lewisville ISD	Education	6,500
Denton ISD	Education	4,417
Walmart	Department Store	3,722
Peterbilt Motors Co	Truck Manufacturing	3,075
Frito Lay	Food Distribution	2,500
Northwest ISD	Education	2,246
Nebraska Furniture Mart	Retail Store	2,000
Texas Women's University	Education	1,875
Denton County	County Government	1,823

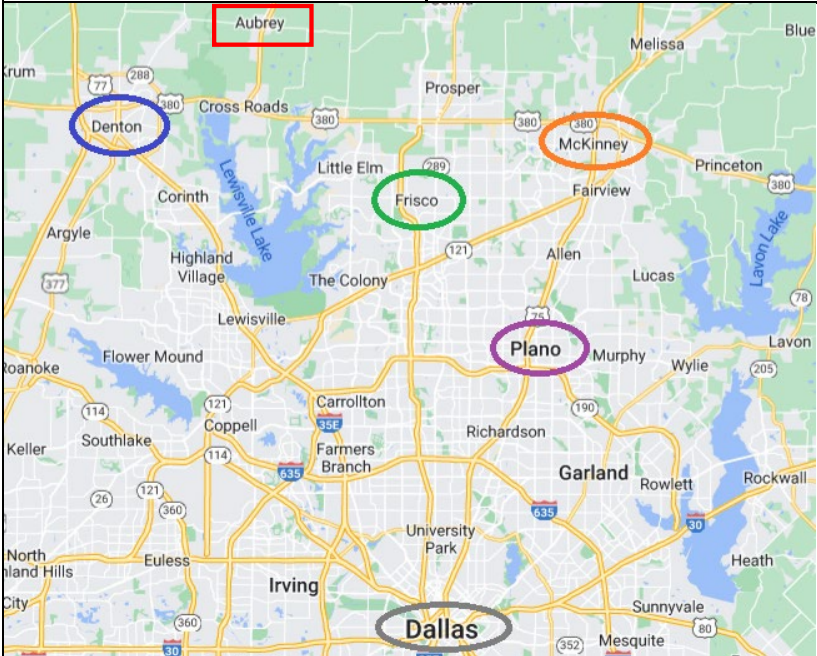
Source: Denton County Economic Development

## 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 Denton		City of Frisco		City of McKinney	
Approximately 10 miles from the City		Approximately 15 miles from the City		Approximately 20 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	7,442	Raytheon Space & Airborne Systems	3,096
Denton ISD	4,431	City of Frisco	1,628	McKinney ISD	2,800
Peterbilt Motors - Headquarters & Plant	2,000	T-Mobile USA	1,000	Torchmark/United American	1,640
Denton County	1,822	Mario Sinicola & Sons Excavating	800	City of McKinney	1,369
Denton State Supported Living Center	1,146	Conifer	615	Encore Wire Corp.	1,350
City of Denton	1,104	Baylor Medical Center	460	Collin College	852
Texas Presbyterian Hospital	1,100	Fiserv	460	Baylor Medical Center	700
Sally Beauty Holdings, Inc.	1,000	IKEA Frisco	423	Medical Center of McKinney	670
Medical City Denton	799	UT Southwestern/TX Health Hospital	415	Timber Blinds	350
Safran Electrical & Power	571	Baylor Scott White/Centennial Hospital	400	Watson & Chain	350

City of Plano	
Approximately 25 miles from the City	
Employer	Employees
Capital One Finance	5,023
JP Morgan Chase	4,988
Toyota Motor North America Inc.	3,815
Liberty Mutual Insurance Company	2,652
Ericsson	2,545
AT&T Foundry	2,500
PepsiCo	1,881
NTT Data Inc.	1,794
Frito-Lay	1,712
FedEx Office	1,186

City of Dallas	
Approximately 50 miles from the City	
Employer	Employees
Texas Instruments Inc.	11,527
Baylor Medical Center	9,671
AT&T Inc.	8,100
Southwest Airlines Co.	7,859
Texas Health Presbyterian Hospital	6,501
TXU	5,500
Match Group	4,800
ClubCorp USA Inc.	4,634
Children's Medical Center Dallas	4,487
Walmart Store	4,205

Source: Municipal Advisory Council of Texas



APPENDIX B  
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF AUBREY, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Trustee

DATED AS OF SEPTEMBER 15, 2022

SECURING

CITY OF AUBREY, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022

JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT (PHASE #3B PROJECT)

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## TABLE OF CONTENTS

### Page

#### ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION .....	4
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

#### ARTICLE 2

THE BONDS .....	12
Section 2.1 Security for the Bonds. ....	12
Section 2.2 Limited Obligations. ....	13
Section 2.3 Authorization for Indenture. ....	13
Section 2.4 Contract with Owners and Trustee. ....	13

#### ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS .....	14
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. ....	19
Section 3.11 Book-Entry Only System.....	20
Section 3.12 Successor Securities Depository: Transfer Outside Book-Entry- Only System.....	20
Section 3.13 Payments to Cede & Co.....	21

#### ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY .....	21
Section 4.1 Limitation on Redemption. ....	21
Section 4.2 Mandatory Sinking Fund Redemption.....	21
Section 4.3 Optional Redemption. ....	23
Section 4.4 Extraordinary Optional Redemption.....	23
Section 4.5 Partial Redemption.....	23
Section 4.6 Notice of Redemption to Owners. ....	24
Section 4.7 Payment Upon Redemption. ....	25
Section 4.8 Effect of Redemption.....	25

TABLE OF CONTENTS  
(continued)

	<u>Page</u>
ARTICLE 5	
FORM OF THE BONDS .....	25
Section 5.1 Form Generally.....	25
Section 5.2 CUSIP Registration.....	26
Section 5.3 Legal Opinion. ....	26
ARTICLE 6	
FUNDS AND ACCOUNTS .....	26
Section 6.1 Establishment of Funds and Accounts.....	26
Section 6.2 Initial Deposits to Funds and Accounts.....	28
Section 6.3 Pledged Revenue Fund. ....	28
Section 6.4 Bond Fund.....	30
Section 6.5 Project Fund.....	31
Section 6.6 Redemption Fund.....	32
Section 6.7 Bond Reserve Account. ....	32
Section 6.8 Delinquency and Prepayment Reserve Account.....	34
Section 6.9 Rebate Account. ....	34
Section 6.10 Administrative Fund. ....	35
Section 6.11 Investment of Funds.....	35
Section 6.12 Investment Income.....	36
Section 6.13 Security of Funds. ....	37
ARTICLE 7	
COVENANTS .....	37
Section 7.1 Confirmation of Phase #3B Assessments.....	37
Section 7.2 Collection and Enforcement of Phase #3B Assessments.....	37
Section 7.3 Against Encumbrances.....	37
Section 7.4 Records, Accounts, Accounting Reports. ....	38
ARTICLE 8	
FEDERAL INCOME TAX MATTERS .....	38
Section 8.1 General.....	38
Section 8.2 No Private Activity Bonds.....	38
Section 8.3 No Federal Guarantee. ....	38
Section 8.4 No Hedge Bonds. ....	39
Section 8.5 No-Arbitrage Bonds.....	39
Section 8.6 Required Rebate.....	39
Section 8.7 Information Reporting. ....	39
Section 8.8 Record Retention. ....	39
Section 8.9 Registration. ....	39
Section 8.10 Favorable Opinion of Bond Counsel. ....	39

TABLE OF CONTENTS  
(continued)

	<u>Page</u>
Section 8.11 Continuing Obligation. ....	39
ARTICLE 9	
LIABILITY OF CITY .....	40
ARTICLE 10	
THE TRUSTEE .....	41
Section 10.1 Trustee as Registrar and Paying Agent. ....	41
Section 10.2 Trustee Entitled to Indemnity. ....	41
Section 10.3 Responsibilities of the Trustee. ....	41
Section 10.4 Property Held in Trust. ....	45
Section 10.5 Trustee Protected in Relying on Certain Documents. ....	45
Section 10.6 Compensation. ....	46
Section 10.7 Permitted Acts. ....	47
Section 10.8 Resignation of Trustee. ....	47
Section 10.9 Removal of Trustee. ....	47
Section 10.10 Successor Trustee. ....	47
Section 10.11 Transfer of Rights and Property to Successor Trustee. ....	48
Section 10.12 Merger, Conversion or Consolidation of Trustee. ....	49
Section 10.13 Trustee to File Continuation Statements. ....	49
Section 10.14 Accounts, Periodic Reports and Certificates. ....	49
Section 10.15 Construction of Indenture. ....	49
ARTICLE 11	
MODIFICATION OR AMENDMENT OF THIS INDENTURE .....	50
Section 11.1 Amendments Permitted. ....	50
Section 11.2 Owners' Meetings. ....	50
Section 11.3 Procedure for Amendment with Written Consent of Owners. ....	51
Section 11.4 Effect of Supplemental Indenture. ....	51
Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments. ....	52
Section 11.6 Amendatory Endorsement of Bonds. ....	52
Section 11.7 Execution of Supplemental Indenture. ....	52
ARTICLE 12	
DEFAULT AND REMEDIES .....	52
Section 12.1 Events of Default. ....	52
Section 12.2 Immediate Remedies for Default. ....	53
Section 12.3 Restriction on Owner's Action. ....	54
Section 12.4 Application of Revenues and Other Moneys After Default. ....	54
Section 12.5 Effect of Waiver. ....	55
Section 12.6 Evidence of Ownership of Bonds. ....	55

TABLE OF CONTENTS  
(continued)

	<u>Page</u>
Section 12.7 Waiver of Default. ....	56
Section 12.8 No Acceleration. ....	56
Section 12.9 Mailing of Notice. ....	56
Section 12.10 Exclusion of Bonds. ....	56
 ARTICLE 13	
GENERAL COVENANTS AND REPRESENTATIONS .....	57
Section 13.1 Representations as to Pledged Revenues. ....	57
Section 13.2 General. ....	57
 ARTICLE 14	
SPECIAL COVENANTS .....	57
Section 14.1 Further Assurances; Due Performance. ....	57
Section 14.2 Additional Obligations; Other Obligations or Other Liens.....	58
Section 14.3 Books of Record. ....	58
 ARTICLE 15	
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE .....	59
Section 15.1 Trust Irrevocable.....	59
Section 15.2 Satisfaction of Indenture. ....	59
Section 15.3 Bonds Deemed Paid.....	59
 ARTICLE 16	
MISCELLANEOUS .....	60
Section 16.1 Benefits of Indenture Limited to Parties. ....	60
Section 16.2 Successor is Deemed Included in All References to Predecessor. ....	60
Section 16.3 Execution of Documents and Proof of Ownership by Owners. ....	60
Section 16.4 Waiver of Personal Liability. ....	61
Section 16.5 Notices to and Demands on City and Trustee.....	61
Section 16.6 Partial Invalidity.....	62
Section 16.7 Applicable Laws. ....	63
Section 16.8 Payment on Business Day.....	63
Section 16.9 Counterparts. ....	63
Section 16.10 Anti-boycott Verification.....	63
Section 16.11 Iran, Sudan and Foreign Terrorist Organizations. ....	63
Section 16.12 Form 1295 Exemption.. ....	64

TABLE OF CONTENTS  
(continued)

Page

EXHIBIT A - Form of Bond

EXHIBIT B – Form of Certificate for Payment

EXHIBIT C – Form of Closing Disbursement Request



## **INDENTURE OF TRUST**

This Indenture of Trust, dated as of September 15, 2022 is by and between the City of Aubrey, Texas (the “City”), and Wilmington Trust, National Association a national banking association, 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 1.

WHEREAS, a petition was submitted by the majority landowners within the District (as hereinafter defined) 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 within the corporate limits of the City to be known as the Jackson Ridge Public Improvement District (the “District”); and

WHEREAS, the petition contained the signatures of the owners of taxable property representing more than fifty percent (50%) 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 Denton Central Appraisal District, and the signatures of property owners who own taxable real property that constitutes more than fifty percent (50%) of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on June 25, 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 Sec. 372.009 of the PID Act and on June 25, 2015, the City Council made the findings required by Sec. 372.009(b) of the PID Act and, by Resolution No. 709-15, 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

WHEREAS, on July 31, 2015, the City published notice of its authorization of the District in the Pilot Point Post-Signal, a newspaper of general circulation in the City, as required by Sec. 372.010(b) of the PID Act; 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 31, 2015; and

WHEREAS, the City previously adopted a “Service and Assessment Plan” on November 17, 2015 and amended and updated such Service and Assessment Plan on March 21, 2017, August 28, 2018 and July 27, 2021 (collectively, the “Original Service and Assessment Plan”); and

WHEREAS, the City Council, pursuant to Section 372.015(b) of the PID Act, published notice of a public hearing in a newspaper of general circulation in the City to consider the Phase #3B Assessment Roll (as defined herein) and the levy of Phase #3B Assessments (as defined herein) on the Phase #3B Assessed Property (as defined herein); and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the Phase #3B Assessment Roll described above and the levy of the Phase #3B Assessments described above to the last known address of the owners of the property liable for such Phase #3B Assessments; and

WHEREAS, the City Council convened the hearing on August 11, 2022, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity (1) to contend for or contest the Phase #3B Assessment Roll, and the proposed Phase #3B Assessments on the Phase #3B Assessed Property, and (2) to offer testimony pertinent to any issue presented on the amount of such Phase #3B Assessments, the allocation of the Costs (as defined herein) of the Phase #3B Improvements (as defined herein), the purposes of the Phase #3B Assessments, the special benefits of the Phase #3B Assessments to Phase #3B (as defined herein) of the District, and the penalties and interest on Annual Installments (as defined herein) and on delinquent Annual Installments of the Phase #3B Assessments; and

WHEREAS, at the public hearings referenced above, there were no written objections or evidence submitted in opposition to the Service and Assessment Plan, the allocation of Costs, the Phase #3B Assessment Roll, or the levy of the Phase #3B Assessments on the Phase #3B Assessed Property; and

WHEREAS, the City Council determined further to adopt an Amended and Restated Service and Assessment Plan (the “Service and Assessment Plan”), which Service and Assessment Plan amends and restates the Original Service and Assessment Plan and provides for the levy of the Phase #3B Assessments on the Phase #3B Assessed Property;

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 approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance (as defined herein) and therein levied the Phase #3B Assessments on the Phase #3B Assessed Property; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Phase #3B Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Phase #3B Improvements, (ii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds (as defined herein), 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, such bonds to be entitled “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project)” (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this 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 and all moneys and investments held in the Pledged Funds and Accounts including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and,

#### SECOND GRANTING CLAUSE

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

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 Phase #3B Assessments have been prepaid, the lien on real property associated with such Phase #3B 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 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 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;

IN ADDITION, the Bonds are special obligations of the City payable solely from the Pledged Revenues, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the

Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Pledged Revenues. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Pledged Revenues.

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”):

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 1

### 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” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest charged on the Phase #3B Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“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 Phase #3B Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 5.10 hereof.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, 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.

“Administrative Expenses” means the administrative, organizational, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petition, and all costs incident hereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance and operation costs and expenses associated with, or incident and allocable to, the administration, organization and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Phase #3B Assessments and the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the bonds, (viii) the Trustee’s reasonable fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the 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, collectively, with respect to each Phase #3B Assessed Property, each annual payment of the Phase #3B Assessments as shown on the Phase #3B Assessment Roll attached to the Service and Assessment Plan as Exhibit D to the Service and Assessment Plan and related to the Bonds and the Phase #3B Improvements, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

“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.

“Assessment Hearing” has the meaning set forth in the recitals.

“Assessment Ordinance” means Ordinance \_\_\_\_\_ adopted by the City Council on August 11, 2022, that levied the Phase #3B Assessments on the Phase #3B Assessed Property.

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess of \$25,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

“Authorized Improvements” means the improvements authorized by the PID Act which (1) will benefit all property assessed within the District, as set forth in the Service and Assessment Plan, (2) are defined as “Authorized Improvements” in the Service and Assessment Plan, and (3) are more particularly described in Appendix B of the Service and Assessment Plan.

“Authorized Officer” means (i) the City Administrator of the City, (ii) an Assistant City Administrator of the City designated by the City Administrator of the City for such purpose, or (iii) the Director of Finance of the City.

“Bond Counsel” means Bracewell LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and federal income tax status of securities issued by public entities.

“Bond Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.2.

“Bond Ordinance” means ordinance adopted by the City Council on \_\_\_\_\_, 2022 authorizing this Indenture.

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 5.1 and administered as provided in Section 6.5.

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated and adjusted for compliance with the above upon (a) any transfers made pursuant to Section 6.7, (b) an optional redemption pursuant to the terms of this Indenture, (c) an extraordinary optional redemption pursuant to the terms of this Indenture or (d) at any time as determined by the City and in compliance with applicable federal tax regulations.

“Bond Year” or “Fiscal Year” means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

“Bonds” means the City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Phase #3B Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

“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, or any national holiday observed by the Trustee.

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

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto 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 with respect to the Phase #3B Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.3 herein.

“City Certificate” means a certificate or written instructions signed by the 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. As of the date hereof, the Director of Finance, the City Manager, and/or designees are the authorized City Representatives.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.3 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account within the Project Fund 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.

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to [ ]% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Assessments, deposited to the Pledged Revenue Fund.

“Delinquent Collection Costs” means the costs related to the foreclosure on a Phase #3B Assessed Property and the costs of collection of a delinquent Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Dallas, Texas, 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 CADG Comanche 248, LLC, a Texas limited liability company, and its respective successors and assigns.

“Development Agreement” means that certain “Jackson Ridge Development Agreement,” executed by and between the Developer, Comanche Ridge 52 Partners, Ltd. and the City effective May 27, 2015 and recorded on July 15, 2015 in the Official Records of Denton County, Texas under assigned Instrument No. 2015-79355, as amended by (i) that First Amendment to the Development Agreement executed by and between Pulte Homes of Texas L.P. (“Pulte”), the Developer and the City effective March 21, 2017 and (ii) that Second Amendment to the Development Agreement executed by and between the Developer, Pulte and the City effective October 23, 2018, and as further amended..

“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 Delinquent Penalties and Interest, received by the City from the enforcement of the Phase #3B Assessments against any Phase #3B Assessed Property, 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.

“General Certificate” means that certain certificate delivered to the Attorney General

“Improvement Account” means the Account within the Project Fund established pursuant to Section 6.1.

“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 attached hereto.

“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 March 1 and September 1 of each year, commencing March 1, 2023.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“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.

“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 4, 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.

“Phase #3B” means the property to be developed within the District identified as Phase #3B and depicted in the Service and Assessment Plan.

“Phase #3B Assessed Property” means all property within Phase #3B of the District and shown in the Phase #3B Assessment Roll against which a Phase #3B Assessment relating to the Phase #3B Improvements is levied in accordance with the Service and Assessment Plan.

“Phase #3B Assessment” means the assessments (including interest thereon) levied against a Parcel within Phase #3B of the District and imposed pursuant to the Assessment Ordinance and the provisions herein, as shown on the Phase #3B Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Phase #3B Assessment Roll” means the Phase #3B Assessment Roll attached in Appendix D to the Service and Assessment Plan as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Phase #3B Assessment against each Phase #3B Assessed Property.

“Phase #3B Improvements” means the Authorized Improvements within Phase #3B being financed by the issuance of Bonds.

“Phase #3B Improvement Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Administrative Expenses), of the Phase #3B Improvements.

“PID Act” means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“Pledged Funds and Accounts” means the following funds and the accounts therein: 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 6.2 hereof.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Prepayment” means the payment of all or a portion of a Phase #3B Assessment before the due date thereof.

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 6.1.

“Project Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 herein.

“Purchaser” means the initial purchaser of the Bonds.

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

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 6.1 and administered pursuant to Section 6.4 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reimbursement Agreement” means that agreement between the City and the Developer dated August 11, 2022 relating to the reimbursement of Phase #3B Improvement Costs from Assessments.

“Reserve Account” means that account established pursuant to Section 6.1 and administered in Section 6.5 herein.

“Service and Assessment Plan” means the document, including the Phase #3B Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as may be updated, amended and supplemented from time to time.

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

“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.

“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 Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

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

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 10 hereof, 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 2

### 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 Accounts; and the Bonds and any other obligations incurred by the City under the terms of this Indenture 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 the Bond Ordinance. 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 3

#### 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. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying or reimbursing a portion of the Phase #3B Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds.

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

(a) The Bonds shall be dated \_\_\_\_\_, 2022 (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 date of initial delivery 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, 2023 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>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$	
20__		
20__		

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 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 this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

### 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 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, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions

are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State 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 holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

### Section 3.5 Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor 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 be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), 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 (the "Comptroller's Registration Certificate"), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by 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, including the provisions of Title 6 of the Texas Property Code, as amended.



(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 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 as is acceptable to the Paying Agent/Registrar, in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner

or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different 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.

#### 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 Authorized Denominations, 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:

(1) 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;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(3) 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

(4) 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, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the 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.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the 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, 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 4

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 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of this Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ \_\_\_\_\_ Term Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__ *	

\*maturity

\$ \_\_\_\_\_ Term Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__ *	

\$ \_\_\_\_\_ Term Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__ *	

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate

principal amount of such Term Bonds to be redeemed, shall call such Term 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 the Term Bonds required to be redeemed on any 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 Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

#### Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 1, 20\_\_ in whole or any part, before their respective scheduled maturity dates, on September 1, 20\_\_, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

#### Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Section 6.5(d), 6.5(f) and Section 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

(c) Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Bonds.

#### Section 4.5 Partial Redemption.

(a) If less than all of the Bonds within a maturity are to be redeemed pursuant to the provisions of this Article IV, such Bonds shall be called by random selection. Each Bond shall

be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

(d) A portion of a single Bond of an Authorized Denomination may be redeemed, but only in a principal amount equal to \$1,000 or any integral thereof. The Trustee shall treat each \$1,000 portion of such Bond as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(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 and exchange the 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 first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 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 reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i)



that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

#### Section 4.7 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee 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, and not otherwise rescinded as provided by, 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 or the principal of and interest on such Bonds, as applicable, 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 5

#### 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 to appear on the Initial Bond, and 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 Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, 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, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 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 6

#### 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:

- (1) Pledged Revenue Fund;

- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

(1) The following Accounts are hereby created within the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

(2) The following Accounts are hereby created and established within the Bond Fund:

(A) Principal and Interest Account; and

(B) Capitalized Interest Account.

(3) The following Accounts are hereby created and established within the Project Fund:

(A) Phase #3B Improvement Account; and

(B) Costs of Issuance Account.

(4) The following Accounts are hereby created and established within the Reserve Fund:

(A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(5) The following account is hereby created and established within the Rebate Fund:

(A) Rebate Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts shall constitute trust funds which shall be held in trust by

the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2 Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (1) to the Bond Reserve Account: \$\_\_\_\_\_;
- (2) to the Capitalized Interest Account: \$\_\_\_\_\_;
- (3) to the Costs of Issuance Account: \$\_\_\_\_\_;
- (4) to the Administrative Fund: \$\_\_\_\_\_
- (5) to the Phase #3B Improvement Account of the Project Fund: \$\_\_\_\_\_.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2023, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(e), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the next Bond Year, as described in Section 6.3(b),
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e),
- (3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement, and
- (4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(e) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (1), (2) and (3) above.

(d) 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 of the Pledged Revenue Fund and transfer to the Principal and Interest Account, 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.

(e) 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, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(f) Notwithstanding Section 6.3(a) above:

(1) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof; and

(2) 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; and

(3) 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 Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Phase #3B Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Administrative Expenses (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account

of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Phase #3B Assessments for any lawful purposes permitted by the PID Act for which Phase #3B Assessments may be paid.

(h) Phase #3B Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Phase #3B Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Phase #3B Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

#### Section 6.4 Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. 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>
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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, at the direction of the City, to the Phase #3B Improvement Account of the Project Fund, or 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 Phase #3B Improvement Account, and Costs of Issuance Account of 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 or pursuant to a closing memo drafted by the City's financial advisor delivered prior to closing on the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request.

(c) Except as otherwise provided herein, money on deposit in the Phase #3B Improvement Account of the Project Fund, shall be used solely to pay the costs of the Phase #3B Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Phase #3B Improvement Costs, the Trustee shall make payment from the Phase #3B Improvement Account of the Project Fund. Except as provided in Sections 6.5(d), 6.5(e), 6.5(g) and 6.5(h), money on deposit in the Phase #3B Improvement Account shall be used solely to pay the Phase #3B Improvement Costs as set forth in the applicable Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phase #3B Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Phase #3B Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phase #3B Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Phase #3B Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Phase #3B Improvement Account 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 this Indenture.

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

(f) Upon the filing of a City Certificate stating that all Phase #3B Improvements have been completed and that all Phase #3B Improvements Costs have been paid, or that any such costs are not required to be paid from the Phase #3B Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Phase #3B Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Phase #3B Improvement Account of the Project Fund.

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the 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)     Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b)     The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c)     The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the direction of the City.

Section 6.7     Bond Reserve Account.

(a)     The City agrees with the Owners of the Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b)     Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c)     Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.13(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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



(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account 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.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage 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 on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(i) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account 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.

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of 6.7(c) and subsequently used for the payment of operating costs directly relating to the Phase #3B Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8     Delinquency and Prepayment Reserve Account.

(a) Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Administrative Expenses (in compliance with Section 6.13(d) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9     Rebate Account.

(a) Amounts on deposit in the Rebate Account of the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Account shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code, Tax Certificate and Section 8.6 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written

instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, after the payment to the federal government of any amounts required to be paid in compliance with Section 8.6, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

#### Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

#### Section 6.11 Investment of Funds.

(a) Money in any Fund 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) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, 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 set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. 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 investments 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. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

(b) Obligations purchased as an investment of moneys in any Fund 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 and may receive compensation in connection with any investment if authorized by the City Representative in writing. 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 and may conclusively rely on the City's written instructions as to the directed 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 monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The Parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

#### Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account of the Bond Fund.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account of the Bond Fund.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account of the Reserve Fund shall be credited to such Accounts.

Section 6.13 Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Phase #3B Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Phase #3B Assessments against the respective Phase #3B Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Phase #3B Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Phase #3B 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 Phase #3B Assessments.

(b) The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Phase #3B Assessment or the corresponding Phase #3B Assessed Property.

Section 7.3 Against Encumbrances.

(a) Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, or upon any other property pledged under 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 issued to

refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

#### Section 7.4     Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Phase #3B Improvement Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Phase #3B Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

### ARTICLE 8

#### FEDERAL INCOME TAX MATTERS

##### Section 8.1     General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Tax Certificate.

##### Section 8.2     No Private Activity Bonds.

The City covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be "private activity bonds" unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Assessments will meet the requirements for 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 Phase #3B Assessments continue to meet such requirements, until final payment of the Bonds.

##### Section 8.3     No Federal Guarantee.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

#### Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action or knowingly omit to take any action, within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

#### Section 8.5 No-Arbitrage Bonds.

The City covenants that it will make use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of each such issues of Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

#### Section 8.6 Required Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Bonds, be rebated to the United States.

#### Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

#### Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

#### Section 8.9 Registration.

The Bonds will be issued in registered form.

#### Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of Bond Counsel that noncompliance with such covenant will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

#### Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for

as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

## ARTICLE 9

### 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 by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.



Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may 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 10

### THE TRUSTEE

#### Section 10.1 Trustee as Registrar and Paying Agent.

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

#### Section 10.2 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified pursuant to a written instrument by the Owners of the Bonds 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. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

#### Section 10.3 Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice), 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 their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

(d) 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 and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

(e) 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.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Phase #3B Improvements. The Trustee shall have no liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), and (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

- (1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,
- (2) any instrument or document of further assurance or collateral assignment,
- (3) the filing of any financing statements, amendments thereto or continuation statements,
- (4) insurance of the Phase #3B Improvements or collection of insurance money,

(5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(j) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Phase #3B Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Phase #3B Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

#### Section 10.4 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 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any order, notice, opinion, 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 to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, 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 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 10.13 herein.

#### Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, 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 a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. 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 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 lawfully available funds under this Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

In the event that the Trustee renders any service not contemplated in this Agreement, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Agreement or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event; provided, however, that all such payments to the Trustee shall be only from funds available in the Administrative Fund.

The Trustee agrees and represents that the total value of this Agreement due to the Trustee shall not exceed the dollar limitation set forth in Section 2271.002, Texas Government Code, Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

Section 10.7 Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

Section 10.8 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (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 earlier of the appointment of a successor as provided in Section 9.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 9.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice 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 10.10 Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

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 (and in no event in excess of thirty (30) days after such vacancy occurs) 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 thirty (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 requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) 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 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the



receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

#### Section 10.12 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 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

#### Section 10.13 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. The Trustee shall only be responsible for making such filings upon direction from the City.

#### Section 10.14 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 aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

#### Section 10.15 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.

## ARTICLE 11

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### Section 11.1 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 a majority 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 Pledged Revenues 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 or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior 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:

- (1) 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;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) 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; and
- (4) to make such additions, deletions or modifications as may be necessary or desirable to assure of the excludability of interest on the Bonds for federal income tax purposes of interest on the Bonds.

#### Section 11.2 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 11.3 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 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail 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. 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 12.6 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 11.3 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 ninety (90) 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 ninety-day period.

### Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 10, 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 11.5 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 11 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 Payment/Transfer Office of the Trustee, 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 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 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 11.7 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 and any Applicable Laws. 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 12

### DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Phase #3B Assessments including the prosecution of foreclosure proceedings;
- (3) 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; and

(4) 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 aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

#### Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may 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.

(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 12, 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 Applicable Laws 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 proper for the purpose which may be designated in such request.

### Section 12.3 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 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 written evidence of 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 registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice 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 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 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 9, 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 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues 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 12.2 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 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

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 pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, 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 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

#### Section 12.5 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 12.6 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:

(1) 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.

(2) 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 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

#### Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 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 12.9 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 12.10 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.



## ARTICLE 13

### GENERAL COVENANTS AND REPRESENTATIONS

#### Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and that the Pledged Revenues 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 Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Phase #3B 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. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

#### Section 13.2 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 14

### SPECIAL COVENANTS

#### Section 14.1 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 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, 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) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Bonds, and (ii) Refunding Bonds.

(c) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, 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 Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

#### Section 14.3 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 Pledged Revenues, the Pledged Funds and Accounts, 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 14.3 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 15

### PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

#### Section 15.1 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 14.

#### Section 15.2 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the 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 15.3 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 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, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on 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 (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. 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 16

### MISCELLANEOUS

#### Section 16.1 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. This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

#### Section 16.2 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 16.3 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 16.4 Waiver of Personal Liability.

No member of the City Council of the City, or any 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 16.5 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 or Certificate for payment 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 Aubrey, Texas  
107 S. Main Street  
Aubrey, Texas 76227  
Attn: City Manager  
Telephone: (940) 440-9343

With a copy to:

And:

Bracewell LLP  
Attn: Julie Partain  
1445 Ross Ave.  
Suite 3800  
Dallas, Texas 75202  
Email: [julie.partain@bracewell.com](mailto:julie.partain@bracewell.com)  
(214) 758-1606

And:

If to the Trustee, also acting in the capacity of  
Paying Agent/Registrar:

Wilmington Trust, N.A.  
Issuer Administrative Services  
15950 North Dallas Parkway, Ste. 550  
Dallas, Texas 75248  
(972) 383-3154  
(214) 862-8441  
Email: \_\_\_\_\_

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 (5) 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 shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. 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 directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

#### Section 16.6 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 16.7 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. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Denton County, Texas (or who's jurisdiction includes Denton county), (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 16.8 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 16.9 Counterparts.

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

Section 16.10 Anti-boycott Verification.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 16.11 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 comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 16.12 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]



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 AUBREY, TEXAS

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

ATTEST:

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

[CITY SEAL]

WILMINGTON TRUST, NATIONAL  
ASSOCIATION, AS TRUSTEE

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

**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.

THE TRANSFER OF THIS BOND IS SUBJECT TO THE TERMS AND RESTRICTIONS DESCRIBED HEREIN.

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

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF AUBREY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, _____	_____	_____

The City of Aubrey, 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 commencing on March 1, 2023, and on each March 1 and September 1 thereafter 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 Dallas, Texas (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrar (the "Trustee," which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, 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 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 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 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 (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.

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 \_\_\_, 2022 and issued in the aggregate principal amount of \$\_\_\_\_\_ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as September 15, 2022 (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 Phase #3B Improvements Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the 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 denominations of \$25,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$25,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ \_\_\_\_\_ Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__ *	

\*maturity

\$ \_\_\_\_\_ Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__ *	

\*maturity

\$ \_\_\_\_\_ Bonds maturing September 1, 20\_\_

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, 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 forty-five (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 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 plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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, 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 forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUBREY, TEXAS; DENTON COUNTY, 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.

\_\_\_\_\_  
City Secretary, City of Aubrey, Texas

\_\_\_\_\_  
Mayor, City of Aubrey, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each 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 an opinion 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.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

DATED: \_\_\_\_\_



(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:

\_\_\_\_\_

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below,” and the reference to the “CUSIP NUMBER” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” 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:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

a. (Information to be inserted from Section 3.2(c) hereof); and

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

## EXHIBIT B

### FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. \_\_\_\_

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of September 15, 2022 (the “Indenture”) relating to the “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for CADG Comanche 248, LLC, a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

the Phase #3B Improvement Account of the Project Fund from Wilmington Trust, National Association (the “Trustee”), in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Phase #3B Improvements providing a special benefit to property within the Jackson Ridge Public Improvement District.

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 itemized payment requested for the below referenced Phase #3B 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 itemized amounts listed for the Phase #3B Improvements below is a true and accurate representation of the Phase #3B Improvements associated with the creation, acquisition, or construction of said Phase #3B Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Phase #3B Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Phase #3B Assessments it owes or an entity the Developer controls owes, located in the Jackson Ridge Public Improvement District and has no outstanding delinquencies for such Phase #3B Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Phase #3B Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Phase #3B 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 percent (90%) of the budgeted or contracted costs for the Phase #3B Improvements identified may be paid until the work with respect to such Phase #3B Improvements (or segment) has been completed and the City has accepted such Phase #3B Improvements (or segment).

**Payments requested are as follows:**

<b>Payee / Description of Phase #3B Improvement</b>	<b>Total Cost of Phase #3B Improvement</b>	<b>Budgeted Cost of Phase #3B Improvement</b>	<b>Amount requested be paid from the Phase #3B Improvement Account</b>

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 Development Agreement, after receiving this payment request, the City has inspected the Phase #3B 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.

**Payments requested hereunder shall be made as directed below:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**CADG COMANCHE 248, a Texas limited  
liability company**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPROVAL OF REQUEST**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Phase #3B Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Phase #3B Improvement Account
\$ _____	\$ _____

## **CITY OF AUBREY, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

## EXHIBIT C

### **FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for CADG Comanche 248, LLC (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Phase #3B Improvement Account of the Project Fund] from Wilmington Trust, National Association, (the “Trustee”) in the amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) for costs incurred in the establishment, administration, and operation of the Jackson Ridge Public Improvement District (the “District”), as follows:

<b>Closing Costs Description</b>	<b>Cost</b>	<b>PID Allocated Cost</b>
<b>TOTAL</b>		

In connection to the above referenced payments, 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 above referenced costs relating to the establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture 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:**

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**CADG COMANCHE 248, LLC,  
a Texas limited liability company**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**APPROVAL OF REQUEST**

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 to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount to be paid by Trustee from Phase #3B Improvement Account
\$ _____	\$ _____	\$ _____

**CITY OF AUBREY, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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



## APPENDIX C

### FORM OF SERVICE AND ASSESSMENT PLAN

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# JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT

CITY OF AUBREY, TEXAS

## AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

November 17, 2015

As Amended and Restated on March 21, 2017, Amended  
and Restated and for Phase #2 Restated on October 23,  
2018, Amended and Restated for Phase #3A on July 28  
2020, and Amended and Restated for Phase #3B on August  
11, 2022, and updated for Phase #3B Bonds on  
                    , 2022.

PREPARED BY:

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

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**JACKSON RIDGE**  
**PUBLIC IMPROVEMENT DISTRICT**  
AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

**TABLE OF CONTENTS**

<b>RECITALS.....</b>	<b>1</b>
<b>I. PLAN DESCRIPTION AND DEFINED TERMS .....</b>	<b>3</b>
A. INTRODUCTION .....	3
<b>II. PROPERTY INCLUDED IN THE PID .....</b>	<b>13</b>
A. PROPERTY INCLUDED IN THE PID .....	13
B. PROPERTY INCLUDED IN PHASES #2-3 MAJOR IMPROVEMENT AREA.....	13
C. PROPERTY INCLUDED IN PHASE #1.....	14
D. PROPERTY INCLUDED IN PHASE #2.....	14
E. PROPERTY INCLUDED IN PHASE #3.....	14
<b>III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS .....</b>	<b>16</b>
A. AUTHORIZED IMPROVEMENT OVERVIEW .....	16
B. DESCRIPTIONS OF COSTS OF MAJOR IMPROVEMENTS .....	16
C. DESCRIPTIONS OF COSTS OF PHASE #1 IMPROVEMENTS .....	19
D. DESCRIPTIONS OF COSTS OF PHASE #2 IMPROVEMENTS .....	21
E. DESCRIPTIONS OF COSTS PHASE #3A IMPROVEMENTS .....	23
F. DESCRIPTIONS OF COSTS PHASE #3B IMPROVEMENTS.....	25
<b>IV. SERVICE PLAN .....</b>	<b>27</b>
A. SOURCES AND USES OF FUNDS.....	27
B. FIVE YEAR SERVICE PLAN .....	35
C. PID ASSESSMENT NOTICE.....	40
<b>V. ASSESSMENT PLAN .....</b>	<b>41</b>
A. INTRODUCTION .....	41
B. SPECIAL BENEFIT .....	43
C. ALLOCATION OF COSTS TO ASSESSED PROPERTY .....	45
D. ASSESSMENT METHODOLOGY .....	46
E. ASSESSMENTS.....	51
F. ADMINISTRATIVE EXPENSES .....	51
G. PREPAYMENT RESERVE – PHASE #1 AND PHASES #2-3 MAJOR IMPROVEMENT AREA.....	51
H. DELINQUENCY RESERVE – PHASE #1 AND PHASES #2-3 MAJOR IMPROVEMENT AREA .....	52
I. RESERVE FOR PREPAYMENT AND DELINQUENCY –PHASE #2 .....	52
J. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3A.....	52
K. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3B.....	52
L. TIRZ CREDIT.....	52
M. MSUD CONTRACT REVENUE CREDIT .....	53
<b>VI. TERMS OF THE ASSESSMENTS .....</b>	<b>54</b>
A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2-3 MAJOR IMPROVEMENT AREA FOR MAJOR IMPROVEMENTS .....	54
B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #1 .....	54
C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #2 .....	55
D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3A.....	55

E.	AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3B .....	56
F.	REALLOCATION OF ASSESSMENTS .....	56
G.	MANDATORY PREPAYMENT OF ASSESSMENTS .....	57
H.	REDUCTION OF ASSESSMENTS .....	57
I.	PAYMENT OF ASSESSMENTS .....	58
J.	COLLECTION OF ANNUAL INSTALLMENTS .....	61
<b>VII.</b>	<b>THE ASSESSMENT ROLL .....</b>	<b>63</b>
A.	PHASES #2-3 MAJOR IMPROVEMENT AREA ASSESSMENT ROLL .....	63
B.	PHASE #1 ASSESSMENT ROLL.....	64
C.	PHASE #2 ASSESSMENT ROLL.....	65
D.	PHASE #3A ASSESSMENT ROLL.....	65
E.	PHASE #3B ASSESSMENT ROLL .....	66
F.	ANNUAL ASSESSMENT ROLL UPDATES.....	67
<b>VIII.</b>	<b>MISCELLANEOUS PROVISIONS .....</b>	<b>68</b>
A.	ADMINISTRATIVE REVIEW .....	68
B.	TERMINATION OF ASSESSMENTS .....	68
C.	AMENDMENTS .....	68
D.	ADMINISTRATION AND INTERPRETATION OF PROVISIONS.....	69
E.	SEVERABILITY.....	69
<b>APPENDIX A - THE PID MAP</b>		
<b>APPENDIX B - BUDGETED COSTS OF THE AUTHORIZED IMPROVEMENTS</b>		
<b>APPENDIX C - DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS</b>		
<b>APPENDIX D - PID ASSESSMENT NOTICE</b>		
<b>APPENDIX E - LOT TYPES AND EQUIVALENT UNITS</b>		
<b>APPENDIX F - ALLOCATION OF ASSESSMENTS</b>		
<b>APPENDIX G - PHASES #2-3 MAJOR IMPROVEMENT AREA ASSESSMENT ROLL</b>		
<b>APPENDIX H - PHASE #1 ASSESSMENT ROLL</b>		
<b>APPENDIX I - PHASE #2 ASSESSMENT ROLL</b>		
<b>APPENDIX J - PHASE #3A ASSESSMENT ROLL</b>		
<b>APPENDIX K - PHASE #3B ASSESSMENT ROLL</b>		

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## ***RECITALS***

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**WHEREAS**, this Service and Assessment Plan amends and restates that particular Jackson Ridge Public Improvement District Service and Assessment Plan originally approved by the City Council on November 17, 2015, which service and assessment plan was amended on March 21, 2017, October 23, 2018, and on July 28, 2020 (as so amended, the “Original Service and Assessment Plan”); and

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

**WHEREAS**, on November 17, 2015, after notice and a public hearing conducted in the manner required by the PID Act (as defined herein), the City Council adopted Ordinance No. 2015-54 approving the “Jackson Ridge Public Improvement District Service and Assessment Plan and Assessment Roll” (the “Original Service and Assessment Plan”) and levied assessments on property in the PID; and

**WHEREAS**, the original plan of development for the PID contemplated that the City would provide retail water and sewer service to the PID, and Mustang Special Utility District (“MSUD”) held the certificates of convenience and necessity (the “CCNs”) to provide retail water and sewer service to the property within the PID; and

**WHEREAS**, the Developers agreed to secure the CCNs from MSUD; and

**WHEREAS**, the City has determined that until such time as the City can efficiently provide retail water and sewer service to the PID, it shall be advisable to MSUD to provide retail water and sewer service to the PID and, as such, the Developers and the City have agreed that the Assessed Property will receive water and sewer service from MSUD; and

**WHEREAS**, the City and the MSUD entered into that certain Transfer and Service Agreement (the “Transfer and Service Agreement”) on March 27, 2017, wherein MSUD has agreed to provide retail water and sewer service to the Assessed Property and, therefore, certain major improvements included in the Original Service and Assessment Plan intended to serve all property in the PID are no longer required to be constructed; and

**WHEREAS**, the City Council amended and restated the Original Service and Assessment Plan on March 21, 2017, to, among other things, allow MSUD to provide retail water and sewer service to the PID (the “2017 Amendment”); and

**WHEREAS**, in connection with the issuance of bonds and the reimbursement of costs, the City has determined to amend and restate the Amended Service and Assessment Plan on October 23, 2018, to provide for issuance of the Phase #2 Bonds and the reimbursement of costs and the and to update the Authorized Improvements relating to Phase #2 of the PID (the “2018 Amendment”); as described herein;

**WHEREAS** the Phase #2 Bonds were issued on October 23, 2018; and

**WHEREAS**, the City Council approved the levy of assessments on property within Phase #3A of the PID, entered into the Phase #3A Reimbursement Agreement and again amended and restated the Original Service and Assessment Plan on July 28, 2020 (the “2020 Amendment”); and

**WHEREAS**, the City issued Phase #3A Bonds on July 27, 2021, to reimburse the costs of the Authorized Improvements in Phase #3A; and

**WHEREAS**, in connection with the issuance of the Phase #3A Bonds and the reimbursement of costs, the City updated the Amended Service and Assessment Plan to provide for issuance of the Phase #3A Bonds and the reimbursement of costs and to update the Authorized Improvements relating to Phase #3A of the PID as described herein on July 27, 2021; and

**WHEREAS**, the City Council approved the levy of assessments on property within Phase #3B of the PID, entered into the Phase #3B Reimbursement Agreement and again amended and restated the Original Service and Assessment Plan on August 11, 2022 (the “2022 Amendment” and together with the Original Service and Assessment Plan, the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment, the “Amended Service and Assessment Plan”); and

**WHEREAS**, the City issued Phase #3B Bonds on [REDACTED], 2022, to reimburse the costs of the Authorized Improvements in Phase #3B; and

**NOW THEREFORE**, the Amended Service and Assessment Plan is hereby updated as follows

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



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

---

### **A. INTRODUCTION**

On June 25, 2015 (the “Creation Date”) the City Council of the City of Aubrey, Texas (the “City”) passed and approved Resolution No. 709-15 approving and authorizing the creation of the Jackson Ridge Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID (the “Authorized Improvements”), all of which is located within the City of Aubrey. As described above, the City previously adopted a service and assessment plan for the PID on November 17, 2015, (the “Original Service and Assessment Plan”), which service and assessment plan was amended and restated on March 21, 2017 (the “2017 Amendment”), October 23, 2018 (the “2018 Amendment”), July 28, 2020 (the “2020 Amendment”), and August 11, 2022 (the “2022 Amendment” and together with the Original Service and Assessment Plan, the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment, the “Amended Service and Assessment Plan”). This Service and Assessment Plan amends, restates and replaces the Original Service and Assessment Plan as amended by the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment.

The property in the PID is proposed to be developed in approximately three phases, and the PID will finance public improvements for each phase as each phase is developed. Assessments will be imposed on all property in the PID for the public improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Jackson Ridge Public Improvement District Amended and Restated Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (1) cover a period of at least five years; (2) define the annual indebtedness and the projected costs for improvements; and (3) include a copy of the notice form required by Section 5.014, Property Code.” Additionally, the PID Act requires that “the governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended (the “Property Code”), is attached hereto as Appendix D; provided, however, in the event of a conflict, the Property Code controls.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the Authorized Improvement Costs and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.”

The Assessment Rolls for the PID are included as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K of this Service and Assessment Plan. The Assessments as shown on each Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan

## **B. Definitions**

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

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

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

**“Additional Interest”** has the meaning set forth in Section V.G of this Service and Assessment Plan, as amended and/or updated from time to time.

**“Additional Interest Rate”** has the meaning set forth in Section V.G of this Service and Assessment Plan, as amended and/or updated from time to time.

**“Administrator”** means the City or designee of the City identified in any agreement approved by the City Council to perform the duties of the Administrator, who shall have the responsibilities of the Administrator provided for herein.

**“Administrative Expenses”** means the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and codes with respect to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Amounts collected for Administrative Expenses but not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

**“Annual Installment”** means, with respect to each Parcel, each annual payment of: (i) the Assessments (including applicable interest) , as shown on the Assessment Rolls attached hereto as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) Administrative Expenses, (iii) the prepayment reserve described in Section V of this Service and Assessment Plan for Phase #1 Bonds and Phases #2-3 Major Improvement Bonds, (iv) the delinquency reserve described in Section V of this Service and Assessment Plan for Phase #1 Bonds and Phases #2-3 Major Improvement Bonds, and (v) the Additional Interest Reserve described in Section V of this Service and Assessment Plan for Phase #2 Bonds, Phase #3A Bonds and Phase #3B Bonds.

**“Annual Service Plan Update”** has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

**“Assessed Property”** means any property that benefits from the Authorized Improvements within the PID on which Assessments have been imposed as shown in the Assessment Rolls, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

**“Assessment”** means an 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 or reduction according to the provisions herein and the PID Act. An Assessment for a Parcel consists of the Annual Installments to be collected in all years and includes the Assessments including those collected to pay Administrative Expenses and interest on all Assessments.

**“Assessment Ordinance”** means an ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments on the applicable Assessed Property.

**“Assessment Revenues”** means the revenues actually received by or on behalf of the City from the collection of Assessments.

**“Assessment Roll(s)”** means, as applicable, the Phases #2-3 Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Assessment Roll, the Phase #3A Assessment Roll, the Phase #3B Assessment Roll, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

**“Authorized Improvements”** means those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, acquired, constructed, and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

**“Authorized Improvement Costs”** means the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as shown in Appendix B.

**“Bonds”** means any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

**“Budgeted Cost(s)”** means the estimated costs to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

**“CADG Comanche”** means CADG Comanche 248, LLC, a Texas limited liability company.

**“Certification for Payment”** means the certificate to be provided by the applicable Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements, which may be in segments or sections.

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

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

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

**“Delinquent Collection Costs”** means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

**“Developer”** means, as applicable, CADG Comanche and/or Pulte, and their respective successors and assigns.

**“Development Agreement”** means that certain "Jackson Ridge Development Agreement," executed by and between CADG Comanche 248, LLC (“CADG Comanche”), Comanche Ridge 52 Partners,

Ltd. and the City effective May 27, 2015 and recorded on July 15, 2015 in the Official Records of Denton County, Texas under assigned Instrument No. 2015-79355, as partially assigned to Pulte Homes of Texas, L.P. (“Pulte”) and as amended by (i) that First Amendment to the Development Agreement executed by and between CADG Comanche, Pulte and the City effective March 21, 2017 and (ii) that Second Amendment to the Development Agreement executed by and between CADG Comanche, Pulte and the City effective October 23, 2018, and as may be further amended.

**“Equivalent Units”** means, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix E attached hereto.

**“Homeowner 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 exclusive use easement, a homeowners’ association established for the benefit of property owners within the PID.

**“Lot”** means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Denton County, Texas.

**“Lot Type”** means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single-family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

**“Lot type 1”** means lots identified as such on the Assessment Rolls, being lots with approximately 7,200 square feet size and a lot width of 60 feet, which may be referred to as such in the development standards included as Exhibit F to the Development Agreement.

**“Lot type 2”** means lots identified as such on the Assessment Rolls, being lots with approximately 6,000 square feet size and a lot width of 50 feet, which may be referred to as such in development standards included as Exhibit F to the Development Agreement.

**“Major Improvements” or “MI”** mean the Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

**“Non-Benefited Property”** means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property may be identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.G.1.

**“Parcel” or “Parcels”** means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Denton Central Appraisal District for real property tax purposes



or by lot and block number in a final subdivision plat recorded in the official public records for real property in Denton County.

**“Phase”** means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the issuance of Phased PID Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specifically benefit the Parcels within the Phase.

**“Phase #1”** means the initial Phase to be developed within the PID, identified as “Phase #1”, and generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix H.

**“Phase #1 Assessed Property”** means all Parcels within Phase #1 other than Non-Benefited Property and shown in the Phase #1 Assessment Roll against which an Assessment relating to the Phase #1 Improvements is levied.

**“Phases #1 Assessment Revenues”** means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #1 Assessed Property, or the Annual Installments thereof, for the Phase #1 Improvements.

**“Phase #1 Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix H, 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 Bonds or in connection with any Annual Service Plan Update.

**“Phase #1A Bonds”** means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phase #1 Project)" that are secured primarily by Phase #1 Assessment Revenues issued by the City to finance a portion of the Phase #1 Improvements as described in Section IV of this Service and Assessment Plan.

**“Phase #1 Bonds”** means, collectively the Phase #1A Bonds that were issued by the City to finance the Phase #1 Improvements as described in Section IV of this Service and Assessment Plan, as amended and/or updated from time to time, that are secured primarily by Phase #1 Assessment Revenues.

**“Phase #1 Improvements”** means (i) the pro-rata portion of the Major Improvements allocable to Phase #1, and (ii) the Phase #1 Projects.

**“Phase #1 Projects”** mean the Authorized Improvements which only benefit Phase #1 Assessed Property, which are described in Section III.C.

**“Phase #1 Reimbursement Agreement”** means that Phase #1 Improvements Reimbursement Agreement between the City and CADG Comanche 248, LLC dated as of November 17, 2015.

**“Phase #2”** means the second Phase to be developed, identified as Phases #2A and #2B and generally shown in Appendix A, as specifically described as the sum of all Parcels shown in Appendix I.

**“Phase #2 Assessed Property”** means all Parcels within Phase #2 other than Non-Benefited Property and shown in the Phase #2 Assessment Roll in Appendix I against which an Assessment relating to the Phase #2 Improvements is levied.

**“Phase #2 Assessment Revenues”** means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #2 Assessed Property, or the Annual Installments thereof, for the Phase #2 Improvements.

**“Phase #2 Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix I, 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 Bonds or in connection with any Annual Service Plan Update.

**"Phase #2 Bonds"** means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #2 Project)" that are secured primarily by Phase #2 Assessment Revenues and were issued by the City to finance the Phase #2 Improvements.

**“Phase #2 Improvements”** means the Authorized Improvements which only benefit Phase #2 Assessed Property and are described in Section III.D.

**“Phase #3”** means the third Phase to be developed as Phase #3A and Phase #3B.

**“Phase #3A”** means a portion of Phase #3 to be developed as Phase #3A generally shown in Appendix A, as specifically described as the sum of all Parcels shown in Appendix J.

**“Phase #3A Assessed Property”** means all Parcels within Phase #3A other than Non-Benefited Property and shown in the Phase #3A Assessment Roll in Appendix J against which an Assessment relating to the Phase #3A Improvements is levied.

**“Phase #3A Assessment Revenues”** means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #3A Assessed Property, or the Annual Installments thereof, for the Phase #3A Improvements.

**“Phase #3A Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix J, 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 Bonds or in connection with any Annual Service Plan Update.

**"Phase #3A Bonds"** means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2021 (Jackson Ridge Public Improvement District Phase #3A Project)" that are secured primarily by Phase #3A Assessment Revenues and were issued by the City to finance the Phase #3A Improvements and/or reimburse Pulte under the Phase #3A Reimbursement Agreement.

**“Phase #3A Improvements”** means the Authorized Improvements which only benefit Phase #3A Assessed Property and are described in Section III.E.

**“Phase #3A Reimbursement Agreement”** means the Phase #3A Improvements Reimbursement Agreement between the City and Pulte Homes of Texas L.P. dated as of June 23, 2020.

**“Phase #3B”** means a portion of Phase #3 to be developed as Phase #3B generally shown in Appendix A, as specifically described as the sum of all Parcels to be shown in Appendix K.

**“Phase #3B Assessed Property”** means all Parcels within Phase #3B other than Non-Benefited Property to be shown in the Phase #3B Assessment Roll against which an Assessment relating to the Phase #3B Improvements may be levied.

**“Phase #3B Assessment Revenues”** means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #3B Assessed Property, or the Annual Installments thereof, for the Phase #3B Improvements.

**“Phase #3B Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix K, 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 Bonds or in connection with any Annual Service Plan Update.

**“Phase #3B Bonds”** means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project)" that are secured primarily by Phase #3B Assessment Revenues and were issued by the City to finance the Phase #3B Improvements and/or reimburse CADG Comanche 248 under the Phase #3B Reimbursement Agreement.

**“Phase #3B Improvements”** means the Authorized Improvements which only benefit Phase #3B Assessed Property described in Section III.F.

**“Phase #3B Reimbursement Agreement”** means the Jackson Ridge Public Improvement District Phase #3B Improvements Reimbursement Agreement between the City and CADG Comanche 248, LLC dated as of August 11, 2022.

**“Phases #2-3 Major Improvement Area”** or **“Phases #2-3 MIA”** means the property within the PID, excluding Phase #1, which is to be developed subsequent to Phase #1 and generally depicted in Appendix A of this Service and Assessment Plan or any Annual Service Plan Update.

**“Phases #2-3 Major Improvement Assessed Property”** means, for any year, all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Phase #1 for which an Assessment has been levied

**“Phases #2-3 Major Improvements”** means the pro-rata portion of the Major Improvements allocable to Phases #2-3 Major Improvement Area and are described in Section III.B.

**“Phases #2-3 Major Improvement Assessment Revenues”** means the revenues actually received by or on behalf of the City from the collection of Assessments levied against Phases #2-3 Major Improvement Assessed Property, or the Annual Installments thereof, for the Major Improvements.



**“Phases #2-3 Major Improvement Area Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix G, 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 Bonds or in connection with any Annual Service Plan Update.

**“Phases #2-3 Major Improvement Bonds”** means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Project)" that are secured primarily by Phases #2-3 Major Improvement Assessment Revenues issued by the City to finance the Phases #2-3 Major Improvements.

**“PID”** has the meaning set forth in Section I A of this Service and Assessment Plan.

**“PID Act”** means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

**“Prepayment Costs”** mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

**“Public Property”** means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Denton County, the City, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

**“Pulte”** means Pulte Homes of Texas, L.P., a Texas limited partnership.

**“Reimbursement Agreement”** means each Reimbursement Agreement by and between the City and each Developer in which the applicable Developer agrees to fund the Actual Costs of certain Authorized Improvements and the City agrees to reimburse the applicable Developer for the Actual Costs of those Authorized Improvements funded by the applicable Developer with interest as permitted by the PID Act, including the Phase #1 Reimbursement Agreement, the Phase #3A Reimbursement Agreement, and the Phase #3B Reimbursement Agreement.

**“Service and Assessment Plan”** means this amended and restated Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended or updated from time to time.

**“TIRZ No. 1”** means the Tax Increment Reinvestment Zone No. 1, City of Aubrey, Texas.

**“TIRZ Credit”** means, for each Parcel constituting Phase #1 Assessed Property and Phases #2-3 Major Improvement Assessed Property, the prorated amount of TIRZ Revenues calculated pursuant to Section VI.A and VI.B of this Service and Assessment Plan.

**“TIRZ Ordinance”** means an ordinance adopted by the City Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No. 1 Project Plan and Financing Plan (including amendments or supplements thereto).

**“TIRZ Revenues”** means, for each year, the amounts paid by the City from the TIRZ No. 1 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment relating to the Phase #1 Assessments and the Phases #2-3 Major Improvement Area Assessments, as calculated each year by the Administrator in collaboration with the City, in accordance with Section VI.A and VI.B of this Service and Assessment Plan.

**“Trust Indenture”** means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

**“Trustee”** means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

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## ***II. PROPERTY INCLUDED IN THE PID***

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### **A. PROPERTY INCLUDED IN THE PID**

The PID is presently located within the City and contains approximately 421.097 gross acres of land, of which 318.6 acres represent developable acres. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 1,406 single-family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots (1,406) and the classification of each lot are based upon the proposed development plan. A map of the property within Phase #1, Phase #2, and Phase #3 and depicting the boundaries of each proposed Phase is shown in Appendix A.

The property within the PID is proposed to be developed as shown in Table II-A.

**Table II-A**  
**Proposed Development – PID**

<b>Proposed Development Type</b>	<b>Quantity</b>	<b>Measurement</b>
Single Family Residential – 60 Feet	269	units
Single Family Residential – 50 Feet	1,137	units
<b>Total</b>	<b>1,406</b>	<b>units</b>

### **B. PROPERTY INCLUDED IN PHASES #2-3 MAJOR IMPROVEMENT AREA**

Phases #2-3 Major Improvement Area consists of approximately 298 gross acres (194.9 developable acres) and are projected to consist of approximately 944 residential units, as further described in Section III. A map of the property within Phases #2-3 Major Improvement Area and depicting the boundaries of each proposed Phase is shown in Appendix A.

The property within Phases #2-3 Major Improvement Area is proposed to be developed as shown in Table II-B.

**Table II-B**  
**Proposed Development – Phases #2-3**

<b>Proposed Development Type</b>	<b>Quantity</b>	<b>Measurement</b>
Single Family Residential – 60 Feet	167	units
Single Family Residential – 50 Feet	777	units
<b>Total</b>	<b>944</b>	<b>units</b>

### C. PROPERTY INCLUDED IN PHASE #1

Phase #1 consists of approximately 123.7 developable acres and consists of 462 single-family residential units developed as Phase #1, as further described in Section III. A map of the property within Phase #1 and depicting the boundaries of Phase #1 is shown in Appendix A.

The property within Phase #1 is developed as shown in Table II-C.

**Table II-C**  
**Phase #1 Development**

<b>Development</b>	<b>Quantity</b>	<b>Measurement</b>
60 Ft Lot	102	Units
50 Ft Lot	360	Units
<b>Total</b>	<b>462</b>	<b>Units</b>

### D. PROPERTY INCLUDED IN PHASE #2

Phase #2 consists of approximately 108.3 acres and consists of 489 single-family residential units, developed by Pulte as Phase #2A (198 residential units) and by CADG Comanche as Phase #2B (291 residential units), as further described in Section III. A map of the property within Phase #2 and depicting the boundaries of Phase #2 is shown in Appendix A.

The property within Phase #2 is developed as shown in Table II-D.

**Table II-D**  
**Phase #2 Development**

<b>Development</b>	<b>Quantity (Phase #2A)</b>	<b>Quantity (Phase #2B)</b>	<b>Total</b>	<b>Measurement</b>
60 Ft Lot	0	100	100	Units
50 Ft Lot	198	191	389	Units
<b>Total</b>	<b>198</b>	<b>291</b>	<b>489</b>	<b>Units</b>

### E. PROPERTY INCLUDED IN PHASE #3

Phase #3 consists of approximately 86.8 acres and is projected to consist of 455 single-family residential units, to be developed by Pulte as Phase #3A (197 residential units) and by CADG Comanche as Phase #3B (258 residential units), as further described in Section III. A map of the property within Phase #3 and depicting the boundaries of Phase #3 is shown in Appendix A.

The property within Phase #3 is proposed to be developed as shown in Table II-E.

**Table II-E**  
**Proposed Development – Phase #3**

<b>Proposed Development</b>	<b>Quantity (Phase #3A)</b>	<b>Quantity (Phase #3B)</b>	<b>Total</b>	<b>Measurement</b>
60 Ft Lot	0	67	67	Units
50 Ft Lot	197	191	388	Units
<b>Total</b>	<b>197</b>	<b>258</b>	<b>455</b>	<b>Units</b>

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### ***III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS***

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#### **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 and Section III.D. Any change to the list of Authorized Improvements will require the approval of the City.

#### **B. DESCRIPTIONS OF COSTS OF MAJOR IMPROVEMENTS**

The Major Improvements benefit the entire PID. The costs of the Major Improvements have been allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the Equivalent Units as calculated and shown in Appendix E using the planned lot types and anticipated number of lots.

The Original Service and Assessment Plan included certain water distribution system improvements and sanitary sewer collection system improvements to be designed, owned and operated by the City

as the City expected to serve the property in the PID. The City and the MSUD entered into the Transfer and Service Agreement, wherein the City agreed that MSUD will be the retail water and wastewater service provider to the development in which the PID lies, which is commonly known as Winn Ridge (the “Development”). As a result, the water distribution system portion of the Major Improvements for the Development has been replaced with connections to the existing MSUD water supply system to provide service to the Development, including wastewater treatment. Accordingly, a portion of the original contemplated Major Improvements consisting of certain water distribution system improvements and sanitary sewer improvements to be owned by the City have been eliminated from the Authorized Improvements due to such changes. The cost savings from these changes have been reallocated to other Major Improvements, which were included in the Original Service and Assessment Plan as Authorized Improvements of the PID in Appendix B.

The updated descriptions of the Major Improvements are presented below as provided by the project engineer. The final Actual Costs of the Major Improvements are shown in Table III-A.

### ***Water Distribution System Improvements:***

Water Distribution System – The Development is a customer of the MSUD and receives treated water through two points of delivery, one located near the MSUD elevated storage tank along Byran Road, and the other one located near the project entrance along FM 1385. There are existing 24-inch water transmission lines located along the southern and eastern boundaries of the project. A portion of the water distribution system portion of the Major Improvements consists of constructing approximately 11,371 linear feet of various-sized water lines located within the Development.

Additional waterline improvements include connection to the existing water mains, installation of associated valves, fire hydrants, ductile iron fittings, erosion control, trench safety and testing. All water improvements were constructed to City standards and specifications and all improvements are owned and operated by the MSUD.

According to the project engineer, the system is a more efficient way to serve the Development by providing direct connections to the MSUD water system and eliminating the need to construct the water treatment facility consisting of a metering station, elevated and ground storage tanks and pump station. In addition, the new system provides a “loop system” that allows the Development to receive water supply from two different locations. The “loop system” greatly enhances water distribution in case of emergencies and also provides ways to increase circulation within the system, eliminating the potential of having stagnant water within the system.

Wastewater Treatment System – Wastewater treatment services are provided by MSUD through a contract with the Upper Trinity Regional Water District (“UTRWD”) to treat MSUD wastewater at their wastewater treatment plant (“WWTP”). UTRWD operates the Riverbend WWTP which has a permit from the Texas Commission on Environmental Quality (“TCEQ”) to treat up to 5 million gallons per day (MGD). The UTRWD WWTP permit with the TCEQ has excess capacity to serve the development. UTRWD is in the process of expanding the Riverbend WWTP capacity to up to 4 MGD.

The updated wastewater treatment system improvements consist of approximately 8,072 linear feet of 15 and 18-inch sanitary sewer gravity line generally flowing southwesterly along the Little Elm Creek,

connecting to a 3.5 MGD lift station connected to 3,238 linear feet of 14-inch force main, and then connecting to an 18-inch gravity line connecting to the Riverbend WWTP.

Cutoff valves and air release valves were constructed in accordance with MSUD and TCEQ regulations. The interceptor lines were designed to maintain the 3.0 fps minimum velocity. The lines were designed and constructed in accordance with City standards and specifications and are owned and operated by the UTRWD through a contractual relationship with MSUD.

### ***Sanitary Sewer Improvements:***

The revised plan for the sanitary sewer collection system portion of the Major Improvements consists of constructing approximately 18,795 linear feet of 8-inch gravity sewer trunk line, approximately 1,371 linear feet of 12-inch gravity sewer trunk line and approximately 1,860 linear feet of 15-inch gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Additional portions of the sanitary sewer collection system portion of the Major Improvements consist of constructing manholes, associated erosion control, trench safety and sewer line testing.

### ***Road Improvements:***

The City has financed additional roadway Major Improvements as a result of the cost savings from the changes to the Major Improvements as outlined above. Such improvements were included in the Original Service and Assessment Plan as Authorized Improvements of the PID in Appendix B.

The roadway portion of the Major Improvements consists of approximately 5,545 linear feet of a 3-lane collector road from connecting FM 1385 to Byran Road (referred to as Road A) and approximately 4,610 linear feet of Byran Road (referred to as Road B and C). This provides access off of FM 1385 into the Development. The revised Road A projects include storm drainage facilities, hardscape and landscape, road right of way excavation and street lights. Road A includes approximately 10,200 linear feet of underground reinforced concrete pipe, headwalls, inlets, safety end treatments, manholes and storm sewer energy dissipaters, approximately 58,589 cubic yards of right of way excavation, approximately 2,428 linear feet of brick screen wall, stone columns, trail markers and approximately 391,937 SF of Bermuda sod and irrigation. Byran Road was also improved for the section adjacent to the Development. These improvements were constructed to TxDOT, Denton County and City standards. These improvements benefit the entire project and are referred to as Road B and C projects including approximately 3,460 and 1,150 linear feet, respectively, of road improvements, including drainage facilities, road right of way excavation, hardscape and landscape improvements. In addition, left and right turn lanes were constructed within FM 1385 to enhance traffic turning movement in and out of the development and include drainage facilities, road right of way excavation, hardscape and landscape.

Table III-A shows the final Actual Costs of the Major Improvements.



**Table III-A**  
**Actual Costs – Major Improvements**

Authorized Improvements	Total Major Improvement Costs <sup>1</sup>
Road improvements	\$5,652,155
Water distribution system improvements	\$873,343
Sanitary sewer collection system improvements	\$4,817,162
Other soft and miscellaneous costs	\$2,949,909
<b>Total Actual Costs - Major Improvements</b>	<b>\$14,292,569</b>
Less: Phase #1 Proportional Share of Major Improvements (33.05%)	(\$4,723,686)
<b>Total Actual Costs - Phases #2-3 Major Improvements</b>	<b>\$9,568,883</b>

<sup>(1)</sup>The amounts shown herein represent final Actual Costs as reported by the CADG Comanche and shown in the Annual Service and Assessment Plan Update.

### C. DESCRIPTIONS OF COSTS OF PHASE #1 IMPROVEMENTS

The descriptions of the Phase #1 Projects are presented below as provided by the project engineer. The final Actual Costs of the Phase #1 Improvements are shown in Table III-B.

#### *Phase #1 - Road Improvements:*

Residential Streets - The roadway improvements within Phase #1 include construction of approximately 1,220 linear feet of 8” thick, 37-foot wide, concrete pavement with bar ditches (bio-swales) and 18,557 linear feet of 6” thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 204,255 cubic yards of cut and fill. 74,304 square yards (sy) of pavement sub-grade is lime stabilized and compacted lime. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #1. All roadway projects were designed and constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

#### ROADWAY IMPROVEMENTS - PHASE #1

Phase	Unclassified Excavation (cy)	6” Concrete Pavement 31’ B-B (lf)	8” Concrete Pavement 37’ (lf)	Lime Stabilization (sy)
1	204,255	18,557	1,220	74,304

#### *Phase #1 - Water Distribution System Improvements:*

8” Water Lines – The Phase #1 waterline improvements consist of constructing approximately 17,882 linear feet of 8” water line, including associated 8” gate valves. One-inch diameter water services are provided to each of the 462 lots within Phase #1. All associated waterline testing, trench safety and

erosion protection during construction are included. These lines were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #1 and all lots within Phase #1.

#### WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #1

Phase	8" water (lf)	Fire Hydrants	Services (ea)
1	17,882	60	462

#### ***Phase #1 - Sanitary Sewer Improvements:***

8" Wastewater Lines - The Phase #1 wastewater collection system improvements also include construction of 17,140 linear feet of 8" gravity sanitary sewer line that connects to the 12" gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Construction includes connection at multiple points through 57 concrete manholes. Services to individual lots are by 4" gravity sewer services. All lines were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #1 and each of the 462 lots within Phase #1.

#### SANITARY SEWER IMPROVEMENTS - PHASE #1

Phase	8" SS line (lf)	Manholes	Services (ea)
1	17,140	57	462

#### ***Phase #1 - Storm Drainage Improvements:***

The drainage portion of the Phase #1 Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #1 is within roadways bio-swales and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase #1. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #1 flow to the Little Elm Creek which is a tributary of Lake Lewisville. These improvements were constructed to City standards and specifications and are owned and operated by the City.

Table III-B shows the final Actual Costs of the Phase #1 Improvements.

**Table III-B**  
**Actual Costs - Phase #1 Improvements**

<b>Authorized Improvements</b>	<b>Phase #1 Share of Major Improvements Costs</b>	<b>Actual Phase #1 Project Costs</b>	<b>Total Actual Phase #1 Improvement Costs</b>
Road improvements	\$1,868,034	\$3,859,604	\$5,727,638
Water distribution system improvements	\$288,639	\$980,992	\$1,269,631
Sanitary sewer collection system improvements	\$1,592,069	\$945,942	\$2,538,011
Storm sewer collection system improvements	\$0	\$688,500	\$688,500
Other soft and miscellaneous costs	\$974,943	\$1,594,967	\$2,569,910
<b>Total</b>	<b>\$4,723,686</b>	<b>\$8,070,005</b>	<b>\$12,793,691</b>

Note: See Section V.C for initial allocation of Major Improvement costs to Phase #1. The Phase #1 share of the Major Improvements were calculated using the 33.05% allocation share shown in Section V.C. The amounts shown herein represent the final Actual Costs as reported by the CADG Comanche and shown in the Annual Service and Assessment Plan Update.

Table III-B above has been updated to reflect the final proportional share of the final Actual Costs of the Major Improvements shown in Table III-A.

Additional details of the Phase #1 Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements (i.e., the improvements for the benefit of property within the PID).

#### **D. DESCRIPTIONS OF COSTS OF PHASE #2 IMPROVEMENTS**

The Phase #2 Improvements descriptions are presented below as provided by the project engineer. The final Actual Costs of the Phase #2 Improvements are shown in Table III-C.

##### ***Phase #2 Road Improvements:***

Residential Streets - The roadway improvements within Phase #2 include construction of approximately 74,518 square yards of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 375,696 cubic yards of cut and fill. Pavement sub-grade is approximately 79,100 square yards (sy) of lime stabilized and compacted lime. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #2. All roadway projects were designed and constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

## ROADWAY IMPROVEMENTS - PHASE #2

Phase	Unclassified Excavation (cy)	6" Concrete Pavement 31' B-B (sy)	Lime Stabilization (sy)
2A	142,696	29,137	30,890
2B	233,000	45,381	48,210

### ***Phase #2 Water Distribution System Improvements:***

8" Water Lines – The Phase #2 waterline improvements consists of constructing approximately 19,595 linear feet of 8" water line, including associated 8" gate valves. One-inch diameter water services are provided to each of the 489 lots within Phase #2. All associated waterline testing, trench safety and erosion protection during construction are included. These water distribution system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #2 and all lots within Phase #2.

## WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #2

Phase	8" water (lf)	Fire Hydrants	Services (ea)
2A	7,655	19	198
2B	11,940	25	291

### ***Phase #2 Sanitary Sewer Improvements:***

8" Wastewater Lines - The Phase #2 wastewater collection system improvements also include construction of approximately 21,114 linear feet of 8" gravity sanitary sewer line and approximately 1,840 linear feet of 15" gravity sanitary sewer line that connects to the gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Construction includes connection at multiple points through 69 concrete manholes. Services to individual lots are by 4" gravity sewer services. The sanitary sewer collection system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #2 and each of the 489 lots within Phase #2.

## SANITARY SEWER IMPROVEMENTS - PHASE #2

Phase	8" SS line (lf)	15" SS line (lf)	Manholes	Services (ea)
2A	9,190	1,840	33	198
2B	11,924	0	36	291

### ***Phase #2 Storm Drainage Improvements:***

The drainage portion of the Phase #2 Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #2 is within roadways bio-swales and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase #2. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #2 flow to the Little Elm Creek which is a tributary of Lake Lewisville. These improvements were constructed to City standards and specifications and are owned and operated by the City.

Table III-C shows the final Actual Costs of the Phase #2 Improvements.

**Table III-C**  
**Actual Costs – Phase #2 Improvements**

<b>Authorized Improvements</b>	<b>Total Phase #2 Improvement Costs</b>
Road improvements	\$4,371,527
Water distribution system improvements	\$1,046,348
Sanitary sewer collection system improvements	\$1,354,667
Storm sewer collection system improvements	\$2,473,280
Other soft and miscellaneous costs	\$1,699,507
<b>Total</b>	<b>\$10,945,329</b>

<sup>(1)</sup> The amounts shown herein represent the final Actual Costs as reported by the applicable Developer. As shown in Table IV-C, the developer contribution has been updated to reflect the final Actual Costs.

### **E. DESCRIPTIONS OF COSTS PHASE #3A IMPROVEMENTS**

The Phase #3A Improvement descriptions are presented below as provided by the project engineer. The final Actual Costs of the Phase #3A Improvements are shown in Table III-D.

#### ***Phase #3A Road Improvements:***

Residential Streets - The roadway improvements within Phase #3A include construction of approximately 23,550 square yards of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 118,668 cubic yards of cut and fill. Pavement sub-grade is approximately 25,125 square yards (sy) of lime stabilized and compacted. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #3A. All roadway projects were designed and

constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

#### ROADWAY IMPROVEMENTS - PHASE #3A

Phase	Unclassified Excavation (cy)	6" Concrete Pavement 31' B-B (sy)	Lime Stabilization (sy)
3A	118,668	23,550	25,125

#### ***Phase #3A Water Distribution System Improvements:***

8" Water Lines – The Phase #3A waterline improvements consists of constructing approximately 5,970 linear feet of 8" water line, including associated 8" gate valves. One-inch diameter water services are provided to each of the 197 lots within Phase #3A. All associated waterline testing, trench safety and erosion protection during construction are included. These water distribution system improvements were designed and constructed in accordance with MSUD standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #3A and all lots within Phase #3A.

#### WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #3A

Phase	8" water (lf)	Fire Hydrants	Services (ea)
3A	5,970	15	197

#### ***Phase #3A Sanitary Sewer Improvements:***

8" Wastewater Lines - The Phase #3A wastewater collection system improvements also include construction of approximately 1,815 linear feet of 8" gravity sanitary sewer line. Construction includes connection at multiple points through existing concrete manholes along Winn Ridge Boulevard, Frontier Parkway, and a trunk line operated and maintained by MSUD. Services to individual lots are by 4" gravity sewer services. The sanitary sewer collection system improvements were designed and constructed in accordance with MSUD standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #3A and each of the 197 lots within Phase #3A.

#### SANITARY SEWER IMPROVEMENTS - PHASE #3A

Phase	8" SS line (lf)	Manholes	Services (ea)
3A	1,815	5	197

### ***Phase #3A Storm Drainage Improvements:***

The drainage portion of the Phase #3A Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #3A is within roadways, drainage swales, and underground storm drainpipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm water throughout the drainage basins associated with Phase #3A. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #3A flow to the Little Elm creek which is a tributary of Lake Lewisville. This project was constructed to City standards and specifications and is owned and operated by the City.

Table III-D shows the final Actual Costs of the Phase #3A Improvements.

**Table III-D**  
**Actual Costs – Phase #3A Improvements**

<b>Authorized Improvements</b>	<b>Total Phase #3A Improvement Costs</b>
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer collection system improvements	\$210,170
Storm sewer collection system improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
<b>Total</b>	<b>\$3,921,602</b>

<sup>(1)</sup> The amounts shown herein represent the Actual Costs as reported by Pulte.

### **F. DESCRIPTIONS OF COSTS PHASE #3B IMPROVEMENTS**

The Phase #3B Improvement descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Phase #3B Improvements are shown in Table III-E may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve properties within Phase #3B.

### ***Phase #3B Road Improvements:***

Residential Streets - The roadway improvements within Phase #3B include clearing, grubbing, excavation of streets and right of ways, right of way acquisition, construction of lime-treated subgrade and reinforced concrete street pavements, removal of existing curb or pavement asphalt street pavements, deceleration lanes, turn lanes, sidewalks, signage and traffic control devices, including an allocable share of perimeter road improvements, for the benefit of the Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.



***Phase #3B Water Distribution System Improvements:***

8" Water Lines – The Phase #3B waterline improvements consists of PVC waterlines, various gate valves and boxes, fire hydrants, and tapping sleeves, service lines, trench safety and other water line appurtenances for the benefit of the Assessed Property. These water distribution system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.

***Phase #3B Sanitary Sewer Improvements:***

8" Wastewater Lines - The Phase #3B wastewater collection system improvements include PVC pipes, manholes, service lines, clean-outs, concrete encasements, and other sewer line appurtenances and trench safety for the benefit of the Assessed Property. The sanitary sewer collection system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.

***Phase #3B Storm Drainage Improvements:***

The drainage portion of the Phase #3B Improvements consists of pre and post-development erosion control, silt fences, rock check dams, drainage structures, various size reinforced concrete pipes, reinforced concrete box culverts, curb inlets, headwalls, retention and detention structures and trench safety for the benefit of the Assessed Property. This project will be constructed to City standards and specifications and will be owned and operated by the City.

***Phase #3B Soft and Miscellaneous Costs:***

Soft and miscellaneous costs consist of legal and consulting fees, engineering fees, contingency and other soft and miscellaneous costs.

Table III-E shows the Budgeted Costs of the Phase #3B Improvements.

**Table III-E**  
**Budgeted Costs – Phase #3B Improvements**

<b>Authorized Improvements</b>	<b>Total Phase #3B Improvement Costs</b>
Road improvements (including right of way)	\$3,116,072
Water distribution system improvements	\$439,278
Sanitary sewer collection system improvements	\$523,135
Storm sewer collection system improvements	\$587,670
Soft and miscellaneous costs	\$1,643,883
<b>Total</b>	<b>\$6,310,038</b>



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## ***IV. SERVICE PLAN***

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### **A. SOURCES AND USES OF FUNDS**

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. Construction of the Phases #2-3 Major Improvements, the Phase #1 Improvements, the Phase #2 Improvements, and the Phase #3A Improvements have been completed. The Phase #3B Improvements are anticipated to be completed in the third quarter of 2022. (Developer to confirm/update).

The Actual Costs for Phases #2-3 Major Improvements and Phase #1 Improvements plus costs related to the issuance of the Phases #2-3 Major Improvement Bonds and the Phase #1A Bonds, for the Phases #2-3 Major Improvements and Phase #1 Improvements and payment of expenses incurred in the establishment, administration and operation of the PID is \$13,245,679 and \$16,768,375 as shown in Table IV-A and Table IV-B, respectively. The Actual Costs for Phase #2 Improvements plus costs related to the issuance of the Phase #2 Bonds for the Phase #2 Improvements is \$13,070,329 as shown in Table IV-C. The Actual Costs for Phase #3A Improvements plus costs related to the issuance of the Phase #3A Bonds for the Phase #3A Improvements is \$4,553,061 as shown in Table IV-D.2. The Budgeted Costs for Phase #3B Improvements plus costs related to the issuance of the Phase #3B Bonds for the Phase #3B Improvements is \$7,557,931 as shown in Table IV-E.2. 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.”

Table IV-A and Table IV-B summarize the actual sources and uses of funds that were required to (i) construct the Major Improvements financed with the Phases #2-3 Major Improvement Bonds, (ii) construct the Phase #1 Improvements financed with the Phase #1A Bonds and the Phase #1 Reimbursement Agreement, (iii) establish the PID, and (iv) issue the Phase #1A Bonds and Phases #2-3 Major Improvement Bonds. Table IV-C summarizes the sources and uses of funds that were required to construct the Phase #2 Improvements and issue the Phase #2 Bonds.

Table IV-D.1 summarizes the sources and uses of funds that were required to construct the Phase #3A Improvements originally financed by Pulte pursuant to the Phase #3A Reimbursement Agreement. Table IV-D.2 summarizes the actual sources and uses of funds to (i) finance and/or reimburse the Pulte for the Phase #3A Improvements, and (ii) issue the Phase #3A Bonds.

Table IV-E.1 summarizes the sources and uses of funds required to construct the Phase #3B Improvements originally financed by CADG Comanche pursuant to the Phase #3B Reimbursement Agreement. Table IV-E.2 summarizes the actual sources and uses of funds to (i) finance and/or reimburse the CADG Comanche for the Phase #3B Improvements, and (ii) issue the Phase #3B Bonds. The sources and uses of funds shown in Table IV-E.2 shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

The Phases #2-3 Major Improvement Bonds were issued in 2015 to finance a portion of the Major Improvements. The revised Sources and Uses for the Phases #2-3 Major Improvement Bonds, which reflects the updates to the Major Improvements described in Section III hereof is as shown in Table IV-A.

**Table IV-A**  
**Sources and Uses - Phases #2-3 Major Improvements**

Sources of Funds	Phases #2-3 Major Improvement Bonds
Bond par amount	\$10,255,000
Developer Contributions	\$2,990,679
<b>Total Sources</b>	<b>\$13,245,679</b>
<b>Uses of Funds</b>	
<i>Major Improvements<sup>(1)</sup></i>	
Road improvements	\$3,784,121
Water distribution system improvements	\$584,704
Sanitary sewer improvements	\$3,225,093
Storm drainage improvements	\$0
Other soft and miscellaneous costs	\$1,974,966
Subtotal	\$9,568,883
<i>Bond issuance costs</i>	
Capitalized interest	\$1,464,115
Reserve fund	\$936,766
Administrative expense fund	\$37,908
Other costs of issuance	\$1,238,008
Subtotal	\$3,676,797
<b>Total Uses</b>	<b>\$13,245,679</b>

<sup>(1)</sup>See Table III-A for details.

The Phase #1A Bonds were issued in 2015 to finance a portion of the Phase #1 Improvements and the costs to issue the Phase #1A Bonds. The remaining costs of Phase #1 Improvements were financed by the CADG Comanche through the Phase #1 Reimbursement Agreement. The Phase #1 Reimbursement Agreement is anticipated to continue to be utilized to reimburse the CADG Comanche for the remaining portion of the costs of Phase #1 Improvements to the extent provided by law. The final Sources and Uses for the Phase #1A Bonds and the Phase #1 Reimbursement Agreement, which reflects the updates to the Major Improvements described in Section III hereof are shown in Table IV-B.

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**Table IV-B**  
**Sources and Uses – Phase #1 Improvements**

Sources of Funds	Phase #1A Bonds		Phase #1 Reimbursement Agreement For		Total
	Phase #1 Share of Major Improvements	Phase #1 Projects	Phase #1 Projects		
Bond par amount	\$6,595,207	\$6,864,793	\$540,000		\$14,000,000
Developer Contribution <sup>1</sup>	\$0	\$0	\$2,768,375		\$2,768,375
<b>Total Sources</b>	<b>\$6,595,207</b>	<b>\$6,864,793</b>	<b>\$3,308,375</b>		<b>\$16,768,375</b>
<b>Uses of Funds</b>					
<i>Major Improvements<sup>2</sup></i>					
Road improvements	\$1,868,034	\$0	\$0		\$1,868,034
Water distribution system improvements	\$288,639	\$0	\$0		\$288,639
Sanitary sewer improvements	\$1,592,069	\$0	\$0		\$1,592,069
Storm drainage improvements	\$0	\$0	\$0		\$0
Other soft and miscellaneous costs	\$974,943	\$0	\$0		\$974,943
<i>Subtotal</i>	<i>\$4,723,686</i>	<i>\$0</i>	<i>\$0</i>		<i>\$4,723,686</i>
<i>Phase #1 Projects<sup>3</sup></i>					
Road improvements	\$0	\$2,277,323	\$1,582,281		\$3,859,604
Water distribution system improvements	\$0	\$578,825	\$402,167		\$980,992
Sanitary sewer improvements	\$0	\$558,144	\$387,798		\$945,942
Storm drainage improvements	\$0	\$406,243	\$282,257		\$688,500
Other soft and miscellaneous costs	\$0	\$941,095	\$653,872		\$1,594,967
<i>Subtotal</i>	<i>\$0</i>	<i>\$4,761,630</i>	<i>\$3,308,375</i>		<i>\$8,070,004</i>
<i>Bond issuance costs</i>					
Capitalized interest	\$795,134	\$893,629	\$0		\$1,688,763
Reserve fund	\$481,348	\$540,974	\$0		\$1,022,322
Administrative expenses fund	\$24,693	\$27,565	\$0		\$52,258
Other costs of issuance	\$570,346	\$640,996	\$0		\$1,211,342
<i>Subtotal</i>	<i>\$1,871,521</i>	<i>\$2,103,164</i>	<i>\$0</i>		<i>\$3,974,685</i>
<b>Total Uses</b>	<b>\$6,595,207</b>	<b>\$6,864,793</b>	<b>\$3,308,375</b>		<b>\$16,768,375</b>

<sup>(1)</sup> The Phase #1 Improvements have been completed and CADG Comanche has expended the developer contribution from its private financing sources.

<sup>(2)</sup> See Table III-A for details.

<sup>(3)</sup> See Table III-B for details.

The Phase #2 Bonds were issued in 2018 to finance the Actual Costs of the Phase #2 Improvements and costs to issue the Phase #2 Bonds. Table IV-C the shows the sources and uses for Phase #2 Improvements.

**Table IV-C**  
**Sources and Uses – Phase #2 Improvements**

Sources of Funds	Phase #2 Bonds
Bond Par Amount	\$9,425,000
Developer Contribution	\$3,645,329
<b>Total Sources</b>	<b>\$13,070,329</b>
<b>Uses of Funds</b>	
<i>Phase #2 Improvements<sup>1</sup></i>	
Road improvements	\$4,371,527
Water distribution system improvements	\$1,046,348
Sanitary sewer improvements	\$1,354,667
Storm drainage improvements	\$2,473,280
Other soft and miscellaneous costs	\$1,699,507
<i>Subtotal</i>	<i>\$10,945,329</i>
<i>Bond issuance costs:</i>	
Capitalized interest	\$452,919
Debt service reserve	\$855,856
Administrative expenses	\$35,000
Other costs of issuance including Underwriter's discount	\$781,225
<i>Subtotal</i>	<i>\$2,125,000</i>
<b>Total Uses</b>	<b>\$13,070,329</b>

<sup>(1)</sup>See Table III-C for details.

The Phase #3A Improvements were initially financed through the Phase #3A Reimbursement Agreement. Table IV-D.1 shows the original estimated sources and uses for Phase #3A Improvements.

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**Table IV-D.1**  
**Sources and Uses – Phase #3A Improvements - Original**

Sources of Funds	Amounts
Assessments financed with Phase #3A Reimbursement Agreement	\$3,644,000
Developer Contribution	\$277,602
<b>Total Sources</b>	<b>\$3,921,602</b>
<b>Uses of Funds</b>	
<i>Phase#3A Improvements<sup>1</sup></i>	
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer improvements	\$210,170
Storm drainage improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
<i>Subtotal</i>	<i>\$3,921,602</i>
<b>Total Uses</b>	<b>\$3,921,602</b>

<sup>(1)</sup> See Table III-D for details.

The Phase #3A Bonds were issued in 2021 to reimburse Pulte for the Actual Costs of the Phase #3A Improvements. Table IV-D.2 shows the final sources and uses for Phase #3A Improvements.

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**Table IV-D.2**  
**Sources and Uses – Phase #3A Improvements – Final<sup>1</sup>**

Sources of Funds	Amounts
Bond Par Amount	\$3,644,000
Bond Premium	\$87,459
Developer Contribution <sup>2</sup>	\$821,602
<b>Total Sources</b>	<b>\$4,553,061</b>
<b>Uses of Funds</b>	
<i>Phase#3A Improvements<sup>3</sup></i>	
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer improvements	\$210,170
Storm drainage improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
<i>Subtotal</i>	<i>\$3,921,602</i>
<i>Bond issuance costs:</i>	
Cost of issuance	\$256,189
Debt service reserve	\$235,950
Administrative expenses	\$30,000
Underwriter's discount	\$109,320
<i>Subtotal</i>	<i>\$631,459</i>
<b>Total Uses</b>	<b>\$4,553,061</b>

<sup>(1)</sup> Updated to reflect the issuance of the Phase #3A Bonds.

<sup>(2)</sup> The Phase #3A Improvements have been completed and Pulte has expended the Developer Contribution from its private financing sources.

<sup>(3)</sup> See Table III-D for details.

The Phase #3B Improvements were initially financed by CADG Comanche and reimbursed through the Phase #3B Reimbursement Agreement. Table IV-E.1 shows the original estimated sources and uses for Phase #3B Improvements.

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**Table IV-E.1**  
**Estimated Sources and Uses – Phase #3B Improvements – Original**

Sources of Funds	Amounts
Assessments financed with Phase #3B Reimbursement Agreement	\$6,310,038
Developer Contribution	\$0
<b>Total Sources</b>	<b>\$6,310,038</b>
<b>Uses of Funds</b>	
<i>Phase #3B Improvements<sup>1</sup></i>	
Road improvements (including right of way)	\$3,116,072
Water distribution system improvements	\$439,278
Sanitary sewer collection system improvements	\$523,135
Storm sewer collection system improvements	\$587,670
Soft and miscellaneous costs	\$1,643,883
<b>Total Uses</b>	<b>\$6,310,038</b>

<sup>(1)</sup> See Table III-E for details.

The Phase #3B Bonds are being issued in 2022 to reimburse CADG Comanche for the Actual Costs of the Phase #3B Improvements and/ or fulfill obligations under the Phase #3B Reimbursement Agreement. Table IV-E.2 shows the projected sources and uses for Phase #3B Improvements.

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**Table IV-E.2**  
**Projected Sources and Uses – Phase #3B Improvements – Updated<sup>1</sup>**

Sources of Funds	Amounts
Bond Par Amount	\$6,310,000
Developer Contribution <sup>2</sup>	\$1,579,906
<b>Total Sources</b>	<b>\$7,889,906</b>
<b>Uses of Funds</b>	
<i>Phase#3A Improvements<sup>3</sup></i>	
Road improvements	\$3,116,072
Water distribution system improvements	\$439,278
Sanitary sewer improvements	\$523,135
Storm drainage improvements	\$587,670
Other soft and miscellaneous costs	\$1,643,883
<i>Subtotal</i>	<i>\$6,310,038</i>
<i>Bond issuance costs:</i>	
Cost of issuance	\$479,960
Debt service reserve	\$533,633
Capitalized interest	\$331,974
Administrative expenses	\$45,000
Underwriter's discount	\$189,300
<i>Subtotal</i>	<i>\$1,579,867</i>
<b>Total Uses</b>	<b>\$7,889,906</b>

<sup>(1)</sup> Updated to reflect the issuance of the Phase #3B Bonds.

<sup>(2)</sup> The Phase #3B Improvements have been completed and CADG Comanche has expended the Developer Contribution from its private financing sources. (Developer to confirm/update)

<sup>(3)</sup> See Table III-E for details.

The Phase #1A Bonds were issued in 2015 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phase #1 Improvements, the balance of which were funded by the CADG Comanche pursuant to the Phase #1 Reimbursement Agreement. The Phases #2-3 Major Improvement Bonds were issued in 2015 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phases #2-3 Major Improvements. In connection with the changes to the Authorized Improvements described in the Recitals and Section III herein, the City completed an extraordinary optional redemption of a portion of the Phase #1A Bonds and the Phases #2-3 Major Improvement Bonds on November 1, 2018. The Phase #1 Assessment Roll and the Phases #2-3 Major Improvement Area Assessment Roll attached hereto reflects the updated Annual Installments of Assessments relating to the Phase #1A Bonds and the Phases #2-3 Major Improvement Bonds.



The Phase #2 Bonds were issued in 2018 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phase #2 Improvements, the balance of which were funded by CADG Comanche pursuant to the Phase #2 Reimbursement Agreement.

The Phase #3A Bonds were issued in 2021 and were used to reimburse Pulte for a portion of the costs of Phase #3A Improvements, the balance of which were funded by Pulte pursuant to the Phase #3A Reimbursement Agreement.

The Phase #3B Bonds are being issued to pay and/or reimburse CADG Comanche for a portion of the costs of the Phase #3B Improvements which were funded by CADG Comanche pursuant to the Phase #3B Reimbursement Agreement.

The historical and projected chronology of Bonds is presented below.

**2015 - Phase #1A Bonds were issued** to finance a portion of the Phase #1 Improvements.

**2015 - Phases #2-3 Major Improvement Bonds** were issued to finance the costs of the Phases #2-3 Major Improvements.

**2018 - Phase #2 Bonds** were issued to finance a portion of the Phase #2 Improvements.

**2021 - Phase #3A Bonds** were issued to reimburse Pulte for the costs of a portion of the Phase #3A Improvements.

**2022 – Phase #3B Bonds** are being issued to reimburse CADG Comanche for a portion of the Phase #3B Improvements pursuant to the Phase #3B Reimbursement Agreement.

## **B. FIVE YEAR SERVICE PLAN**

### *Phases #2-3 Major Improvement Area*

The annual projected costs of the Major Improvements and annual projected indebtedness for Phases #2-3 Major Improvement Area is shown in Table IV-F. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-F**  
**Five Year Service Plan – Phases #2-3 Major Improvement Area**

<b>Year</b>	<b>Annual Projected Cost<sup>1</sup></b>	<b>Total Projected Indebtedness</b>	<b>Annual Projected Amortization of Assessment (Principal)</b>	<b>Sources other than PID Bonds<sup>2</sup></b>	<b>Phases #2-3 MIA Annual Installments</b>
2021 & Prior	\$13,245,679	\$10,255,000	\$550,000	\$2,990,679	\$3,372,956
2022	\$0	\$0	\$210,000	\$0	\$704,546
2023	\$0	\$0	\$225,000	\$0	\$1,013,785
2024	\$0	\$0	\$245,000	\$0	\$1,014,771
2025	\$0	\$0	\$265,000	\$0	\$1,014,020
2026	\$0	\$0	\$285,000	\$0	\$1,011,533
2027	\$0	\$0	\$310,000	\$0	\$1,012,310
2028	\$0	\$0	\$335,000	\$0	\$1,010,913
<b>Total</b>	<b>\$13,245,679</b>	<b>\$10,255,000</b>	<b>\$2,425,000</b>	<b>\$2,990,679</b>	<b>\$10,154,833</b>

<sup>(1)</sup>The Phases #2-3 Major Improvements have been constructed.

<sup>(2)</sup>Sources other than PID Bonds represent the developer contribution as shown in Table IV-A.

The annual projected costs shown in Table IV-F are the annual expenditures relating to the Major Improvements shown in Table III-A and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness is the amount funded by CADG Comanche.

#### Phase #1

The annual projected costs of the Phase #1 Improvements and annual projected indebtedness for Phase #1 is shown in Table IV-G. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-G**  
**Five Year Service Plan – Phase #1**

<b>Year</b>	<b>Annual Projected Cost<sup>1</sup></b>	<b>Total Projected Indebtedness</b>	<b>Annual Projected Amortization of Assessment (Principal)</b>	<b>Sources other than PID Bonds<sup>2</sup></b>	<b>Phase #1 Annual Installments</b>
2021 & Prior	\$16,768,375	\$14,000,000	\$705,000	\$2,768,375	\$4,574,039
2022	\$0	\$0	\$210,000	\$0	\$915,320
2023	\$0	\$0	\$231,000	\$0	\$1,239,819
2024	\$0	\$0	\$242,000	\$0	\$1,233,656
2025	\$0	\$0	\$258,000	\$0	\$1,231,666
2026	\$0	\$0	\$279,000	\$0	\$1,233,461
2027	\$0	\$0	\$300,000	\$0	\$1,233,654
2028	\$0	\$0	\$327,000	\$0	\$1,238,245
<b>Total</b>	<b>\$16,768,375</b>	<b>\$14,000,000</b>	<b>\$2,552,000</b>	<b>\$2,768,375</b>	<b>\$12,899,860</b>

<sup>(1)</sup>The Phase #1 Improvements have been constructed.

<sup>(2)</sup>Sources other than PID Bonds represent the developer contribution as shown in Table IV-B.

The annual projected costs shown in Table IV-G are the annual expenditures relating to the Phase #1 Projects shown in Table III-B and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-B. The difference between the total projected cost and the total projected indebtedness is the amount funded by CADG Comanche.

### Phase #2

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #2 is shown in Table IV-G. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-H**  
**Five Year Service Plan – Phase #2**

<b>Year</b>	<b>Annual Projected Cost<sup>1</sup></b>	<b>Total Projected Indebtedness</b>	<b>Annual Projected Amortization of Assessment (Principal)</b>	<b>Sources other than PID Bonds<sup>2</sup></b>	<b>Phases #2 Annual Installments</b>
2021 & Prior	\$13,070,329	\$9,425,000	\$310,000	\$3,645,329	\$1,561,131
2022	\$0	\$0	\$165,000	\$0	\$775,639
2023	\$0	\$0	\$175,000	\$0	\$783,464
2024	\$0	\$0	\$185,000	\$0	\$784,420
2025	\$0	\$0	\$195,000	\$0	\$783,913
2026	\$0	\$0	\$205,000	\$0	\$782,818
2027	\$0	\$0	\$215,000	\$0	\$781,135
2028	\$0	\$0	\$230,000	\$0	\$783,864
<b>Total</b>	<b>\$13,070,329</b>	<b>\$9,425,000</b>	<b>\$1,680,000</b>	<b>\$3,645,329</b>	<b>\$7,036,384</b>

<sup>(1)</sup>The Phase #2 Improvements have been constructed.

<sup>(2)</sup>Sources other than PID Bonds represent the developer contribution as shown in Table IV-C.

The annual projected costs shown in Table IV-H are the annual expenditures relating to the Phase #2 Improvements shown in Table III-C and the costs of issuance including reserves shown in Table IV-C. The difference between the total projected cost and the total projected indebtedness is the amount funded by the applicable Developer.

#### Phase #3A

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #3A is shown in Table IV-I. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-I**  
**Five Year Service Plan Indebtedness – Phase #3A**

<b>Year</b>	<b>Annual Projected Cost<sup>1</sup></b>	<b>Total Projected Indebtedness</b>	<b>Annual Projected Amortization of Assessment (Principal)</b>	<b>Sources other than PID Bonds<sup>2</sup></b>	<b>Phases #3A Annual Installments<sup>3</sup></b>
2021 & Prior	\$4,553,061	\$3,644,000	\$0	\$909,061	\$0
2022	\$0	\$0	\$102,000	\$0	\$254,170
2023	\$0	\$0	\$106,000	\$0	\$283,155
2024	\$0	\$0	\$109,000	\$0	\$283,587
2025	\$0	\$0	\$112,000	\$0	\$283,941
2026	\$0	\$0	\$114,000	\$0	\$283,218
2027	\$0	\$0	\$117,000	\$0	\$283,447
2028	\$0	\$0	\$121,000	\$0	\$284,015
<b>Total</b>	<b>\$4,553,061</b>	<b>\$3,644,000</b>	<b>\$781,000</b>	<b>\$909,061</b>	<b>\$1,955,533</b>

<sup>(1)</sup>The Phase #3A Improvements have been constructed.

<sup>(2)</sup>Sources other than PID Bonds represent the developer contribution and bond premium as shown in Table IV-D.2.

<sup>(3)</sup>Includes the issuance of the Phase #3A Bonds.

The annual projected costs shown in Table IV-I are the annual expenditures relating to the Phase #3A Improvements shown in Table III-D and the costs of issuance including reserves shown in Table IV-D.2. The difference between the total projected cost and the total projected indebtedness is the amount funded by the Pulte.

#### Phase #3B

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #3B is shown in Table IV-J. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-J**  
**Five Year Service Plan – Phase #3B**

<b>Year</b>	<b>Annual Projected Cost<sup>1</sup></b>	<b>Total Projected Indebtedness</b>	<b>Annual Projected Amortization of Assessment (Principal)</b>	<b>Sources other than PID Bonds<sup>2</sup></b>	<b>Phases #3A Annual Installments<sup>3</sup></b>
2021 & Prior	\$0	\$0	\$0	\$0	\$0
2022	\$7,557,931	\$6,310,000	\$0	\$1,247,931	\$0
2023	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$144,000	\$0	\$605,729
2025	\$0	\$0	\$152,000	\$0	\$605,157
2026	\$0	\$0	\$161,000	\$0	\$605,077
2027	\$0	\$0	\$171,000	\$0	\$605,422
2028	\$0	\$0	\$181,000	\$0	\$605,127
<b>Total</b>	<b>\$7,557,931</b>	<b>\$6,310,000</b>	<b>\$809,000</b>	<b>\$1,247,931</b>	<b>\$3,026,513</b>

<sup>(1)</sup>The Phase #3B Improvements have been constructed. (Developer to confirm/update)

<sup>(2)</sup>Sources other than PID Bonds represent the developer contribution as shown in Table IV-E.2.

<sup>(3)</sup>Includes the issuance of the Phase #3B Bonds. Assumes Administrative Expenses in 2023 are funded with Bond proceeds and interest in 2023 is funded with capitalized interest.

The annual projected costs shown in Table IV-J are the annual expenditures relating to the Phase #3B Improvements shown in Table III-E and the costs of issuance including reserves shown in Table IV-E.2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount funded by the CADG Comanche.

### **C. PID ASSESSMENT NOTICE**

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 “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix D and may be updated in an Annual Service Plan Update

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## ***V. ASSESSMENT PLAN***

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### **A. INTRODUCTION**

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements 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 governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The bond issuance program entails a series of bond financings that have and are intended to finance the public infrastructure required for the development. The financings pursuant to this Assessment Plan have been and will be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. Following the Phase #1A Bonds that were issued in 2015, the Phases #2-3 Major Improvement Bonds that were issued in 2015, the Phase #2 Bonds that were issued in 2018, the Phase #3A Bonds that were issued in 2021, this Service and Assessment Plan is being updated to provide for the Phase #3B Bonds being issued in 2022.

The purpose of this gradual issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

Additionally, phased issuance of debt has and will maintain a prudent value to lien (“VtL”) within the financing program. In order to maintain a prudent VtL, the initial issuance of Bonds for a specific set of Authorized Improvements may not fund the entire desired level of public infrastructure because the property value is not high enough to support the entire debt load at the VtL chosen for the PID. In that case, the applicable Developer will need to fund the additional infrastructure costs with cash at closing if such Authorized Improvements are not already constructed. This cash investment or amount already spent on constructing the Authorized Improvements by the applicable Developer for certain Authorized Improvements can be reimbursed by a subsequent parity lien bond financing, secured by the same special assessments, once the assessed property is partially or fully developed and the value has increased sufficiently to permit the issuance of the additional bonds in a prudent fashion.

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of Phases #2-3 Major Improvements, Phase #1 Improvements, Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements shall be allocated as described below:

1. The Actual Costs of the Phases #2-3 Major Improvements, Phase #1 Improvements, Phase #2 Improvements, Phase #3A Improvements, and Phase #3B Improvements have been or shall be allocated on the basis of the relative value of Parcels once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken into consideration (i) the type of development (i.e., residential, commercial, etc.), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home process provided by the CADG Comanche and Pulte, (iv) the Authorized Improvements to be provided and the Budgeted Costs, and (v) the ability of different property types to utilize and benefit from the Authorized Improvements.
3. The Assessed Property is classified into different Lot Types as described in Appendix E based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.
5. The Major Improvement costs are proportionally allocated to the Phases #2-3 Major Improvement Assessed Property and the Phase #1 Assessed Property based on the ratio of total Equivalent Units estimated for the Phases #2-3 Major Improvement Assessed Property and the Phase #1 Assessed Property.
6. The Phases #2-3 Major Improvement Assessed Property's proportional share of the costs for the Major Improvements is allocated to each Parcel within the Phases #2-3 Major Improvement Assessed Property based on the total Equivalent Units estimated for each Parcel.
7. The Actual Costs of the Phase #1 Improvements, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements are allocated to each Parcel within the Phase #1 Assessed Property, Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property, respectively, based on the total Equivalent Units estimated for each Parcel.

Table V-A provides the allocation of costs of the Major Improvements to Phase #1, Phase #2, Phase #3A, and Phase #3B.

In connection with the issuance of Phased PID Bonds and/or execution of related reimbursement agreements, this Service and Assessment Plan has been and will be updated to reflect the special benefit each Parcel of Assessed Property within a Phase receives from the specific Authorized Improvements funded with those Phased PID Bonds issued with respect to that Phase. Prior to assessing Parcels located within Phases in connection with issuance of Phased PID Bonds, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs of such Authorized Improvements.



This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Phases #2-3 Major Improvements, the Phase #1 Improvements, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied or to be levied on the Phase #1 Assessed Property, the Phase #2 Assessed Property, the Phase #3A Assessed Property, the Phase #3B Assessed Property, and the Phases #2-3 Major Improvement Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Phases #2-3 Major Improvements, the Phase #1 Improvements, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the applicable Developer and all future owners and developers of the Assessed Property.

## **B. SPECIAL BENEFIT**

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance of the Bonds and payment of costs incurred in the establishment of the PID shown in Table IV-A, Table IV-B, Table IV-C, Table IV-D.2, and Table IV-E.2 are authorized by the PID Act. These improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of these improvements being constructed on the Assessed Property or in close proximity to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially

feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

Pulte and CADG Comanche have evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds ultimately issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt Bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property at the time of the relevant Assessment Ordinance will ratify, confirm, accept, agree to and approve; (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance; and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. CADG Comanche and Pulte, as applicable, have consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the applicable Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);

5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

### **C. ALLOCATION OF COSTS TO ASSESSED PROPERTY**

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the Actual Costs of the Major Improvements have been allocated throughout all Assessed Property in the PID. Table V-A summarizes the allocation of Actual Costs for each Major Improvement.

As shown in Appendix E, Phase #1 contains 462 residential units resulting in a total of 400.80 Equivalent Units for Phase #1, Phase #2 contains 489 residential units resulting in a total 422.87 Equivalent Units for Phase #2, Phase #3A contains 197 residential units resulting in a total of 163.51 Equivalent Units for Phase #3A, and Phase #3B contains 258 residential units resulting in a total of 225.53 Equivalent Units for Phase #3B. Therefore, the total projected Equivalent Units in the PID is, therefore, calculated to be 1,212.71 (i.e.,  $400.80 + 422.87 + 163.51 + 225.53 = 1,212.71$ ). As a result, 33.05 percent of the Actual Costs of the Major Improvements (i.e.  $400.80 \div 1,212.71 = 33.05\%$ ) are allocated to the Phase #1 Assessed Property, 34.87 percent of the Actual Costs of the Major Improvements (i.e.  $422.87 \div 1,212.71 = 34.87\%$ ) are allocated to the Phase #2 Assessed Property, 13.48 percent of the Actual Costs of the Major Improvements (i.e.  $163.51 \div 1,212.71 = 13.48\%$ ) are allocated to the Phase #3A Assessed Property, and 18.60 percent of the Actual Costs of the Major Improvements (i.e.  $225.53 \div 1,212.71 = 18.60\%$ ) are allocated to the Phase #3B Assessed Property. The Phases #2-3 Major Improvement Bonds were issued to fund the Phases #2-3 Major Improvements, the Phase #1A Bonds were issued to fund a portion of Phase #1's proportionate share of the Actual Costs of the Major Improvements and a portion of the Phase #1 Projects, the Phase #2 Bonds were issued to fund the Phase #2 Improvements, the Phase #3A Bonds were issued to fund the Phase #3A Improvements, and the Phase #3B Bonds are being issued to fund the Phase #3B Improvements.

Table IV-A shows the allocation of the Actual Costs of the Major Improvements to each respective Phase.

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**Table V-A**  
**Final Allocation of Major Improvement Costs**

Authorized Improvement	Total Costs
Road Improvements	\$5,652,155
Water Improvements	\$873,343
Sanitary Sewer Improvements	\$4,817,162
Storm Drainage Improvements	\$0
Other soft and miscellaneous costs	\$2,949,909
<i>Total Major Improvements<sup>1</sup></i>	<i>\$14,292,569</i>
<b>Phase #1</b>	
Projected total Equivalent units <sup>2</sup>	400.80
% of Total Equivalent Units	33.05%
Proportionate Share of Costs	\$4,723,686
<b>Phase #2</b>	
Projected total Equivalent units <sup>2</sup>	422.87
% of Total Equivalent Units	34.87%
Proportionate Share of Costs	\$4,983,796
<b>Phase #3A</b>	
Projected total Equivalent units <sup>2</sup>	163.51
% of Total Equivalent Units	13.48%
Proportionate Share of Costs	\$1,927,071
<b>Phase #3B</b>	
Projected total Equivalent units <sup>2</sup>	225.53
% of Total Equivalent Units	18.60%
Proportionate Share of Costs	\$2,658,016

<sup>(1)</sup>See Tables III-A and III-B for the final Actual Costs as provided by CADG Comanche.

<sup>(2)</sup>See Appendix E for the detailed calculation of Equivalent Units.

The Actual Costs of the Phase #1 Projects, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements are allocated fully (100% each) to the Phase #1 Assessed Property, the Phase #2 Assessed Property, the Phase #3A Assessed Property, and the Phase #3B Assessed Property, respectively.

#### **D. ASSESSMENT METHODOLOGY**

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the 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.

## *1. Assessment Methodology for Phases #2-3 Major Improvements*

For purpose of this Service and Assessment Plan, the City Council determined that the portion of Actual Costs of the Phases #2-3 Major Improvements shall be allocated to the Phases #2-3 Major Improvement Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types, number and average home value of Lots anticipated to be developed on each Parcel. Having taken into consideration the matters described under Sections V.A and V.B above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. These classifications range from Lot Type 1 (60 Ft Lots) representing the highest residential value to Lot Type 2 (50 Ft Lot) representing the lowest value. Assessments are allocated to each land use class on the basis of the average value for each Lot Type. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each Lot Type, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments relating to the Phases #2-3 Major Improvements for each Parcel or Lot located within Phases #2-3 Major Improvement Area is shown on the Phases #2-3 Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

## *2. Assessment Methodology for Phase #1*

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #1 Improvements financed with the Phase #1 Bonds, were allocated to the Phase #1 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #1. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are

likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #1 Improvements provided by Petitt Barraza, as set forth in Table III-B, the City Council determined that the benefit to Phase #1 Assessed Property of the Phase #1 Improvements is at least equal to the Assessments levied on the Phase #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro-rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #1 Improvements for each Parcel or Lot located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

### *3. Assessment Methodology for Phase #2*

For purpose of this Service and Assessment Plan, the City Council determined that the Actual Costs of the Phase #2 Improvements, were to be allocated to the Phase #2 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #2. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #2 Improvements provided by Petitt Barraza, as set forth in Table III-C, the City Council determined that the benefit to Phase #2 property of the Phase #2 Improvements is at least equal to the Assessments levied on the Phase #2 Assessed Property.



Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #2 Improvements for each Parcel or Lot located within Phase #2 is shown on the Phase #2 Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

#### *4. Assessment Methodology for Phase #3A*

For purpose of this Service and Assessment Plan, the City Council determined that the Actual Costs of the Phase #3A Improvements, were to be allocated to the Phase #3A Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #3A. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #3A Improvements provided by Petitt and Associates, as set forth in Table III-D, the City Council determined that the benefit to Phase #3A Assessed Property from the Phase #3A Improvements is at least equal to the Assessments levied on the Phase #3A Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment,

with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #3A Improvements for each Parcel or Lot located within Phase #3A is shown on the Phase #3A Assessment Roll, attached as Appendix J, which has been updated to reflect the issuance of the Phase #3A Bonds, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

#### 5. *Assessment Methodology for Phase #3B*

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #3B Improvements, shall be allocated to the Phase #3B Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots anticipated to be developed on each Parcel within Phase #3B. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Budgeted Costs of the Phase #3B Improvements provided by Petitt & Associates LLC as set forth in Table III-E, the City Council has determined that the benefit to Phase #3B Assessed Property from the Phase #3B Improvements is at least equal to the Assessments levied on the Phase #3B Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro-rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #3B Improvements for each Parcel or Lot located within Phase #3B is shown on the Phase #3B Assessment Roll, attached as Appendix K,



and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

#### **E. ASSESSMENTS**

The Assessments for the Phases #2-3 Major Improvement Bonds, the Phase #1 Bonds, the Phase #2 Bonds, the Phase #3A Bonds, and the Phase #3B Bonds have been levied on each Parcel according to the Phases #2-3 Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll attached hereto as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K, respectively. The Annual Installments for the Phases #2-3 Major Improvement Bonds, the Phase #1 Bonds, the Phase #2 Bonds, the Phase #3A Bonds, and the Phase #3B Bonds will be collected at the time and in the amounts shown on the Phases #2-3 Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll respectively, subject to any revisions made during an Annual Service Plan Update.

#### **F. 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 based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

#### **G. PREPAYMENT RESERVE – PHASE #1 AND PHASES #2-3 MAJOR IMPROVEMENT AREA**

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds (the “Additional Interest”) by one half of one percent (0.50%), (the “Additional Interest Rate”). The interest rates used to determine the Assessments levied on Phases #2-3 Major Improvement Assessed Property and Phase #1 Assessed Property are one half of one percent (0.50%) per annum higher than the actual rate paid on the Phases #2-3 Major Improvement Bonds and the Phase #1A Bonds, with up to 0.20% allocated to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Phases #2-3 Major Improvement Bonds and/or the Phase #1A Bonds are prepaid (the “Prepayment Reserve”) and up to 0.30% allocated to fund a delinquency reserve account as described below. The Prepayment Reserve shall be funded until it reaches 1.50% of the outstanding Phases #2-3 Major Improvement Bonds and Phase #1A Bonds as stipulated in the applicable Bond documents. The Prepayment Reserve amounts collected in the first two years were used to fund the Debt Service Reserve Funds. Once the Prepayment Reserve is funded in full, any additional interest collected shall be allocated to fund delinquent payments as described in Section V.H.

## **H. DELINQUENCY RESERVE – PHASE #1 AND PHASES #2-3 MAJOR IMPROVEMENT AREA**

The City has allocated up to 0.30% of the Additional Interest Rate to offset any possible delinquent payments (the “Delinquency Reserve”). The additional reserve shall be funded up to 4% of the outstanding Phases #2-3 Major Improvement Bonds and Phases #1A Bonds, but in no event will the annual collection, together with the Prepayment Reserve, be more than 0.50% of the outstanding Phases #2-3 Major Improvement Bonds and Phase #1A Bonds. The Delinquency Reserve amounts collected in the first two years were used to fund the Debt Service Reserve Funds. The City may allocate up to 0.50% of the interest rate component of the Annual Installments to pay for Administrative Expenses, improvement costs, any other use that benefits the Assessed Property or reduce the Assessments, as determined by the City Council.

## **I. RESERVE FOR PREPAYMENT AND DELINQUENCY –PHASE #2**

Funds generated by the Additional Interest Rate related to the Phase #2 Bonds are held in reserves held under the Trust Indenture for the Phase #2 Bonds (the “Additional Interest Reserve”), which may be used to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Phase #2 Bonds are prepaid, to offset any possible delinquent payments and pay Administrative Expenses of provided for in the applicable Trust Indenture.

## **J. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3A**

Upon the issuance of the Phase #3A Bonds in July, 2021, the Additional Interest Rate has been collected. Funds generated by the Additional Interest Rate related to the Phase #3A Bonds are held in a reserve account held under the Trust Indenture for the Phase #3A Bonds (the “Phase #3A Delinquency and Prepayment Reserve Account”), which may be used for the purposes as set forth in the Trust Indenture applicable to the Phase #3A Bonds.

## **K. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3B**

Upon the issuance of Phase #3B Bonds in [REDACTED], 2022, the Additional Interest Rate will be collected and dedicated to a reserve account set forth in the Trust Indenture for the Phase #3B Bonds (the “Phase #3B Delinquency and Prepayment Reserve Account”), which may be used for the purposes as set forth in the Trust Indenture applicable to Phase #3B Bonds.

## **L. TIRZ CREDIT**

Pursuant to the TIRZ Ordinance, the City has agreed to use TIRZ Revenues generated from each Parcel to offset a portion of such Parcel’s Assessments related to the Major Improvements (the “TIRZ Credit”). The Annual Installments for the Phases #2-3 Major Improvement Assessed Property and Phase #1 Assessed Property for each Parcel related to the Major Improvements shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit applicable to each Parcel shall be calculated as described under Section VI.B of this Service and Assessment Plan. The TIRZ Credit is not allocable or available for the Phase #2 Assessed Property, the Phase #3A Assessed Property, or the Phase #3B Assessed Property.

## **M. MSUD CONTRACT REVENUE CREDIT**

Pursuant to the transfer and service agreement between MSUD and the City dated as of March 27, 2017 (the "Transfer and Service Agreement"), MSUD has agreed to pay the principal and interest on a portion of the Phases #2-3 Major Improvement Bonds and Phases #1A Bonds in the total par amount of \$2,794,820 as shown in the prorated debt service schedule included as part of Appendix G and Appendix H to this Service and Assessment Plan. These proportional bond debt service payments to be paid by MSUD (the "MSUD Contract Revenues") will be used to offset a portion of the PID Annual Installments to be collected from the Phase #1 Assessed Property and Phases #2-3 Major Improvement Assessed Property (the "MSUD Contract Revenue Credit"). Such Annual Installments for each Parcel shall be calculated by taking into consideration any MSUD Contract Revenue Credit applicable to each Parcel. The MSUD Contract Revenue Credit applicable to each Parcel shall be calculated as described under Section VI.A and VI.B of this Service and Assessment Plan. The MSUD Contract Revenue Credit is not available for the Phase #2 Assessed Property, the Phase #3A Assessed Property, or the Phase #3B Assessed Property.

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## ***VI. TERMS OF THE ASSESSMENTS***

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### **A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2-3 MAJOR IMPROVEMENT AREA FOR MAJOR IMPROVEMENTS**

The Assessment and Annual Installments for each Assessed Property located within Phases #2-3 Major Improvement Area are shown on the Phases #2-3 Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act, which includes any annual updates to this Service and Assessment Plan.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phases #2-3 Major Improvement Bonds, to fund the Prepayment Reserve and Delinquency Reserve described in Section V, and to cover Administrative Expenses of Phases #2-3 Major Improvement Area.

The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit and MSUD Contract Revenue Credit applicable to the Parcel. The TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate the Parcel's TIRZ Credit for such Parcel (and/or new Parcels subdivided from such Parcel) in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2017) on a Parcel-by-Parcel basis. The TIRZ Credit shall be calculated for those Parcels that are subject to Assessments in the PID and have generated TIRZ Revenues. The Administrator shall calculate the TIRZ Credit, if applicable, based on the information available to the Administrator at the time of such calculations.

The MSUD Contract Revenue Credit for each Parcel shall be calculated using the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the MSUD Contract Revenue Credit amount for a Parcel
- B = the total MSUD Contract Revenues due for the year
- C = the total Equivalent Unit of the Parcel
- D = the total Equivalent Units of all Parcels

### **B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #1**

The Assessment and Annual Installments for each Assessed Property located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall 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 principal and interest on the Phase #1A Bonds and the Phase #1 Reimbursement Agreement, to fund the Prepayment Reserve and Delinquency Reserve described in Section V, and to cover Administrative Expenses of Phase #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit and MSUD Contract Revenue Credit applicable to the Parcel. The TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate the Parcel's TIRZ Credit for such Parcel (and/or new Parcels subdivided from such Parcel) in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2017) on a Parcel-by-Parcel basis. The TIRZ Credit shall be calculated for those Parcels that are subject to Assessments in the PID and have generated TIRZ Revenues. The Administrator shall calculate the TIRZ Credit, if applicable, based on the information available to the Administrator at the time of such calculations.

The MSUD Contract Revenue Credit for each Parcel shall be calculated using the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the MSUD Contract Revenue Credit amount for a Parcel
- B = the total MSUD Contract Revenues due for the year
- C = the total Equivalent Unit of the Parcel
- D = the total Equivalent Units of all Parcels

**C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #2**

The Assessment and Annual Installments for each Assessed Property located within Phase #2 is shown on the Phase #2 Assessment Roll, attached as Appendix I, and no Assessment shall 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 principal and interest on the Phase #2 Bonds, to fund the Additional Interest Reserve described in Section V, and to cover Administrative Expenses of Phase #2. No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #2 Improvements.

**D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3A**

The Assessment and Annual Installments for each Assessed Property located within Phase #3A is shown on the Phase #3A Assessment Roll, attached as Appendix J, and no Assessment shall 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 principal and interest on the Phase #3A Bonds, to collect Additional Interest, and to cover Administrative Expenses of Phase #3A.

No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #3A Improvements.

**E. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3B**

The Assessment and Annual Installments for each Assessed Property located within Phase #3B is shown on the Phase #3B Assessment Roll, attached as Appendix K, and no Assessment shall 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 principal and interest on the Phase #3B Bonds, to collect Additional Interest, and to cover Administrative Expenses of Phase #3B. No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #3B Improvements.

**F. REALLOCATION OF ASSESSMENTS**

**1. Subdivision**

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. 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 subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

## **2. 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.

### **G. MANDATORY PREPAYMENT OF ASSESSMENTS**

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.
2. The payments required above shall be treated the same as any Assessment that is due and owing under the Act, the relevant Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

### **H. REDUCTION OF ASSESSMENTS**

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed and Actual Costs incurred for such Authorized Improvements are less than the Actual Costs of the Authorized Improvement Costs used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds of such series. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the City may reduce the 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 after all Authorized Improvements to be funded with a series of Bonds have been completed and a portion of the Bonds have been redeemed using the TIRZ Revenues (with respect to bonds issued to finance the Major Improvements) or other funds available to the City, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the remaining outstanding amount(s) of the Bonds after such redemptions. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds.



3. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds from the applicable series, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the applicable Bonds, including interest on the Bonds and Administrative Expenses, and such excess Bond proceeds shall be applied to redeem the applicable series of Bonds. The City Council may reduce the 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 Equivalent Units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the applicable series of Bonds, including interest on the Bonds and Collection Costs. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the 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 applicable series of Bonds.

## **I. PAYMENT OF ASSESSMENTS**

### **1. Payment in Full**

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of each applicable series Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of the applicable series of Bonds and reserve funds applied to the redemption under the applicable Trust Indenture, net of any other costs applicable to the redemption of the applicable series of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the applicable Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a redemption of Bonds as set forth in the applicable Indenture. Unless otherwise directed to a specific Assessment by the Parcel owner, any such partial payment from a Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property will be allocated between the Assessments for Phases #2-3 Major Improvement Area and the Assessments for Phase #2, Phase #3A, and Phase #3B based on the ratio of the outstanding Assessments for Phases #2-3 Major Improvement Area and the Assessments for Phase #2, Phase #3A, and Phase #3B due from the Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property, respectively, at the time of such partial payment. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel



shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

## **2. Payment in Annual Installments**

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the applicable Prepayment Reserve, Delinquency Reserve or Additional Interest Reserve (upon the issuance of Bonds) described in Section V. The commencement of the Annual Installments for the Phases #2-3 Major Improvement Area, Phase #1, Phase #2, Phase #3A, and Phase #3B are set forth in Section VI.J.

### *Phases #2-3 Major Improvement Area*

Each Assessment for the Phases #2-3 Major Improvement Assessed Property will be paid with interest of no more than the actual interest rate paid on the Phases #2-3 Major Improvement Bonds plus Additional Interest. The Phases #2-3 Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 8.25% for the Phases #2-3 Major Improvement Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for Prepayment Reserve and Delinquency Reserve. Furthermore, the Annual Installments of the Assessments levied against Phases #2-3 Major Improvement Assessed Property may not exceed the amounts shown on the Phases #2-3 Major Improvement Area Assessment Roll. The Phases #2-3 Major Improvement Area Assessment Roll is shown as Appendix G.

### *Phase #1*

Each Assessment for the Phase #1 Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #1A Bonds (plus Additional Interest) and the Phase #1 Reimbursement Agreement. The Phase #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 7.25% for the Phase #1A Bonds, an interest rate of 6.13% for the Phase #1 Reimbursement Agreement, Administrative Expenses and Additional Interest at the rate of 0.5% for Prepayment Reserve and Delinquency Reserve. Furthermore, the Annual Installments of the Assessments levied against Phase #1 Assessed Property may not exceed the amounts shown on the Phase #1 Assessment Roll. The Phase #1 Assessment Roll is shown as Appendix H.

### *Phase #2*

Each Assessment for the Phase #2 Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #2 Bonds (plus Additional Interest). The Phase #2 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.00% in years 1 through 5 (2019-2023), 5.50% in years 6 through 10 (2024-2028), 5.75% in years 11 through

15 (2029-33), and 6.125% in years 16 through 27 (2034-2045) applicable to the Phase #2 Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for Additional Interest Reserve. Furthermore, the Annual Installments of the Assessments levied against Phase #2 Assessed Property may not exceed the amounts shown on the Phase #2 Assessment Roll. The Phase #2 Assessment Roll is shown as Appendix I.

### Phase #3A

Each Assessment for the Phase #3A Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #3A Bonds (plus Additional Interest). The Phase #3A Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 2.50% in years 1 through 5 (2022-2026), 3.00% in years 6 through 10 (2027-2031), and 4.00% in years 11 through 24 (2032-2045) applicable to the Phase #3A Bonds, Administrative Expenses and Additional Interest at the rate of 0.5%. Furthermore, the Annual Installments of the Assessments levied against Phase #3A Assessed Property may not exceed the amounts shown on the Phase #3A Assessment Roll. The Phase #3A Assessment Roll is shown as Appendix J.

### Phase #3B

Each Assessment for the Phase #3B Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #3B Bonds (plus Additional Interest). The Phase #3B Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an estimated interest rate of 6.09% applicable to the Phase #3B Bonds, Administrative Expenses and Additional Interest at the rate of 0.5%. Furthermore, the Annual Installments of the Assessments levied against Phase #3B Assessed Property may not exceed the amounts shown on the Phase #3B Assessment Roll. The Phase #3B Assessment Roll is shown as Appendix K.

The Annual Installments shall be reduced to equal the actual costs of repaying all of the related 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, as and to the extent set forth in the applicable Indenture. If the total Annual Installments collected from a Phase #2 Assessed Property in a given year are less than the combined Annual Installments for Phases #2-3 Major Improvement Area and Annual Installments for Phase #2 due from such Phase #2 Assessed Property for the year, then the Annual Installments collected will be allocated between the Annual Installments for Phases #2-3 Major Improvement Area and the Annual Installments for Phase #2 based on the ratio of the total Annual Installments for Phases #2-3 Major Improvement Area and the total Annual Installments for Phase #2 due from the Phase #2 Assessed Property for that year.

The Annual Installments shall be reduced to equal the actual costs of repaying such 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, as and to the extent set forth in the applicable Indenture. If the total Annual Installments collected from a Phase #3A Assessed Property in a given year are less than the combined Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3A and Annual Installments for Phase #3A due from such Phase #3A Assessed Property for the year, then the Annual Installments collected will be

allocated between the Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3A and the Annual Installments for Phase #3A based on the ratio of the total Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3A and the total Annual Installments for Phase #3A due from the Phase #3A Assessed Property for that year.

The Annual Installments shall be reduced to equal the actual costs of repaying the obligation of the Phase #3B Bonds and the 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. If the total Annual Installments collected from a Phase #3B Assessed Property in a given year are less than the combined Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3B and Annual Installments for Phase #3B due from such Phase #3B Assessed Property for the year, then the Annual Installments collected will be allocated between the Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3B and the Annual Installments for Phase #3B based on the ratio of the total Annual Installments for Phases #2-3 Major Improvement Area allocable to Phase #3B and the total Annual Installments for Phase #3B due from the Phase #3B Assessed Property for that year.

#### **J. COLLECTION OF ANNUAL INSTALLMENTS**

No less frequently than annually, the Administrator 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 Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as 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 Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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.

Table VI-A shows the initial collection dates applicable for Phase #1 Assessed Property, Phases #2-3 Major Improvement Assessed Property, Phase #2 Assessed Property, and Phase #3A Assessed Property, and the anticipated collection date applicable to the Phase #3B Assessed Property. The actual date of commencement of collection will be set forth in an update to this SAP.

**Table VI-A**  
**Collection Commencement Dates**

<b>Phase</b>	<b>Trigger Event</b>	<b>Collection Commencement Date</b>
Phase #1	Issuance of Phase #1 Bonds	December, 2015
Phases #2-3	Issuance of Phases #2-3 Major Improvement Bonds	December 2015
Phase #2	Issuance of Phase #2 Bonds	November 2018
Phase #3A	Issuance of Phase #3A Bonds	August 2021
Phase #3B	Issuance of Phase #3B Bonds	, 2023

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## ***VII. THE ASSESSMENT ROLL***

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### **A. PHASES #2-3 MAJOR IMPROVEMENT AREA ASSESSMENT ROLL**

The City Council evaluated each Parcel within Phases #2-3 Major Improvement Area (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phases #2-3 Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phases #2-3 Major Improvement Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phases #2-3 Major Improvements. Table VII-A summarizes the \$13,245,679 in special benefit received by Phases #2-3 Major Improvement Assessed Property from a portion of the Phases #2-3 Major Improvements, the pro rata costs of the PID formation, and issuance costs for the Phases #2-3 Major Improvement Bonds. The amount of Phases #2-3 Major Improvement Bonds is \$10,255,000, which is equal to the benefit received by Phases #2-3 Major Improvement Assessed Property, and as such the total Assessment for all Assessed Property within Phases #2-3 Major Improvement Area is \$10,255,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Phases #2-3 Major Improvement Area is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phases #2-3 Major Improvement Area Assessment Roll is attached hereto as Appendix G.

**Table VII-A**  
**Special Benefit Summary – Phases #2-3 Major Improvement Area**

<b>Special Benefit</b>	<b>Total Cost</b>
Phases #2-3 Major Improvement Bond Net Proceeds	\$6,578,204
Developer Contribution	\$2,990,679
<i>Total Authorized Improvements<sup>1</sup></i>	<i>\$9,568,883</i>
PID Formation/Bond Costs of Issuance	
Reserve Fund	\$936,766
Capitalized Interest	\$1,464,115
Administrative Expense	\$37,908
Other Cost of Issuance	\$1,238,008
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$3,676,797</i>
<b>Total Special Benefit</b>	<b>\$13,245,679</b>
<u>Special Benefit:</u>	
Total Special Benefit	\$13,245,679
Assessment	\$10,255,000
<b>Excess Benefit</b>	<b>\$2,990,679</b>

<sup>(1)</sup>See Table III-A for details.

## B. PHASE #1 ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #1 (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #1 Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #1 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #1 Improvements that benefit Phase #1. Table VII-B summarizes the \$16,768,375 in special benefit received by Phase #1 Assessed Property from the Phase #1 Improvements that benefit Phase #1, the pro rata costs of the PID formation, and issuance costs for Phase #1A Bonds. The amount of Phase #1 Bonds is \$14,000,000, which is less than the benefit received by Phase #1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase #1 is \$14,000,000 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phase #1 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #1 Assessment Roll is attached hereto as Appendix H.

**Table VII-B**  
**Special Benefit Summary – Phase #1**

<b>Special Benefit</b>	<b>Total Cost</b>
Phase #1 Bond Net Proceeds	\$9,485,481
Phase #1 Reimbursement Agreement	\$540,000
Developer Contribution	\$2,768,375
<i>Total Authorized Improvements<sup>1</sup></i>	<i>\$12,793,856</i>
PID Formation/Bond Costs of Issuance	
Reserve Fund	\$1,022,322
Capitalized Interest	\$1,688,763
Administrative Expense	\$52,092
Other Cost of Issuance	\$1,211,342
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$3,974,519</i>
<b>Total Special Benefit</b>	<b>\$16,768,375</b>
Special Benefit:	
Total Special Benefit	\$16,768,375
Assessment	\$14,000,000
<b>Excess Benefit</b>	<b>\$2,768,375</b>

<sup>(1)</sup>See Table III-B for details.

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### C. PHASE #2 ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #2 (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #2 Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #2 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #2 Improvements that benefit Phase #2. Table VII-C summarizes the \$13,070,328 in special benefit received by Phase #2 Assessed Property from the Phase #2 Improvements that benefit Phase #2. The amount of Phase #2 Bonds is \$9,425,000, which is less than the benefit received by Phase #2 Assessed Property, and as such the total Assessment for all Assessed Property within Phase #2 is \$9,425,000 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Phase #2 Assessed Property is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #2 Assessment Roll is attached hereto as Appendix I.

**Table VII-C**  
**Special Benefit Summary – Phase #2**

<b>Special Benefit</b>	<b>Total Cost</b>
Phase #2 Bond Net Proceeds	\$7,300,000
Developer Contribution	\$3,645,329
<i>Total Authorized Improvements<sup>1</sup></i>	<i>\$10,945,329</i>
PID Formation/Bond Costs of Issuance	
Reserve Fund	\$855,856
Capitalized Interest	\$452,919
Administrative Expense	\$35,000
Other Cost of Issuance	\$781,225
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$2,125,000</i>
<b>Total Special Benefit</b>	<b>\$13,070,328</b>
Special Benefit:	
Total Special Benefit	\$13,070,328
Assessment	\$9,425,000
<b>Excess Benefit</b>	<b>\$3,645,328</b>

<sup>(1)</sup>See Table III-C for details.

### D. PHASE #3A ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #3A (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #3A Improvements best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.



The Phase #3A Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #3A Improvements that benefit Phase #3A. Table VII-D summarizes the \$4,553,061 in special benefit received by Phase #3A Assessed Property from the Phase #3A Improvements that benefit Phase #3A. The amount of Phase #3A Bonds is \$3,644,000 which is less than the benefit received by Phase #3A Assessed Property annual Administrative Expenses and other authorized charges as set forth herein. The Assessment for each Parcel of Phase #3A Assessed Property is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #3A Assessment Roll is attached hereto as Appendix J.

**Table VII-D**  
**Special Benefit Summary - Phase #3A**

<b>Special Benefit</b>	<b>Total Cost</b>
Phase #3A Bonds Net Proceeds	\$3,012,541
Bond Premium	\$87,459
Developer Contribution <sup>1</sup>	\$821,602
<i>Total Authorized Improvements<sup>2</sup></i>	<i>\$3,921,602</i>
PID Formation/Bond Costs of Issuance	
Cost of issuance	\$256,189
Debt service reserve	\$235,950
Administrative expenses	\$30,000
Underwriter's discount	\$109,320
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$631,459</i>
<b>Total Special Benefit</b>	<b>\$4,553,061</b>
<u>Special Benefit:</u>	
Total Special Benefit	\$4,553,061
Assessment	\$3,644,000
<b>Excess Benefit</b>	<b>\$909,061</b>

<sup>(1)</sup>The Phase #3A Improvements have been completed and the developer contribution was paid by Pulte from private financing.

<sup>(2)</sup> See Table III-D for details.

#### **E. PHASE #3B ASSESSMENT ROLL**

The City Council has evaluated each Parcel within Phase #3B (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #3B Improvements best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #3B Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #3B Improvements that benefit Phase #3B. Table VII-E summarizes the \$7,889,906 in special benefit received by Phase #3B Assessed Property from the Phase #3B Improvements that benefit Phase #3B. The amount of Phase #3B Bonds is \$6,310,000 which is less than the benefit received by Phase #3B Assessed Property annual Administrative Expenses and other



authorized charges as set forth herein. The Assessment for each Parcel of Phase #3B Assessed Property is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #3B Assessment Roll is attached hereto as Appendix K.

**Table VII-E**  
**Special Benefit Summary – Phase #3B**

<b>Special Benefit</b>	<b>Total Cost</b>
Phase #3B Bonds Net Proceeds	\$4,730,133
Developer Contribution <sup>1</sup>	\$1,579,906
<i>Total Authorized Improvements<sup>2</sup></i>	<i>\$6,310,038</i>
PID Formation/Bond Costs of Issuance	
Cost of issuance	\$479,960
Debt service reserve	\$533,633
Capitalized interest	\$331,974
Administrative expenses	\$45,000
Underwriter's discount	\$189,300
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$1,579,867</i>
<b>Total Special Benefit</b>	<b>\$7,889,906</b>
<b>Special Benefit:</b>	
Total Special Benefit	\$7,889,906
Assessment	\$6,310,000
<b>Excess Benefit</b>	<b>\$1,579,906</b>

<sup>(1)</sup>See Table III-E for details.

## **F. ANNUAL ASSESSMENT ROLL UPDATES**

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Phases #2-3 Major Improvement Area Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.I of this Service and Assessment Plan.

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## ***VIII. MISCELLANEOUS PROVISIONS***

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### **A. ADMINISTRATIVE REVIEW**

The City may elect to designate a third party to serve as Administrator. The City shall notify the Developers in writing at least thirty (30) days in advance before appointing a third party Administrator. The City has designated MuniCap, Inc as the initial Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel 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 Parcel owner, such change or modification shall be presented to the City Council 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 Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), 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 the City Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

### **B. TERMINATION OF ASSESSMENTS**

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an 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.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by the Service and Assessment Plan.

#### **D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS**

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the applicable Trust Indenture, such determination shall be conclusive.

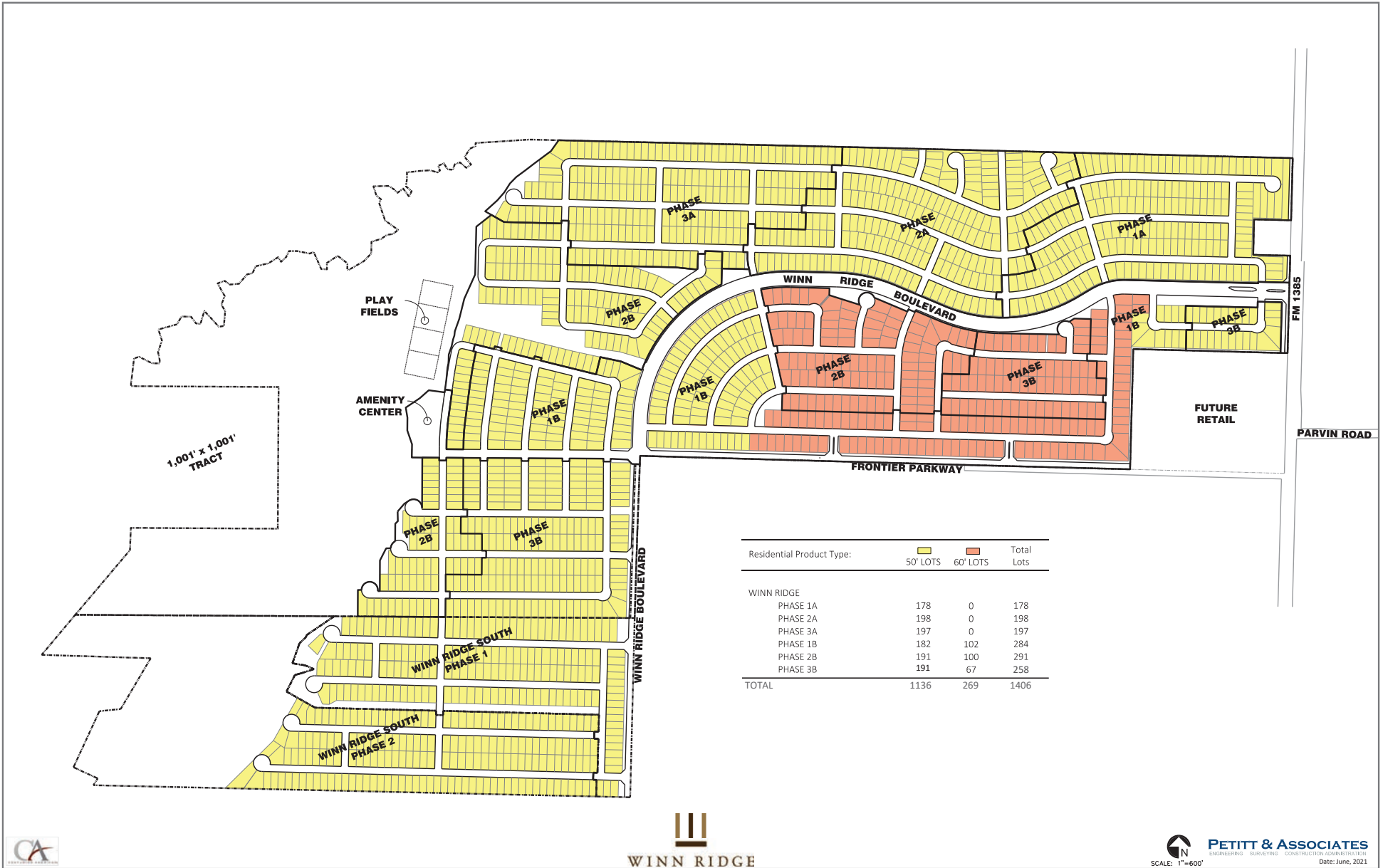
#### **E. SEVERABILITY**

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan 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 Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof 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 Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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**APPENDIX A**  
**PID MAP**



**APPENDIX B**  
**BUDGETED COSTS OF THE AUTHORIZED IMPROVEMENTS**

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED  
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS  
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	320.9	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	CITY	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	NA
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>A. PHASE 1 CITY WATER SYSTEM IMPROVEMENTS</b>				
UTRWD DELIVER POINT (12-INCH WATER & METER	LS	1	\$ 431,525.00	\$ 431,525
0.25 MG GROUND STORAGE RESIVOR	LS	1	\$ 402,500.00	\$ 402,500
1.0 MGD PUMP STATION	LS	1	\$ 765,000.00	\$ 765,000
0.50 MG ELEVATED STORAGE TANK	LS	1	\$ 1,487,500.00	\$ 1,487,500
EQUITY FEE	MGD	1	\$ 200,000.00	\$ 200,000
DEMAND CHARGE (\$388K/1MGD FOR 5 YEARS)	MGD	0.30	\$ 388,000.00	\$ 116,400
CITY SEWER & WATER CCN ACQUISITION	EA	1	\$ 579,400.00	\$ 289,700
<b>SUB - TOTAL</b>				<b>\$ 3,692,625</b>

<b>B. PROFESSIONAL &amp; MISCELLANEOUS FEES</b>				
ENGINEERING, DESIGN & SURVEYING FEES	%	18%	\$ 3,086,525	\$ 569,250
GEOTECHNICAL AND MATERIALS TESTING	%	1%	\$ 3,086,525	\$ 30,865
INSPECTION FEES	%	2%	\$ 3,086,525	\$ 64,010
<b>SUB - TOTAL</b>				<b>\$ 664,125</b>

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED  
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS  
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	320.9	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	CITY	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	NA
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>C. PHASE 1 CITY SEWER SYSTEM IMPROVEMENTS</b>				
12INCH OFFSITE SANITARY SEWER	LF	10,570	\$ 95.83	\$ 1,012,966
LAND RIGHTS	LS	1	\$ 182,500.00	\$ 182,500
15INCH OFFSITE SANITARY SEWER OVERSIZE COST	LS	1	\$ 489,956.00	\$ 489,956
UTRWD RIVERBEND EXPANSION COST SHARE	MGD	0.320	\$ 6,500,000.00	\$ 2,080,000
CITY SEWER & WATER CCN ACQUISITION	EA	1	\$ 579,400.00	\$ 289,700

**SUB - TOTAL** **\$ 4,055,122**

**D. PROFESSIONAL & MISCELLANEOUS FEES**

ENGINEERING, DESIGN & SURVEYING FEES	%	25%	\$ 1,012,966	\$ 253,242
GEOTECHNICAL AND MATERIALS TESTING	%	2%	\$ 1,012,966	\$ 20,259
INSPECTION FEES	%	3%	\$ 1,012,966	\$ 30,389

**SUB - TOTAL** **\$ 303,890**



**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED  
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS  
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME: <b>JACKSON RIDGE</b>	ACREAGE: 324.1	NO. OF LOTS: 1395
MAJOR IMPROVEMENTS: OTHER	CREATED: 6/15/2015	BY CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 9/8/2015	ROADWAY LF: 9,005
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>A. PAVING - ROAD 'A' - 5,545 LF</b>				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	25,877	\$ 3.50	\$ 90,568
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	470	\$ 150.00	\$ 70,500
100' ROW, 3 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	24,645	\$ 40.00	\$ 985,780
BARRIER FREE RAMPS	EA	22	\$ 2,100.00	\$ 46,200
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	4,929	\$ 55.00	\$ 271,089
4' WIDE CURLEX EROSION CONTROL MATTING	LF	11,090	\$ 0.75	\$ 8,318
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
STORM SEWER SYSTEM	LF	5,545	\$ 50.00	\$ 277,250

**SUB - TOTAL** **\$ 1,753,005**

<b>B. PAVING - 1/2 ROAD 'B' - 3,460 LF</b>				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	10,188	\$ 3.50	\$ 35,657
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	190	\$ 150.00	\$ 28,500
1/2 OF 80' ROW, 4 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	9,611	\$ 40.00	\$ 384,448
BARRIER FREE RAMPS	EA	5	\$ 2,100.00	\$ 10,500
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	1,538	\$ 55.00	\$ 84,578
4' WIDE CURLEX EROSION CONTROL MATTING	LF	3,460	\$ 0.75	\$ 2,595
COMBO STREET NAME & STOP SIGN	EA	3	\$ 1,300.00	\$ 3,900
STORM SEWER SYSTEM	LF	3,460	\$ 25.00	\$ 86,500

**SUB - TOTAL** **\$ 637,378**

<b>C. PAVING - 1/2 ROAD 'C' - 1,150 LF</b>				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	2,811	\$ 3.50	\$ 9,839
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	60	\$ 150.00	\$ 9,000
1/2 OF 100' ROW, 3 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	2,556	\$ 40.00	\$ 102,224
BARRIER FREE RAMPS	EA	3	\$ 2,100.00	\$ 6,300
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	511	\$ 55.00	\$ 28,111
4' WIDE CURLEX EROSION CONTROL MATTING	LF	1,150	\$ 0.75	\$ 863
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
STORM SEWER SYSTEM	LF	1,150	\$ 25.00	\$ 28,750

**SUB - TOTAL** **\$ 188,387**

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PROJECT NAME: <b>JACKSON RIDGE</b>	ACREAGE: 324.1	NO. OF LOTS: 1395
MAJOR IMPROVEMENTS: OTHER	CREATED: 6/15/2015	BY CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 9/8/2015	ROADWAY LF: 9,005
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>D. PAVING - FM 1385 TURN LANES</b>				
FM 1385 LEFT TURN LANES	EA	1	\$ 385,000.00	\$ 385,000
<b>SUB - TOTAL</b>				<b>\$ 385,000</b>

<b>E. WATER SYSTEM</b>				
CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	1	\$ 900.00	\$ 900
12" P.V.C. WATERLINE	LF	4,920	\$ 40.00	\$ 196,800
12" GATE VALVE & BOX	EA	14	\$ 2,200.00	\$ 30,800
TRENCH SAFETY	LF	4,920	\$ 0.80	\$ 3,936
TESTING (EXCLUDING GEOTECH)	LF	4,920	\$ 1.00	\$ 4,920
<b>SUB - TOTAL</b>				<b>\$ 237,356</b>

<b>F. SANITARY SEWER SYSTEM</b>				
CONNECT TO EXIST. SEWER LINE	EA	1	\$ 500.00	\$ 500
12" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	EA	6,250	\$ 40.00	\$ 250,000
5' DIAMETER DROP MANHOLE W/RAIN PANS	EA	22	\$ 4,700.00	\$ 103,400
TESTING (EXCLUDING GEOTECH)	LF	6,250	\$ 1.50	\$ 9,375
TRENCH SAFETY	LF	6,250	\$ 0.80	\$ 5,000
<b>SUB - TOTAL</b>				<b>\$ 368,275</b>

<b>G. PROFESSIONAL &amp; MISCELLANEOUS FEES</b>				
ENGINEERING, SURVEYING & TESTING	%	12%	\$ 3,381,014	\$ 405,722
BIDDING and LETTING	EA	1	\$ 10,000	\$ 10,000
SWPPP ADMINISTRATION	LS	1	\$ 7,000	\$ 7,000
CONSTRUCTION INSPECTION	%	3%	\$ 3,381,014	\$ 101,430
MATERIAL TESTING	%	2%	\$ 3,381,014	\$ 67,620
<b>SUB - TOTAL</b>				<b>\$ 591,772</b>

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PROJECT NAME: <b>JACKSON RIDGE</b>	ACREAGE: 110.3	NO. OF LOTS: 459
ON-SITE FACILITIES: PHASE 1	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 9/8/2015	ROADWAY LF: 19,777
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>A. ROADWAY IMPROVEMENTS</b>				
R.O.W. CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	110	\$ 2,000.00	\$ 220,600
CONSTRUCTION ENTRANCE	EA	1	\$ 2,000.00	\$ 2,000
SILT FENCE	LF	22,316	\$ 1.50	\$ 33,474
UNCLASSIFIED EXCAVATION OF STREET R.O.W.	CY	204,255	\$ 2.20	\$ 449,361
OVER SEEDING DISTURBED AREAS	ACRE	66	\$ 500.00	\$ 33,000
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	92,120	\$ 2.75	\$ 253,330
6" LIME STABILIZED SUBGRADE PREPARATION	SY	74,304	\$ 3.50	\$ 260,064
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	1,350	\$ 150.00	\$ 202,500
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	64,835	\$ 30.00	\$ 1,945,050
37' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	5,016	\$ 40.00	\$ 200,640
BARRIER FREE RAMPS	EA	53	\$ 1,200.00	\$ 63,600
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	444	\$ 55.00	\$ 24,420
4' WIDE CURLEX EROSION CONTROL MATTING	LF	40,086	\$ 0.75	\$ 30,065
COMBO STREET NAME & STOP SIGN	EA	30	\$ 1,300.00	\$ 39,000
STREET LIGHTS (Standard Lights)	EA	41	\$ 2,500.00	\$ 102,500

**SUB - TOTAL** **\$ 3,859,604**

#### **B. WATER SYSTEM**

CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	1	\$ 900.00	\$ 900
8" P.V.C. WATERLINE	LF	17,882	\$ 22.00	\$ 393,404
8" GATE VALVE & BOX	EA	53	\$ 1,400.00	\$ 74,200
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	60	\$ 4,000.00	\$ 240,000
1" SINGLE WATER SERVICE	EA	459	\$ 500.00	\$ 229,500
TRENCH SAFETY	LF	17,882	\$ 0.80	\$ 14,306
TESTING (EXCLUDING GEOTECH)	LF	17,882	\$ 1.00	\$ 17,882
1" IRRIGATION WATER SERVICE (To Green Space)	EA	12	\$ 900.00	\$ 10,800

**SUB - TOTAL** **\$ 980,992**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	110.3	NO. OF LOTS:	459
ON-SITE FACILITIES:	PHASE 1	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	19,777
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>C. SANITARY SEWER SYSTEM</b>				
CONNECT TO EXIST. SEWER LINE	EA	1	\$ 500.00	\$ 500
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	17,140	\$ 25.00	\$ 428,500
4' DIAMETER MANHOLE W/RAIN PANS	EA	48	\$ 2,700.00	\$ 129,600
5' DIAMETER MANHOLE W/RAIN PANS	EA	9	\$ 3,800.00	\$ 34,200
STANDARD CLEANOUTS	EA	1	\$ 875.00	\$ 875
4" SINGLE SEWER SERVICE	EA	459	\$ 600.00	\$ 275,400
WATER CROSSING PER TCEQ REQUIREMENTS	EA	30	\$ 750.00	\$ 22,500
TESTING (EXCLUDING GEOTECH)	LF	17,140	\$ 1.50	\$ 25,710
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	17,140	\$ 1.00	\$ 17,140
TRENCH SAFETY	LF	17,140	\$ 0.80	\$ 13,712

**SUB - TOTAL** **\$ 948,137**

**D. STORM DRAINAGE SYSTEM**

BASED ON AVERAGE COST PER LOT	EA	459	\$ 1,500.00	\$ 688,500
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**SUB - TOTAL** **\$ 688,500**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	110.3	NO. OF LOTS:	459
ON-SITE FACILITIES:	PHASE 1	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	19,777
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>E. LOT PREPARATION</b>				
LOT GRADING (ROUGH)	LOT	459	\$ 200.00	\$ 91,800
LOT GRADING (FINAL)	LOT	459	\$ 100.00	\$ 45,900
MOISTURE CONDITIONING LOTS 8' BELOW FINAL GRADE	LOT	459	\$ 2,500.00	\$ 1,147,500
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	459	\$ 460.00	\$ 211,140

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 1,496,340</b>
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<b>F. RETAINING WALLS</b>				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	459	\$ 1,000.00	\$ 459,000

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 459,000</b>
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<b>G. FRANCHISE UTILITIES</b>				
ELECTRIC SERVICE	LOT	459	\$ 1,000.00	\$ 459,000
GAS SERVICE	LOT	459	\$ 1,000.00	\$ 459,000

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 918,000</b>
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NOTES FUNDED DEVELOPER ITEMS

<b>H. PROFESSIONAL &amp; MISCELLANEOUS FEES</b>				
ENGINEERING & SURVEYING	LOT	459	\$ 1,500	\$ 688,500
BIDDING and LETTING	EA	3	\$ 10,000	\$ 30,000
SWPPP ADMINISTRATION	LS	1	\$ 6,000	\$ 6,000
CONSTRUCTION INSPECTION	%	3%	\$ 8,432,572	\$ 252,977
MATERIAL TESTING	%	2%	\$ 8,432,572	\$ 168,651

<b>SUB - TOTAL</b>	<b>\$ 1,146,129</b>
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<b>I. PID DIRECT PROFESSIONAL &amp; MISC. FEES</b>				
ENGINEERING & SURVEYING	LOT	459	\$ 1,200	\$ 550,800
BIDDING and LETTING	EA	2	\$ 10,000	\$ 20,000
SWPPP ADMINISTRATION	LS	1	\$ 2,000	\$ 2,000
CONSTRUCTION INSPECTION	%	3%	\$ 6,477,232	\$ 194,317
MATERIAL TESTING	%	2%	\$ 6,477,232	\$ 129,545

<b>SUB - TOTAL</b>	<b>\$ 896,662</b>
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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
ON-SITE FACILITIES:	FUTURE PHASES	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	8/26/2015	ROADWAY LF:	57,133
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>A. ROADWAY IMPROVEMENTS</b>				
R.O.W. CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	213.8	\$ 2,000.00	\$ 427,600
CONSTRUCTION ENTRANCE	EA	2	\$ 2,000.00	\$ 4,000
SILT FENCE	LF	41,209	\$ 1.50	\$ 61,814
UNCLASSIFIED EXCAVATION OF STREET R.O.W.	CY	416,520	\$ 2.20	\$ 916,344
OVER SEEDING DISTURBED AREAS	ACRE	134	\$ 500.00	\$ 67,000
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	169,229	\$ 2.75	\$ 465,380
6" LIME STABILIZED SUBGRADE PREPARATION	SY	136,260	\$ 3.50	\$ 476,910
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	2,470	\$ 150.00	\$ 370,500
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	126,394	\$ 30.00	\$ 3,791,820
37' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	1,624	\$ 40.00	\$ 64,960
BARRIER FREE RAMPS	EA	121	\$ 1,200.00	\$ 145,200
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	1,785	\$ 55.00	\$ 98,175
4' WIDE CURLEX EROSION CONTROL MATTING	LF	74,180	\$ 0.75	\$ 55,635
COMBO STREET NAME & STOP SIGN	EA	64	\$ 1,300.00	\$ 83,200
STREET LIGHTS (Standard Lights)	EA	75	\$ 2,500.00	\$ 187,500

**SUB - TOTAL** **\$ 7,216,037**

#### **B. WATER SYSTEM**

CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	2	\$ 900.00	\$ 1,800
8" P.V.C. WATERLINE	LF	34,862	\$ 22.00	\$ 766,964
8" GATE VALVE & BOX	EA	121	\$ 1,400.00	\$ 169,400
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	116	\$ 4,000.00	\$ 464,000
1" SINGLE WATER SERVICE	EA	936	\$ 500.00	\$ 468,000
TRENCH SAFETY	LF	34,862	\$ 0.80	\$ 27,890
TESTING (EXCLUDING GEOTECH)	LF	34,862	\$ 1.00	\$ 34,862
1" IRRIGATION WATER SERVICE (To Green Space)	EA	18	\$ 900.00	\$ 16,200

**SUB - TOTAL** **\$ 1,949,116**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
ON-SITE FACILITIES:	FUTURE PHASES	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	8/26/2015	ROADWAY LF:	57,133
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>C. SANITARY SEWER SYSTEM</b>				
CONNECT TO EXIST. SEWER LINE	EA	2	\$ 500.00	\$ 1,000
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	33,135	\$ 25.00	\$ 828,375
4' DIAMETER MANHOLE W/RAIN PANS	EA	77	\$ 2,700.00	\$ 207,900
5' DIAMETER MANHOLE W/RAIN PANS	EA	34	\$ 3,800.00	\$ 129,200
STANDARD CLEANOUTS	EA	12	\$ 875.00	\$ 10,500
4" SINGLE SEWER SERVICE	EA	936	\$ 600.00	\$ 561,600
WATER CROSSING PER TCEQ REQUIREMENTS	EA	35	\$ 750.00	\$ 26,250
TESTING (EXCLUDING GEOTECH)	LF	33,135	\$ 1.50	\$ 49,703
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	33,135	\$ 1.00	\$ 33,135
TRENCH SAFETY	LF	33,135	\$ 0.80	\$ 26,508

**SUB - TOTAL** **\$ 1,874,171**

**D. STORM DRAINAGE SYSTEM**

BASED ON AVERAGE COST PER LOT	EA	936	\$ 1,500.00	\$ 1,404,000
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**SUB - TOTAL** **\$ 1,404,000**

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PROJECT NAME: <b>JACKSON RIDGE</b>	ACREAGE: 324.1	NO. OF LOTS: 1395
ON-SITE FACILITIES: FUTURE PHASES	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 8/26/2015	ROADWAY LF: 57,133
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>E. LOT PREPARATION</b>				
LOT GRADING (ROUGH)	LOT	936	\$ 200.00	\$ 187,200
LOT GRADING (FINAL)	LOT	936	\$ 100.00	\$ 93,600
MOISTURE CONDITIONING LOTS 8' BELOW FINAL GRADE	LOT	936	\$ 2,500.00	\$ 2,340,000
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	936	\$ 460.00	\$ 430,560

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 3,051,360</b>
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<b>F. RETAINING WALLS</b>				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	936	\$ 1,000.00	\$ 936,000

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 936,000</b>
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<b>G. FRANCHISE UTILITIES</b>				
ELECTRIC SERVICE	LOT	936	\$ 1,000.00	\$ 936,000
GAS SERVICE	LOT	936	\$ 1,000.00	\$ 936,000

<b>SUB - TOTAL, DEVELOPER COST</b>	<b>\$ 1,872,000</b>
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NOTES FUNDED DEVELOPER ITEMS

<b>H. PROFESSIONAL &amp; MISCELLANEOUS FEES</b>				
ENGINEERING & SURVEYING	LOT	936	\$ 1,500	\$ 1,404,000
BIDDING and LETTING	EA	6	\$ 10,000	\$ 60,000
SWPPP ADMINISTRATION	LS	2	\$ 6,000	\$ 12,000
CONSTRUCTION INSPECTION	%	3%	\$ 16,430,683	\$ 492,921
MATERIAL TESTING	%	2%	\$ 16,430,683	\$ 328,614

**SUB - TOTAL** **\$ 2,297,534**

<b>I. PID DIRECT PROFESSIONAL &amp; MISC. FEES</b>				
ENGINEERING & SURVEYING	LOT	936	\$ 1,200	\$ 1,123,200
BIDDING and LETTING	EA	4	\$ 10,000	\$ 40,000
SWPPP ADMINISTRATION	LS	2	\$ 2,000	\$ 4,000
CONSTRUCTION INSPECTION	%	3%	\$ 12,443,323	\$ 373,300
MATERIAL TESTING	%	2%	\$ 12,443,323	\$ 248,866

**SUB - TOTAL** **\$ 1,789,366**



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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
IMPROVEMENTS:	COMMON AREA AMENITIES	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	8/26/2015		
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
<b>A. COMMON AREA AMENITIES</b>				
AMENITY CENTER	EA	1	\$ 850,000.00	\$ 850,000
SOCCER FIELDS	EA	4	\$ 35,000.00	\$ 140,000
ENTRY	EA	1	\$ 150,000.00	\$ 150,000
TRAIL SYSTEM	LF	8,520	\$ 39.00	\$ 332,280
PERIMETER SCREENING WALL	LF	7,090	\$ 100.00	\$ 709,000
BOULEVARD ORNAMENTAL FENCE	LF	8,280	\$ 100.00	\$ 828,000
TUBULAR STEEL FENCE	LF	2,915	\$ 50.00	\$ 145,750
<b>SUB - TOTAL</b>				<b>\$ 3,155,030</b>

## Revised Estimated Costs – Major Improvements

## EXHIBIT "D"

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
SUMMARY:	TOTAL DEVELOPMENT				
LOCATION:	AUBREY EJT/PROSPER ETJ				
JOB NUMBER:	12031-00				
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

### ON-SITE IMPROVEMENTS SUMMARY

### BY CATEGORY

### BY LOT

A. LOT GRADING	\$	7,784,822	\$	5,561
B. RETAINING WALLS	\$	1,950,000	\$	1,393
C. WATER DISTRIBUTION SYSTEM	\$	3,063,691	\$	2,188
D. SANITARY SEWER SYSTEM	\$	3,020,717	\$	2,158
E. STORM SEWER SYSTEM	\$	2,100,000	\$	1,500
F. PAVING	\$	8,255,745	\$	5,897
G. DRY UTILITIES & STREET LIGHTING	\$	3,057,960	\$	2,184
H. PROFESSIONAL & MISCELLANEOUS FEES	\$	3,630,749	\$	2,593
<b>SUB-TOTAL ON-SITE CONSTRUCTION COSTS</b>	<b>\$</b>	<b>32,863,683</b>	<b>\$</b>	<b>23,474</b>
CONTINGENCIES 20%	\$	6,572,737	\$	4,695
<b>SUB-TOTAL ON SITE CONSTRUCTION COSTS W/CONTINGENCIES</b>	<b>\$</b>	<b>39,436,420</b>	<b>\$</b>	<b>28,169</b>

### MAJOR IMPROVEMENTS SUMMARY

### BY CATEGORY

### BY LOT

A. WATER DISTRIBUTION SYSTEM	\$	1,540,401	\$	1,100
B. SANITARY SEWER SYSTEM	\$	677,199	\$	484
C. OFF-SITE SEWER	\$	3,572,139		
D. PAVING - ROAD 'A'	\$	3,762,273	\$	2,687
E. PAVING - ROAD 'B' - 5,585 LF	\$	1,248,998	\$	892
F. PAVING - 1/2 ROAD 'C' - 3,460 LF	\$	202,897	\$	145
G. PAVING - FM 1385 TURN LANES	\$	563,509	\$	403
H. PROFESSIONAL & MISCELLANEOUS FEES	\$	1,965,176	\$	1,404
<b>SUB-TOTAL MAJOR IMPROVEMENTS CONSTRUCTION COSTS</b>	<b>\$</b>	<b>13,532,592</b>	<b>\$</b>	<b>7,115</b>
CONTINGENCIES 20%			\$	-
<b>SUB-TOTAL OFF SITE CONSTRUCTION COSTS W/CONTINGENCIES</b>	<b>\$</b>	<b>13,532,592</b>	<b>\$</b>	<b>7,115</b>
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$</b>	<b>46,396,275</b>	<b>\$</b>	<b>30,589</b>
CONTINGENCIES	\$	6,572,737	\$	4,695
<b>TOTAL CONSTRUCTION COSTS W/CONTINGENCIES</b>	<b>\$</b>	<b>52,969,012</b>	<b>\$</b>	<b>35,283</b>

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED  
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS  
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

SUMMARY	BY CATEGORY	BY LOT	BY ACRE
A. LOT GRADING	\$ 7,784,822	\$ 5,561	\$ 25,308
B. RETAINING WALLS	\$ 1,950,000	\$ 1,393	\$ 6,339
C. WATER DISTRIBUTION SYSTEM	\$ 3,063,691	\$ 2,188	\$ 9,960
D. SANITARY SEWER SYSTEM	\$ 3,020,717	\$ 2,158	\$ 9,820
E. STORM SEWER SYSTEM	\$ 2,100,000	\$ 1,500	\$ 6,827
F. PAVING	\$ 8,255,745	\$ 5,897	\$ 26,839
G. DRY UTILITIES & STREET LIGHTING	\$ 3,057,960	\$ 2,184	\$ 9,941
H. PROFESSIONAL & MISCELLANEOUS FEES	\$ 3,630,749	\$ 2,593	\$ 11,803
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 32,863,683</b>	<b>\$ 23,474</b>	<b>\$ 106,839</b>
CONTINGENCIES 20%	\$ 6,572,737	\$ 4,695	\$ 21,368
<b>TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES</b>	<b>\$ 39,436,420</b>	<b>\$ 28,169</b>	<b>\$ 128,207</b>

NOTES:

1. COSTS DO NOT INCLUDE THE FOLLOWING:

- A. TRAIL SYSTEMS
- B. ROCK EXCAVATION
- C. DISTRICT & COUNTY FEES (I.E. PLATTING, PLAN REVIEW, APPLICATION, ETC.)
- D. LANDSCAPING, IRRIGATION, SCREENING WALLS & MONUMENTS
- E. COMMON AREA AMENITIES

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>A. LOT GRADING</b>				
CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	308	\$ 1,900.00	\$ 584,440
CONSTRUCTION ENTRANCE	EA	1	\$ 4,175.00	\$ 4,175
SILT FENCE	LF	10,846	\$ 1.55	\$ 16,811
UNCLASSIFIED EXCAVATION OF STREET R.O.W. & LOTS	CY	624,000	\$ 3.01	\$ 1,878,240
LOT GRADING (ROUGH)	LOT	1,400	\$ 200.00	\$ 280,000
MOISTURE CONDITIONING LOTS 6' BELOW FINAL GRADE	LOT	1,700	\$ 2,300.00	\$ 3,910,000
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	700	\$ 475.00	\$ 332,500
LOT GRADING (FINAL)	LOT	1,400	\$ 100.00	\$ 140,000
OVER SEEDING LOTS	ACRE	187	\$ 900.00	\$ 168,595
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	235,030	\$ 2.00	\$ 470,060
<b>SUB - TOTAL</b>				<b>\$ 7,784,822</b>

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
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#### B. RETAINING WALLS

RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	1,300	\$	1,500.00	\$	1,950,000
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**SUB - TOTAL** **\$ 1,950,000**

#### C. WATER DISTRIBUTION SYSTEM

8" P.V.C. WATERLINE	LF	49,012	\$	25.00	\$	1,225,310
8" GATE VALVE & BOX	EA	211	\$	1,200.00	\$	253,200
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	163	\$	3,750.00	\$	612,750
1" SINGLE WATER SERVICE	EA	1,400	\$	600.00	\$	840,000
TRENCH SAFETY	LF	49,012	\$	1.00	\$	49,012
TESTING (EXCLUDING GEOTECH)	LF	49,012	\$	1.50	\$	73,519
1" IRRIGATION WATER SERVICE (To Green Space)	EA	9	\$	1,100.00	\$	9,900

**SUB - TOTAL** **\$ 3,063,691**

#### D. SANITARY SEWER SYSTEM

8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	50,960	\$	25.00	\$	1,274,004
4' DIAMETER MANHOLE	EA	170	\$	2,700.00	\$	458,730
5' DIAMETER MANHOLE	EA	34	\$	5,125.00	\$	174,148
STANDARD CLEANOUTS	EA	13	\$	575.00	\$	7,475
4" SINGLE SEWER SERVICE	EA	1,400	\$	600.00	\$	840,000
WATER CROSSING PER TCEQ REQUIREMENTS	EA	88	\$	1,000.00	\$	88,000
TESTING (EXCLUDING GEOTECH)	LF	50,960	\$	1.50	\$	76,440
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	50,960	\$	1.00	\$	50,960
TRENCH SAFETY	LF	50,960	\$	1.00	\$	50,960

**SUB - TOTAL** **\$ 3,020,717**

#### E. STORM SEWER SYSTEM

BASED ON AVERAGE COST PER LOT	EA	1,400	\$	1,500.00	\$	2,100,000
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**SUB - TOTAL** **\$ 2,100,000**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
<b>F. PAVING</b>				
CONNECT TO EX. PAVEMENT	EA	3	\$ 540.00	\$ 1,620
6" LIME STABILIZED SUBGRADE PREPARATION	SY	189,171	\$ 3.00	\$ 567,512
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	3,410	\$ 25.00	\$ 85,250
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	177,706	\$ 40.00	\$ 7,108,232
BARRIER FREE RAMPS	EA	211	\$ 1,100.00	\$ 232,100
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	2,228	\$ 40.00	\$ 89,120
4' WIDE CURLEX EROSION CONTROL MATTING	LF	103,184	\$ 0.60	\$ 61,910
COMBO STREET NAME & STOP SIGN	EA	88	\$ 1,250.00	\$ 110,000
<b>SUB - TOTAL</b>				<b>\$ 8,255,745</b>

<b>G. DRY UTILITIES &amp; STREET LIGHTING</b>				
ELECTRIC and GAS SERVICES	LOT	1,400	\$ 2,000.00	\$ 2,800,000
STREET LIGHTS (Standard Lights)	EA	103	\$ 2,500.00	\$ 257,960
<b>SUB - TOTAL</b>				<b>\$ 3,057,960</b>

<b>H. PROFESSIONAL &amp; MISCELLANEOUS FEES</b>				
ENGINEERING & SURVEYING	LOT	1,500	\$ 1,500	\$ 2,250,000
BIDDING and LETTING	EA	6	\$ 10,000	\$ 60,000
CONSTRUCTION INSPECTION	%	3%	\$ 26,174,974	\$ 785,249
MATERIAL TESTING	%	2%	\$ 26,174,974	\$ 523,499
SWPPP ADMINISTRATION	LS	1	\$ 12,000	\$ 12,000
<b>SUB - TOTAL</b>				<b>\$ 3,630,749</b>

**Winn Ridge**  
**MI Water**

Phase	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	MI Blvd.
<b>Water</b>					
	12" P.V.C. Waterline	LF	1,467	\$ 33.86	\$ 49,672.62
	12" Gate Valve & Box	EA	8	\$ 2,253.08	\$ 18,024.64
	8" P.V.C. Waterline	LF	4,426	\$ 20.78	\$ 91,972.28
	8" Gate Valve & Box	EA	21	\$ 1,183.07	\$ 24,844.47
	Fire Hydrant Assembly with Gate Valves	EA	14	\$ 3,672.20	\$ 51,410.80
	Combination Air Release Valve	EA	1	\$ 2,563.10	\$ 2,563.10
	12" Plug	EA	3	\$ 254.96	\$ 764.88
	8" Plug w/ 2" Tap & 2" Galvanized Riser	EA	7	\$ 579.00	\$ 4,053.00
	1" Single Water Service (All Lengths)	EA	36	\$ 723.40	\$ 26,042.40
	4" Conduit (Schedule 40) at Intersections	LF	446	\$ 7.04	\$ 3,139.84
	Fittings Not Incl. in Factored 12" PVC Price	LS	1	\$ 19,190.00	\$ 19,190.00
	16" P.V.C. Waterline	LF	134	\$ 115.52	\$ 15,479.68
	16" Gate Valve & Box	EA	1	\$ 10,132.43	\$ 10,132.43
	36" x 16" Tapping Sleeve & Valve	EA	1	\$ 19,599.85	\$ 19,599.85
	Testing (Excluding Geotech)	LF	6,027	\$ 0.56	\$ 3,375.12
	Trench Safety	LF	6,027	\$ 0.06	\$ 361.62
					<u>\$ 340,626.73</u>
	8" P.V.C. Waterline	LF	1,160	\$ 20.95	\$ 24,302.00
	8" Gate Valve & Box	EA	8	\$ 1,183.07	\$ 9,464.56
	12" P.V.C. Waterline	LF	4,318	\$ 34.88	\$ 150,611.84
	12" Gate Valve & Box	EA	23	\$ 2,280.12	\$ 52,442.76
	Fire Hydrant Assembly with Gate Valves	EA	17	\$ 3,672.20	\$ 62,427.40
	1.5" Irrigation Service	EA	1	\$ 1,246.57	\$ 1,246.57
	2" Irrigation Service	EA	1	\$ 1,538.67	\$ 1,538.67
	Combination Air Release Valve	EA	1	\$ 2,563.10	\$ 2,563.10
					<u>\$ 304,596.90</u>
	Bonds/Grading Misc work				\$ 119,514.00
	CCN				\$ 579,400.00
	Mustang Connection water lines				\$ 75,000.00
	Water line changes to modify system				<u>\$ 121,263.00</u>
					<u>\$ 895,177.00</u>
Total					<u><u>\$ 1,540,400.63</u></u>

Winn Ridge  
MI Sewer

Phase	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	MI Winn Ridge Blvd.
<b>SANITARY SEWER</b>					
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	4,564	\$ 38.29	\$ 174,755.56
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	880	\$ 20.08	\$ 17,670.40
	12" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	1,371	\$ 40.87	\$ 56,032.77
	15" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	175	\$ 41.74	\$ 7,304.50
	15" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	1,415	\$ 41.74	\$ 59,062.10
	4" Service Lines	EA	25	\$ 477.92	\$ 11,948.00
	4' Diameter Manhole (ALL DEPTHS)	EA	11	\$ 2,910.08	\$ 32,010.88
	5' Diameter Manhole (ALL DEPTHS)	EA	19	\$ 6,637.33	\$ 126,109.27
	5' Diameter Manhole INSIDE DROP (ALL DEPTHS)	EA	8	\$ 6,879.63	\$ 55,037.04
	Water Crossing per TCEQ requirements	EA	11	\$ 942.83	\$ 10,371.13
	Testing (Excluding Geotech)	LF	8,405	\$ 0.91	\$ 7,648.55
	Trench Safety	LF	8,405	\$ 0.43	\$ 3,614.15
					<u>\$ 561,564.35</u>
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	561	\$ 20.75	\$ 11,640.75
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	814	\$ 28.20	\$ 22,954.80
	5' Diameter Manhole INSIDE DROP (ALL DEPTHS)	EA	3	\$ 6,212.24	\$ 18,636.72
					<u>\$ 53,232.27</u>
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	1,369	\$ 21.08	\$ 28,858.52
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	222	\$ 23.41	\$ 5,197.02
	10" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	240	\$ 24.49	\$ 5,877.60
	15" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	270	\$ 51.47	\$ 13,896.90
	4' Diameter Manhole (ALL DEPTHS)	EA	3	\$ 2,857.57	\$ 8,572.71
					<u>\$ 62,402.75</u>
					<u><u>\$ 677,199.37</u></u>



Winn Ridge  
Offsite Sewer Analysis

FM/GM Contract	1,743,334.06
Lift Station	1,426,337.00
Total Costs	<hr/> 3,169,671.06
Hillwood Participation	(780,032.00)
Sewer WWTP Capacity	1,182,500.00
Total Winn Ridge Cost	<hr/> <hr/> 3,572,139.06

**Winn Ridge  
Paving Road A**

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
				\$ 1,791,454.61
<b>Winn Ridge Blvd.</b>				
<b>Paving</b>				
8" 3,600 psi Reinforced Concrete Street Pavement	SY	23,427	\$ 34.12	\$ 799,329.24
8" Lime Subgrade Preparation	SY	24,765	\$ 2.03	\$ 50,272.95
Lime for Subgrade Preparation (36LB/SY)	TONS	446	\$ 135.35	\$ 60,366.10
Asphalt Pavement	SY	703	\$ 36.25	\$ 25,483.75
Pavement Header	LF	427	\$ 8.81	\$ 3,761.87
Pavement Barricade	EA	5	\$ 1,719.73	\$ 8,598.65
Rock Rip-Rap at End of Streets	SY	55	\$ 50.06	\$ 2,753.30
Barrier Free Ramps	EA	13	\$ 1,237.66	\$ 16,089.58
8' Curlex	LF	10,990	\$ 1.05	\$ 11,539.50
Stop Sign with Street Name Sign	EA	5	\$ 406.88	\$ 2,034.40
8' Reinforced Concrete Sidewalk	SF	43,807	\$ 6.09	\$ 266,784.63
6' Reinforced Concrete Sidewalk	SF	16,051	\$ 5.44	\$ 87,317.44
8" Yellow Strip	LF	8,802	\$ 2.50	\$ 22,005.00
8" Yellow 10' Dashed Strip	LF	2,100	\$ 2.50	\$ 5,250.00
8" White Strip	LF	482	\$ 2.50	\$ 1,205.00
Turn Arrows	EA	43	\$ 233.28	\$ 10,031.04
Yield Triangle	EA	39	\$ 37.98	\$ 1,481.22
8" White 1' Dash Strip	LF	61	\$ 2.50	\$ 152.50
"ONLY" White	EA	4	\$ 271.25	\$ 1,085.00
Traffic Control	LS	1	\$ 3,797.50	\$ 3,797.50
Maintenance Bond	LS	1	\$ -	\$ -
Payment & Performance Bonds	LS	1	\$ 16,500.00	\$ 16,500.00
ADD ALTERNATE - Additional Move-in (Only if needed)	EA	1	\$ 16,500.00	\$ 16,500.00
				<b>\$ 1,412,338.67</b>

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
<b>WINN RIDGE BLVD.</b>				
CLEARING & GRUBBING	ACRE	12.6	\$ 933.00	\$ 11,755.80
CONSTRUCTION ENTRANCE	EA	1	\$ 1,540.15	\$ 1,540.15
SILT FENCE	LF	1,000	\$ 1.33	\$ 1,331.00
UNCLASSIFIED EXCAVATION OF ROW'S & LOTS	CY	58,589	\$ 1.73	\$ 101,358.97
				<b>\$ 115,985.92</b>

6'-0" Ht. Brick Thinwall Panels on top of or adjacent to retaining walls w/ 6'-6" Ht. Brick Thinwall Columns every 12'-0" as shown on plans and details 1,2&3/S4 and 2&3/S5, and all related appurtances complete and in place for the sum of	LF	2428.00	\$	100.00	
					\$ 242,800.00
7'-0" Ht. Stone columns on grade as shown on plans and details 1&6/S3, and all related appurtances complete and in place for the sum of	EA	26.00	\$	2,500.00	
					\$ 65,000.00
Steel and Stone Trail Markers as shown on plans and detail 5/S2, and all related appurtances complete and in place for the sum of	EA	12.00	\$	7,000.00	
					\$ 84,000.00
7'-6" Ht. Enhanced Stone Columns with recessed metal accent as shown on plans and details 4&6/S2 and all related appurtances complete and in place for the sum of	EA	18.00	\$	3,000.00	
					\$ 54,000.00
Provide and plant Common Bermuda Solid Sod, complete in place for the sum of	SF	391937.00	\$	0.41	
					\$ 160,694.17
Irrigation	LS	1.00	\$	198,000.00	\$ 198,000.00
					<u>\$ 804,494.17</u>
					MI

has	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT	Winn Ridge Blvd.
STORM SEWER						
	18" R.C.P. (ALL DEPTHS)	LF	685	\$ 43.71	\$	29,941.35
	18" R.C.P.Class IV (ALL DEPTHS)	LF	274	\$ 46.48	\$	12,735.52
	21" R.C.P. (ALL DEPTHS)	LF	297	\$ 62.85	\$	18,666.45
	24" R.C.P. (ALL DEPTHS)	LF	121	\$ 64.38	\$	7,789.98
	27" R.C.P. (ALL DEPTHS)	LF	167	\$ 65.96	\$	11,015.32
	30" R.C.P. (ALL DEPTHS)	LF	300	\$ 86.76	\$	26,028.00
	36" R.C.P. (ALL DEPTHS)	LF	231	\$ 101.17	\$	23,370.27
	39" R.C.P. (ALL DEPTHS)	LF	-	\$ 131.63	\$	-
	42" R.C.P. (ALL DEPTHS)	LF	154	\$ 135.93	\$	20,933.22
	48" R.C.P. (ALL DEPTHS)	LF	267	\$ 162.82	\$	43,472.94
	60" R.C.P. (ALL DEPTHS)	LF	-	\$ 244.60	\$	-
	66" R.C.P. (ALL DEPTHS)	LF	-	\$ 303.66	\$	-
	18" Sloped Headwall	EA	4	\$ 1,394.90	\$	5,579.60
	21" Sloped Headwall	EA	1	\$ 1,448.55	\$	1,448.55
	42" Sloped Headwall	EA	1	\$ 2,575.20	\$	2,575.20
	60" Sloped Headwall	EA	-	\$ 3,487.25	\$	-
	66" Sloped Headwall	EA	-	\$ 3,755.50	\$	-
	10' Inlet	EA	5	\$ 3,621.38	\$	18,106.90
	15' Inlet	EA	3	\$ 4,774.85	\$	14,324.55
	20' Inlet	EA	1	\$ 6,008.80	\$	6,008.80
	8' Square Storm Manhole	EA	-	\$ 8,852.25	\$	-
	7' Square Storm Manhole	EA	-	\$ 7,403.70	\$	-
	4' Square Storm Manhole	EA	3	\$ 3,755.50	\$	11,266.50
	Grade to Drain	LF	893	\$ -	\$	-
	Inlet Protection	EA	9	\$ 74.90	\$	674.10
	Rock Rip Rap at Headwall	SY	20	\$ 80.25	\$	1,605.00
	Trench Safety	LF	2,496	\$ 0.28	\$	698.88
					\$	256,241.13

48" R.C.P. (ALL DEPTHS)	LF	531	\$ 160.86	\$ 85,416.66
54" R.C.P. (ALL DEPTHS)	LF	560	\$ 234.04	\$ 131,062.40
60" R.C.P. (ALL DEPTHS)	LF	64	\$ 244.60	\$ 15,654.40
66" R.C.P. (ALL DEPTHS)	LF	73	\$ 303.66	\$ 22,167.18
72" R.C.P. (ALL DEPTHS)	LF	57	\$ 385.02	\$ 21,946.14
48" Sloped Headwall	EA	1	\$ 2,682.50	\$ 2,682.50
5' Square Storm Manhole	EA	1	\$ 4,748.03	\$ 4,748.03
6' Square Storm Manhole	EA	1	\$ 5,955.15	\$ 5,955.15
7' Square Storm Manhole	EA	1	\$ 9,120.50	\$ 9,120.50
Rock Rip Rap at Headwall	SY	13	\$ 80.25	\$ 1,043.25
				<hr/>
				\$ 299,796.21

18" R.C.P. (ALL DEPTHS)	LF	771	\$ 42.75	\$ 32,960.25
24" R.C.P. (ALL DEPTHS)	LF	944	\$ 57.03	\$ 53,831.60
27" R.C.P. (ALL DEPTHS)	LF	302	\$ 64.21	\$ 19,391.42
30" R.C.P. (ALL DEPTHS)	LF	1,713	\$ 73.89	\$ 126,573.57
33" R.C.P. (ALL DEPTHS)	LF	558	\$ 87.65	\$ 48,908.70
36" R.C.P. (ALL DEPTHS)	LF	1,140	\$ 102.32	\$ 116,644.80
39" R.C.P. (ALL DEPTHS)	LF	179	\$ 121.85	\$ 21,811.15
42" R.C.P. (ALL DEPTHS)	LF	73	\$ 135.03	\$ 9,857.19
48" R.C.P. (ALL DEPTHS)	LF	515	\$ 162.79	\$ 83,836.85
39" Sloped Headwall	EA	1	\$ 2,146.00	\$ 2,146.00
10' Inlet	EA	9	\$ 3,514.08	\$ 31,626.72
15' Inlet	EA	8	\$ 4,667.55	\$ 37,340.40
20' Inlet	EA	4	\$ 5,847.85	\$ 23,391.40
6' Square Storm Manhole	EA	1	\$ 5,955.15	\$ 5,955.15
5' Square Storm Manhole	EA	3	\$ 4,506.60	\$ 13,519.80
4' Square Storm Manhole	EA	6	\$ 3,755.50	\$ 22,533.00
3' Square Storm Manhole	EA	1	\$ 3,219.00	\$ 3,219.00
4'x4' "Y" Inlet	EA	1	\$ 4,292.00	\$ 4,292.00
48" Plug	EA	1	\$ 577.96	\$ 577.96
				<hr/>
				\$ 658,416.96

				<b>MI</b>
				<hr/>
Storm Sewer				\$ 256,241.13
Storm Sewer				\$ 299,796.21
Storm Sewer				<hr/>
				\$ 658,416.96
				<hr/>
				\$ 1,214,454.30

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
<hr/>				
hts (150 LF Spacing), including budget for post, trenching,	EA	36	\$5,000.00	\$ 180,000.00
<hr/>				<hr/>
Subtotal				
				\$ 180,000.00
Contingency	%	10%	\$ -	\$ 18,000.00
Engineering Design	LS			\$ 17,000.00
				<hr/>
				\$ 215,000.00

**TOTAL**

Lacy Contrct	
Paving	\$ 1,412,338.67
Storm	\$ 1,214,454.30
 RPMx	 \$ 115,985.92
Hardscape/Landscape	\$ 804,494.17
Street Lights	\$ 215,000.00
 Total Paving Road A	 <hr/> \$ 3,762,273.06

**Winn Ridge  
Paving Road B**

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
<b>B. PAVING - 1/2 ROAD 'B' - 3,460 LF</b>				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARA	SY	10,188	\$ 3.50	\$ 35,657
LIME FOR SUBGRADE PREPARATION (361	TON	190	\$ 150.00	\$ 28,500
1/2 OF 80' ROW, 4 LANE UNDIVIDED (8-I	SY	9,611	\$ 40.00	\$ 384,448
BARRIER FREE RAMPS	EA	4	\$ 2,100.00	\$ 8,400
5" - 4' REINFORCED CONCRETE SIDEWAL	SY	1,538	\$ 55.00	\$ 84,578
4' WIDE CURLEX EROSION CONTROL MA	LF	3,460	\$ 0.75	\$ 2,595
COMBO STREET NAME & STOP SIGN	EA	3	\$ 1,300.00	\$ 3,900
18" R.C.P.	LF	57	\$ 40.00	\$ 2,280
21" R.C.P.	LF	55	\$ 50.00	\$ 2,750
27" R.C.P.	LF	33	\$ 70.00	\$ 2,310
15' INLET	EA	2	\$ 4,200.00	\$ 8,400
INLET AND HEADWALL PROTECTION	EA	3	\$ 125.00	\$ 375
TRENCH SAFETY	LF	145	\$ 1.00	\$ 145
21" Type "B" HDWL	EA	1	1,900	1,900
SCREENWALL/TURF/IRRIGATION	EA	1	682,060	682,060

**SUB - TOTAL** **\$ 1,248,998**

**Winn Ridge  
Paving Road C**

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
<b>C.PAVING - 1/2 ROAD 'C' - 1,150 LF</b>				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	2,811	\$ 3.50	\$ 9,839
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	60	\$ 150.00	\$ 9,000
1/2 OF 100' ROW, 4 LANE DIVIDED (8-INCH, 3,600 PSI)	SY	2,556	\$ 40.00	\$ 102,224
BARRIER FREE RAMPS	EA	2	\$ 2,100.00	\$ 4,200
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	511	\$ 55.00	\$ 28,111
4' WIDE CURLEX EROSION CONTROL MATTING	LF	1,150	\$ 0.75	\$ 863
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
18" R.C.P.	LF	192	\$ 40.00	\$ 7,680
27" R.C.P.	LF	33	\$ 70.00	\$ 2,310
48" R.C.P.	LF	145	\$ 150.00	\$ 21,750
10' INLET	EA	3	\$ 3,250.00	\$ 9,750
INLET AND HEADWALL PROTECTION	EA	4	\$ 125.00	\$ 500
TRENCH SAFETY	LF	370	\$ 1.00	\$ 370
48" Type "B" HDWL	EA	1	\$ 3,000.00	\$ 3,000
<b>SUB - TOTAL</b>				<b>\$ 202,897</b>

Winn Ridge  
Left Turn Lane

D. PAVING - FM 1385 TURN LANES				
FM 1385 LEFT TURN LANES	EA	1	385,000	385,000
Screening/Erosion Control	EA	1	178,509	178,509
SUB - TOTAL				563,509



Winn Ridge  
Professional Fees

		Eng/Surv/Testing 9.50%	Inspection 2.50%	Mat. Testing 1.35%	Total
Paving - Road "A" 5,5	3,762,273	357,416	94,057	50,784	502,257
Paving - 1/2 Road "B"	1,248,998	118,655	31,225	16,859	166,739
Paving - 1/2 Road "C"	202,897	19,275	5,072	2,739	27,086
Paving - FM 1385 Tur	563,509	53,533	14,088	7,606	75,227
Water System	1,540,401	146,338	38,510	20,793	205,641
Sanitary Sewer System	677,199	64,334	16,930	9,141	90,405
Total	7,995,277	759,551	199,882	107,922	1,067,355
Offsite Engineering/Testing/Inspection					897,820.00
Total					<u><u>1,965,175.08</u></u>

**JACKSON RIDGE PID - PHASE 2**  
**Phase 2A and 2B**  
**ESTIMATED COSTS OF AUTHORIZED IMPROVEMENTS**

	<b>Phase 2A</b>	<b>Phase 2B</b>	<b>Total</b>
Water	\$ 378,822	\$ 774,820	\$ 1,153,642
Sewer	\$ 615,212	\$ 675,178	\$ 1,290,389
Drainage	\$ 1,379,368	\$ 1,068,360	\$ 2,447,728
Paving	\$ 1,586,007	\$ 3,129,936	\$ 4,715,942
Soft Costs	\$ 655,662	\$ 1,112,634	\$ 1,768,296
<b>Total</b>	<b>\$ 4,615,070</b>	<b>\$ 6,760,927</b>	<b>\$ 11,375,997</b>

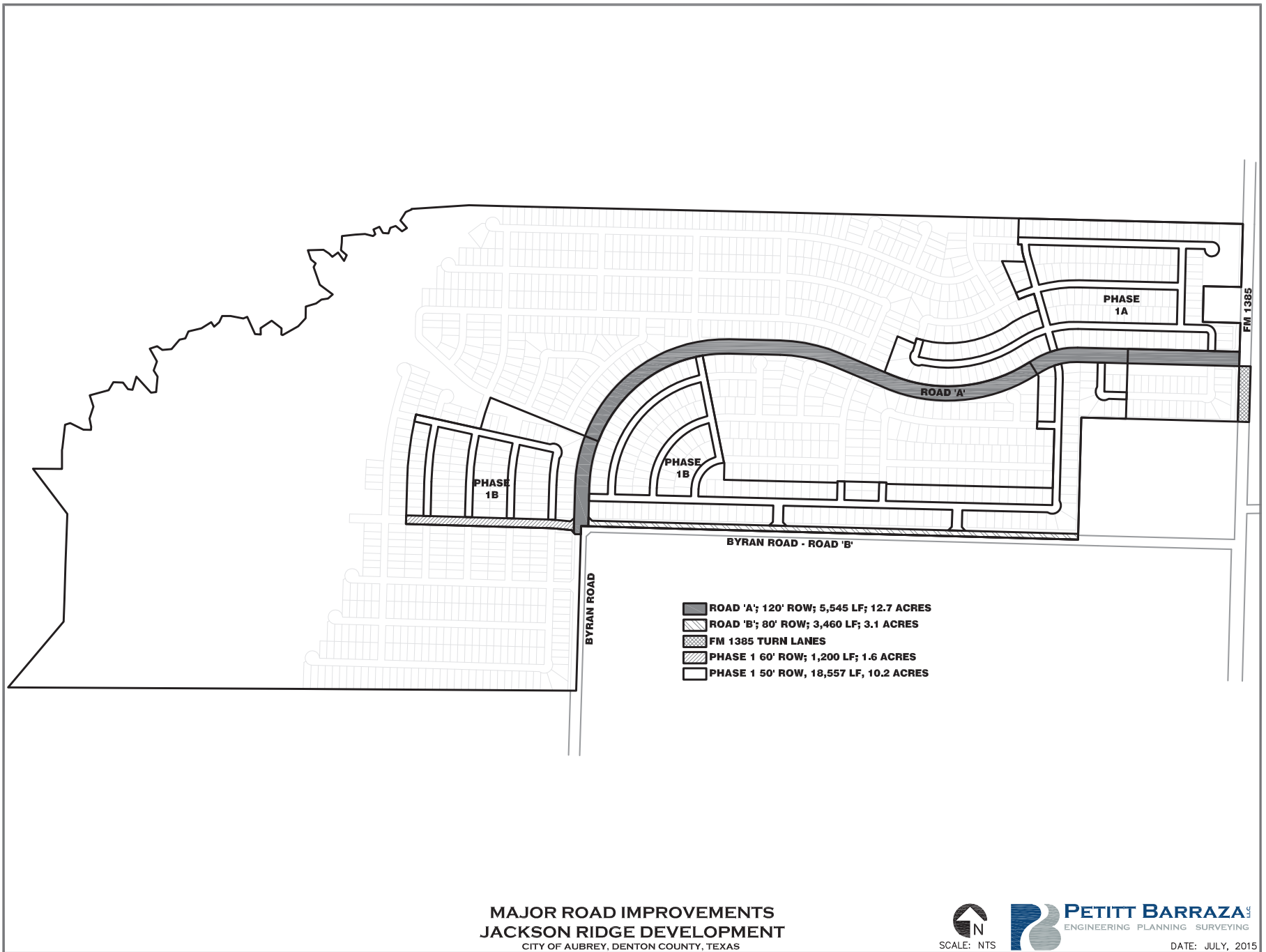
**JACKSON RIDGE PID**  
**ESTIMATED COSTS OF THE AUTHORIZED IMPROVEMENTS**

<b>Authorized Improvements</b>	<b>Phase 3A</b>
Water	310,412
Sewer	210,170
Drainage	923,783
Paving	1,654,087
Soft Costs	823,150
<hr/>	
Total	3,921,602

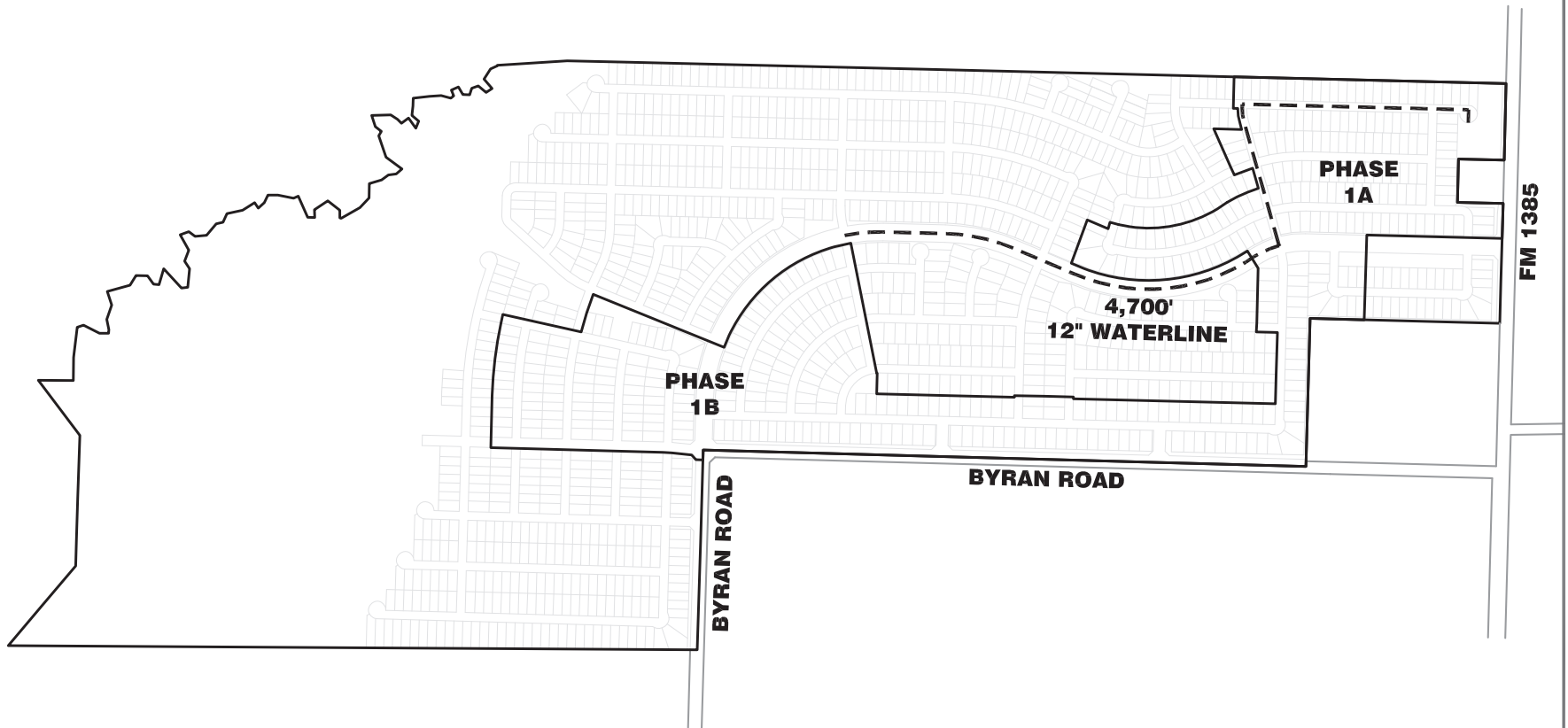
**PETITT & ASSOCIATES LLC**  
**TOTAL DIRECT PUBLIC COSTS BASED ON CONTRACTED AMOUNTS**

PROJECT NAME:	<b>JACKSON RIDGE PID</b>	ACREAGE:	50.67	NO. OF LOTS:	257
	<b>PHASE #3B</b>	UPDATED	6/9/2022	BY	RHD
CITY:		REVISED:		CHECKED:	RHD
JOB NUMBER:	120310-03B				
UTIL. PROVIDER:	MSUD				
DIRECT PUBLIC COSTS		BY LOT		BY CATEGORY	
1. GRADING (ROW)		\$	962	\$	247,360
2. WATER		\$	1,709	\$	439,278
4. SANITARY SEWER		\$	2,036	\$	523,135
5. STORM DRAINAGE		\$	2,287	\$	587,670
5. PAVING		\$	5,214	\$	1,340,112
6. SCREENING/LANDSCAPE/IRRIGATION		\$	-	\$	-
7. RIGHT OF WAY		\$	5,948	\$	1,528,600
8. REATINING WALLS		\$	-	\$	-
9. LEGAL/CONSULTING		\$	984	\$	252,863
<b>HARD COST SUB-TOTAL</b>		<b>\$</b>	<b>19,140</b>	<b>\$</b>	<b>4,919,018</b>
10. ENGINEERING/SOFT COSTS		\$	1,911	\$	491,020
11. CONTINGENCY		\$	3,502	\$	900,000
<b>SOFT COST SUB-TOTAL</b>		<b>\$</b>	<b>5,413</b>	<b>\$</b>	<b>1,391,020</b>
<b>TOTAL DIRECT PUBLIC COSTS</b>		<b>\$</b>	<b>24,553</b>	<b>\$</b>	<b>6,310,038</b>

**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**



**MAJOR ROAD IMPROVEMENTS  
JACKSON RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS



**MAJOR WATER IMPROVEMENTS  
JACKSON RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

**METER STATION  
12" SUPPLY LINE  
0.5 MG ELEVATED TANK  
0.25 MG GROUND TANK  
1.0 MGD PUMP STATION**

**PHASE  
1A**

**PHASE  
1B**

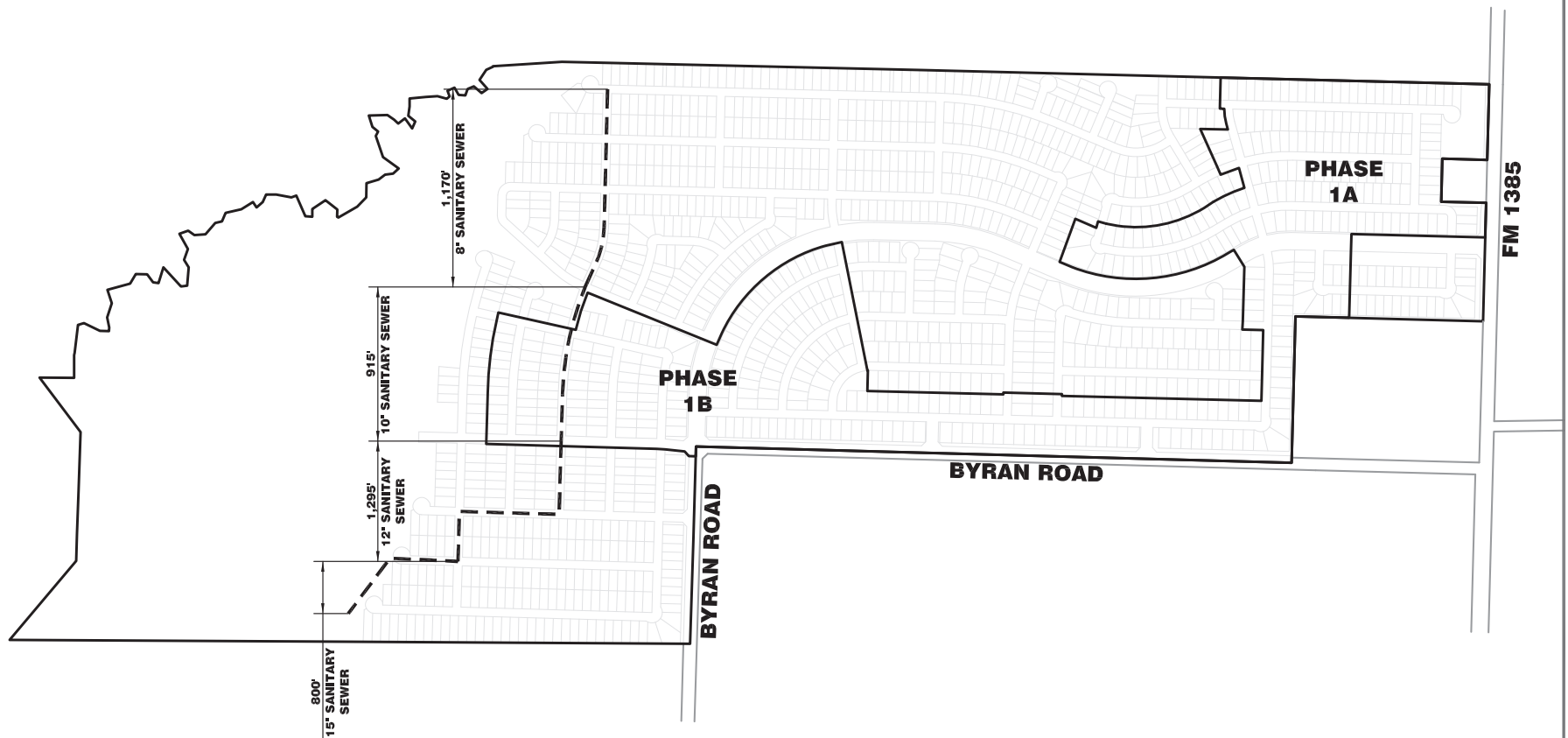
**FM 1385**

**BYRAN ROAD**

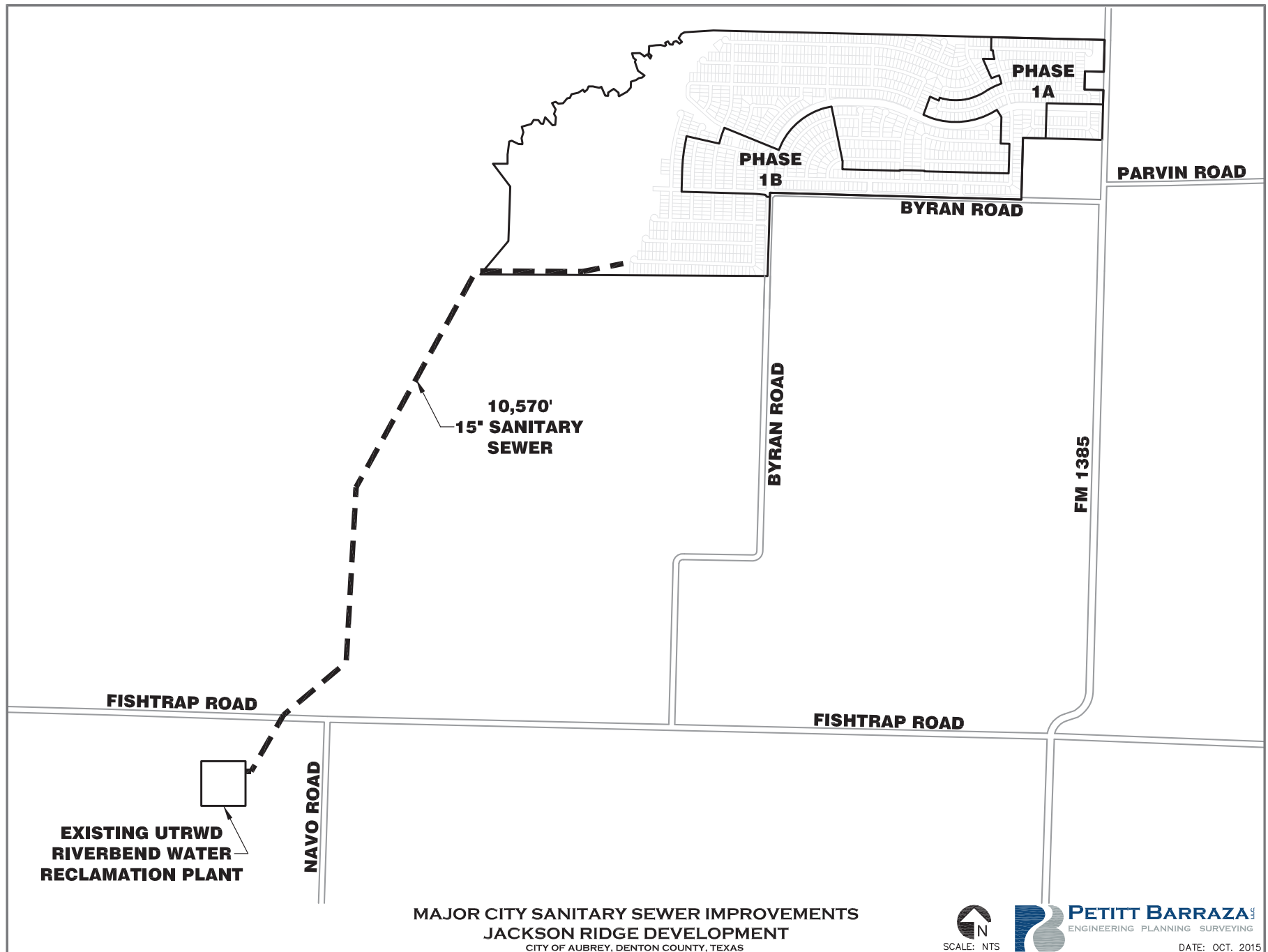
**BYRAN ROAD**

**MAJOR CITY WATER IMPROVEMENTS  
JACKSON RIDGE DEVELOPMENT  
CITY OF AUBREY, DENTON COUNTY, TEXAS**



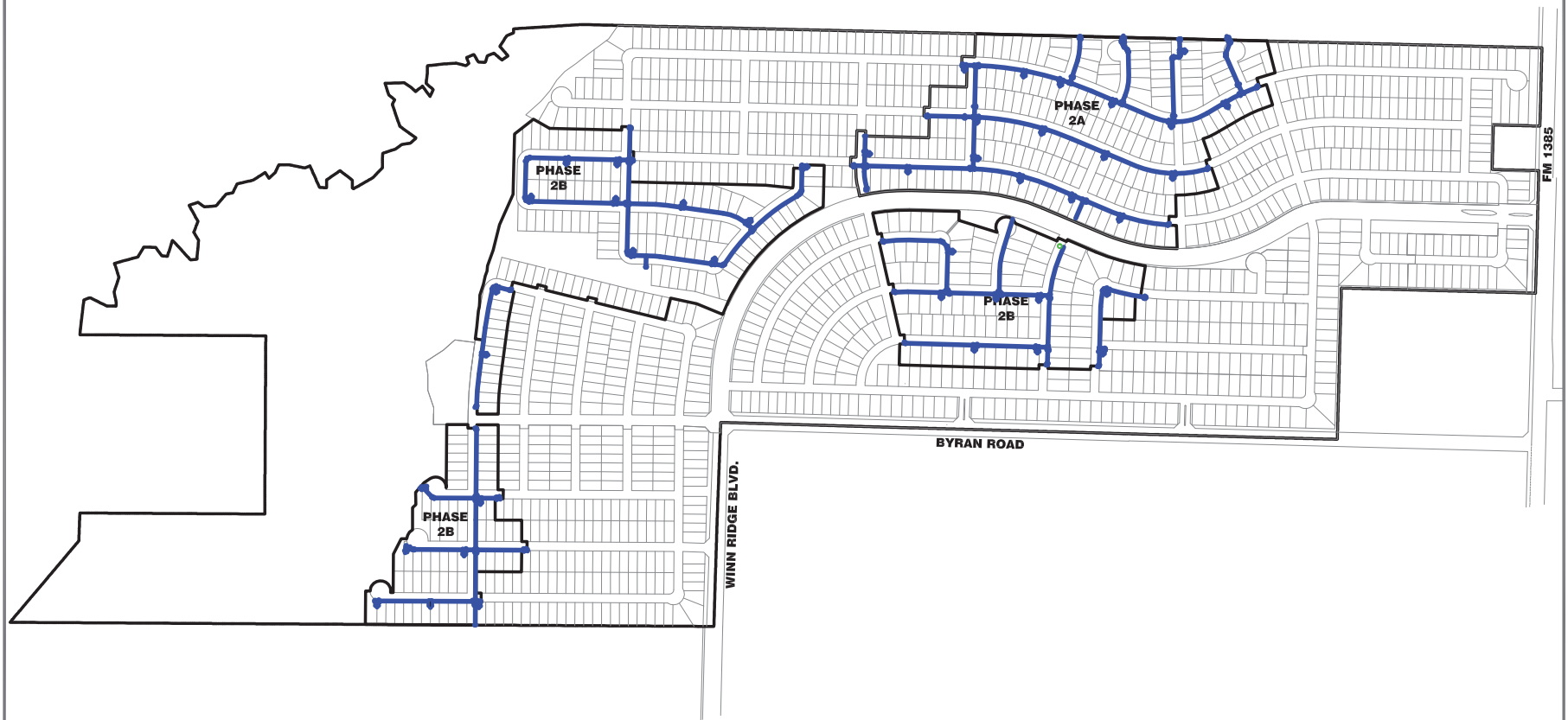


**MAJOR SANITARY SEWER IMPROVEMENTS  
JACKSON RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

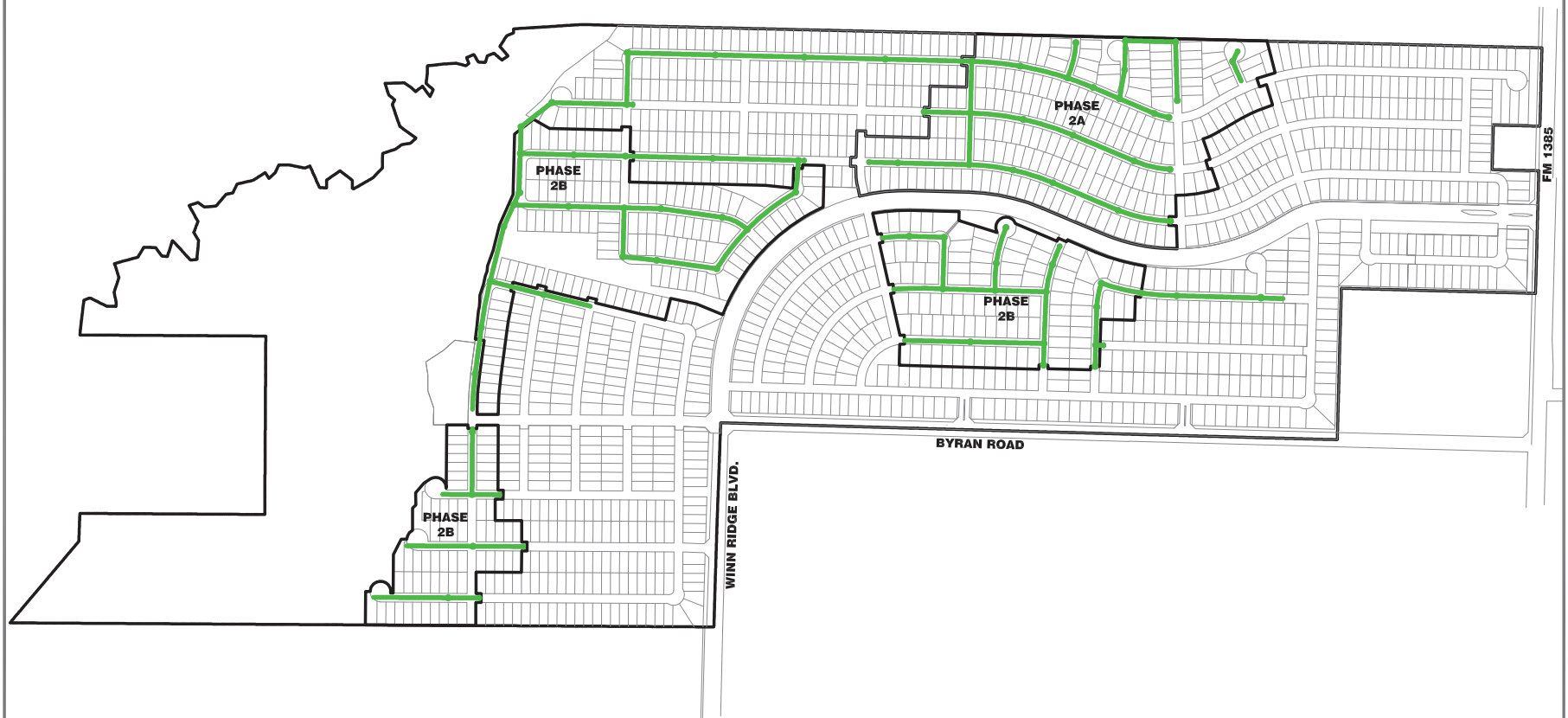




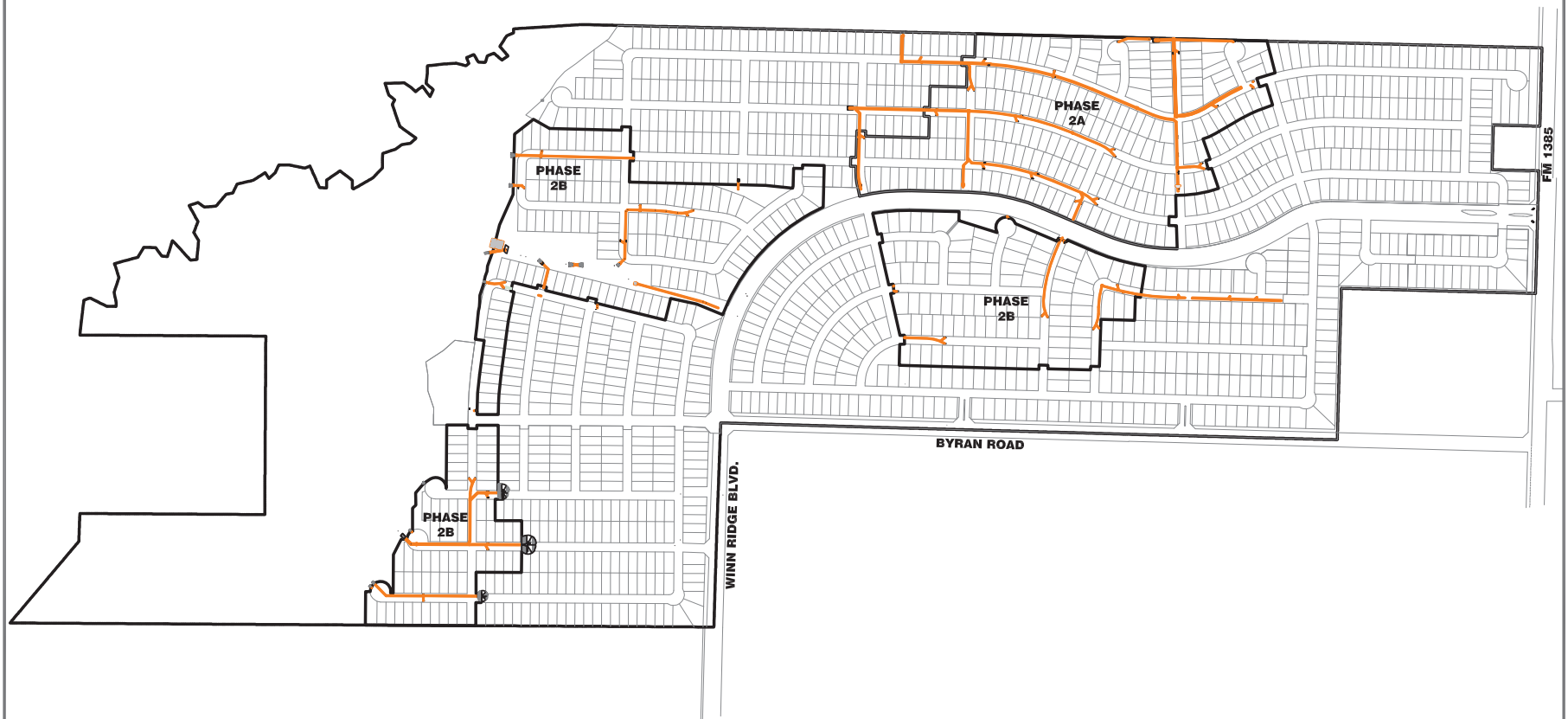
**PHASE 2A & 2B ROADWAY IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
 CITY OF AUBREY, DENTON COUNTY, TEXAS



**PHASE 2A & 2B WATER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

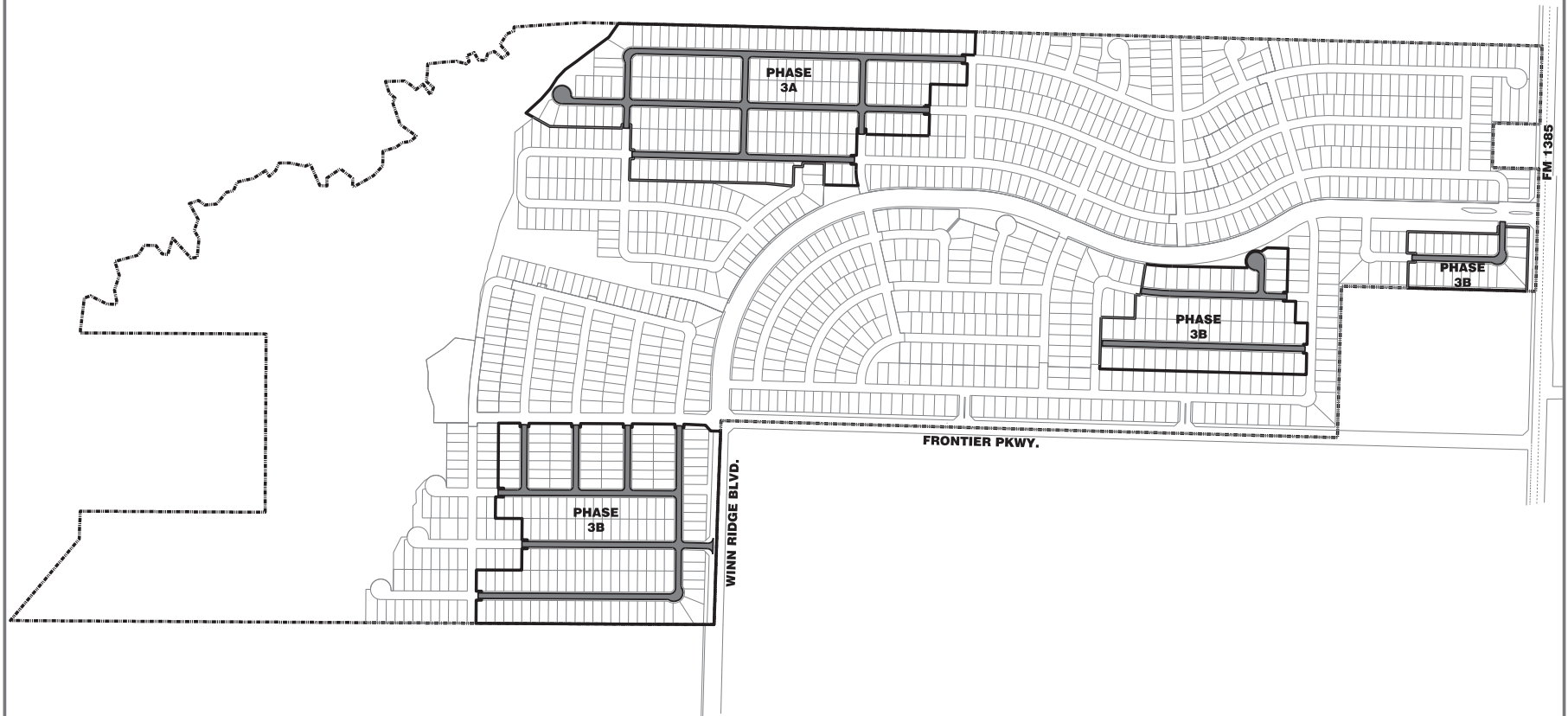


**PHASE 2A & 2B SEWER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS



**PHASE 2A & 2B STORM SEWER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
 CITY OF AUBREY, DENTON COUNTY, TEXAS

**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**

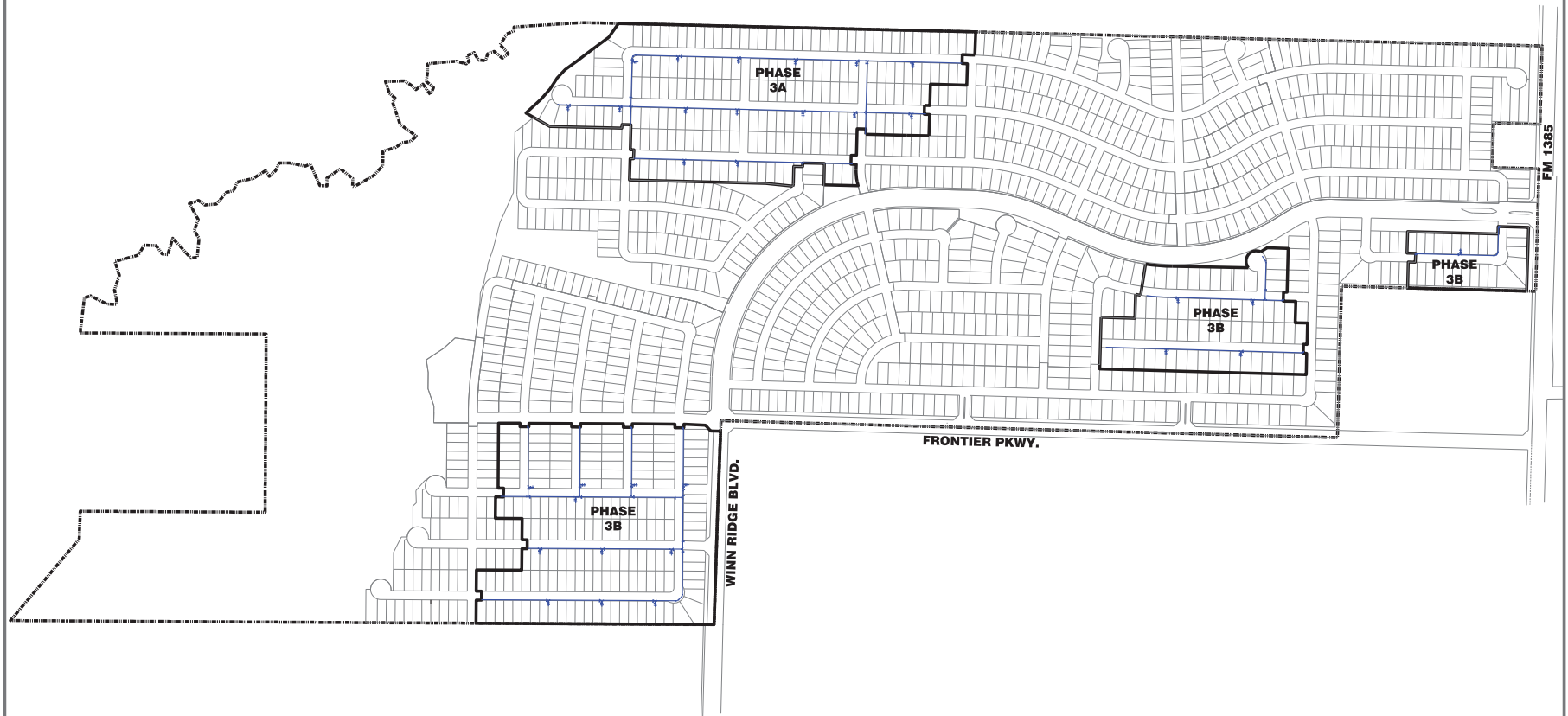


**PHASE 3A & 3B ROADWAY IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

N  
SCALE: NTS

**PETITT & ASSOCIATES**  
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION  
DATE: MARCH 2020

**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**



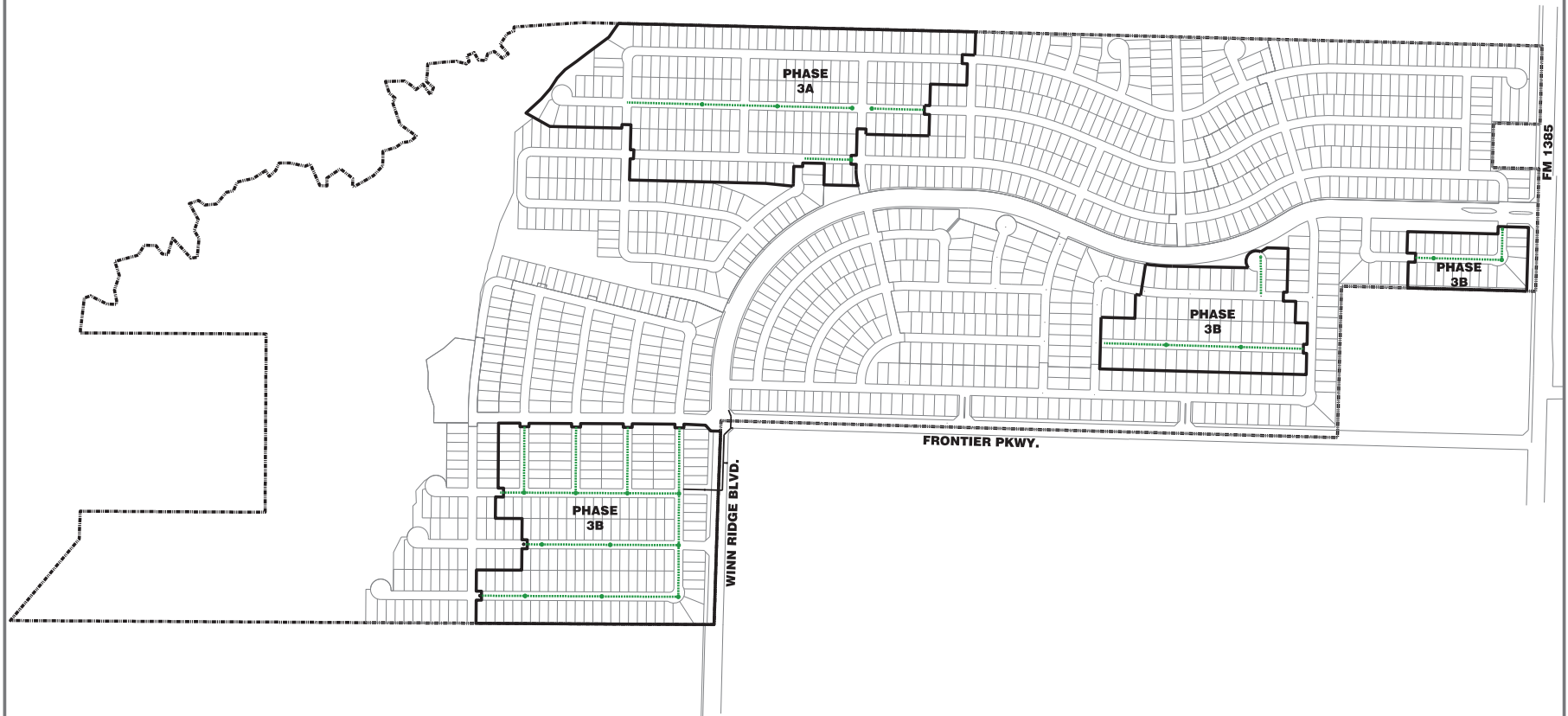
**PHASE 3A & 3B WATER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

  
SCALE: NTS

**PETITT & ASSOCIATES**  
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION  
DATE: MARCH 2020



**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**

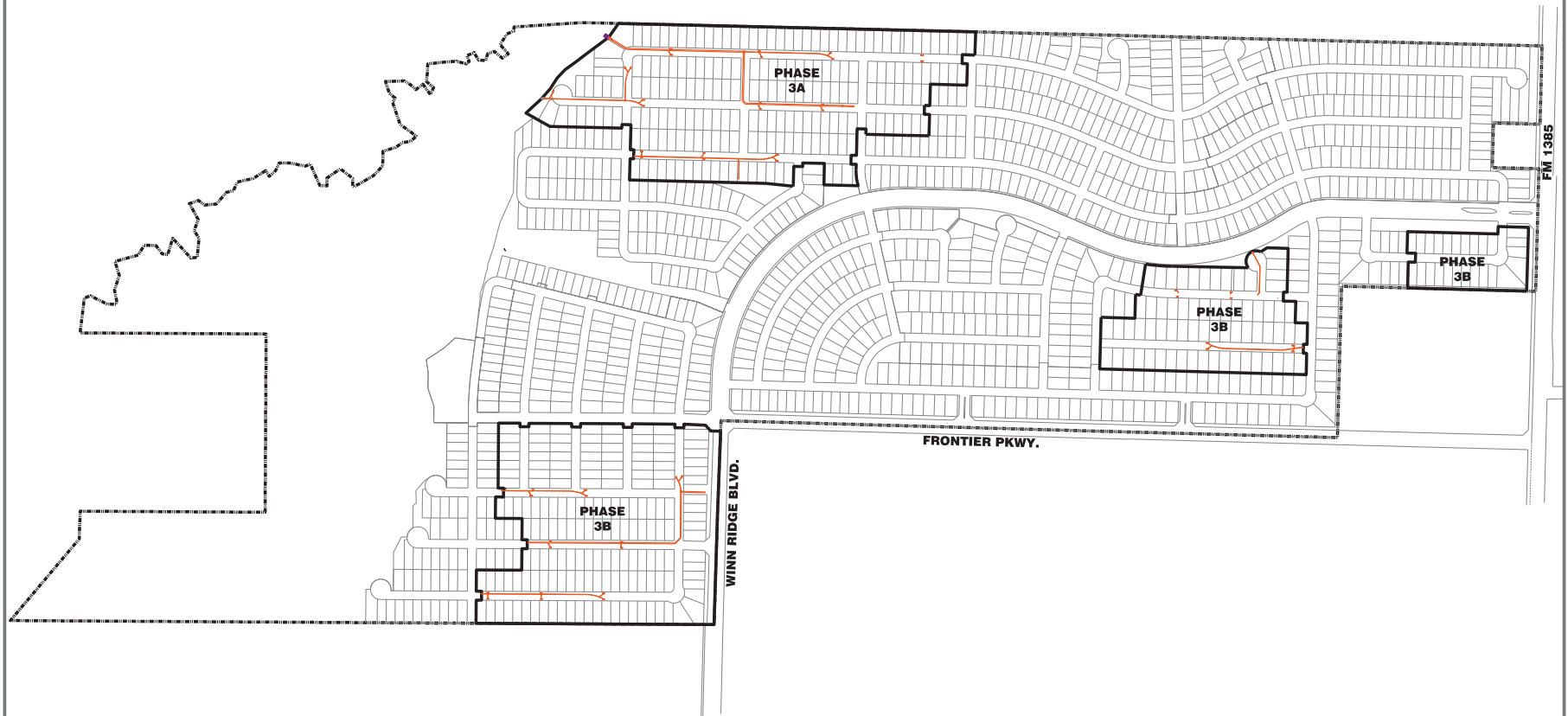


**PHASE 3A & 3B SEWER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

  
SCALE: NTS

**PETITT & ASSOCIATES**  
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION  
DATE: MARCH 2020

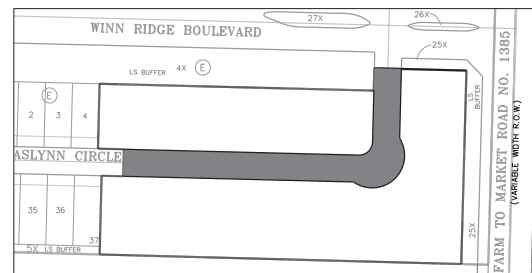
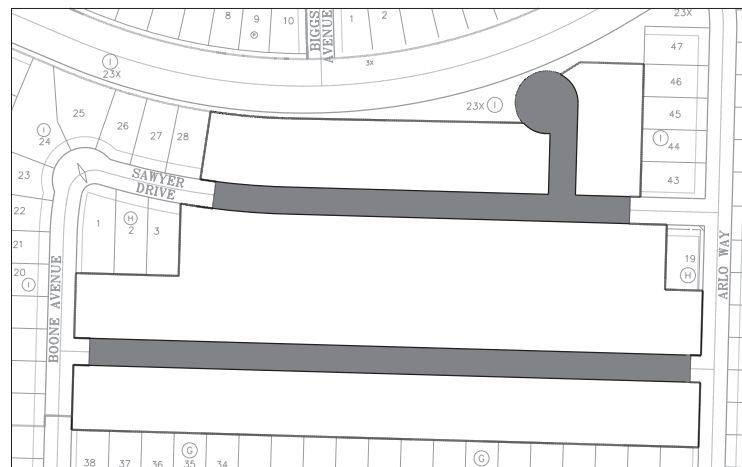
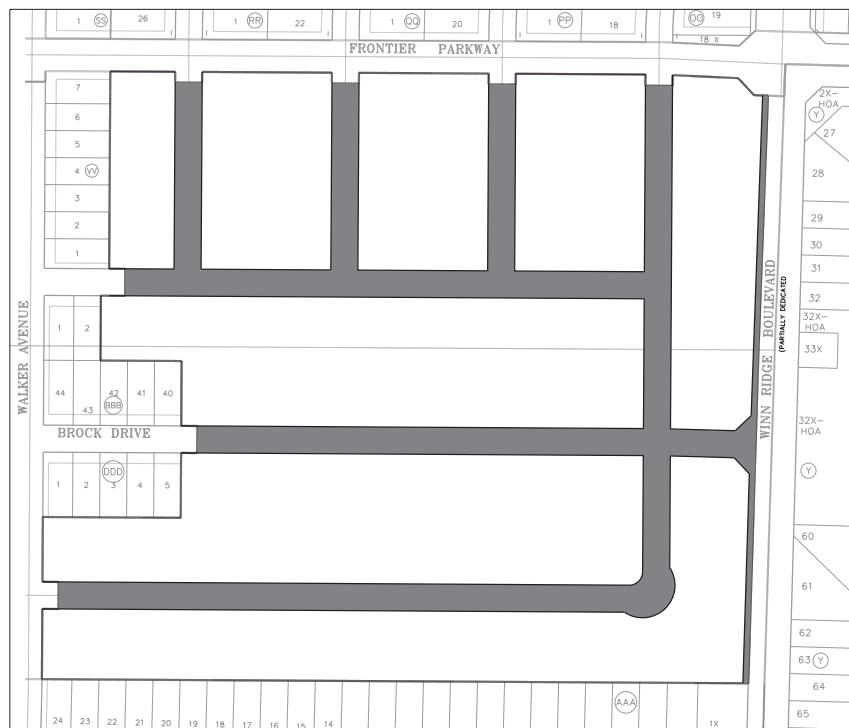
**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**



**PHASE 3A & 3B STORM SEWER IMPROVEMENTS**  
**WINN RIDGE DEVELOPMENT**  
CITY OF AUBREY, DENTON COUNTY, TEXAS

  
SCALE: NTS

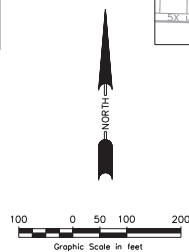
**PETITT & ASSOCIATES**  
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION  
DATE: MARCH 2020



RIGHT OF WAY AREA	
PHASE	AREA
3B1A	6.05 AC
3B1B	0.79 AC
3B2	2.54 AC

TOTAL 3B1	6.84 AC
TOTAL 3B2	2.54 AC

TOTAL AREA	9.38 AC
------------	---------



**RIGHT OF WAY AREA EXHIBIT**  
**WINN RIDGE - PHASE 3B1**  
**CITY OF AUBREY, DENTON COUNTY, TEXAS**

**PETTIT & ASSOCIATES**

ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION

TYPE FIRM REGISTRATION NO. 1488

TYPE FIRM REGISTRATION NO. 101068-00

800 N. Williams Road, Suite 130 Tel. No. (214) 221-9955

Allen, Texas 75013 Fax No. (214) 340-3550

DATE: MAY, 2022 SCALE: 1"=100'

JOB NO. 12031-03B

**APPENDIX D**  
**PID ASSESSMENT NOTICE**

AFTER RECORDING RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_]¹

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF AUBREY, 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 Aubrey, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Jackson Ridge 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. The exact amount of each annual installment will be approved each year by the 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.

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.

\_\_\_\_\_  
¹ 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 Denton 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 DENTON               §

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 Denton 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 DENTON

§

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 Denton County.



**APPENDIX E**  
**LOT TYPES AND EQUIVALENT UNITS**

**APPENDIX E**  
**LOT TYPES AND EQUIVALENT UNITS**

For purposes of allocating the Assessments, the Assessed Property has been classified in one of two Lot Types. Table E-1 shows the proposed residential Lot Types within the PID.

**Table E-1**  
**Proposed Development within the PID**

Lot Type	Description	Proposed Development	
<i><b>Residential</b></i>			
Lot Type 1	60 Ft Lots	269	units
Lot Type 2	50 Ft Lots	1,137	units
<b>Total</b>		<b>1,406</b>	<b>units</b>

Table E-2 shows the residential Lot Types within Phase #1.

**Table E-2**  
**Phase #1 Development**

Type	Description	Proposed Development	
<i><b>Residential</b></i>			
Lot Type 1	60 Ft Lots	102	units
Lot Type 2	50 Ft Lots	360	units
<b>Total</b>		<b>462</b>	<b>units</b>

Table E-3 shows the proposed residential Lot Types within Phases #2-3 Major Improvement Area.

**Table E-3**  
**Proposed Development - Phases #2-3 Major Improvement Area**

Type	Description	Proposed Development	
<i><b>Residential</b></i>			
Lot Type 1	60 Ft Lots	167	units
Lot Type 2	50 Ft Lots	777	units
Total		944	units

Table E-4 shows the residential Lot Types within Phase #2.

**Table E-4**  
**Phase #2 Development**

Type	Description	Development	
<u><b>Residential</b></u>			
Lot Type 1	60 Ft Lots	100	units
Lot Type 2	50 Ft Lots	389	units
<b>Total</b>		<b>489</b>	<b>units</b>

Table E-5 shows the residential Lot Types within Phase #3A.

**Table E-5**  
**Development – Phase #3A**

Type	Description	Development	
<i><b>Residential</b></i>			
Lot Type 1	60 Ft Lots	0	units
Lot Type 2	50 Ft Lots	197	units
<i><b>Total</b></i>		<b>197</b>	<b>units</b>

Table E-6 shows the proposed residential Lot Types within Phase #3B.

**Table E-6**  
**Proposed Development – Phase #3B**

Type	Description	Proposed Development	
<i><b>Residential</b></i>			
Lot Type 1	60 Ft Lots	67	units
Lot Type 2	50 Ft Lots	191	units
<i><b>Total</b></i>		<b>258</b>	<b>units</b>

As explained under Section V.C, For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvements financed with the Phases #2-3 Major Improvement Bonds shall be allocated to the Phases #2-3 Major Improvement Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Phases #2-3 Major Improvement Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In

determining the average home value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 60 Ft, 50 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications (from Lot Type 1 (60 Ft Lots) representing the highest value to Lot Type 2 (50 Ft Lot) representing the lowest value for residential lots are set forth in Table E-7. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

**Table E-7**  
**Equivalent Unit Factors**

<b>Lot Type</b>	<b>Estimated Average Unit Value</b>	<b>Equivalent Unit Factor</b>
Lot Type 1 (60 Ft Lot)	\$285,000	1.00 per dwelling unit
Lot Type 2 (50 Ft Lot)	\$237,500	0.83 per dwelling unit

The total estimated Equivalent Units for Phase #1 are shown in Table E-8 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phase #1.

**Table E-8**  
**Equivalent Unit Calculation - Phase #1**

<b>Lot Type</b>	<b>Planned No. of units</b>	<b>Equivalent Unit Factor</b>	<b>Total Equivalent Units</b>
Lot Type 1 (60 Ft Lot)	102	1.00	102.00
Lot Type 2 (50 Ft Lot)	360	0.83	298.80
<b>Total Equivalent Units</b>	<b>462</b>		<b>400.80</b>

The total estimated Equivalent Units for Phases #2-3 Major Improvement Area are shown in Table E-9 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phases #2-3 Major Improvement Area.

**Table E-9**  
**Estimated Equivalent Unit Calculation – Phases #2-3 Major Improvement Area**

<b>Lot Type</b>	<b>Planned No. of units</b>	<b>Equivalent Unit Factor</b>	<b>Total Equivalent Units</b>
Lot Type 1 (60 Ft Lot)	167	1.00	167.00
Lot Type 2 (50 Ft Lot)	777	0.83	644.91
<b>Total Equivalent Units</b>	<b>944</b>		<b>811.91</b>

The total estimated Equivalent Units for Phase #2 are shown in Table E-10 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phase #2.

**Table E-10**  
**Estimated Equivalent Unit Calculation - Phase #2**

<b>Lot Type</b>	<b>Planned No. of units</b>	<b>Equivalent Unit Factor</b>	<b>Total Equivalent Units</b>
Lot Type 1 (60 Ft Lot)	100	1.00	100.00
Lot Type 2 (50 Ft Lot)	389	0.83	322.87
<b>Total Equivalent Units</b>	<b>489</b>		<b>422.87</b>

The total estimated Equivalent Units for Phase #3A are shown in Table E-11 as calculated based on the Equivalent Unit factors shown in Table E-7, the Lot Types and number of units within Phase #3A.

**Table E-11**  
**Estimated Equivalent Unit Calculation - Phase #3A**

<b>Lot Type</b>	<b>Planned No. of units</b>	<b>Equivalent Unit Factor</b>	<b>Total Equivalent Units</b>
Lot Type 1 (60 Ft Lot)	0	1.00	0.00
Lot Type 2 (50 Ft Lot)	197	0.83	163.51
<b>Total Equivalent Units</b>	<b>197</b>		<b>163.51</b>

The total estimated Equivalent Units for Phase #3B are shown in Table E-12 as calculated based on the Equivalent Unit factors shown in Table E-7, the Lot Types and number of units within Phase #3B.

**Table E-12**  
**Estimated Equivalent Unit Calculation - Phase #3B**

<b>Lot Type</b>	<b>Planned No. of units</b>	<b>Equivalent Unit Factor</b>	<b>Total Equivalent Units</b>
Lot Type 1 (60 Ft Lot)	67	1.00	67.00
Lot Type 2 (50 Ft Lot)	191	0.83	158.53
<b>Total Equivalent Units</b>	<b>258</b>		<b>225.53</b>

**APPENDIX F**  
**ALLOCATION OF ASSESSMENTS**

**APPENDIX F**  
**ALLOCATION OF ASSESSMENTS**

*A) Allocation of Assessments to Lot Types in Phases #2-3 Major Improvement Area*

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phases #2-3 Major Improvement Bonds, which represents the total Assessment allocated to all Parcels in the Phases #2-3 Major Improvement Assessed Property, is \$10,255,000. As shown in Appendix E, there are a total of 811.91 estimated Equivalent Units in Phases #2-3 Major Improvement Area, resulting in an Assessment per Equivalent Unit of \$12,630.71.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$12,630.71 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$12,630.71 (i.e.  $\$12,630.71 \times 1.00$ ). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$10,483.49 (i.e.  $\$12,630.71 \times 0.83$ ). Table F-1 sets forth the Assessment per dwelling unit for each of the three Lot Types in Phases #2-3 Major Improvement Area.

**Table F-1**  
**Assessment per Unit - Phases #2-3 Major Improvement Area**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
<b><u>Residential</u></b>					
Lot Type 1	167	\$12,630.71	1.00	\$12,630.71 per dwelling unit	\$2,109,329
Lot Type 2	777	\$12,630.71	0.83	\$10,483.49 per dwelling unit	\$8,145,671
<b>Total</b>	<b>944</b>				<b>\$10,255,000</b>

*B) Allocation of Assessments to Lot Types in Phase #1*

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #1 Bonds, which represents the total Assessment allocated on all Parcels within Phase #1, is \$14,000,000. As shown in Appendix E, there are a total of 400.80 estimated Equivalent Units in Phase #1, resulting in an Assessment per Equivalent Unit of \$34,930.14.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$34,930.14 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$34,930.14 (i.e.  $\$34,930.14 \times 1.00$ ). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$28,992.02 (i.e.  $\$34,930.14 \times 0.83$ ). Table F-2 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #1.



**Table F-2**  
**Assessment per Unit - Phase #1**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
<b>Residential</b>					
Lot Type 1	102	\$34,930.14	1.00	\$34,930.14 per dwelling unit	\$3,562,874
Lot Type 2	360	\$34,930.14	0.83	\$28,992.02 per dwelling unit	\$10,437,126
<b>Total</b>	<b>462</b>				<b>\$14,000,000</b>

*C) Allocation of Assessments to Lot Types in Phase #2*

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #2 Bonds, which represents the total Assessment allocated on all Parcels within Phase #2 is \$9,425,000. As shown in Appendix E, there are a total of 422.87 estimated Equivalent Units in Phase #2, resulting in an Assessment per Equivalent Unit of \$22,288.17.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$22,288.17 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$22,288.17 (i.e.  $\$22,288.17 \times 1.00$ ). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$18,499.18 (i.e.  $\$22,288.17 \times 0.83$ ). Table F-3 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #2.

**Table F-3**  
**Assessment per Unit - Phase #2**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
<b>Residential</b>					
Lot Type 1	100	\$22,288.17	1.00	\$22,288.17 per dwelling unit	\$2,228,817
Lot Type 2	389	\$22,288.17	0.83	\$18,499.18 per dwelling unit	\$7,196,183
<b>Total</b>	<b>489</b>				<b>\$9,425,000</b>

*D) Allocation of Assessments to Lot Types in Phase #3A*

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #3A Bonds, which represents the total Assessment allocated on all Parcels within Phase #3A is \$3,644,000. As shown in Appendix E, there are a total of 163.51 estimated Equivalent Units in Phase #3A, resulting in an Assessment per Equivalent Unit of \$22,286.10.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$22,286.10 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a

Lot Type 1 (60 Ft Lot) dwelling unit is \$22,286.10 (i.e.  $\$22,286.10 \times 1.00$ ). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$18,497.46 (i.e.  $\$22,286.10 \times 0.83$ ). Table F-4 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #3A.

**Table F-4**  
**Assessment per Unit - Phase #3A**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
<b>Residential</b>					
Lot Type 1	0	\$22,286.10	1.00	\$22,286.10 per dwelling unit	\$0
Lot Type 2	197	\$22,286.10	0.83	\$18,497.46 per dwelling unit	\$3,644,000
<b>Total</b>	<b>197</b>				<b>\$3,644,000</b>

*E) Allocation of Assessments to Lot Types in Phase #3B*

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #3B Bonds, which represents the total Assessment to be allocated on all Parcels within Phase #3B is \$6,310,000. As shown in Appendix E, there are a total of 225.53 estimated Equivalent Units in Phase #3B, resulting in an Assessment per Equivalent Unit of \$27,978.54.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$27,978.54 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$27,978.54 (i.e.  $\$27,978.54 \times 1.00$ ). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$23,222.19 (i.e.  $\$27,978.54 \times 0.83$ ). Table F-5 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #3B.

**Table F-5**  
**Assessment per Unit - Phase #3B**

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
<b>Residential</b>					
Lot Type 1	67	\$27,978.54	1.00	\$27,978.54 per dwelling unit	\$1,874,562
Lot Type 2	191	\$27,978.54	0.83	\$23,222.19 per dwelling unit	\$4,435,438
<b>Total</b>					<b>\$6,310,000</b>

**APPENDIX G**  
**PHASES #2-3 MAJOR IMPROVEMENT AREA ASSESSMENT ROLL**

# **Appendix G** **Phases #2-3 Major Improvement Area Assessment Roll**

**Parcel**  
**Original Assessment**  
**Outstanding Assessment**  
**Equivalent Units**

**All Parcels**  
**\$10,255,000**  
**\$9,390,000**  
**811.91**

<b>Year<sup>1</sup></b>	<b>Principal<sup>2</sup></b>	<b>Interest<sup>2</sup></b>	<b>Administrative Expenses<sup>3</sup></b>	<b>Prepayment and Delinquency Reserve</b>	<b>Capitalized Interest/Available Credits</b>	<b>Total Annual Installment<sup>4</sup></b>
2016	\$0	\$618,077	\$20,000	\$0	(\$618,077)	\$20,000
2017	\$0	\$846,038	\$20,400	\$51,275	(\$846,038)	\$71,675
2018	\$0	\$846,038	\$20,808	\$51,275	(\$4,094)	\$914,027
2019	\$180,000	\$780,540	\$21,224	\$47,305	(\$210,575)	\$818,495
2020	\$180,000	\$761,062	\$25,949	\$46,125	(\$243,136)	\$770,000
2021	\$190,000	\$746,213	\$45,000	\$45,225	(\$247,678)	\$778,760
2022	\$210,000	\$729,011	\$33,000	\$44,183	(\$311,648)	\$704,546
2023	\$225,000	\$711,975	\$33,660	\$43,150	\$0	\$1,013,785
2024	\$245,000	\$693,413	\$34,333	\$42,025	\$0	\$1,014,771
2025	\$265,000	\$673,200	\$35,020	\$40,800	\$0	\$1,014,020
2026	\$285,000	\$651,338	\$35,720	\$39,475	\$0	\$1,011,533
2027	\$310,000	\$627,825	\$36,435	\$38,050	\$0	\$1,012,310
2028	\$335,000	\$602,250	\$37,163	\$36,500	\$0	\$1,010,913
2029	\$360,000	\$574,613	\$37,907	\$34,825	\$0	\$1,007,344
2030	\$395,000	\$544,913	\$38,665	\$33,025	\$0	\$1,011,602
2031	\$425,000	\$512,325	\$39,438	\$31,050	\$0	\$1,007,813
2032	\$460,000	\$477,263	\$40,227	\$28,925	\$0	\$1,006,414
2033	\$500,000	\$439,313	\$41,031	\$26,625	\$0	\$1,006,969
2034	\$540,000	\$398,063	\$41,852	\$24,125	\$0	\$1,004,039
2035	\$580,000	\$353,513	\$42,689	\$21,425	\$0	\$997,627
2036	\$630,000	\$305,663	\$43,543	\$18,525	\$0	\$997,730
2037	\$680,000	\$253,688	\$44,414	\$15,375	\$0	\$993,476
2038	\$740,000	\$197,588	\$45,302	\$11,975	\$0	\$994,864
2039	\$800,000	\$136,538	\$46,208	\$8,275	\$0	\$991,020
2040	\$855,000	\$70,538	\$47,132	\$4,275	\$0	\$976,945
<b>Total</b>	<b>\$9,390,000</b>	<b>\$13,550,991</b>	<b>\$907,119</b>	<b>\$783,813</b>	<b>(\$2,481,246)</b>	<b>\$22,150,678</b>

1 – Represent the bond year for the Phase #2-3 Major Improvements Bonds

2 – The principal and interest amounts have been revised to account for \$865,000 in MSUD Contract Revenue Credits that were redeemed on November 1, 2018. The interest amounts shown include the 0.5% additional interest amount to be collected for prepayment and delinquency reserves.

3 – The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 – The Annual Installments shown do not include any TIRZ Credit.

**APPENDIX H**  
**PHASE #1 ASSESSMENT ROLL**

## Appendix H Phase #1 Assessment Roll

**Parcel  
Original Assessment  
Outstanding Assessment  
Equivalent Units**

**All Parcels  
\$14,000,000  
\$13,035,000  
400.80**

Year <sup>1</sup>	Principal <sup>2</sup>	Interest <sup>2</sup>	Principal <sup>3</sup>	Interest <sup>3</sup>	Administrative Expenses <sup>4</sup>	Prepayment and Delinquency Reserve	Capitalized Interest/ Available Credits	Total Annual Installment <sup>5</sup>
2016	\$0	\$712,913	\$0	\$35,802	\$20,000	\$0	(\$712,913)	\$55,802
2017	\$0	\$975,850	\$0	\$35,802	\$20,400	\$67,300	(\$975,850)	\$123,502
2018	\$160,000	\$977,950	\$0	\$35,802	\$20,808	\$65,200	(\$3,554)	\$1,256,206
2019	\$170,000	\$933,937	\$0	\$35,728	\$21,224	\$64,409	(\$83,437)	\$1,141,861
2020	\$180,000	\$915,576	\$0	\$35,579	\$29,094	\$63,143	(\$193,492)	\$1,029,900
2021	\$195,000	\$900,618	\$0	\$35,504	\$45,000	\$62,112	(\$271,466)	\$966,768
2022	\$205,000	\$886,479	\$5,000	\$35,505	\$33,000	\$61,137	(\$310,801)	\$915,320
2023	\$225,000	\$879,063	\$6,000	\$35,471	\$33,660	\$60,625	\$0	\$1,239,819
2024	\$235,000	\$862,750	\$7,000	\$35,073	\$34,333	\$59,500	\$0	\$1,233,656
2025	\$250,000	\$845,713	\$8,000	\$34,609	\$35,020	\$58,325	\$0	\$1,231,666
2026	\$270,000	\$827,588	\$9,000	\$34,078	\$35,720	\$57,075	\$0	\$1,233,461
2027	\$290,000	\$808,013	\$10,000	\$33,482	\$36,435	\$55,725	\$0	\$1,233,654
2028	\$315,000	\$786,988	\$12,000	\$32,819	\$37,163	\$54,275	\$0	\$1,238,245
2029	\$335,000	\$764,150	\$13,000	\$32,023	\$37,907	\$52,700	\$0	\$1,234,780
2030	\$360,000	\$739,863	\$14,000	\$31,161	\$38,665	\$51,025	\$0	\$1,234,713
2031	\$385,000	\$713,763	\$16,000	\$30,233	\$39,438	\$49,225	\$0	\$1,233,659
2032	\$410,000	\$685,850	\$17,000	\$29,172	\$40,227	\$47,300	\$0	\$1,229,549
2033	\$440,000	\$656,125	\$19,000	\$28,045	\$41,031	\$45,250	\$0	\$1,229,451
2034	\$475,000	\$624,225	\$20,000	\$26,785	\$41,852	\$43,050	\$0	\$1,230,912
2035	\$510,000	\$589,788	\$22,000	\$25,459	\$42,689	\$40,675	\$0	\$1,230,611
2036	\$545,000	\$552,813	\$24,000	\$24,001	\$43,543	\$38,125	\$0	\$1,227,481
2037	\$585,000	\$513,300	\$26,000	\$22,409	\$44,414	\$35,400	\$0	\$1,226,523
2038	\$630,000	\$470,888	\$29,000	\$20,686	\$45,302	\$32,475	\$0	\$1,228,350
2039	\$675,000	\$425,213	\$31,000	\$18,763	\$46,208	\$29,325	\$0	\$1,225,508
2040	\$720,000	\$376,275	\$34,000	\$16,708	\$47,132	\$25,950	\$0	\$1,220,065
2041	\$775,000	\$324,075	\$36,000	\$14,453	\$48,075	\$22,350	\$0	\$1,219,953
2042	\$835,000	\$267,888	\$39,000	\$12,067	\$49,036	\$18,475	\$0	\$1,221,466
2043	\$890,000	\$207,350	\$42,000	\$9,481	\$50,017	\$14,300	\$0	\$1,213,148
2044	\$955,000	\$142,825	\$45,000	\$6,696	\$51,017	\$9,850	\$0	\$1,210,388
2045	\$1,015,000	\$73,588	\$56,000	\$3,713	\$52,038	\$5,075	\$0	\$1,205,413
<b>Total</b>	<b>\$13,035,000</b>	<b>\$19,441,410</b>	<b>\$540,000</b>	<b>\$807,109</b>	<b>\$1,160,447</b>	<b>\$1,289,377</b>	<b>(\$2,551,513)</b>	<b>\$33,721,830</b>

1 – Represent the bond year for the Phase #1 Bonds

2 – The principal and interest amounts have been revised to account for \$425,000 in MUSD Contract Revenue Credits that were redeemed on November 1, 2018. The interest amounts shown include the 0.5% additional interest amount to be collected for prepayment and delinquency reserves. The first two years of such amount were used to fund Debt Service Reserve Fund.

3 – The principal and interest amounts are calculated for the Reimbursement Agreement amount of \$540,000. The interest amounts shown are calculated at 6.63% including the additional 0.5% interest amount to be collected for prepayment and delinquency reserves.

4 – The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 – The Annual Installments shown do not include any TIRZ Credit.

**APPENDIX I**  
**PHASE #2 ASSESSMENT ROLL**

**Appendix I**  
**Phase #2 Assessment Roll**

**Parcel  
Assessment  
Total Equivalent Units**

**All Parcels  
\$9,425,000  
422.87**

Year <sup>1</sup>	Principal	Interest <sup>2</sup>	Administrative Expenses <sup>3</sup>	Delinquency and Prepayment Reserve	Capitalized Interest	Total Annual Installment
2019	\$0	\$452,919	\$0	\$0	(\$452,919)	\$0
2020	\$150,000	\$558,394	\$30,481	\$47,125	\$0	\$786,000
2021	\$160,000	\$550,894	\$28,500	\$46,375	(\$10,638)	\$775,131
2022	\$165,000	\$541,792	\$28,500	\$45,483	(\$5,136)	\$775,639
2023	\$175,000	\$534,644	\$29,070	\$44,750	\$0	\$783,464
2024	\$185,000	\$525,894	\$29,651	\$43,875	\$0	\$784,420
2025	\$195,000	\$515,719	\$30,244	\$42,950	\$0	\$783,913
2026	\$205,000	\$504,994	\$30,849	\$41,975	\$0	\$782,818
2027	\$215,000	\$493,719	\$31,466	\$40,950	\$0	\$781,135
2028	\$230,000	\$481,894	\$32,096	\$39,875	\$0	\$783,864
2029	\$245,000	\$469,244	\$32,738	\$38,725	\$0	\$785,706
2030	\$255,000	\$455,156	\$33,392	\$37,500	\$0	\$781,049
2031	\$275,000	\$440,494	\$34,060	\$36,225	\$0	\$785,779
2032	\$290,000	\$424,681	\$34,741	\$34,850	\$0	\$784,273
2033	\$305,000	\$408,006	\$35,436	\$33,400	\$0	\$781,842
2034	\$325,000	\$390,469	\$36,145	\$31,875	\$0	\$783,489
2035	\$350,000	\$370,563	\$36,868	\$30,250	\$0	\$787,680
2036	\$370,000	\$349,125	\$37,605	\$28,500	\$0	\$785,230
2037	\$400,000	\$326,463	\$38,357	\$26,650	\$0	\$791,470
2038	\$425,000	\$301,963	\$39,124	\$24,650	\$0	\$790,737
2039	\$450,000	\$275,931	\$39,907	\$22,525	\$0	\$788,363
2040	\$480,000	\$248,369	\$40,705	\$20,275	\$0	\$789,349
2041	\$630,000	\$218,969	\$41,519	\$17,875	\$0	\$908,363
2042	\$670,000	\$180,381	\$42,350	\$14,725	\$0	\$907,456
2043	\$710,000	\$139,344	\$43,196	\$11,375	\$0	\$903,915
2044	\$760,000	\$95,856	\$44,060	\$7,825	\$0	\$907,742
2045	\$805,000	\$49,306	\$44,942	\$4,025	\$0	\$903,273
<b>Total</b>	<b>\$9,425,000</b>	<b>\$10,305,180</b>	<b>\$926,004</b>	<b>\$814,608</b>	<b>(\$468,693)</b>	<b>\$21,002,099</b>

1 – Represent the bond year for the Phase #2 Bonds.

2 – The interest amounts shown are calculated using 5.00% interest rate in years 1 through 4 (2020-2023), 5.75% interest rate in years 5 through 9 (2024-2028), 5.75% in years 10 through 14 (2029-2033), and 6.125% in years 15 through 26 (2034-2045), which is equivalent to the interest rate on the Phase #2 Bonds.

3 – The amounts shown include estimated Administrative Expenses for district administration costs and assessment collection costs and will be updated each year in the Annual Service Plan Updates.



**APPENDIX J**  
**PHASE #3A ASSESSMENT ROLL**

**Appendix J**  
**Phase #3A Assessment Roll**

**Parcel  
Assessment  
Total Equivalent Units**

**All Parcels  
\$3,644,000  
163.51**

<b>Year<sup>1</sup></b>	<b>Principal</b>	<b>Interest<sup>2</sup></b>	<b>Administrative Expenses<sup>3</sup></b>	<b>Delinquency and Prepayment Reserve</b>	<b>Capitalized Interest/ Available Credits</b>	<b>Total Annual Installment</b>
2022	\$102,000	\$133,950	\$30,000	\$18,220	(\$30,000)	\$254,170
2023	\$106,000	\$128,845	\$30,600	\$17,710	\$0	\$283,155
2024	\$109,000	\$126,195	\$31,212	\$17,180	\$0	\$283,587
2025	\$112,000	\$123,470	\$31,836	\$16,635	\$0	\$283,941
2026	\$114,000	\$120,670	\$32,473	\$16,075	\$0	\$283,218
2027	\$117,000	\$117,820	\$33,122	\$15,505	\$0	\$283,447
2028	\$121,000	\$114,310	\$33,785	\$14,920	\$0	\$284,015
2029	\$124,000	\$110,680	\$34,461	\$14,315	\$0	\$283,456
2030	\$128,000	\$106,960	\$35,150	\$13,695	\$0	\$283,805
2031	\$132,000	\$103,120	\$35,853	\$13,055	\$0	\$284,028
2032	\$136,000	\$99,160	\$36,570	\$12,395	\$0	\$284,125
2033	\$141,000	\$93,720	\$37,301	\$11,715	\$0	\$283,736
2034	\$147,000	\$88,080	\$38,047	\$11,010	\$0	\$284,137
2035	\$152,000	\$82,200	\$38,808	\$10,275	\$0	\$283,283
2036	\$158,000	\$76,120	\$39,584	\$9,515	\$0	\$283,219
2037	\$165,000	\$69,800	\$40,376	\$8,725	\$0	\$283,901
2038	\$171,000	\$63,200	\$41,184	\$7,900	\$0	\$283,284
2039	\$178,000	\$56,360	\$42,007	\$7,045	\$0	\$283,412
2040	\$185,000	\$49,240	\$42,847	\$6,155	\$0	\$283,242
2041	\$193,000	\$41,840	\$43,704	\$5,230	\$0	\$283,774
2042	\$201,000	\$34,120	\$44,578	\$4,265	\$0	\$283,963
2043	\$209,000	\$26,080	\$45,470	\$3,260	\$0	\$283,810
2044	\$217,000	\$17,720	\$46,379	\$2,215	\$0	\$283,314
2045	\$226,000	\$9,040	\$47,307	\$1,130	\$0	\$283,477
<b>Total</b>	<b>\$3,644,000</b>	<b>\$1,992,700</b>	<b>\$912,656</b>	<b>\$258,145</b>	<b>(\$30,000)</b>	<b>\$6,777,501</b>

1 – Represent the bond year for the Phase #3A Bonds.

2 – The interest amounts shown are calculated using an interest rate of 2.50% in years 1 through 5 (2022-2026), 3.00% in years 6 through 10 (2027-2031), and 4.00% in years 11 through 24 (2032-2045), which is equivalent to the interest rate on the Phase #3A Bonds.

3 – The amounts shown include estimated Administrative Expenses for district administration costs and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

**APPENDIX K**  
**PHASE #3B ASSESSMENT ROLL**

**Appendix K**  
**Phase #3B Assessment Roll**

<b>Parcel Assessment Total Equivalent Units</b>	<b>637957, 38571, 147923 \$6,310,038 225.53</b>
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Year <sup>1</sup>	Principal	Interest <sup>2</sup>	Administrative Expenses <sup>3</sup>	Delinquency and Prepayment Reserve	Capitalized Interest/ Available Credits	Total Annual Installment
2023	\$0	\$331,974	\$0	\$0	(\$331,974)	\$0
2024	\$144,000	\$384,279	\$45,900	\$31,550	\$0	\$605,729
2025	\$152,000	\$375,509	\$46,818	\$30,830	\$0	\$605,157
2026	\$161,000	\$366,253	\$47,754	\$30,070	\$0	\$605,077
2027	\$171,000	\$356,448	\$48,709	\$29,265	\$0	\$605,422
2028	\$181,000	\$346,034	\$49,684	\$28,410	\$0	\$605,127
2029	\$192,000	\$335,011	\$50,677	\$27,505	\$0	\$605,193
2030	\$204,000	\$323,318	\$51,691	\$26,545	\$0	\$605,554
2031	\$216,000	\$310,895	\$52,725	\$25,525	\$0	\$605,144
2032	\$229,000	\$297,740	\$53,779	\$24,445	\$0	\$604,964
2033	\$244,000	\$283,794	\$54,855	\$23,300	\$0	\$605,949
2034	\$259,000	\$268,934	\$55,952	\$22,080	\$0	\$605,966
2035	\$274,000	\$253,161	\$57,071	\$20,785	\$0	\$605,017
2036	\$291,000	\$236,475	\$58,212	\$19,415	\$0	\$605,102
2037	\$309,000	\$218,753	\$59,377	\$17,960	\$0	\$605,089
2038	\$329,000	\$199,935	\$60,564	\$16,415	\$0	\$605,914
2039	\$349,000	\$179,899	\$61,775	\$14,770	\$0	\$605,444
2040	\$371,000	\$158,645	\$63,011	\$13,025	\$0	\$605,680
2041	\$394,000	\$136,051	\$64,271	\$11,170	\$0	\$605,492
2042	\$419,000	\$112,056	\$65,557	\$9,200	\$0	\$605,813
2043	\$445,000	\$86,539	\$66,868	\$7,105	\$0	\$605,512
2044	\$473,000	\$59,438	\$68,205	\$4,880	\$0	\$605,523
2045	\$503,000	\$30,633	\$69,569	\$2,515	\$0	\$605,717
<b>Total</b>	<b>\$6,310,000</b>	<b>\$5,651,772</b>	<b>\$1,253,023</b>	<b>\$436,765</b>	<b>(\$331,974)</b>	<b>\$13,319,586</b>

1 – Represent the bond year for the Phase #3B Bonds.

2 – The interest amounts shown are calculated using an estimated interest rate of 6.09% for the Phase #3B Bonds and will be updated with the actual interest rate for the Phase #3B Bonds at the time of final pricing. Assumes Administrative Expenses in 2023 are funded with bond proceeds.

3 – The amounts shown include estimated Administrative Expenses for district administration costs and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[FORM OF BOND COUNSEL OPINION]

[DATE]

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

CITY OF AUBREY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)

WE HAVE represented the City of Aubrey, Texas (the “Issuer”), as its bond counsel in connection with an issue of assessment revenue bonds (the “Bonds”) described as follows:

CITY OF AUBREY, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT), dated [September 15, 2022], issued in the principal amount of \$ \_\_\_\_\_.

IN SUCH capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

THE BONDS have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on [September 22, 2022] (the “Ordinance”). The Bonds are issued pursuant to an Indenture of Trust, dated as of [September 15, 2022] (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as Trustee.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Indenture, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.



Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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**CITY OF AUBREY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of September 15, 2022 (this “Disclosure Agreement”) is executed and delivered by and between the City of Aubrey, Texas (the “Issuer”) and Wilmington Trust, National Association (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B 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 September 15, 2022, 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 designee of Issuer who shall have the responsibilities provided in the Service and Assessment Plan and/or the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected MuniCap, Inc., as the current Administrator.

“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 Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

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

“Annual Issuer Report” shall mean, collectively or individually, any Annual Financial Information or the Annual Financial Statements provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“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, or any national holiday observed by the Trustee.

“Developer” shall mean CADG Comanche 248, LLC a Texas limited liability company, and its successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of the Developer relating to the Bonds dated as of September 15, 2022 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the City Administrator 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 Wilmington Trust, National Association, in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Jackson Ridge Public Improvement District.

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

“Filing Date” means, collectively, an Annual Financials Filing Date and an Annual Information Filing Date, or, individually, as the context requires, an Annual Financials Filing Date or an Annual Information Filing Date.

“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 Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

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

“Limited Offering Memorandum” shall mean that Limited Offering Memorandum dated September 22, 2022 prepared in connection with the issuance of the Bonds.

“Major Improvements” shall mean authorized improvements permitted under the PID Act, which benefit all assessed property with the District as further described in the Service and Assessment Plan.

“Material” shall have the meaning ascribed in 17 C.F.R. § 270.8b-2: “when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before buying or selling any security of the particular company.”

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

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

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

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

“Phases #2 - 3 Major Improvement Assessments” shall mean the assessments levied within Phase #3B for Phase #3B’s allocable share of the Major Improvements.

“Phase #3B” shall have the meaning assigned to such term in the Indenture.

“Phase #3B Assessments” shall have the meaning assigned to such term in the Indenture.

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

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

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

“Trustee” shall mean Wilmington Trust, National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2022, 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 format required by the MSRB, the Annual Financial Information and the audited Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB when and if available, and, in any event, not later than the Annual Financials Filing Date. If audited Annual Financial Statements are not available by the Annual Financials Filing Date, the Issuer will provide unaudited Annual Financial Statements by the Annual Financials Filing Date, and audited Annual Financial Statements, when and if such audited Annual financial Statements become available.

In each case, the Annual Financial Information and the Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (and of the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Financial Information pursuant to this paragraph. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to each Filing Date, the Issuer shall provide the Annual Financial Information or the Annual Financial Statements, as applicable, to the Dissemination Agent. The Dissemination Agent shall provide such Annual Financial Information and Annual Financial Statements to the MSRB not later than ten (10) days from receipt of such the Annual Financial Information or Annual Financial Statements, as applicable from the Issuer, but in no event later than the applicable Filing Dates for such Fiscal Year.

If by the fifth (5th) day before each Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or the Annual Financial Statements, as applicable, 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 Annual Financial Information or the Annual Financial Statements, as applicable, 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 Financial Information or the Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or the Annual Financial Statements 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 Financial Information, Annual Financial Statements, or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; 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 prior to the applicable Filing Date.

(c) 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 Financial Information or Annual Financial Statements; and

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

(d) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements, as applicable, with the MSRB, then the Dissemination Agent shall file a notice with the Issuer certifying that the Annual Financial Information or the Annual Financial Statements 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 to file, the following:

(a) *Annual Financial Information*. The Issuer agrees to provide or cause to be provided to the Dissemination Agent to be filed by the Annual Information Filing Date, the following Annual Financial Information (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 the 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 “SAP Update”), including any changes to the methodology for levying the Phase #3B Assessments in Phase #3B.

(iii) The individual and aggregate taxable assessed valuation for parcels or lots within Phase #3B of the District based on the most recent certified tax roll available to the Issuer.

(iv) The status of development for each parcel within Phase #3B (status classifications being “Unplatted,” “Platted,” “Under Construction” and “Constructed”).

(v) Until building permits have been issued for parcels or lots representing, in the aggregate, 95% of the total Phase #3B Assessments levied within Phase #3B, such SAP Update shall include the number of new homes completed in Phase #3B during such Fiscal Year and the aggregate number of new homes completed within Phase #3B since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2022.

(vi) Listing of any property or property owners in Phase #3B representing more than five percent (5%) of the levy of Phase #3B Assessments, the amount of the levy of Phase #3B Assessments against such landowners, and the percentage of such Phase #3B Assessments relative to the entire levy of Phase #3B Assessments within Phase #3B, all as of the October 1 billing date for the succeeding Fiscal Year.

(vii) Financial information with respect to the Issuer included in the final Limited Offering Memorandum, under the heading “THE DISTRICT – Collection and Delinquency History of the District – Collection and Delinquent History of Phases #3B Assessments,” with information relating to the collection and delinquency history within Phase #3B, and a duplicate of such table, with information relating to the collection and delinquency history of the Phases #2 - 3 Major Improvement Assessments (levied within Phase #3B).

(viii) The current or delinquent status of the payment of the Phase #3B Assessment for each parcel or lot in the Phase #3B as of February 15 of the calendar year immediately succeeding such Fiscal Year.

(ix) The total amount of:

(1) Annual Installments invoiced;

(2) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator);

(3) delinquent Annual Installments;

(4) Foreclosure Proceeds collected; and

(5) prepaid Phase #3B Assessments collected, as of the 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).

(x) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Phase #3B Assessments due in any fiscal year, a list of parcel numbers for which the Phase #3B Assessments are delinquent.

(xi) The amount of delinquent Phase #3B Assessments by Fiscal Year, to the extent available and provided by the tax collector and/or delinquent tax attorneys:

(1) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);

(2) which are currently subject to foreclosure proceedings which have not been concluded;

(3) which have been reduced to judgment but not collected;

(4) which have been reduced to judgment and collected; and

(5) the result of any foreclosure sales of assessed property within the District if the assessed property represents more than one percent (1%) of the total amount of Phase #3B Assessments.

(xii) The principal and interest paid on the Bonds during the most recent Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(xiii) Any changes to the land use designation for the property in the District from the purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time.

(xiv) 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) *Annual Financial Statements.* The Issuer agrees to provide or cause to be provided to the Dissemination Agent to be file by the Annual Financials Filing Date, the audited Annual Financial Statements of the Issuer for the most recently ended Fiscal Year. If audited Annual Financial Statements are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited Annual Financial Statements, no later than the Annual Financials Filing Date, and audited Annual Financial Statements when and if available.

(c) A form for submitting the information set forth in Section 4(a) above is attached as Exhibit B hereto. 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 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.

For these purposes, any event described in the immediately preceding number (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.

Whenever the Issuer obtains knowledge of the 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 within ten (10) Business Days of the occurrence of such Listed Event; provided that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if

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

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

(b) The Dissemination Agent shall, 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 in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. The Issuer acknowledges 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), (10), (13), (14), or (15) of subsection (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 (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

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. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within sixty (60) days of such discharge. 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 Wilmington Trust, National Association. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer.

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

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of

the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, 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 Financial Information 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 Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent 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 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 Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

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

(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. 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 Developers or from Phase #3B Assessments collected from the property owners in Phase #3B 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 Developers or the failure of the Developers 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.

(b) 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, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR, OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT

SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Phase #3B Assessments and the anticipated procedures for pursuing the collection of delinquent Phase #3B 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 Phase #3B Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer 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, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute 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 18. 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 19. Anti-Boycott Verification. 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, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable 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 20. Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent represents that neither the Dissemination Agent, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable state or federal law and excludes the Dissemination Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent, 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 state or federal sanctions regime relating to a foreign terrorist organization.

SECTION 21. Petroleum; Firearms. The Dissemination Agent and Administrator agree and represent that the total value of this Disclosure Agreement shall not exceed the dollar limitation set forth in Section 2271.002, Texas Government Code, Section 2274.002(a)(2) of the Texas

Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

SECTION 22. Affiliate. As used in Sections 19 through 20, the Dissemination Agent and Administrator, each respectively, understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17.C.F.R. § 230.405, and exists to make a profit.

SECTION 23. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

SECTION 24. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 25. 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 AUBREY, TEXAS

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

WILMINGTON TRUST,  
NATIONAL ASSOCIATION  
(as Dissemination Agent)

By:

---

Authorized Officer

**EXHIBIT A**  
**NOTICE TO MSRB OF FAILURE TO FILE**  
**ANNUAL ISSUER REPORT**

Name of Issuer: City of Aubrey, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022  
(Jackson Ridge Public Improvement District Phase #3B Project)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Aubrey, Texas, has not provided [an Annual Financial Information][audited/unaudited] Annual Financial Statements] for the fiscal year ended 20\_\_ with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated September 15, 2022, between the Issuer and Wilmington Trust, National Association, as “Dissemination Agent.” The Issuer anticipates that [the Annual Financial Information][audited Annual Financial Statements] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Wilmington Trust, National  
Association on behalf of the City  
of Aubrey, Texas  
(as Dissemination Agent)

By:

\_\_\_\_\_

Title:

\_\_\_\_\_

cc: City of Aubrey, Texas

**EXHIBIT B**

**CITY OF AUBREY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

**ANNUAL ISSUER REPORT<sup>1</sup>**

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOSs: [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

**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE**

Bonds (Principal Balance) \_\_\_\_\_  
Funds and Accounts [list] \_\_\_\_\_  
**TOTAL ASSETS** \_\_\_\_\_

<sup>1</sup> Excluding Audited Financial Statements of the Issuer



## LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
<b>TOTAL LIABILITIES</b>	_____

## EQUITY

Assets Less Liabilities	_____
Debt to Value Ratio	_____

**Form of Accounting** ☐ Cash ☐ Accrual ☐ Modified Accrual

**FINANCIAL INFORMATION WITH RESPECT TO THE ISSUER INCLUDED IN THE FINAL LIMITED OFFERING MEMORANDUM, UNDER THE HEADING “THE DISTRICT – COLLECTION AND DELINQUENCY HISTORY OF THE DISTRICT – COLLECTION AND DELINQUENT HISTORY OF PHASES #3B ASSESSMENTS,” WITH INFORMATION RELATING TO THE COLLECTION AND DELINQUENCY HISTORY WITHIN PHASE #3B, AND A DUPLICATE OF SUCH TABLE, WITH INFORMATION RELATING TO THE COLLECTION AND DELINQUENCY HISTORY OF THE PHASES #2 -3 MAJOR IMPROVEMENT ASSESSMENTS (LEVIED WITHIN PHASE #3B).**

### **Collection and Delinquent History of Phases #2 - 3 Major Improvement Assessments (within Phase #3B)**

Collected in Fiscal Year	Assessment	Parcels	Parcels Subject to Quarterly	Delinquent Amount	Outstanding Quarterly Payments	Outstanding Quarterly Payments	Delinquent Amount	Assessments
<u>Ending 9/30</u>	<u>Billed</u>	<u>Levied</u>	<u>Payments<sup>(1)</sup></u>	<u>as of 3/1</u>	<u>Amount as of 4/1<sup>(2)</sup></u>	<u>Amount as of 6/1<sup>(2)</sup></u>	<u>as of 9/1<sup>(3)</sup></u>	<u>Collected<sup>(3)</sup></u>

<sup>(1)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Quarterly Payments”).

<sup>(2)</sup> Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

<sup>(3)</sup> Collected as of \_\_\_\_, 20\_\_.

### Collection and Delinquent History of Phase #3B Assessments

Collected in			Parcels Subject	Delinquent	Outstanding	Outstanding	Delinquent	
Fiscal Year	Assessment	Parcels	to Quarterly	Amount	Quarterly Payments	Quarterly Payments	Amount	Assessments
<u>Ending 9/30</u>	<u>Billed</u>	<u>Levied</u>	<u>Payments<sup>(1)</sup></u>	<u>as of 3/1</u>	<u>Amount as of 4/1<sup>(2)</sup></u>	<u>Amount as of 6/1<sup>(2)</sup></u>	<u>as of 9/1<sup>(3)</sup></u>	<u>Collected<sup>(3)</sup></u>

- <sup>(1)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Quarterly Payments").
- <sup>(2)</sup> Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- <sup>(3)</sup> Collected as of \_\_\_\_, 20\_\_.

**ITEMS REQUIRED BY SECTIONS 4(a)(ii) – (vi) and 4(a)(viii) – (xiv) OF THE CONTINUING DISCLOSURE AGREEMENT OF ISSUER RELATING TO THE CITY OF AUBREY, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022, (JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

[Insert a line item for each applicable listing]

**EXHIBIT C**  
**BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS**  
**AND PURSUIT OF DELINQUENCIES<sup>1</sup>**

<u><b>Date</b></u>	<u><b>Delinquency Clock (Days)</b></u>	<u><b>Activity</b></u>
January 31		Phase #3B Assessments are due.
February 1	1	Phase #3B 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 shall be aware of actual and specific delinquencies</p> <p>Administrator shall be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. <b>If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and Dissemination Agent shall be immediately notified by Administrator</b></p> <p>Administrator shall determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding 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 Phase #3B Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For</b></p>

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Phase #3B Assessments, which dates and procedures are subject to adjustment by the Issuer.

**properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.**

**If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.**

March 1                      28/29

Trustee pays bond interest payments to bondholders.

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 the Reserve Fund.

**July 1                      150/151**

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments.

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

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

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

If the Issuer has not provided the Dissemination Agent with Foreclosure

August 15

195/196

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.

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 August 15 (day 195/196).

**Foreclosure action to be filed with the court.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status.** Dissemination Agent notifies bondholders.

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 twenty-five percent (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 thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (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 Assessments.

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF AUBREY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER**

This Continuing Disclosure Agreement dated as of September 15, 2022 (this “Disclosure Agreement”) is executed and delivered by and among CADG Comanche 248, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”) and Wilmington Trust, National Association (the “Dissemination Agent”) with respect to the “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B 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 September 15, 2022, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Appendices 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 MuniCap, Inc., or any employee or designee of the Issuer who shall have the responsibilities provided in the Service and Assessment Plan and/or the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the District.

“Affiliate” shall mean an entity that owns property within Phase #3B of the District and is controlled by, controls, or is under common control with the Developer or any Subsequent Third Party Owner (defined below).

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

“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 CADG Comanche 248, LLC, a Texas limited liability company, including any Affiliate of the Developer, its successors and assigns.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of September 15, 2022 executed and delivered by the Issuer and the Dissemination Agent.

“Dissemination Agent” shall mean Wilmington Trust, National Association, 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 Jackson Ridge Public Improvement District.

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

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Issuer” shall mean the City of Aubrey, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Material” shall have the meaning ascribed in 17 C.F.R. § 270.8b-2: “when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before buying or selling any security of the particular company.”

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

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

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

“Phase #3B” shall have the meaning assigned to such term in the Indenture.

“Phase #3B Assessments” shall have the meaning assigned to such term in the Indenture.

“Phase #3B Improvements” shall have the meaning assigned to such term in the Indenture.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 2022.

“Quarterly Filing Date” shall mean the 15th day following each Quarterly Ending Date.

“Quarterly Report” shall mean any Quarterly 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.

“Subsequent Third Party Owner” shall have the meaning assigned to such term in Section 5 of this Disclosure Agreement.

“Trustee” shall mean Wilmington Trust, National Association, or any successor trustee pursuant to the Indenture.

### SECTION 3. Quarterly Reports.

(a) The Developer, and any Subsequent Third Party Owner, as applicable, 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, any information in its knowledge or possession that will enable the Administrator to complete each Quarterly Report containing the information described in this Section 3. The Developer and/or any Subsequent Third Party Owner, as applicable, shall provide, or cause to be provided, such information required for the preparation of each Quarterly Report during the period from the delivery of the Bonds until such time as the Developer’s, and/or any Subsequent Third Party Owner’s, as applicable, obligations hereunder terminate in accordance with Section 6 hereof.

(b) The Administrator shall provide to the Dissemination Agent, on or before each Quarterly Ending Date, each Quarterly Report containing the information described in this Section 3. The Dissemination Agent shall provide such information to the MSRB and the Participating Underwriter within fifteen (15) days of the Dissemination Agent’s receipt thereof pursuant to this subsection (b); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that the Developer or the Administrator do not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written notice from the Developer or Administrator, as applicable, file a notice of failure to file with the MSRB in substantially the form attached as Exhibit A, as soon as practicable. If the Developer timely provides the required information to the Administrator as described in this Section 3, the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

(c) Such Quarterly Report shall include:

(i) Statement from the Developer as to the status of acquisition loans or development loans and any permanent financing with respect to any development undertaken by the Developer in Phase #3B not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Phase #3B, existence of any default and remaining term;

(ii) Status of parcel and/or lot sales from the Developer to any other party by type and average pricing, as well as anticipated future absorption rates;

(iii) A statement as to material changes, if any, in the form, organization or controlling ownership of the Developer;

(iv) The status of any governmental approvals (other than customary home building permits required after delivery of a finished lot) required for completion of Phase #3B Improvements;

(v) 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 Phase #3B, development potential of lands within Phase #3B or the likelihood of the timely payment of the Phase #3B Assessments levied on land or parcels owned by the Developer; and

(vi) Any changes to the land use designation for the property in Phase #3B that would 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.

(d) Additionally, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) under contract by the Developer with wholesale purchasers and the name of each such purchaser;

(ii) A listing of any Subsequent Third Party Owners liable for at least twenty percent (20%) of the Annual Installments of Phase #3B Assessments, the amount of the Annual Installments of Phase #3B Assessments next coming due by such Subsequent Third Party Owner, and the percentage of such Annual Installments of Phase #3B Assessments relative to the total Annual Installments of Phase #3B Assessments; and

(iii) For each residential home builder, on a current quarter and running total basis:

(A) total number of lots in Phase #3B subject to the Phase #3B Assessments;

(B) as of the date of each Quarterly Report, the total number of lots owned by the residential home builder;

(C) the number of residential units for which construction has begun;

(D) the number of residential units for which construction has been completed;

(E) the number of residential units which have been sold to end users and the average lot and home sales price therefor; and

(F) the estimated date of completion for all residential units expected to be constructed in Phase #3B.

#### 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 Phase #3B Assessments on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District 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 Disclosure Agreement;
- (ii) Material damage to or destruction of any development or improvements within Phase #3B, including the Phase #3B Improvements;
- (iii) Material default by the Developer or any Affiliate on any loan with respect to the development or permanent financing of Phase #3B undertaken by the Developer;
- (iv) Material default by the Developer or any Affiliate on any loan secured by property within Phase #3B owned by the Developer;
- (v) The bankruptcy filing of the Developer or any Affiliate or any determination that the Developer or any Affiliate 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 Phase #3B development 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 or any Affiliate obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly notify, or cause such Affiliate to notify, the Issuer, the Administrator and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent 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 obtaining knowledge of the occurrence of such Listed Event. If the Developer timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

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 the Developer becomes aware of the occurrence of the Listed Event).

In all cases, the Developer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Developer shall have the

sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is filed within (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within one (1) Business Day 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. Assignment to Subsequent Third Party Owner

If the Developer sells, assigns or otherwise transfers ownership of real property in the District to a third party, which results in such third party, including any Affiliate of such third party, owning property representing at least twenty percent (20%) of the total Annual Installments of the Phase #3B Assessments first coming due after such transfer of ownership (a “Subsequent Third Party Owner”), the Developer shall require such Subsequent Third Party Owner to agree in writing to comply with the Developer’s disclosure obligations hereunder, including such obligations under Section 3 and Section 4, with respect to such acquired real property for so long as such Subsequent Third Party Owner is the owner of property liable for at least twenty percent (20%) of the total of Annual Installments of the Phase #3B 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 delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred (the “Developer Acknowledgement”), Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership and delivery of the Developer Acknowledgement, the Developer shall not be liable for the acts or omissions of such Subsequent Third Party Owner arising from or in connection with such disclosure obligations under this Disclosure Agreement.

For the avoidance of doubt, the Developer shall remain obligated to provide the Quarterly Report with respect to any real property acquired by a Subsequent Third Party Owner until a Developer Acknowledgment with respect to such real property is delivered in accordance with this Section 5, at which time the Developer shall have no further obligation or liability for Quarterly Report disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred. Additionally, for the avoidance of doubt, any Subsequent Third Party Owner shall be required to comply with

obligations of this Section 5 with respect to any subsequent transfers by such Subsequent Third Party Owners to any individual or entity meeting the definition of a “Subsequent Third Party Owner” in the future.

SECTION 6. 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 (whether or not such Subsequent Third Party Owner has assumed the Developer’s obligations under this Disclosure Agreement pursuant to Section 5 hereof), if any, is no longer responsible for the payment of Annual Installments of Phase #3B Assessments equal to at least 20% of the total Annual Installment of Phase #3B Assessments for any year.

(b) 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 Phase #3B Assessments equal to at least 20% of the total Annual Installment of Phase #3B Assessments for any year, the Administrator shall provide written notice to the Developer, any Subsequent Third Party Owner, if applicable, the Issuer and the Dissemination Agent in substantially the form attached as Exhibit B, that such party is no longer responsible for the payment of Annual Installments of Phase #3B Assessments equal to at least 20% of the total Annual Installment of Phase #3B Assessments for any year, thereby, terminating such party’s reporting obligations 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 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 Developer and any Subsequent Third Party Owner, if any, are no longer responsible for the payment of Annual Installments of Phase #3B Assessments equal to at least 20% of the total Annual Installment of Phase #3B Assessments for any year and any Termination Notice required by subsection (b) of this Section 6 has been provided to the MSRB and the Participating Underwriter.

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 the Developer’s 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 Wilmington Trust, National Association.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its

consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer, or 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).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (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 8 to the Issuer, the Administrator and the Participating Underwriter.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer 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 chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

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.



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. To the extent permitted by law, the Developer 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 Phase #3B Assessments collected from the property owners in Phase #3B 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Phase #3B Assessments collected from the property owners in Phase #3B 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 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 OR THE DEVELOPER 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 DEVELOPER, THE DISSEMINATION AGENT OR THE ADMINISTRATOR, 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 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, 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 render 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.]*

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION**  
(as Dissemination Agent)

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

**CADG COMANCHE 248, LLC**  
**a Texas limited liability company**  
(as Developer)

By: CADG Holdings, LLC,  
a Texas limited liability company  
Its Sole Member

By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC,  
a Delaware limited liability  
company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its Manager

**MUNICAP, INC.**  
(as Administrator)

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
QUARTERLY REPORT**

Name of Issuer: City of Aubrey, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022  
(Jackson Ridge Public Improvement District Phase #3B Project)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that CADG Comanche 248, LLC, a Texas limited liability company (the “Developer”) has not provided the Quarterly Report for the period ending on [Quarterly Filing Date] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Developer dated September 15, 2022, by and among the Developer, MuniCap, Inc., as the “Administrator” and Wilmington Trust, National Association, as “Dissemination Agent”. The Developer anticipates the Quarterly Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Wilmington Trust, National Association  
on behalf of the City of Aubrey, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Aubrey, Texas

**EXHIBIT B**

**TERMINATION NOTICE**

Name of Issuer: City of Aubrey, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022  
(Jackson Ridge Public Improvement District Phase #3B Project)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

[Developer][Subsequent Third Party Owner]

City of Aubrey, Texas  
107 S. Main Street  
Aubrey, Texas 76227

Wilmington Trust, National Association

NOTICE IS HEREBY GIVEN that the [Developer][Subsequent Third Party Owner] is no longer responsible for the payment of Annual Installments of Phase #3B Assessments equal to at least 20% of the total Annual Installment of Phase #3B Assessments, with respect to the above-named bonds, for any year, thereby, terminating such party's reporting obligations under the Continuing Disclosure Agreement of Developer dated September 15, 2022, by and among CADG Comanche 248, LLC, a Texas limited liability company (the "Developer"), MuniCap, Inc. (the "Administrator") and Wilmington Trust, National Association (the "Dissemination Agent").

Dated: \_\_\_\_\_

MuniCap, Inc.  
on behalf of the City of Aubrey, Texas  
(as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_



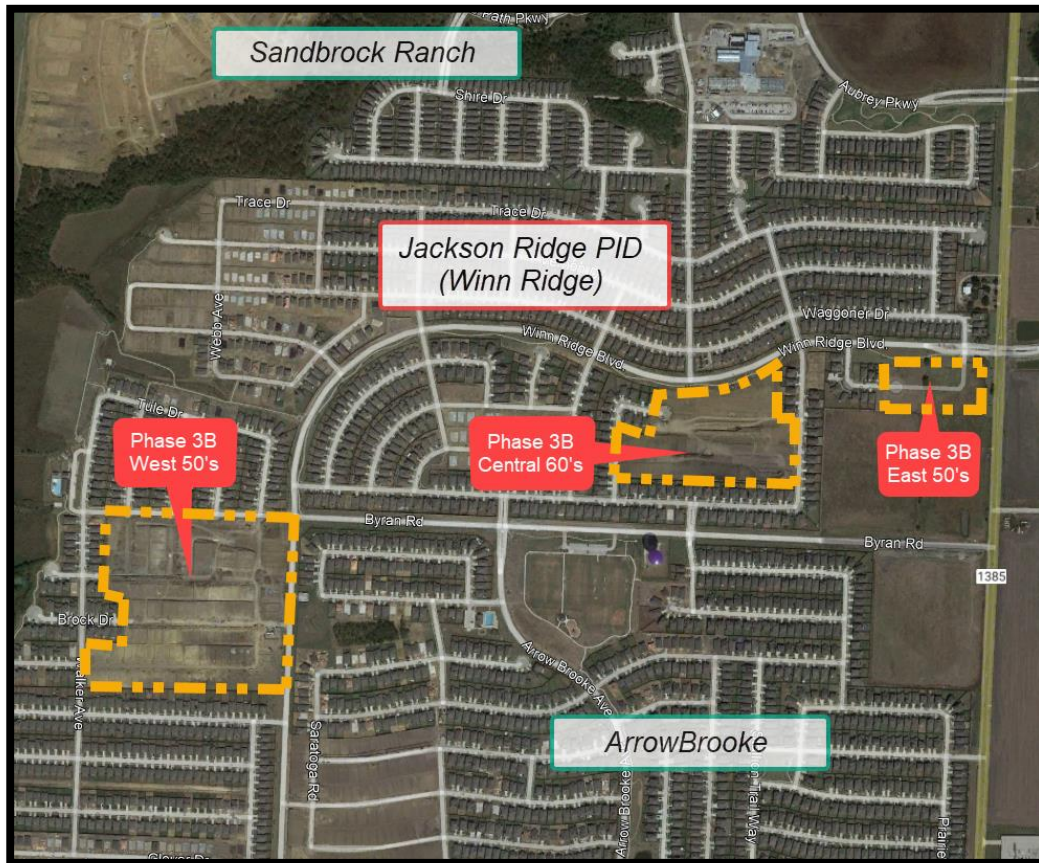
## APPENDIX F

### APPRAISAL OF PHASE #3B OF THE DISTRICT

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# Appraisal Report

PROJECT # A22-0714-01



**JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #3B  
258 IMPROVED LOTS ON 52.55 AC  
AUBREY, TX 76227**

**FOR:**

**CITY OF AUBREY  
107 S MAIN ST.  
AUBREY, TEXAS 76227**

**FMSBONDS, INC.  
5 COWBOYS WAY, STE. 300-25  
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:  
SEPTEMBER 1, 2022 (DATE OF SUBSTANTIAL COMPLETION)**

**PREPARED BY:  
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER  
AND SHERIDAN ENGEL, APPRAISER TRAINEE OF:**

**PEYCO SOUTHWEST REALTY, INC.  
1703 NORTH PEYCO DRIVE  
ARLINGTON, TEXAS 76001**

**August 12, 2022**

**Mr. Michael English**

Financial Director  
City of Aubrey  
107 S Main St.  
Aubrey, TX 76227  
menglish@aubreytx.gov

**Mr. R.R “Tripp” Davenport, III**

Director  
FMSbonds, Inc  
5 Cowboys Way, Ste. 300-25  
Frisco, TX 75034  
tdavenport@fmsbonds.com

SUBJECT:     Market Value “Upon Completion” Appraisal  
              Jackson Ridge Public Improvement District Phase #3B  
              Aubrey, Denton County, Texas

Mr. English and Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of future market value of the fee simple interest of Jackson Ridge Public Improvement District (the Jackson Ridge PID) Phase #3B which consists of the following:

- Prospective Market Value “Upon Completion” of **258 residential improved lots as of September 1, 2022**, on 52.55 acres. The improved lots consist of **191 lots with 50-foot frontages (FF) and 67 lots with 60-foot frontages (FF)**.

The clients for the assignment are the City of Aubrey and FMSbonds, Inc. The intended use is underwriting of a proposed PID bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Aubrey or Denton County, nor is it the basis of a determination of the benefit any constructed or installed public improvements will have on properties within the Jackson Ridge PID.

The subject represents a total of 258 improved developed single-family residential lots on approximately 52.55 acres located in Phase 3B which is within three distinct pods in the Jackson Ridge PID (aka the Winn Ridge residential subdivision). These three distinct areas generally have the following locations and have been denoted as *East* (near FM 1385) with 25 – 50’ lots, *Central* with 67 – 60’ lots, and *West* with 166 – 50’ lots. Each of these pods have the same expected substantial completion date and are included in our final valuation.

Per the Service and Assessment Plan (SAP) distributed by MuniCap, Inc., the total Jackson Ridge PID (which is part of the Winn Ridge development) is approximately 421.097 contiguous acres, of which approximately 318.6 acres represent developable acres. The Jackson Ridge PID will have a final estimated build-out of 1,406 residential lots which are each located in the City of Aubrey, Denton County, Texas. The Jackson Ridge PID is marketed as the Winn Ridge residential development and these terms will be used interchangeably throughout the report. The distinction is that the subject property for this appraisal is Jackson Ridge PID Phase #3B consisting of 258 improved lots which are located in the Winn Ridge subdivision development.

### Jackson Ridge PID Phase #3B

Each of the 50-foot frontage lot types will have a minimum of 6,000-square feet (SF) in size while each of 60-foot frontage lot types will have a minimum of 7,200-SF. For shorthand we will often refer to 50-foot frontage lots as “50’s” and the 60-foot frontage as “60’s” which is typical in the residential land development industry.

At substantial completion which is forecasted for September 1, 2022 (the effective date of this appraisal report), the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within Phase #3B of the Jackson Ridge PID. The lots throughout Phase #3B are platted and the entire Jackson Ridge PID is governed by a development agreement with the City of Aubrey which allows single-family development. Each of the lots are designed for front-access, have mandatory Homeowner’s Association membership, and are located in Denton ISD.

The 191 – 50’ lots in Phase #3B are each contracted to KB Home and the 67 – 60’ lots in Phase #3B are each contracted to Pulte Homes. The contract with KB Home was initially signed in August 2015. KB Home contracted at that time to purchase the 50’ lots in Phase #3B for a base price of \$41,000 (\$820/FF). The contract with Pulte Homes was initially signed in March 2016 for the builder to purchase the 60’ lots in Phase #3B for a base price of \$47,000 (\$783/FF). The lot sales included an additional \$1,000 amenity fee and \$500 marketing fee with 6% annual escalations following substantial completion of the phase. The contracted buyers of the developed lots for the Jackson Ridge PID Phase #3B – KB Home and Pulte Homes – are planning to purchase the lots in a bulk lot takedown.

The land within the development is owned by the developer, CADG Comanche 248 LLC, which is an affiliate of Centurion American Development Group. The developer has retained the right to keep all reimbursements, refunds, or other payment associated with the lots from any governmental or quasi-governmental entity which includes reimbursements for PID, MUD, TIRZ, or TIF entities. As the market has improved in the past few years and these contracts were both signed over six years prior, the contract prices for this lots are significantly below current market value.

### 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. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by Service and Assessment Plan (SAP) published by MuniCap, Inc. and the engineering plans published by Petitt Barraza LLC (now Petitt & Associates) as of September 1, 2022, for 258 improved residential lots in Jackson Ridge PID Phase #3B.
- All information relative to the property located within the Jackson Ridge PID Phase #3B including land areas, lot totals, lot sizes, and other pertinent data that was provided by FMSbonds, Centurion American (owner/developer), Petitt Barraza, LLC and/or Petitt & Associates (professional engineers), the City of Aubrey, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lot construction with an expected completion date of September 1, 2022; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation dates. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective effective dates.

The use of these extraordinary assumptions has affected assignment results.

Jackson Ridge PID Phase #3B

In addition to the Extraordinary Assumptions, 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.

- No Hypothetical Conditions are used in this report.

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 the cumulative retail lot value as of the expected construction completion date is as follows:

<b>JACKSON RIDGE PID PHASE #3B, AUBREY, TX 76227</b>					
<b>Phase</b>	<b>Total Lots</b>	<b>Feet Frontage (FF)</b>	<b>Retail Price/Lot on Sep. 1, 2022</b>	<b>Price/FF (\$/FF)</b>	<b>Total Retail Value (\$)</b>
3B	191	50	\$78,500	\$1570/FF	\$14,993,500
3B	67	60	\$90,000	\$1500/FF	\$6,030,000
	<b>258</b>				<b>\$21,023,500</b>

After considering discount cash flow, our final value conclusion "Upon Completion" is shown below:

<b>FINAL MARKET VALUE CONCLUSION</b>	
<b><i>Fee Simple Interest, Complete September 1, 2022</i></b>	
<b>Jackson Ridge PID Phase #3B</b> <b><i>258 Improved Lots</i></b>	<b><i>\$18,900,000 (\$73,256/Lot)</i></b>

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser



Sheridan Engel  
TX- 1342474  
Appraiser Trainee

**Contents**

<b>EXECUTIVE SUMMARY .....</b>	<b>6</b>
<b>CERTIFICATION.....</b>	<b>7</b>
<b>SCOPE OF WORK.....</b>	<b>8</b>
<b>    VALUATION METHODOLOGY .....</b>	<b>9</b>
<b>REAL ESTATE TAXES -.....</b>	<b>13</b>
<b>DENTON COUNTY APPRAISAL DISTRICT .....</b>	<b>13</b>
<b>MARKET OVERVIEW .....</b>	<b>14</b>
<b>REGIONAL ANALYSIS.....</b>	<b>25</b>
<b>NEIGHBORHOOD ANALYSIS .....</b>	<b>29</b>
<b>ABSORPTION ANALYSIS.....</b>	<b>40</b>
<b>SUBJECT PROPERTY ANALYSIS .....</b>	<b>46</b>
<b>PROPERTY PHOTOGRAPHS .....</b>	<b>57</b>
<b>HIGHEST AND BEST USE .....</b>	<b>62</b>
<b>VALUATION .....</b>	<b>64</b>
<b>    INCOME (SUBDIVISION DEVELOPMENT) APPROACH .....</b>	<b>65</b>
<b>    DISCOUNT CASH FLOW ANALYSIS.....</b>	<b>87</b>
<b>RECONCILIATION AND FINAL VALUE CONCLUSION .....</b>	<b>95</b>
<b>ADDENDA.....</b>	<b>97</b>
<b>    ASSUMPTIONS AND LIMITING CONDITIONS .....</b>	<b>98</b>
<b>    ENVIRONMENTAL ASSUMPTIONS .....</b>	<b>102</b>
<b>    DEFINITIONS .....</b>	<b>103</b>
<b>    JAMES L. MAIBACH, CPM .....</b>	<b>106</b>
<b>    SHERIDAN ENGEL .....</b>	<b>108</b>

## **EXECUTIVE SUMMARY**

<b>Subject Property</b>	
<b>Property Name</b>	Jackson Ridge PID Phase #3B (aka Winn Ridge)
<b>Property Type</b>	Master-Planned Community
<b>Location</b>	West side of FM 1385, North of Byran Rd., Along Winn Ridge Blvd.
<b>City, County, State, Zip</b>	City of Aubrey, Denton County, TX 75068
<b>Legal Descriptions</b>	<ul style="list-style-type: none"><li>• A0730A WM LUMPKINS, TR 148, 22.05 ACRES</li><li>• A0730A WM LUMPKINS, TR 22A, 17.03 ACRES</li><li>• A0730A WM LUMPKINS, TR 22, 13.469 ACRES</li></ul>
<b>Owner of Record</b>	CADG Comanche 248, LLC
<b>Census Tract</b>	0201.23
<b>Tax ID – Denton Central Appraisal District</b>	637957, 147923, 38571
<b>Land Area</b>	Approx. 52.55-AC out of a total PD acreage of Approx. 421.097-AC
<b>Total Lots</b>	258 Lots <ul style="list-style-type: none"><li>• <b>50'</b> (25 total) in East Pod</li><li>• <b>60'</b> (67 total) in Central Pod</li><li>• <b>50'</b> (166 total) in West Pod</li></ul>
<b>Topography</b>	Gently Sloping
<b>FEMA Flood Zones</b>	100% Zone X
<b>FEMA Panel</b>	48121C0270G (Effective 4/18/2011)
<b>Utilities</b>	
<b>Water</b>	Mustang Special Utility District
<b>Sewer</b>	Mustang Special Utility District
<b>Electric</b>	Coserv
<b>Natural Gas</b>	Atmos
<b>Zoning (City of Aubrey)</b>	Planned Development for Single-Family Residential Uses
<b>Future Land Use</b>	Single-Family Residential Subdivision
<b>Highest &amp; Best Use</b>	Single-Family Residential Subdivision
<b>Final Value Conclusion</b>	<b>\$18,900,000 as of September 1, 2022</b>
<b>Exposure Period</b>	6-12 Months
<b>Marketing Period</b>	6-12 Months
<b>Date of Inspection</b>	August 4, 2022
<b>Date of Valuation</b>	September 1, 2022
<b>Report Date</b>	August 12, 2022



## **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 analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing 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. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) James L. Maibach and Sheridan Engel have inspected the subject property. The values herein were developed and reported by James L. Maibach, C.P.M. and Sheridan Engel. Significant assistance has been provided by Brian Cotter, CLA, who is a certified land architect and has consulted on and developed numerous subdivision developments in the Dallas-Fort Worth area over the past 30 years.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.



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James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser



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Sheridan Engel  
TX-1342474  
Appraiser Trainee

## **SCOPE OF WORK**

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

The problems to be solved are:

- Determine the Prospective Market Value “Upon Completion” for 258 improved lots in Jackson Ridge PID Phase #3B which includes the following categories
  - Phase #3B consisting of 191 lots as of September 1, 2022
  - Phase #3B consisting of 67 lots as of September 1, 2022

The definition of market value<sup>1</sup> utilized herein is as follows:

**Market Value** is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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.<sup>2</sup>

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

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<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

### Jackson Ridge PID Phase #3B

This Appraisal Report summarizes all pertinent data, descriptions, and discussions germane to the appraisal of the subject of this report. This appraisal included an inspection of the subject property and comparable sales and an analysis of the surrounding neighborhood with recognition of existing and future trends. Empirical information relative to the market was gathered from reliable sources, including, but not limited to various federal governmental agencies, the North Texas Real Estate Information System (NTREIS), CoStar, the Texas A&M Real Estate Research Center, and Zonda (formerly Metrostudy). Data was also gathered from various sources, including review of county deed records, various industry specific databases, as well as public domain databases, and conversations with real estate brokers and developers throughout the Dallas-Fort Worth Metroplex and specifically Denton County. The appraisers also reviewed information pertaining to the development, such as:

- The subject property address and salient facts
- Overall Concept Plan for Jackson Ridge PID (Winn Ridge)
- City of Aubrey Maps and Land Use Plans
- PID exhibits – Petitt Barraza, LLC and Petitt & Associates
- Service and Assessment Plan from MuniCap, Inc.
- Flood plain maps (FEMA)
- Topographic Maps (DFWMaps.com)
- Development Agreement between the City of Aubrey, CADG Comanche 248, LLC, and Pulte Homes of Texas
- City of Aubrey Zoning Maps and Planned Development Ordinances

### **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 (Subdivision Development) Approach.

#### **Residential Subdivision (258 Lots)**

##### ***Cost Approach***

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. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. Since the subject property has had multiple phases developed in previous years and much of the major improvements are in-place, *the Cost Approach is not the most appropriate and thus was not utilized.*

##### ***Income (Subdivision Development) Approach***

In the Income Capitalization Approach, the retail value of the residential lots is 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. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots

### Jackson Ridge PID Phase #3B

from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 258 lots, as of two separate effective dates based on the construction completion date, *the Income (Subdivision Development) Approach is appropriate and was developed.*

### ***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk-sales to a single purchaser is difficult find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Use of the approaches for the valuation of the improved lots in Jackson Ridge PID Phase #3B is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate Since Much of Jackson Ridge PID is Built-Out</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation</i>	<i>Partially Utilized</i>

## **COMPETENCY OF THE APPRAISER**

James L. Maibach, C.P.M. is a Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.0 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 35 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Sheridan Engel is an Appraiser Trainee and has assisted in the analysis and appraisal of numerous properties similar to the subject. Attention is invited to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. The subject is located in the City of Aubrey, Denton County, Texas. The appraiser currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties.

## **INTENDED USE AND USERS**

The intended use of the appraisal is to estimate the prospective market value upon completion for the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are the City of Aubrey and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than City of Aubrey and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

## **DATE OF THE APPRAISAL REPORT**

The preparation of this Appraisal Report was completed on **August 12, 2022**.

## **EFFECTIVE DATES OF THE APPRAISAL**

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of the following dates: **September 1, 2022, for Phase #3B** which is the expected date of substantial construction completion. James L. Maibach and Sheridan Engel inspected the subject property on August 4, 2022.

## **ASSIGNMENT CONDITIONS**

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

## **PROPERTY RIGHTS APPRAISED**

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

## **ASSETS APPRAISED**

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value was included in the valuation process.

## **ENVIRONMENTAL CONDITIONS**

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain status of the property regarding asbestos and other hazardous materials.

## **HISTORY OF SUBJECT PROPERTY**

The subject property is currently owned by CADG Comanche 248 LLC. Denton County deed records show the parcels were acquired between June 2013 and October 2015 with the Grantee for each being CADG Comanche 248, LLC.

ID 637957 which now consists of a 22.05-AC tract was acquired from the Estate of Oro D. Jackson & C.M. Jackson Trust (Grantor) via Special Warranty Deed with Vendor's Lien of February 28, 2014. This tract was originally 162.638-AC according to the deed but has since been subdivided.

ID 147923 which now consists of a 17.03-AC tract was acquired from Comanche Ridge 52 Partners, Ltd. (Grantor) via Special Warranty Deed with Vendor's Lien of October 16, 2015. This tract was originally 52.613-AC according to the deed but has since been subdivided.

ID 38571 which now consists of a 13.47-AC tract was acquired from Comanche Land Partners, Ltd. (Grantor) via Special Warranty Deed with Vendor's Lien of July 7, 2013. This tract was originally 173.545-AC according to the deed but has since been subdivided.

Jackson Ridge PID had the initial development agreement approved in April 2015 by the City of Aubrey. Earthwork for the development began in early-2016 with the first homes delivered in 2017.

The subject property is under contract to be subdivided into 258 single-family residential lots to KB Home and Pulte Homes. We are unaware of any other attempts to sell the subject property, as of the report date.

## **LEGAL DESCRIPTION**

The subject property includes three tracts of land known as:

- A0730A WM LUMPKINS, TR 148, 22.05 ACRES
- A0730A WM LUMPKINS, TR 22A, 17.03 ACRES
- A0730A WM LUMPKINS, TR 22, 13.469 ACRES

### Jackson Ridge PID Phase #3B

#### **PENDING TRANSACTIONS TO BUILDERS**

The subject property represents a portion of the Jackson Ridge PID referred to as Phase #3B which is planned to be developed with 258 single-family lots. We are referring to the tracts of land in Phase #3B as East, Central, and West. They have the following with the following acreages and lot counts:

- Phase #3B East: **25** – 50' lots
- Phase #3B Central: **67** – 60' lots
- Phase #3B West: **166** – 50' lots

The developer has presold the right, title, and interest to two builders: KB Home is receiving all the 191 – 50' lots while Pulte Homes is receiving all the 67 – 60' lots. The builders in Phase #3B have contracted with the developer, CADG Comanche 248 LLC, to purchase lots for the following prices:

- KB Home has agreed to purchase 191 – 50' lots in the East and West pods for a base purchase price of **\$41,000/Lot (\$820.00/FF)**
- Pulte Homes has agreed to purchase 67 lots in the Central pod for a base purchase price of **\$47,000/Lot (\$783.33/FF)**

#### **Real Estate Taxes - Denton County Appraisal District**

Real estate tax assessments are administered by the Denton 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 for a property by \$100, then multiplying the estimate by the composite rate. Real estate taxes and assessments for the most recent tax year are shown in the following table which include taxes/assessments due in 2022 to Denton ISD, the City of Aubrey, and Denton County. The current combined tax rate for those entities is 2.120086 per \$100 assessed as shown in the table below:

Entity	Tax Rate
Denton ISD	1.362000
City of Aubrey	0.525000
Denton County	0.233086
<b>Total</b>	<b>2.120086</b>

TAXES (Denton County Tax Office - 2022)					
ID	Owner	Size (AC)	Market Value	Appraised	Estimated Taxes
637957	CADG Comanche 248, LLC	22.05	\$ 2,036,256	\$ 2,036,256	\$ 43,170.38
147923	CADG Comanche 248, LLC	17.03	\$ 1,572,673	\$ 1,572,673	\$ 33,342.02
38571	CADG Comanche 248, LLC	13.47	\$ 1,243,824	\$ 1,243,824	\$ 26,370.14
<b>TOTALS</b>		<b>52.55</b>	<b>\$ 4,852,753</b>	<b>\$ 4,852,753</b>	<b>\$ 43,170.38</b>

When substantial construction is complete on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by tax districts at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

## **MARKET OVERVIEW**

### **ECONOMIC INDICATORS: BEIGE BOOK FEDERAL RESERVE BANK (JULY 13, 2022)**

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book prior to the report date, published July 13, 2022, are presented below:

#### **National Summary**

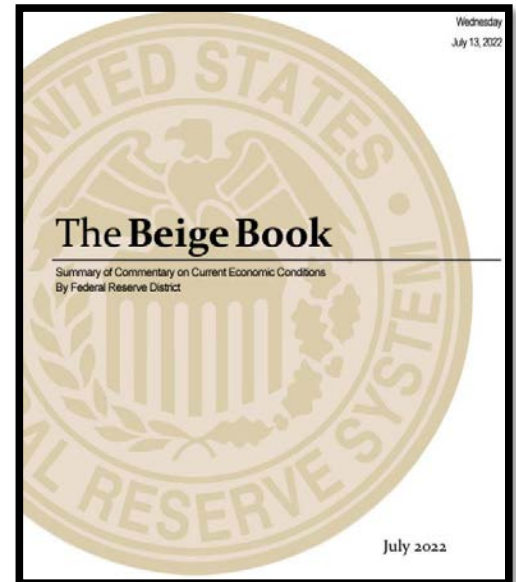
*Economic activity expanded at a modest pace, on balance, since mid-May; however, several Districts reported growing signs of a slowdown in demand, and contacts in five Districts noted concerns over an increased risk of a recession. Most Districts reported that consumer spending moderated as higher food and gas prices diminished households' discretionary income. Due to continued low inventory levels, new auto sales remained sluggish across most Districts. Hospitality and tourism contacts cited healthy leisure travel activity with some noting an uptick in business and group travel. Manufacturing activity was mixed, and many Districts reported that supply chain disruptions and labor shortages continued to hamper production. Non-financial services firms experienced stable to slightly higher demand, and some firms reported that revenues exceeded expectations. Housing demand weakened noticeably as growing concerns about affordability contributed to non-seasonal declines in sales, resulting in a slight increase in inventory and more moderate price appreciation. Commercial real estate conditions slowed. Loan demand was mixed across most Districts; some financial institutions reported increased customer usage of revolving credit lines, while others reported weakening residential loan demand amid higher mortgage interest rates. Demand for transportation services was mixed and reports on agriculture conditions across reporting Districts varied. While demand for energy products was robust and oil and gas drilling activity picked up, production remained constrained by labor availability and supply chain bottlenecks for critical components. Similar to the previous report, the outlook for future economic growth was mostly negative among reporting Districts, with contacts noting expectations for further weakening of demand over the next six to twelve months.*

#### **Labor Markets**

*Most Districts continued to report that employment rose at a modest to moderate pace and conditions remained tight overall. However, nearly all Districts noted modest improvements in labor availability amid weaker demand for workers, particularly among manufacturing and construction contacts. Most Districts continued to report wage growth. One third of Districts indicated that employers were considering or had given employees bonuses to offset inflation related costs while in two Districts, workers requested raises to offset higher costs. A quarter of Districts indicated wage growth will remain elevated for the next six months, while a few noted that wage pressures are expected to subside later this year.*

#### **Prices**

*Substantial price increases were reported across all Districts, at all stages of consumption, though three quarters noted moderation in prices for construction inputs such as lumber and steel. Increases in food, commodities, and energy (particularly fuel) costs remained significant, though there were several reports that price inflation for*





*these categories had slowed compared with recent months but remained historically elevated. While several Districts noted concerns about cooling future demand, on balance, pricing power was steady, and in some sectors, such as travel and hospitality, firms were successful in passing through sizable price increases to customers with little to no pushback. Most contacts expect pricing pressures to persist at least through the end of the year.*

## **ELEVENTH DISTRICT**

### **FEDERAL RESERVE BANK OF DALLAS – JULY 13, 2022**

#### **Summary**

*Growth in the Eleventh District economy slowed to a modest pace, with part of the deceleration in demand attributed to surging prices, rising interest rates, and higher uncertainty. Manufacturing and service sector activity slowed, and retail spending and homes sales weakened further. Solid apartment and industrial leasing continued, but loan growth eased. The energy sector saw further expansion, while drought dampened agricultural conditions. Employment expanded broadly, and wage growth remained highly elevated due to a tight labor market. Supply-chain bottlenecks and higher energy prices continued to drive up costs, and prices rose at a rapid clip, though pass through was becoming more difficult for firms, eroding margins. Outlooks were mostly negative, and uncertainty surged, with contacts voicing concern about slowing future demand and increased risk of a recession stemming from high prices, supply-side constraints, weakening consumer sentiment, and rising interest rates.*

#### **Labor Markets**

*Employment continued to expand broadly, except in retail where it was little changed. Staffing challenges remained widespread, with many firms reporting that they were a drag on revenue growth. However, shortages appeared to be most acute for truck drivers, pilots, health care staff, and oil field workers. Staffing firms continued to report that filling lower-skilled positions was harder than higher-skilled jobs. A restaurateur noted operating at 85 percent capacity because of staffing issues, despite increasing pay and benefits. Some contacts said labor shortages had increased workload for existing staff, resulting in retention issues.*

*Wage growth remained robust amid a tight labor market. Multiple firms reported offering higher pay or bonuses to retain and/or hire employees. A contact in the oilfield services firms cited intense wage pressures, with wages up 10 percent in the industry so far in 2022, after double-digit increases last year, and added that rig workers with no experience and working half the year were being paid about \$85,000. A transportation equipment manufacturer cited continued difficulty hiring despite a 40 percent increase in starting pay. According to a June Dallas Fed survey of more than 300 Texas business executives, wages on average are expected to rise at an above-average pace both this year and in 2023.*

#### **Prices**

*Overall, input and selling price growth remained significantly elevated during the reporting period. In the energy sector, cost pressures accelerated to new heights. Construction contacts reported that the cost of materials remained steady but high, except for lumber prices which dipped slightly. Most manufacturers and service firms noted acute price pressures due to ongoing supply-chain issues, labor shortages, and high fuel prices. While price growth remained high, cost pass through was more difficult, particularly for small firms and companies in the service sector.*

*Exceptionally strong price growth was expected by Texas businesses in the near term. According to the earlier-mentioned survey, respondents anticipate input prices to climb 10 percent in 2022, on average, and selling prices*

to increase 7 percent. These figures are markedly higher than pre-pandemic rates, and businesses expect these elevated price pressures to persist next year as well.

### **Nonfinancial Services**

Activity in the service sector softened during the reporting period. Revenue growth was mixed, with continued solid increases seen in transportation and warehousing but flat to weaker activity in information and accommodation and food services. Staffing firms continued to report robust and broad-based activity, though a few contacts cited some slowing in demand, particularly for construction workers. Passenger air travel demand remained solid, with leisure travel continuing to dominate bookings. Airline contacts were optimistic that second-quarter revenues will surpass comparable 2019 levels. Air cargo volumes softened largely due to a dip in international shipments as domestic volumes remained strong. Small parcel shipments edged up, and container traffic at a large Texas seaport was up strongly year to date relative to 2021. Service-sector outlooks were negative due to higher uncertainty in the face of rising prices and interest rates, weakening consumer sentiment, and growing expectations of a recession in the near term.

### **Construction and Real Estate**

Conditions in the housing market eroded more quickly than anticipated during the reporting period. Sales were off notably from earlier in the year and both online and foot traffic slowed markedly. Cancellations rose in part due to loan qualification issues. Buyers were hesitant to move forward and were looking for better deals, and builders noted offering incentives again to drive sales. Home prices were largely flat. One contact said that lenders were raising capital requirements on new acquisition and development loans. Contacts said several new land deals were on pause due to rising uncertainty in the market. Outlooks were negative, and sales and starts expectations were being revised downward.

The multifamily market remained tight, with occupancy and rent growth staying elevated. Commercial real estate markets were mixed. Office leasing continued to improve, though net absorption was negative in some markets. Activity in the industrial sector remained robust. On the investment side, transaction volumes have softened given higher interest rates and increased uncertainty in the economic outlook.

### **Financial Services**

Loan volume growth moderated over the past six weeks amid broad increases in loan pricing. Growth was strongest in commercial real estate followed by commercial and industrial lending, though a deceleration occurred in both categories. Residential real estate loan volumes were flat for a second consecutive reporting period after two years of solid growth. Nonperforming loans continued to decrease overall, though an uptick was seen in consumer and auto loans. Credit standards and terms tightened notably. Looking six months ahead, contacts expect that general business activity and loan demand will decrease, and nonperforming loans will increase.

**Texas A&M University**  
Texas Real Estate Research Center  
**Outlook for the Texas Economy (Excerpts)**  
Joshua Roberson, Weiling Yan, and Kaixin Zheng  
(August 3, 2022)



### Summary

*As rising living expenses add pressure to the central bank, bond yields and mortgage rates are advancing at great speed to decelerate the market's money flows. For investors or borrowers, pressure from debt payments becomes acute, thus the loan count is drastically shrinking. However, the Fed's response led to mixed results in the Texas economy, as the declining capital investment had little effect on the state's strong but tight labor market. The work pool expanded half-a-percentage point month-over-month (MOM) to 13.4 million workers. Employers in all four major metros raised nominal wages to attract more skilled labor, especially in Fort Worth, where employers increased wages at a notable pace, beating the decade-high inflation and offering real increases.*

### Economic Activity

*Texas' economy continued to expand in May according to the Dallas Fed's Texas Business-Cycle Index, reporting positive growth at 10.2 percent on a seasonally adjusted annualized rate (SAAR). However, the percent growths had been diminishing...Dallas remained the only major metro hovering above the year-ago performance at 15.6 percent SAAR.*

*The Texas Leading Economic Index (a measure of future directional changes in the business cycle) ended the streak of post-pandemic expansion and edged down for the second month. The fall in the leading index was due to rising recession worries. The Texas Consumer Confidence Index retreated after April's rebound as consumers feared inflation eroding their purchasing power.*

*The U.S. Consumer Price Index (CPI) accelerated 8.6 percent annually with a 34.4 percent and 9.7 percent YOY increase in energy and food/beverage costs, respectively. Core inflation moderated at 6 percent YOY, reverting to the January level. Dallas residents faced a few categories where prices rose more rapidly than the national average: 11.1% annual increase in food/beverage, 8.3% in housing, and 21.6% in transportation.*

### Financial Activity

*Monetary policies affect bond yields and mortgage rates significantly. This year, to tighten the money flows in the economy, the Federal Reserve spiked the federal funds rate over nine-fold to 0.77 percent. Correspondingly during this tightening period, the ten-year U.S. Treasury bond yield rose 114 basis points to 2.9 percent, and the Federal Home Loan Mortgage Corporation's 30-year fixed-rate increased by half to 5.23 percent. The median mortgage rate within Texas increased in April to 4.4 and 4 percent for government-sponsored enterprise and non-GSE loans, respectively. The interest rate hikes turned away many borrowers.*

## **Housing**

*Record home prices and rapidly rising mortgage rates continued to push potential buyers, particularly first-time buyers, out of the market for homeownership. According to the Multiple Listing Service (MLS), total housing sales fell to a seasonally adjusted rate of 33,097 closed listings, losing 1,800 deals from April's housing transactions. Texas' manufactured-housing outlook weakened for the first time during the COVID-19 pandemic recovery. According to the Texas Manufactured Housing Survey (TMHS), industry activity slowed as sales slipped and trended downward. However, despite the lowered new-order volume, housing manufacturers still had a healthy backlog of orders to work through.*

## **Energy**

*The energy market had robust activities even though the energy payroll shrank. After seven months of steady growth, the energy sector dismissed 600 workers. The West Texas Intermediate (WTI) crude oil spot price climbed to its highest level to an average of \$118 per barrel, jumping 65.2 percent YTD. Texas' crude oil production elevated to five million barrels per day in April after active rigs shot up by 28 to a seasonally adjusted rate of 314. Natural gas prices disrupted the market even further with the Henry Hub spot price soaring to \$8.2 per million British thermal units (BTU), doubling the year-end price.*

## **Construction**

*Construction payrolls expanded by 10,600 jobs, the sharpest monthly increase this year. Amid the industry's overall expansion, Houston alone recruited 1,100 workers for building construction, suggesting a surging construction demand in the local economy. Average hourly construction earnings ticked down to \$29.2 per hour, declining 4.29 percent YOY after adjusting for inflation. Texas' real construction earnings shrank 6.3 percent compared with the pre-pandemic level, while the national real earnings increased incrementally. Total construction values surged in May, largely due to a significant amount of office/bank buildings, stores/restaurants, and hotels/motels construction projects breaking ground in Austin. Total values rose by 4.5 percent YTD with this elevation in nonresidential investment. On the other hand, single-family construction values continued this year's contraction, building \$7.2 billion less in net value than 2021's cumulative YTD value.*

## **Services**

*Texas' service-providing sector added 58,000 employees to bring the total level to 11.4 million workers. Accommodation/food services employment led the monthly gain, hiring 26,000 workers, followed by professional/scientific/technical services (7,600). Respondents to the Dallas Fed's Service Sector Outlook Survey communicated decelerated service activities amid the falling revenue index.*

*On the other hand, Texas retail was the only private sector other than health care/social assistance in which employment shrank amid the strong job market. The 6,000 gains in the motor vehicle/parts dealers and building materials/garden equipment/supply dealers were outweighed by the 12,000 layoffs from general merchandise. Corroborating the data, the Dallas Fed's Retail Outlook Survey deteriorated as retail labor market indicators plateaued and sales index slipped. In addition to the negative general business activity, the company outlook noted spiked uncertainty.*

**TEXAS HOUSING INSIGHT (EXCERPTS)**  
**Texas A&M University – Texas Real Estate Research Center**  
Joshua Roberson and Weiling Yan (July 25, 2022)



### SUMMARY

*Both U.S. and Texas' construction permits shrank, posting the third decline in the last four months, signaling a future slowdown in national and state homebuilding. Although the projection on Texas' year-end supplies decelerated, current supplies expanded as new listings and active listings grew. Record-high housing prices and robustly rising mortgage rates deterred many potential buyers. Housing sales lost nearly 5,600 transactions from January's record level, shrinking 14.5 percent. Price disparities were conspicuous between Austin's new-home and existing-home markets. Prices for the former were considerably less than the latter as pressure in the existing market intensified.*

### SUPPLY

*Texas had been the No. 1 state for issuing housing permits since May 2006. In 2022, for every six single-family homebuilding permits issued in the U.S., one permit originated in Texas. Despite the large market share, under the projection of cooling housing markets, both national and Texas permits had a mid-single-digit reduction in May. The Lone Star State retreated 1,000 permits to a seasonally adjusted (SA) monthly rate of 15,000 units. Dallas—the second largest metro on the national list—contracted by 700 permits for the month. Furthermore, multifamily construction permits for Texas' two-to-four units and five-plus units saw a double-digit reduction. This signals a forthcoming deceleration of housing supplies.*

*Lumber prices moderated at April's price level, falling 14.5 percent year-over-year (YOY). Texas' total housing starts hit a three-decade high last month with 26,915 SA units. The number returned to the year-ago average, hovering around 20,000 SA units this month. As starts for housing projects dipped, Texas' single-family private construction values fell 10.4 percent month-over-month (MOM) to \$3.7 billion, the largest monthly decline since last July. Private construction values shrunk in all metros except Austin as finished projects exited the local construction market faster than new projects entered. Although only falling marginally in May at an annualized rate, Dallas' single-family construction appears to have lost momentum compared with Houston.*

*While new listings for existing homes continue to climb, new listings for new construction through the Multiple Listing Services (MLS) grew aggressively at 17.5 percent MOM. Overall, new listings grew for all four major metros and across all price cohorts. Overall active listings reflected the same trend. The rising number of homes ready for sale pulled Texas' months of inventory (MOI) up to 1.5 months. A six-month MOI is considered a balanced housing market (Table 1). After hovering below the one-month benchmark for 19 consecutive months (since October 2020) and hitting a record low of 13 days in May 2021, Austin's MOI finally rebounded above 31 days. The rising MOI means the sales pace to the number of available properties is improving. As Texas' housing market frenzy started to ease, MOIs in the major metros all advanced four to ten days.*

## **DEMAND**

*Record home prices and rapidly rising mortgage rates discouraged buyers and cooled the market. According to the MLS, total Texas housing sales peaked in January with nearly 39,000 transactions. Sales have declined each month since then. Total housing sales fell to a seasonally adjusted rate of 33,097, down 1,080 deals from April's housing transactions. Sales in all major metros declined under the price pressures. Houston closed 9,100 sales, contributing one-third of the state's total lost transactions. Dallas followed with 5,700 closed deals. Austin, Fort Worth, and San Antonio hovered around 3,000 units, each losing around 100 home transactions. Home appreciation drastically changed the price structure of home purchases. Housing sales slipped by double-digit percent for homes priced below \$400,000, while transactions for more expensive homes (greater than \$750,000) accelerated for the sixth month.*

*Texas' average days on market (DOM) inched down to 28 days, the lowest on record. The historical low DOM indicated buyers' eagerness to own a house. Austin and North Texas' home purchases were the most frequent, closing in 20 days. Houston and San Antonio's DOM inched down to 29 and 30 days, respectively. When days on market were differentiated based on the home market, the new home's DOMs were notably higher than existing home's, especially in the Houston area where homes lasted 61 days on average in the former market and 23 days in the latter. The existing-home market is hot.*

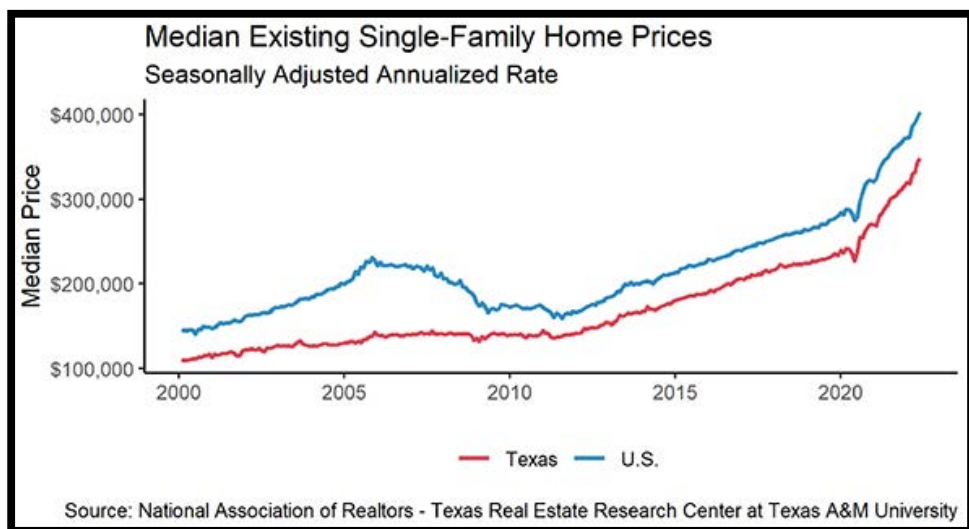
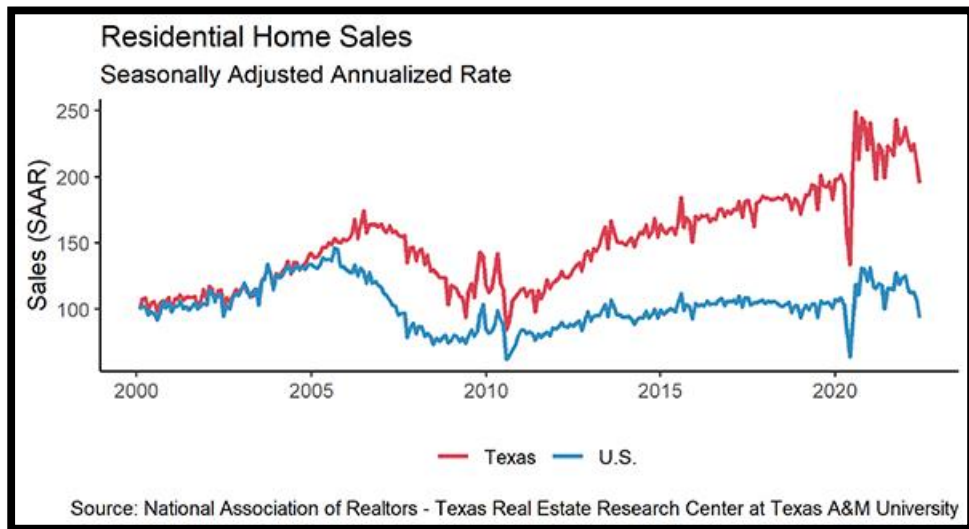
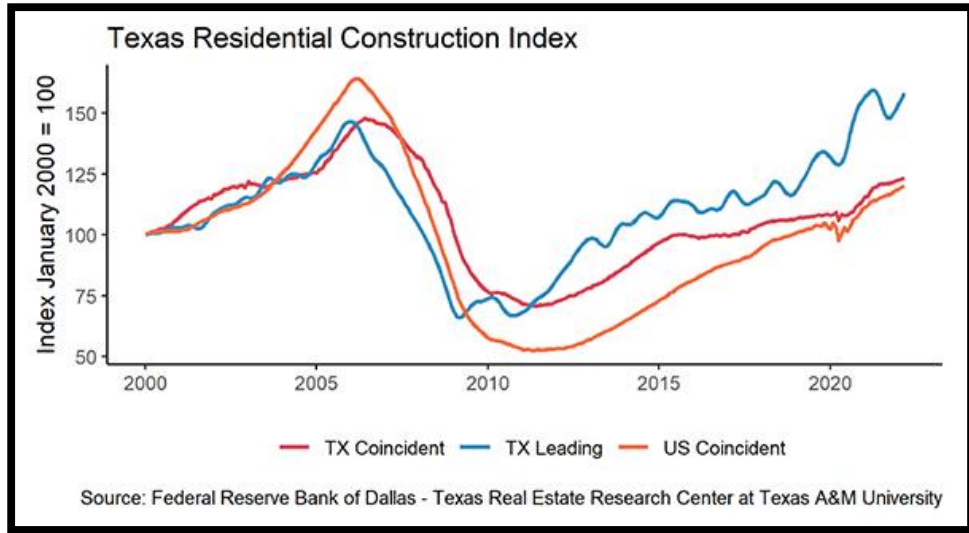
*Homes in the \$300K and \$400K price cohorts sold fastest, typically leaving the market in 27 days. Homes under \$300K had a longer market duration. Many of these homes may be older and not market-ready.*

## **PRICES**

*Although housing inventories slowly started to build up, housing prices did not immediately reflect the supply shift. The Texas median home price hit a record high every month starting in January 2021, and the median price rose to a record-breaking \$354,000 this month, climbing over 25 percent since the beginning of 2021 (Table 2). All metros hit new price levels. Austin (\$534,000) and Dallas (\$446,000) were the two most expensive metros in which to own a single-family home. Amid all expanding metros, the median price growth was most notable in Austin where it rose almost 40 percent since January 2021. Data suggest in Austin it may be more affordable to buy a new home than hunt for an existing one. The median price for new homes sold in Austin through the MLS was \$437,000, more than \$100,000 less than the price of existing homes. In either case, housing in Austin is still out of reach for many potential buyers. Median prices in San Antonio (\$337,000), Houston (\$341,000), and Fort Worth (\$373,000) advanced at a double-digit rate, albeit at a slower rate.*

*The Federal Reserve is expected to reduce its balance sheet assets and increase the Federal Funds rate several more times by the end of 2022. The ten-year U.S. Treasury bond yield shot up to 2.9 percent<sup>2</sup>, increasing 15 basis points in one month. The spread difference between the ten-year and the two-year bond yields rebounded 7 basis points to 0.3 percent, yet the spread between the two was still alarmingly low, signaling economic uncertainties and rising risks in the near future. The Federal Home Loan Mortgage Corporation's 30-year fixed-rate, which for years hovered around 3 percent, elevated to 5.23 percent. The last time the mortgage rate was this high was in 2008.*

*The Texas Repeat Sales Home Price Index accounts for compositional price effects and provides a better measure of changes in single-family home values. Texas' index corroborated substantial and unsustainable home-price appreciation, soaring 18.7 percent YOY. Dallas' and Fort Worth's index rose 26.4 and 24.6 percent, respectively, as home-price appreciation shot up in North Texas. Meanwhile, the metrics climbed around 19 percent in a year for the other three metros. Increasing home prices pressure housing affordability, particularly in an economic environment where mortgage rates are hiking, and real wage growths are slow.*

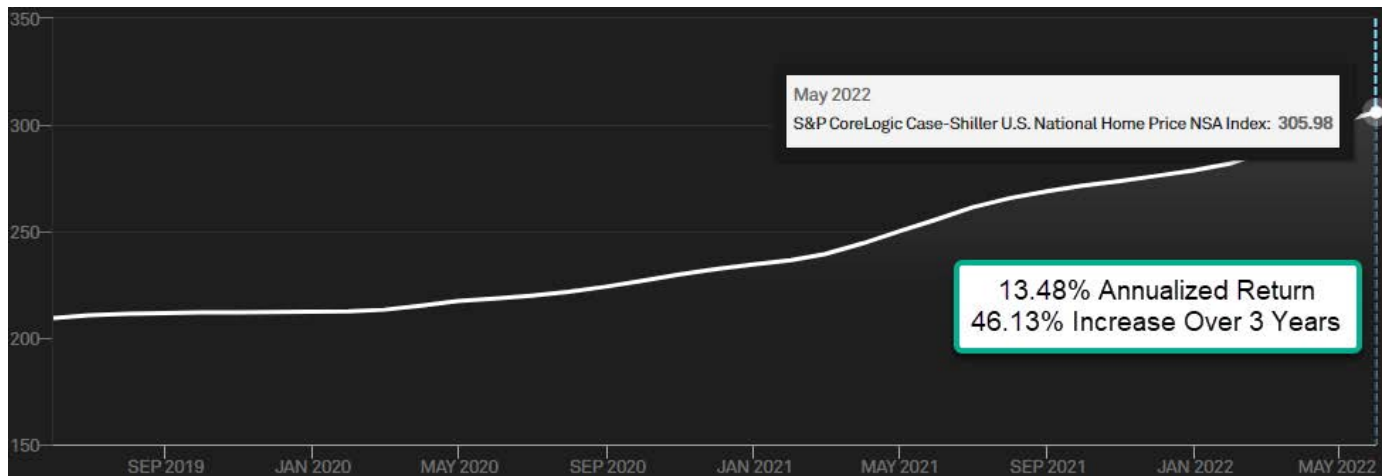
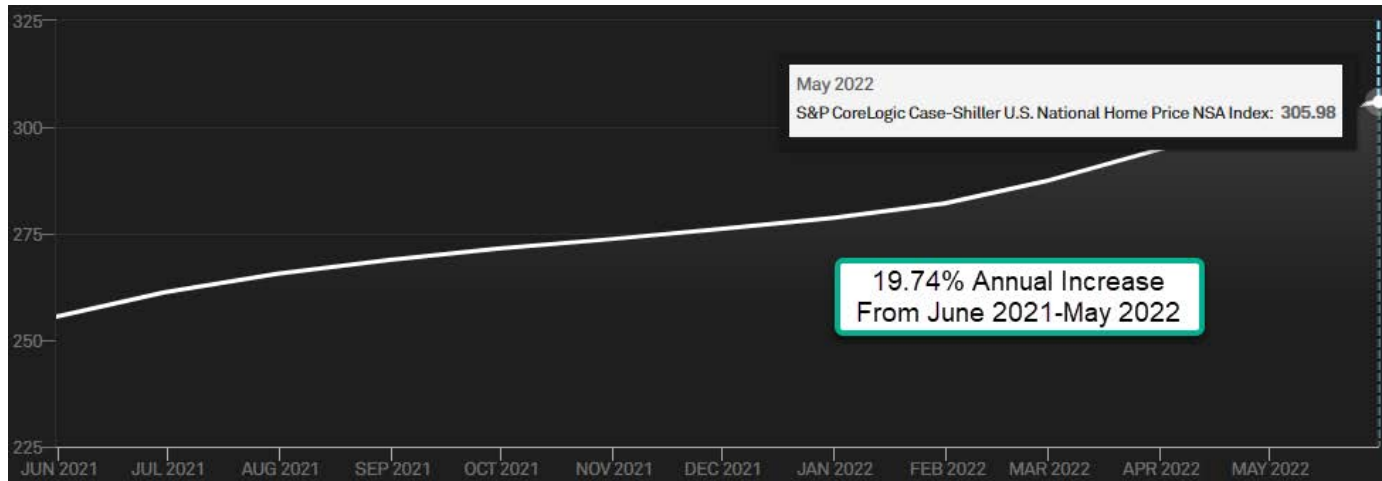




## S&P CORELOGIC CASE-SHILLER INDEX

August 10, 2022

Data reported for the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from late July 2022 showed that home prices nationally were up 19.74% YOY while the Dallas Metropolitan Area is up 31.0% YOY. The price increases are now decelerating but still rising higher. Prices were strongest in the South and Southeast but every region in the country reported double-digit YOY gains.

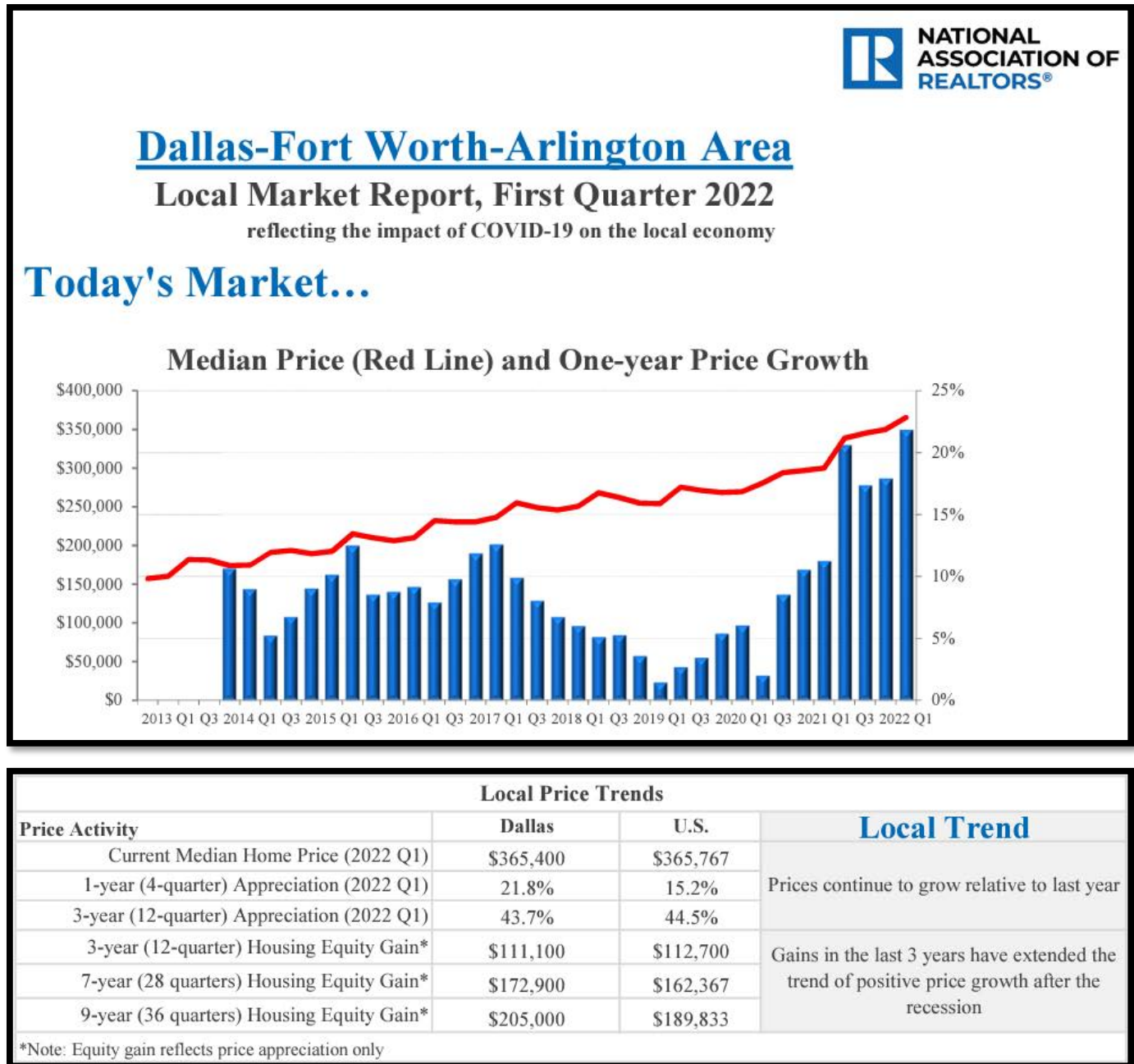


Metropolitan Area	May 2022 Level	May/April Change (%)	April/March Change (%)	1-Year Change (%)
Dallas	304.76	2.6%	3.2%	30.8%
Composite-10	328.92	1.4%	2.1%	19.0%
Composite-20	317.30	1.5%	2.2%	20.5%
U.S. National	305.98	1.5%	2.3%	19.7%



**NATIONAL ASSOCIATION OF REALTORS (NAR)**

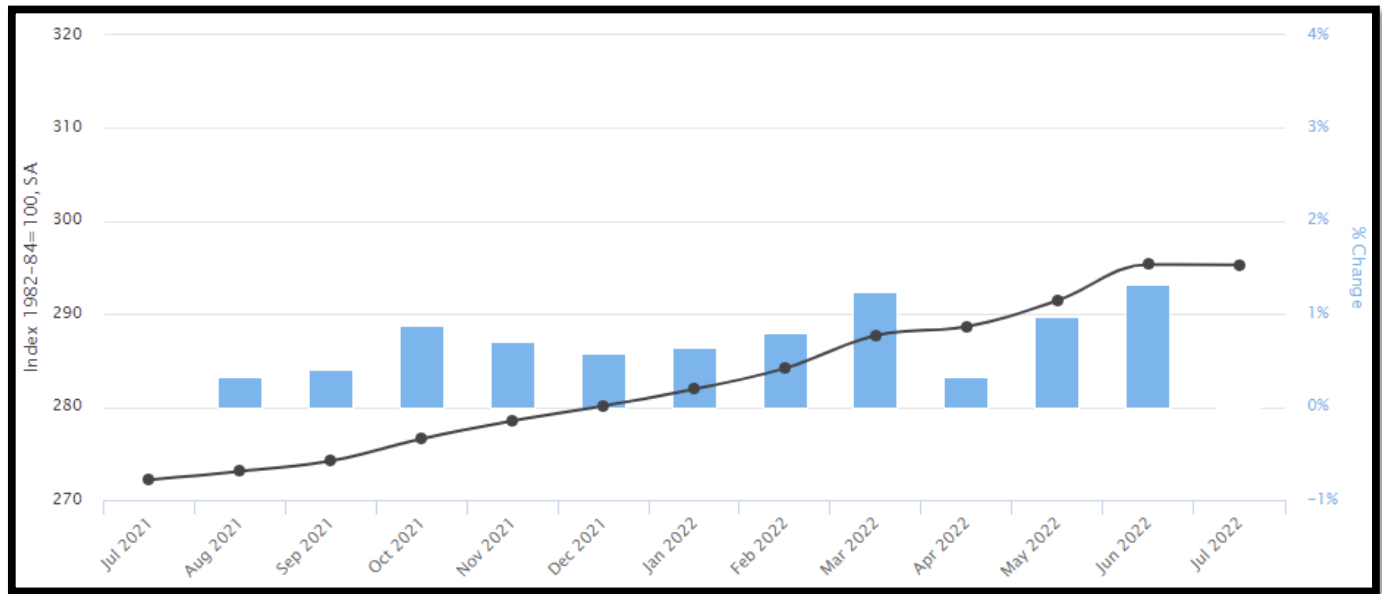
The most recent NAR local market report for DFW is shown below which reports local trends in the subject property's market.



The National Association of Realtors reports that as of 1Q2022 the current median home price in DFW is **\$365,400**. This reflects a 1-year price appreciation of 21.8% and a 3-year price appreciation of 43.7%.

## CONSUMER PRICE INDEX (CPI)

### MOODY'S ANALYTICS CONSUMER PRICE INDEX (CPI) CHART



The US Bureau of Labor Statistics tracks the Consumer Price Index (CPI) and a chart prepared by Moody's Analytics is shown above. The CPI measures the change in prices paid by consumers for goods and services which is an indicator of how costs for goods and services are trending throughout the country. The CPI is based on prices of food, clothing, shelter, fuels, transportation, healthcare services, drugs, and other goods and services that people buy for day-to-day living.

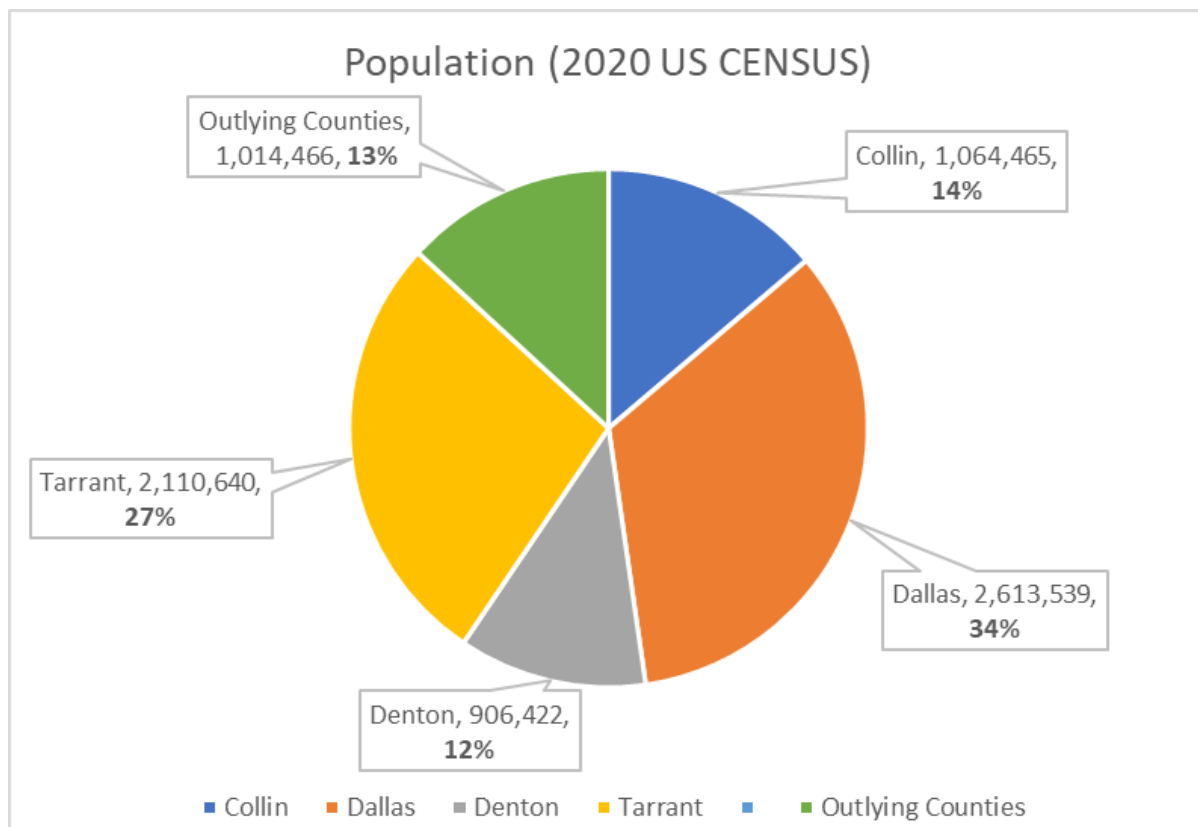
The BLS has reported significant increases in the CPI over the past year. Increases for energy, shelter, food, healthcare, household furnishings, and transportation are the most pronounced. There is little doubt that a period of inflation has arrived although the inflation rate acceleration seemed to have hit its zenith as YOY inflation in July was 8.5% compared to 9.1% in June. Whether this inflationary environment will last past the following few months and for several years is debatable; however, many indications point to higher periods of inflation even as supply chain issues caused by the COVID-19 Pandemic are easing.

### **REGIONAL ANALYSIS**

The subject is located in Denton County within the Dallas-Fort Worth-Arlington Consolidated Metropolitan Statistical Area (CMSA), more commonly referred to as the Metroplex, which encompasses parts of 13 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated population as of Jan. 1, 2020, was 7,709,532 which makes it the most populous region in Texas and the fourth largest in the United States. In the most recent count (2019), the population of the Metroplex grew by 159,480 led by Fort Worth which added more than 24,000 people. Since 2010, the region has added almost 1.2 million new residents – an almost 19% increase.

A chart of the four counties in the Metroplex with the highest populations, with Denton County as the fourth populous, is shown in the chart below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. The subject property is within Denton County and just north of the 380 Corridor which has had numerous residential developments in the past decade. US 380 is the major thoroughfare between the cities of Denton and McKinney. The subject property's location just north of US 380 is consistent with where developers must find vacant land to build their master-planned communities.

**PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX**

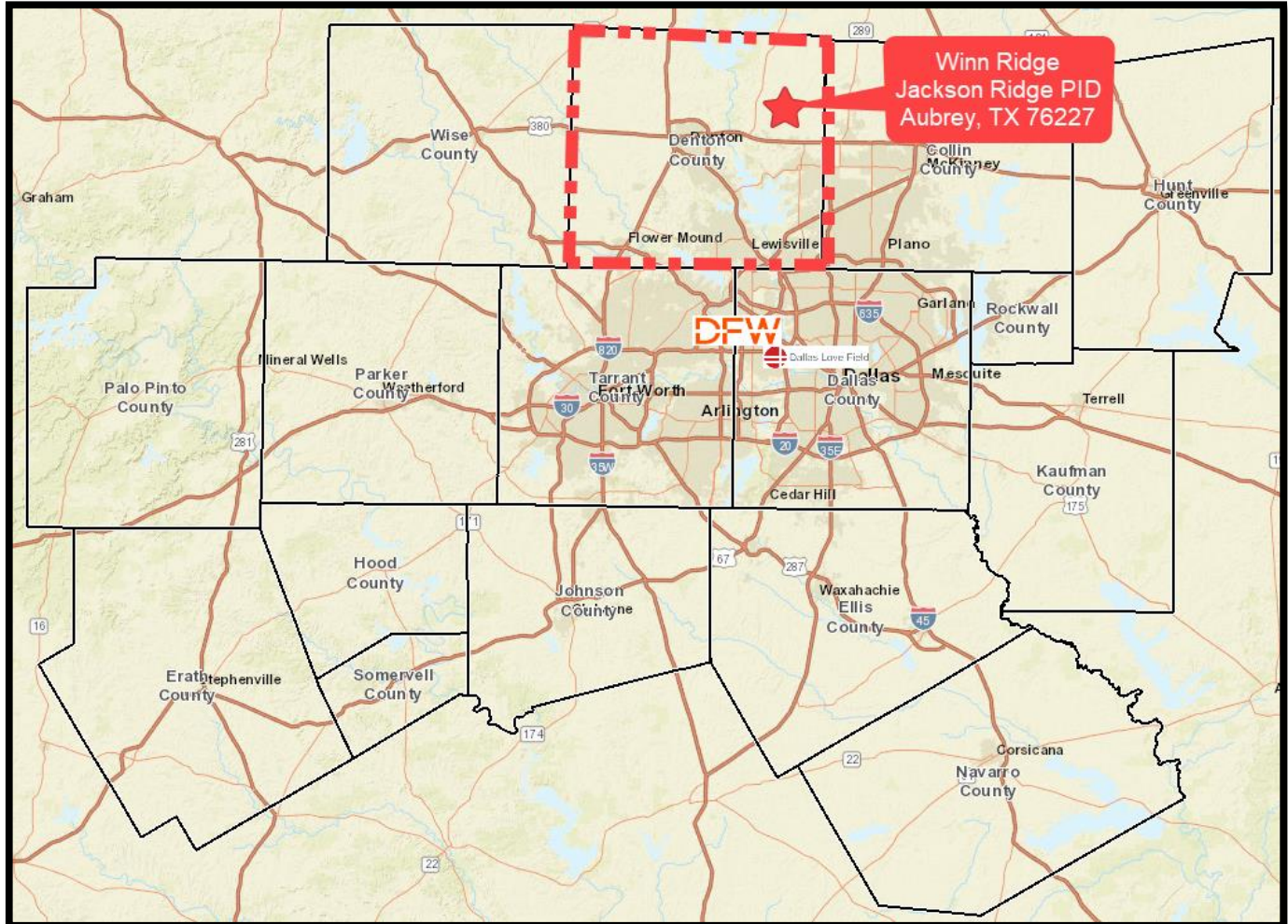


### Jackson Ridge PID Phase #3B

The region is serviced by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the third busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines and Dallas Love Field Airport (DAL), which is a city owned airport and the largest hub for Southwest Airlines – the largest carrier in the world in terms of passengers carried.

#### **MAP OF DALLAS-FORT WORTH METROPLEX**

*Red Lines Showing Denton County Boundary*



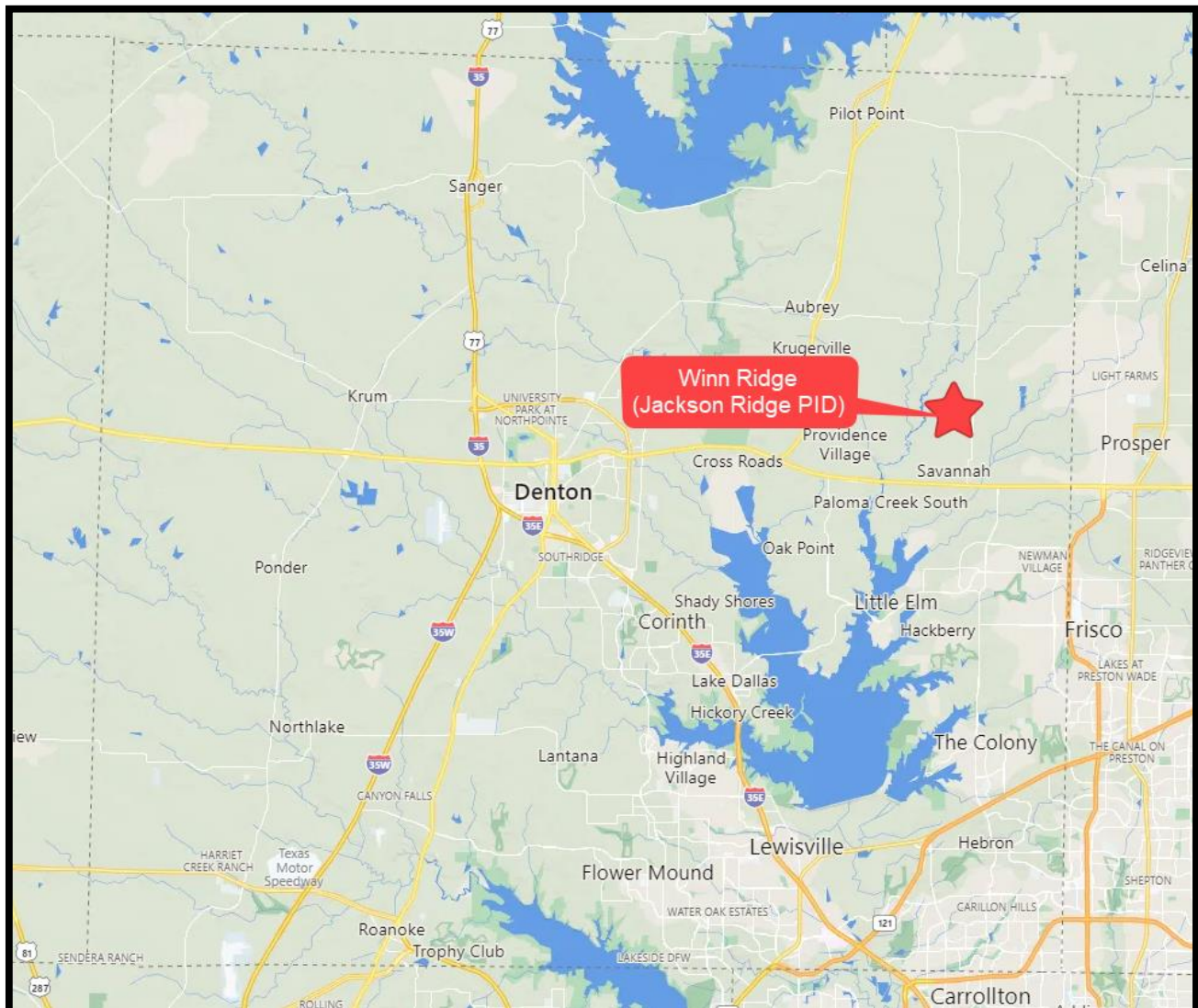


### **DENTON COUNTY OVERVIEW**

The subject site is located in northwest Denton County which is a rapidly growing county in the north-central portion of the Dallas-Fort Worth Metroplex. The county seat is Denton which is centrally located in the county and is home to the University of North Texas which is a public university boasting over 40,000 students. The county also contains three large lakes that provide recreation, water source, and flood control for the community: Ray Roberts Lake, Lewisville Lake, and Grapevine Lake. The county also includes parts of AllianceTexas which is a global logistics hub and home to over 500 companies and over 50 million square feet of industrial, commercial, retail, and residential space.

Initially serving as bedroom communities for Dallas and Fort Worth, as of 2020 Denton County had a population of 906,422 with population growth consistent for decades. Census data indicate Denton County population growth from 1970-1980 was 89.2%, 1980-1990 was 91.1%, 1990-2000 was 58.3%, 2000-2010 was 53.0%, and 2010-2020 was 36.8%.

### **MAP OF DENTON COUNTY** *Subject Located In Northeast Denton County*



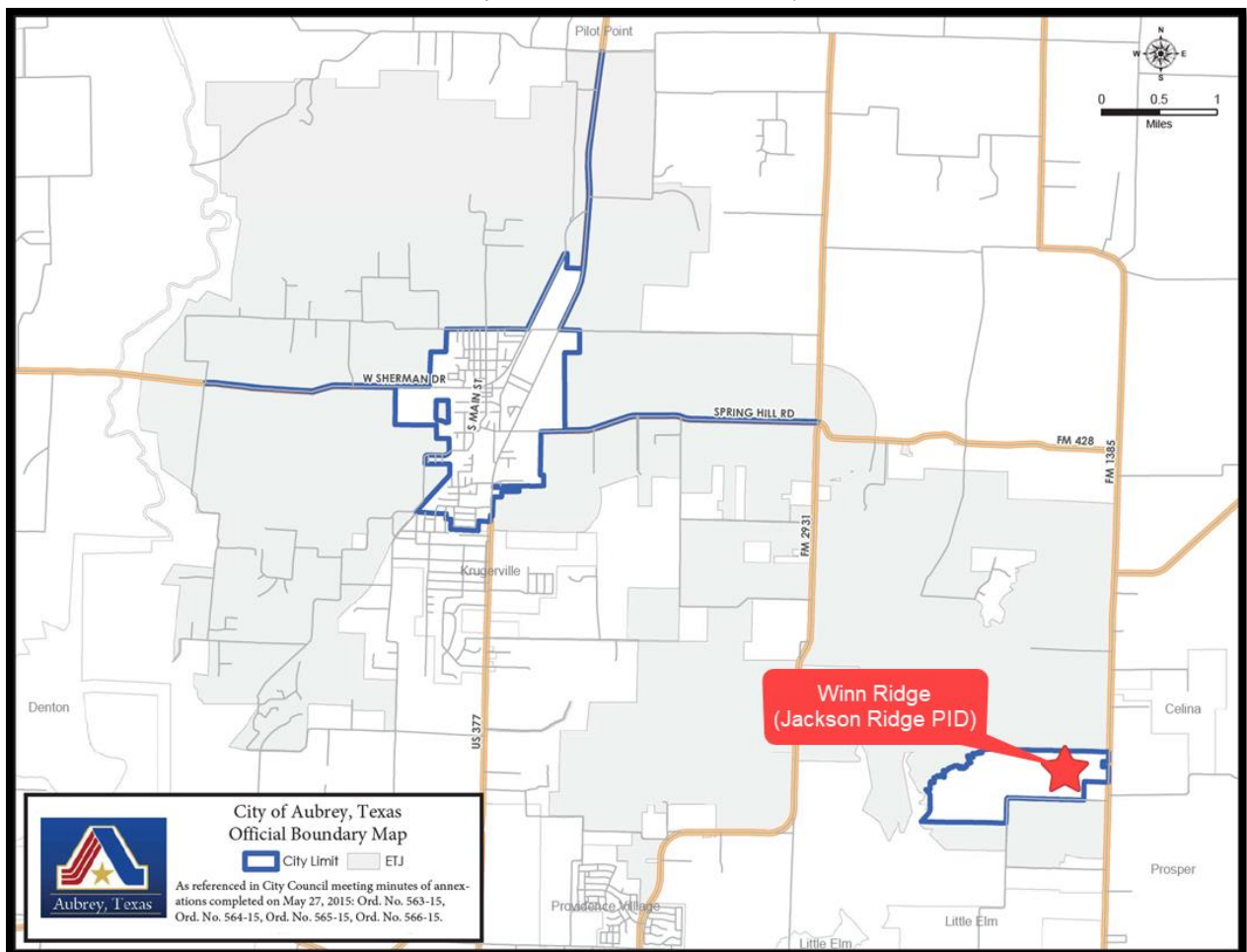
### CITY OF AUBREY OVERVIEW

The City of Aubrey, located in the northeastern quadrant of Denton County and approximately 12 miles northeast of Denton, has experienced significant growth over the past decade as developers have increasingly placed master-planned communities near US-380 and US-377. The city has grown to a population in excess of 5,000 today from 1,500 as recently as 2000. What was primarily pastoral horse country and peanut farms is now one of the fastest growing cities in Texas with projections showing over 50,000 residents may eventually reside in the city.

The city is seeing most of this growth in the southeastern portion of its relatively large extraterritorial jurisdiction (ETJ). The city's future land use plan aims to preserve Aubrey's small-town character while balancing the development of new residential neighborhoods with parks and trail amenities surrounding a vibrant downtown. The city has focused much of its attention on the Downtown Master Plan which intends to preserve historic elements of many structures, improve streets, expand parks, and attract events to the city center. The subject property is within the city limits of the City of Aubrey but is some distance away from the downtown. A map of the official boundary map for the City of Aubrey is shown below:

### MAP OF THE CITY OF AUBREY

*Subject Located in East Aubrey*



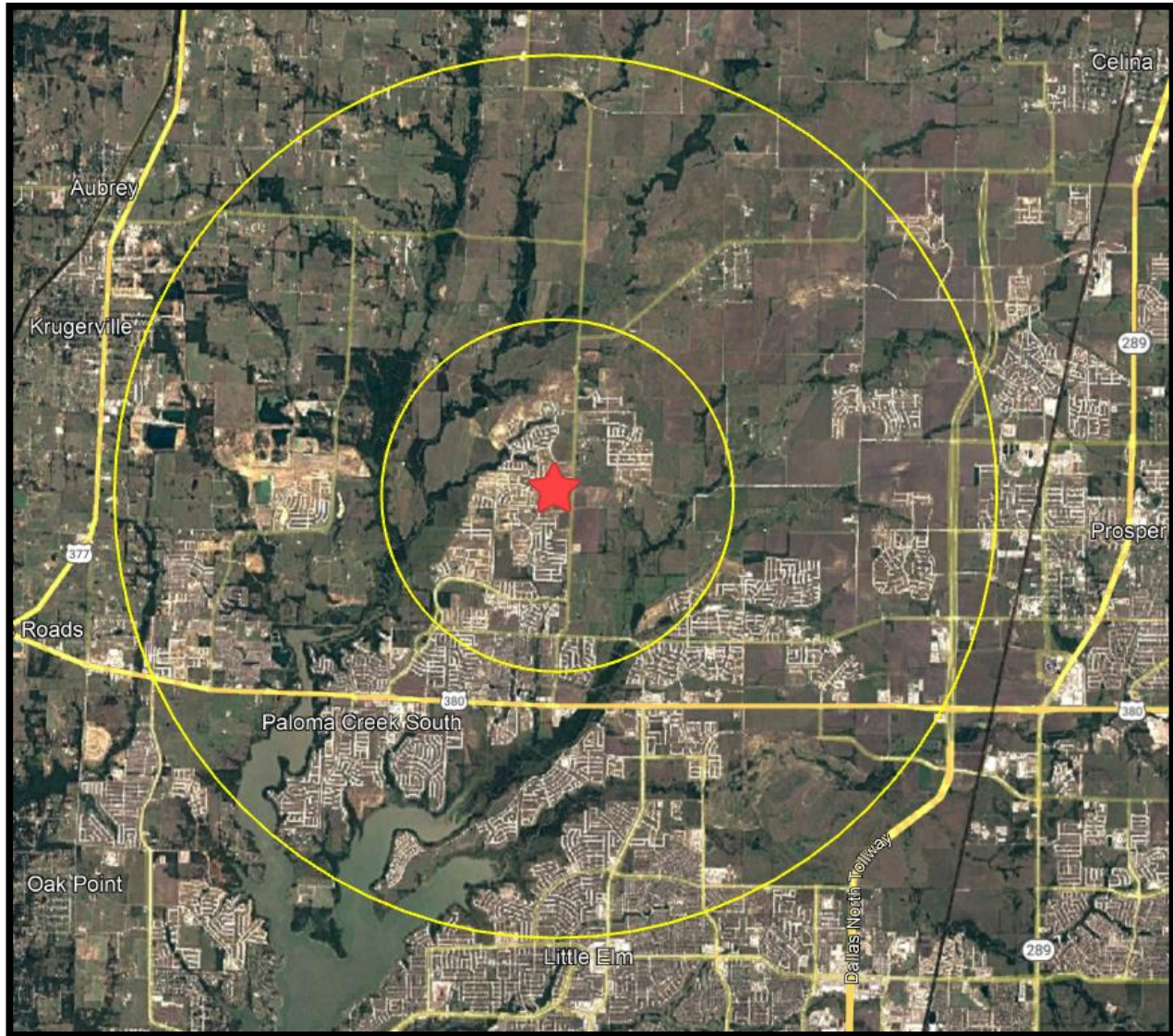


### **NEIGHBORHOOD ANALYSIS**

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified area with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. The Jackson Ridge PID is located within the City of Aubrey, Denton County, Texas and is within the Denton ISD.

### **NEIGHBORHOOD MAP**

*Geographic radii of 1 and 3 miles indicating the approximate neighborhood boundaries around the Subject*

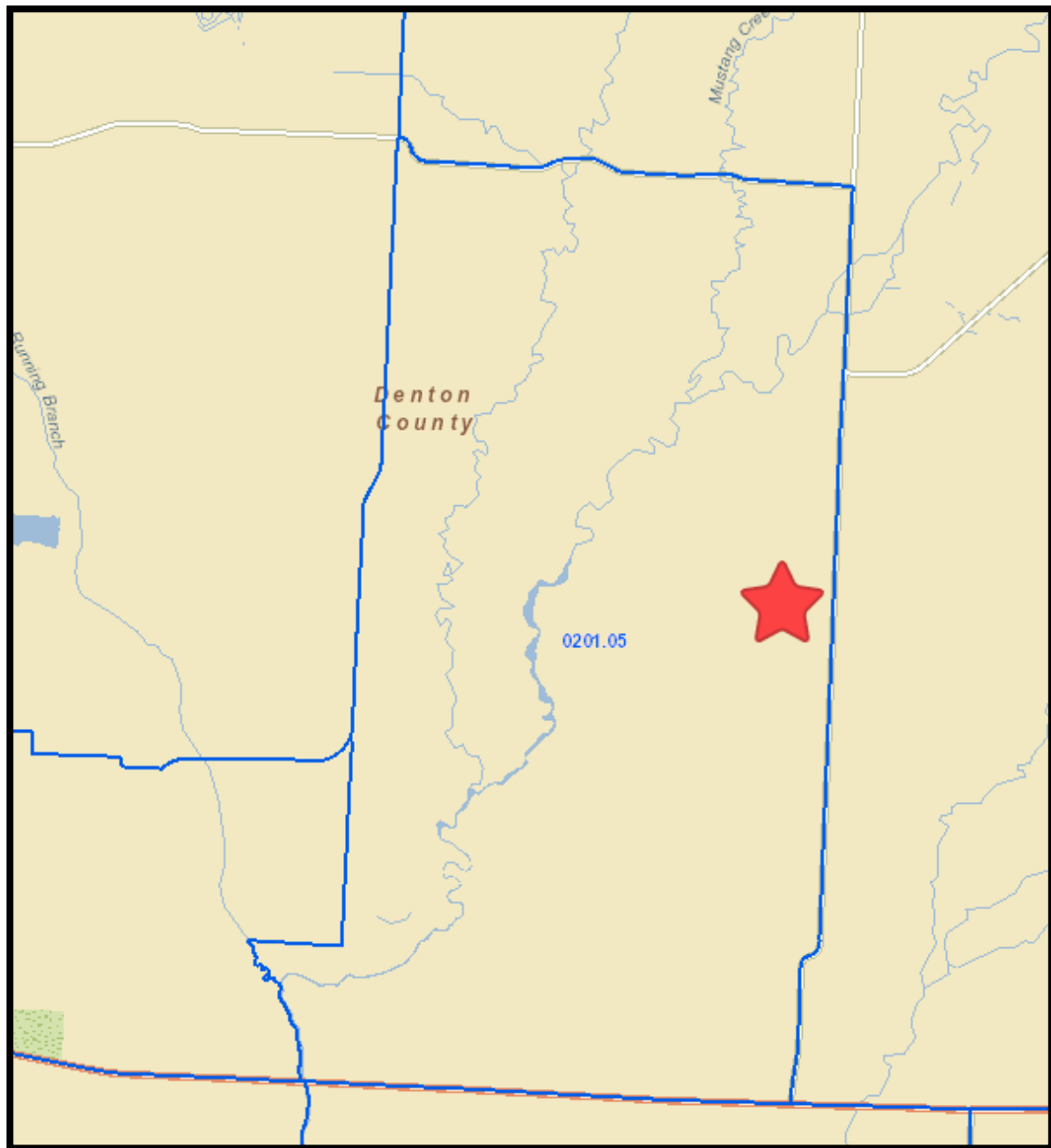


	<b>2 Miles</b>	<b>5 Miles</b>
<b>North</b>	FM 428 (Future Denton Co. Loop)	Mobberly Rd.
<b>East</b>	Smiley Rd./Teel Pkwy.	Dallas Pkwy./Dallas North Tollway
<b>South</b>	US 380	Eldorado Pkwy.
<b>West</b>	FM 2931	US 377

### NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0201.05 with the census report shown on the following page. The census tract report for 0201.05 indicates 8,396 people reside in the tract and income levels are in the middle tier with estimated median family incomes of \$105,260 compared to a Dallas-Plano-Irving MSA estimated median family income of \$89,000. Within census tract 0201.05, approximately 69% of housing units are owner-occupied with 26% being renter-occupied and 5% being vacant. These housing and demographic statistics indicate upper-middle class residents who tend to live in single-family homes.

**Census Tract 0201.05 Map**





## Tract 0201.05 Census Report



### 2021 FFIEC Geocode Census Report

Address: Selected Tract  
MSA: 19124 - DALLAS-PLANO-IRVING, TX  
State: 48 -  
County: 121 - DENTON COUNTY  
Tract Code: 0201.05

#### Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2021 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$89,000
2021 Estimated Tract Median Family Income	\$105,260
2010 Tract Median Family Income	\$84,150
Tract Median Family Income %	118.27
Tract Population	8396
Tract Minority %	33.80
Tract Minority Population	2838
Owner-Occupied Units	1768
1- to 4- Family Units	2504

#### Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$71,149
2021 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$89,000
% below Poverty Line	5.74
Tract Median Family Income %	118.27
2010 Tract Median Family Income	\$84,150
2021 Estimated Tract Median Family Income	\$105,260
2010 Tract Median Household Income	\$84,685

#### Census Population Information

Tract Population	8396
Tract Minority %	33.80
Number of Families	2181
Number of Households	2421
Non-Hispanic White Population	5558
Tract Minority Population	2838
American Indian Population	0
Asian/Hawaiian/Pacific Islander Population	97
Black Population	1113
Hispanic Population	1205
Other/Two or More Races Population	423

#### Census Housing Information

Total Housing Units	2557
1- to 4- Family Units	2504
Median House Age (Years)	0
Owner-Occupied Units	1768
Renter Occupied Units	653
Owner Occupied 1- to 4- Family Units	1768
Inside Principal City?	NO
Vacant Units	136

### DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are almost 350,000 people which represents a 103.8% increase (8.65% annual increase) in population since 2010 and highlights the explosive growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to continue its strong pace in coming years and grow another 23.9% in the next five years. The median age of the same area is 36.2, compared to the median age nationally of 38.2 which indicates a relatively young labor supply pool. Median household incomes in the 10-mile radius are well-over \$100,000.

Population			
	2 mile	5 mile	10 mile
2010 Population	4,256	29,860	169,563
2022 Population	6,134	58,829	345,525
2027 Population Projection	7,440	72,668	427,942
Annual Growth 2010-2022	3.7%	8.1%	8.6%
Annual Growth 2022-2027	4.3%	4.7%	4.8%
Median Age	35.5	35.2	36.2
Bachelor's Degree or Higher	38%	50%	51%
U.S. Armed Forces	2	9	272

Income			
	2 mile	5 mile	10 mile
Avg Household Income	\$122,348	\$146,846	\$147,127
Median Household Income	\$110,120	\$125,122	\$123,447
< \$25,000	64	677	5,982
\$25,000 - 50,000	182	1,164	10,878
\$50,000 - 75,000	305	2,189	13,515
\$75,000 - 100,000	285	2,528	13,539
\$100,000 - 125,000	415	3,212	15,085
\$125,000 - 150,000	262	2,570	13,599
\$150,000 - 200,000	311	3,657	18,587
\$200,000+	184	3,568	24,940

### EMPLOYMENT DATA

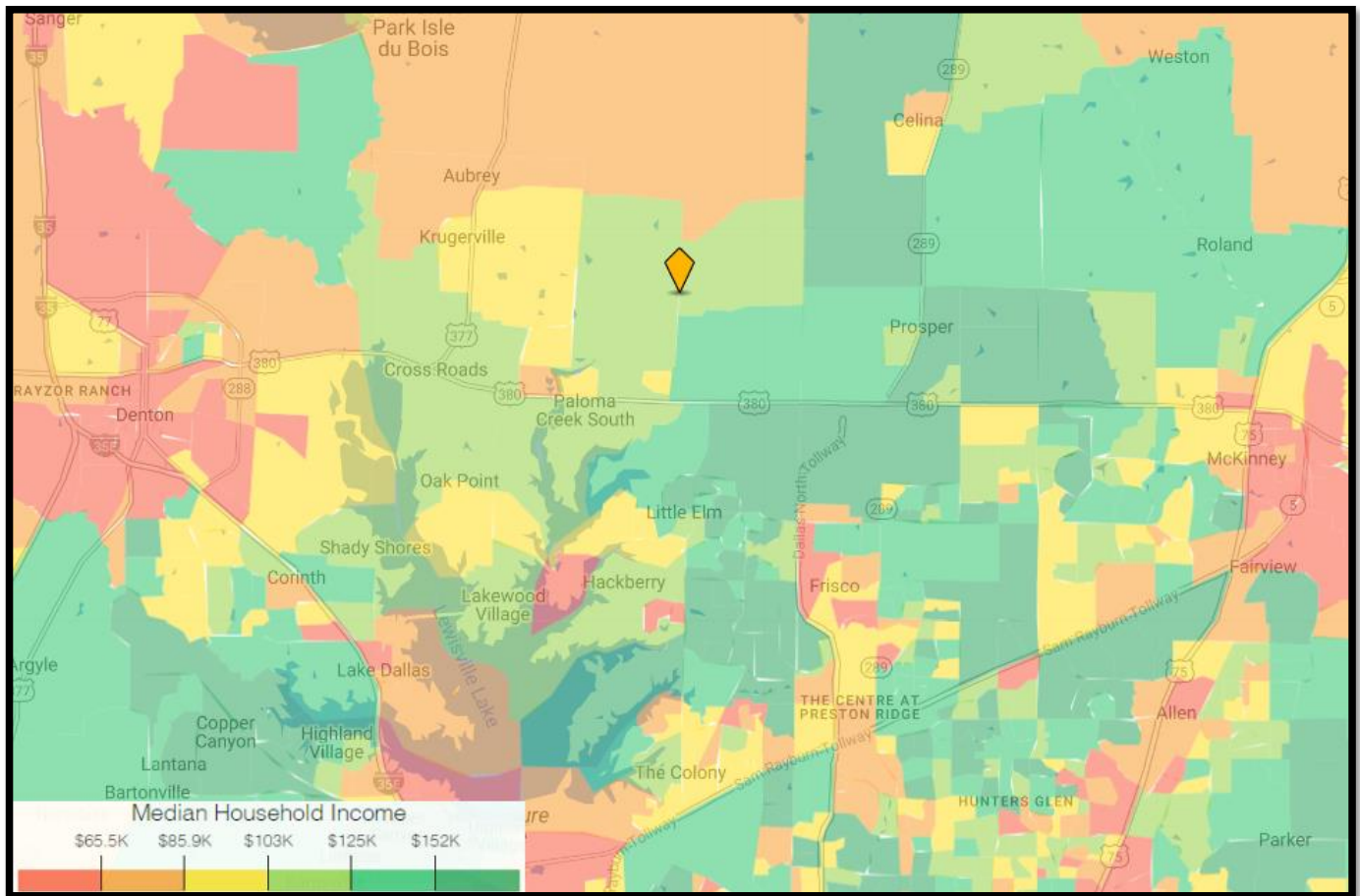
A table of the 5- and 10-mile radius employment figures are shown below. The numbers highlight the area's diverse economy with thousands of employees taking part in the diverse economy of the DFW area.

Daytime Employment						
Radius	5 mile			10 mile		
	Employees	Businesses	Employees Per Business	Employees	Businesses	Employees Per Business
<b>Service-Producing Industries</b>	<b>5,073</b>	<b>675</b>	<b>8</b>	<b>51,967</b>	<b>7,553</b>	<b>7</b>
Trade Transportation & Utilit...	810	105	8	8,805	1,137	8
Information	71	7	10	1,253	137	9
Financial Activities	335	97	3	4,822	1,055	5
Professional & Business Se...	510	103	5	5,178	1,181	4
Education & Health Services	1,919	190	10	14,672	2,193	7
Leisure & Hospitality	970	83	12	10,189	825	12
Other Services	435	87	5	4,455	941	5
Public Administration	23	3	8	2,593	84	31
<b>Goods-Producing Industries</b>	<b>407</b>	<b>135</b>	<b>3</b>	<b>6,019</b>	<b>1,035</b>	<b>6</b>
Natural Resources & Mining	12	5	2	184	61	3
Construction	317	115	3	4,019	785	5
Manufacturing	78	15	5	1,816	189	10
<b>Total</b>	<b>5,480</b>	<b>810</b>	<b>7</b>	<b>57,986</b>	<b>8,588</b>	<b>7</b>

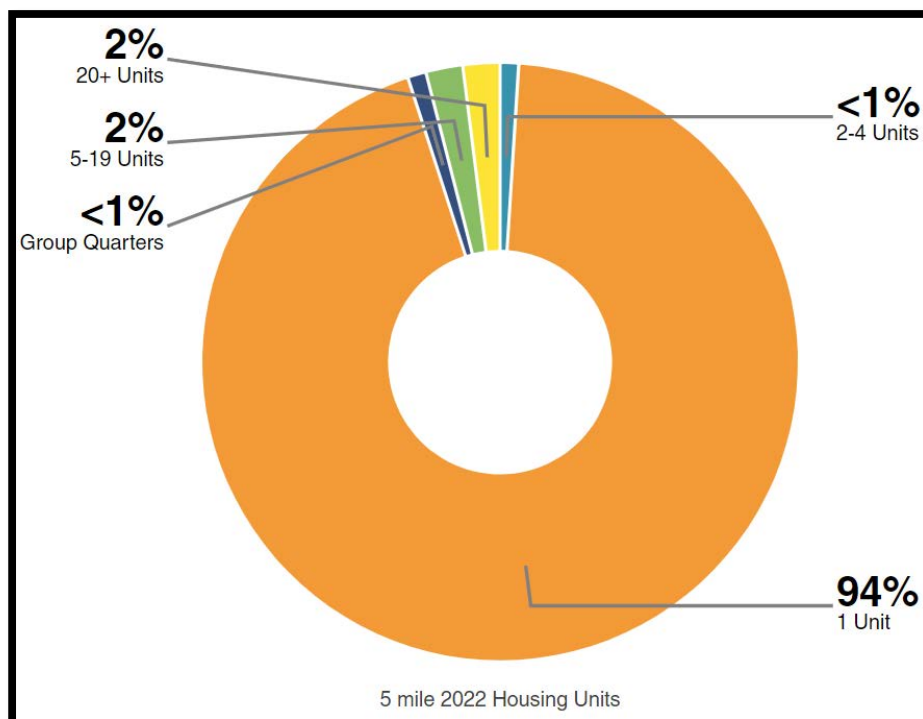
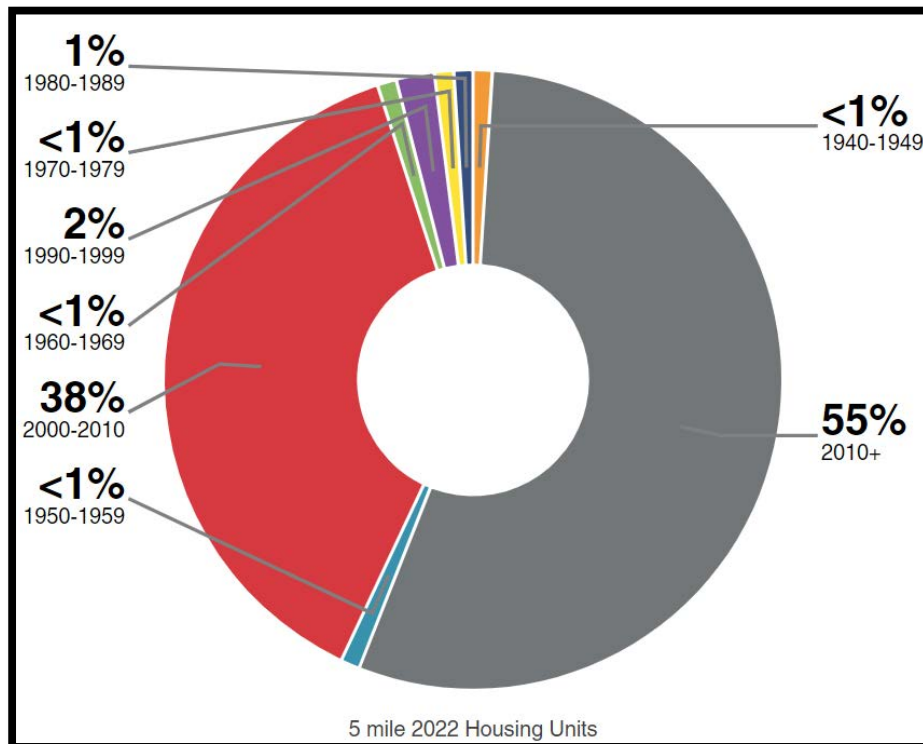
Jackson Ridge PID Phase #3B

**CoStar Analytics – Map of Median Household Income**

As indicated by the map below, median incomes in DFW tend to be higher in suburban areas outside the population centers in Dallas, Fort Worth, and Denton. This is especially true in areas north of Dallas where affluent communities have concentrated for the past few decades.



**CoStar Analytics – Housing Statistics**

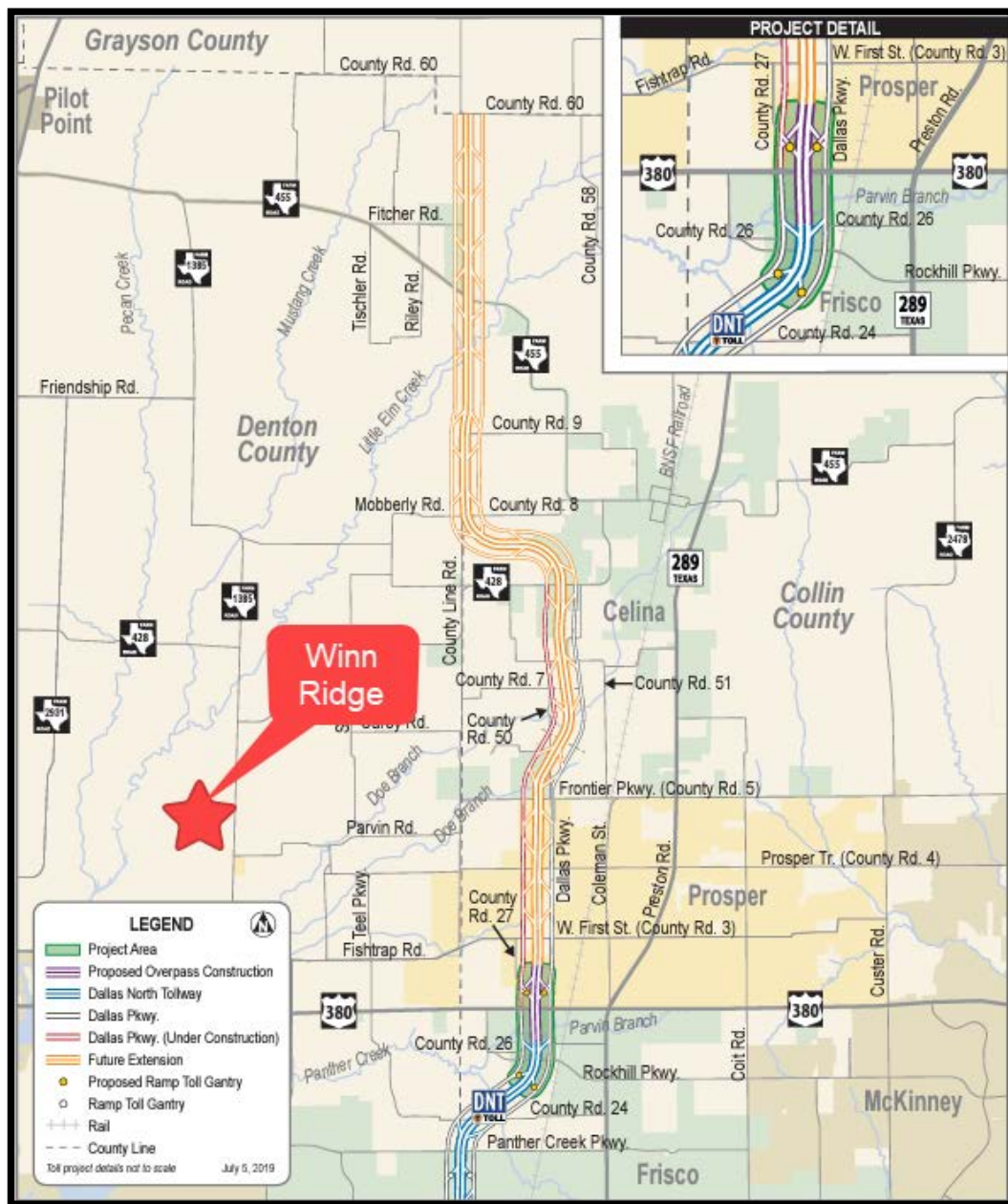


Most housing in the area (93%) are homes that were built after 2000. This is consistent with the growth stage of the surrounding area which has experienced numerous residential subdivision development in recent years. In addition, the vast majority (94%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is detached single-family housing that is consistent with the surrounding area.



### DALLAS NORTH TOLLWAY (DNT) EXTENSION

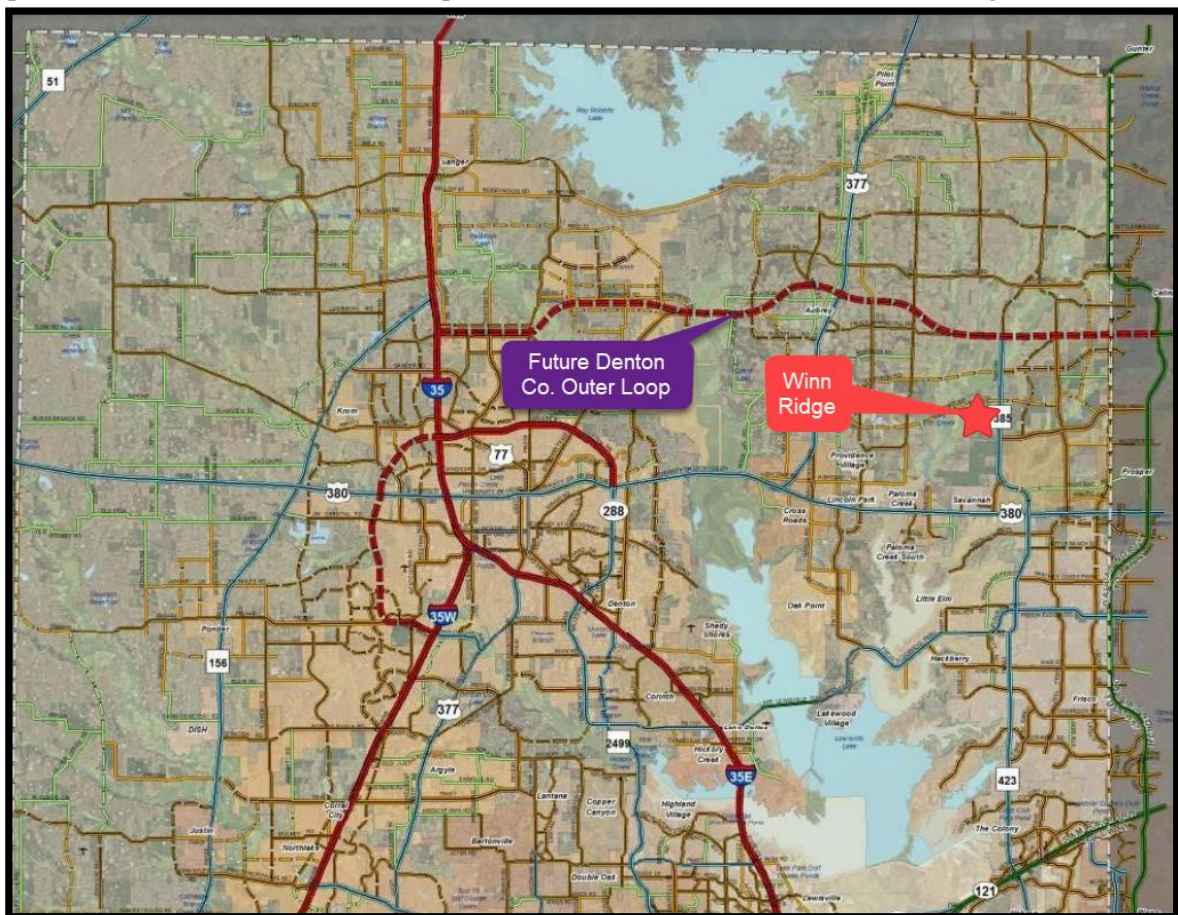
The DNT Phase 4 project will extend the tollway 13.7 miles north of US 380. When this extension is complete, there will be a direct link between Downtown Dallas and the growing communities in Collin, Denton, and Grayson Counties. The extension will be a limited access toll road with 6 main lanes and 4 frontage road lanes. Deck pours are complete for the main lane bridges for the extension over US 380 and retaining walls for the new northbound ramps are under construction. In December 2021, the NTTA approved design engineering services for the DNT Phase 4A main lane extension from US 380 to FM 428. A map of the current progress from Summer 2022 is shown below:



### DENTON COUNTY OUTER LOOP

The Denton County Outer Loop is in the development stages and was considered in the Denton County Thoroughfare Plan (DCTP) developed by Freese Nichols in 2017. The DCTP was developed to serve as a guide for the identification and implementation of long-range transportation investments in Denton County. The Thoroughfare Plan utilized data analytics to forecast the population growth for the county through 2035 and establish recommendations for how those areas should lay out transportation networks.

The DCTP identified that east-west mobility in Denton County is significantly interrupted by Lewisville, Lake Ray Roberts, and Lake Grapevine. The mobility constraint imposed by the three significant lakes constrain east-west connectivity between major north-south highways leading to few route alternatives and notable overloading of those major highways, particularly US 380. To that end, the concept for an outer loop north of US 380 has been considered regionally for many years. Collin County, to the east, has a Thoroughfare Plan that includes as Outer Loop (shown on the following page), as does Rockwall County which is further east. The DCTP has strongly recommended developing the Outer Loop as a 6-lane highway, similar to the Collin County plan, with interchanges at I-35, FM 2164, FM 428, US 377, FM 2951, FM 1385, and Teel Pkwy. While development of the Outer Loop is still many years away, the subject property stands to be ideally located to be served by the Outer Loop. The location of the subject property is almost equidistant to US 380 and the future Denton County Outer Loop. The location of the Outer Loop will greatly improve accessibility to I-35 and cities like Celina to the east. A map of the future Denton Co. Outer Loop is shown below from the Denton Co. Thoroughfare Plan:

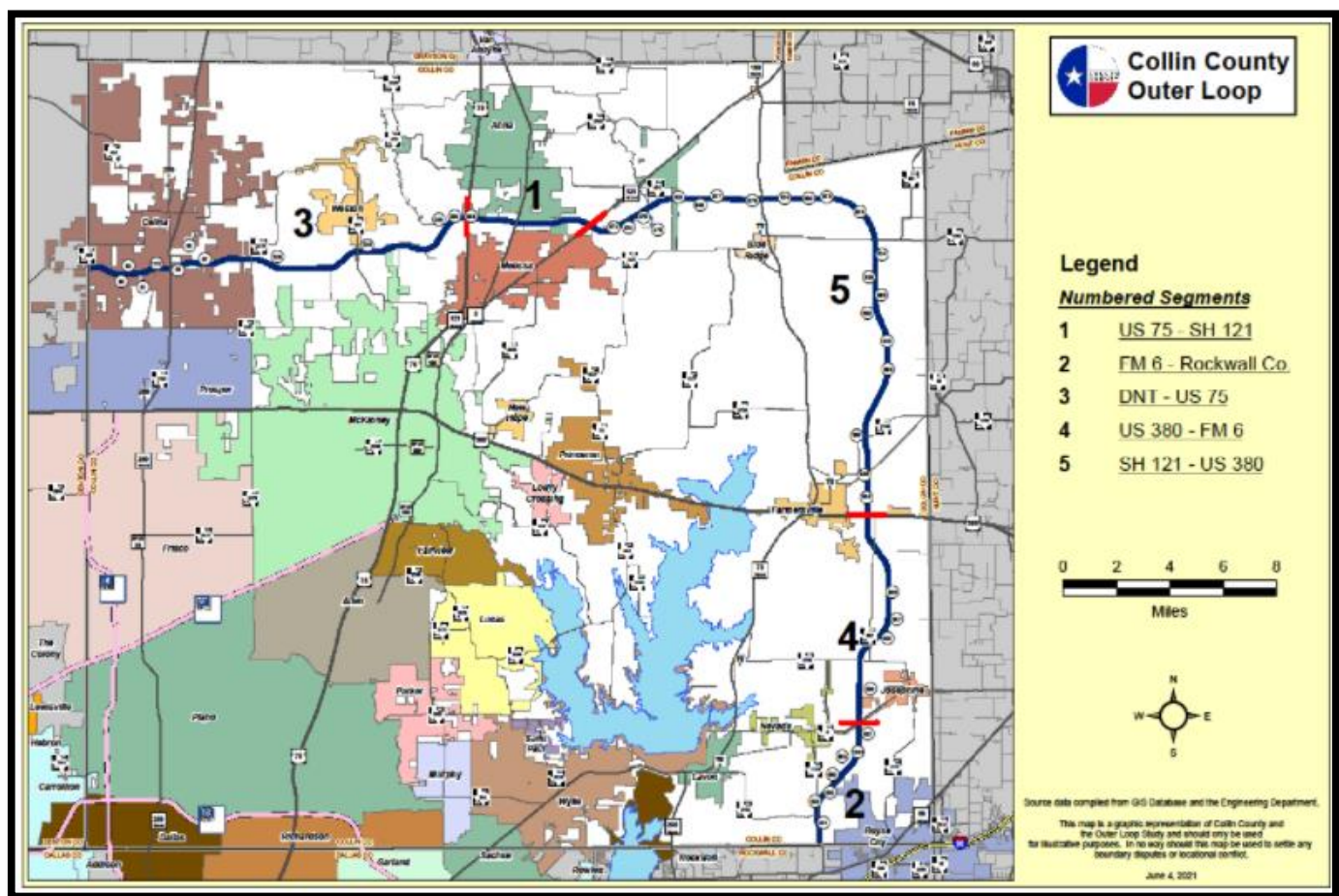




### **COLLIN COUNTY OUTER LOOP**

Although the subject property is within Denton County, the location is approximately 3 miles west of the Collin County boundary and 4 miles from the terminus of the planned Collin County Outer Loop which is expected to be connected to the Denton County Outer Loop.

Collin County to the east is rapidly with an emerging grid-type network throughout most of the county. The Collin County Outer Loop is a 55-mile planned multi-modal transportation thoroughfare that will ultimately go from the Denton/Collin County line and loop to the Rockwall/Collin County line. The project will run through cities including Celina, Weston, Anna, Melissa, Farmersville, Josephine, and Royse City. The project will include a freeway with a wide area in the center reserved as a future rail corridor.

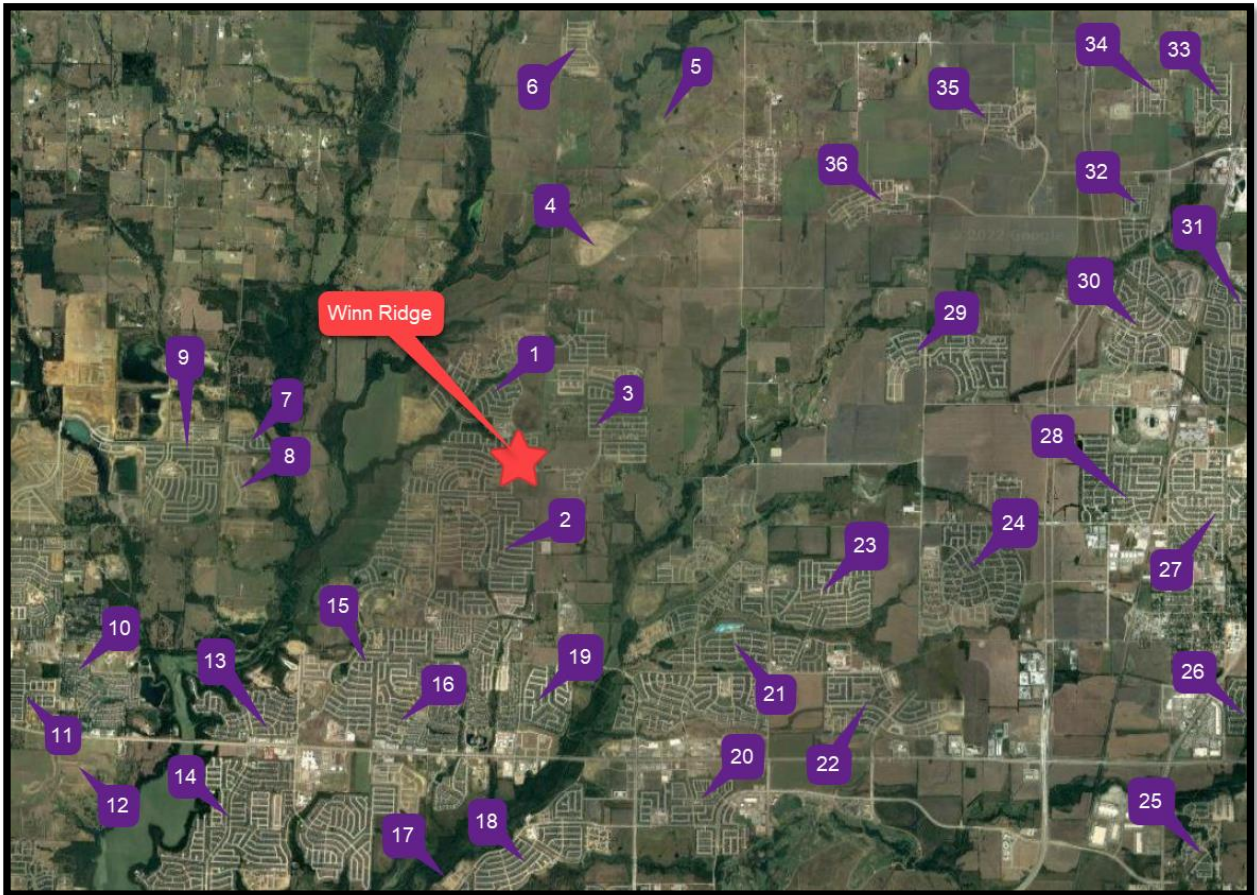


The planning evident in the construction of the Collin County Outer Loop reveals that this area is in the growth stage of development and is primed for booming expansion in coming decades. The subject property will no doubt benefit from the proximity to this major project in coming decades as it links areas of North DFW.



### Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivision is shown below which highlights the similar and conforming uses around the subject property.



MAP KEY					
1	Sandbrock Ranch	13	Paloma Creek	25	Bretton Woods
2	Arrowbrooke	14	Paloma Creek South	26	Willow Ridge
3	Sutton Fields	15	Union Park	27	Saddle Creek
4	Edgewood Creek	16	Savannah	28	Lakes at Prosper
5	Creekview Meadows	17	Valencia on the Lake	29	Creeks at Legacy
6	Mobberly Farms	18	Frisco Hills	30	Light Farms
7	Aspen Meadows	19	Glenbrooke Estates	31	Owensby Farms
8	The Enclave at Pecan Creek	20	Hollyhock	32	The Columns
9	Silverado	21	Windsong Ranch	33	Glen Crossing
10	Providence	22	Parks at Legacy	34	Greenway
11	Hillstone Pointe	23	Artesia	35	Cambridge Crossing
12	Spiritas Rancch	24	Star Trail	36	Green Meadows

## **ABSORPTION ANALYSIS**

### **RESIDENTIAL ANALYSIS**

The subject property is Jackson Ridge PID Phase #3B of a master-planned community – Winn Ridge – that has detached, single-family residences. The subject property is within the City of Aubrey and is being developed by Centurion American. Centurion American is one of the largest developers of residential lots in the Metroplex. Since 1990, Centurion has developed over 100,000 single-family lots in dozens of communities in North Texas. Centurion has developed or is developing numerous similar PIDs recently such as Sutton Fields, Edgewood Creek, Mobberly Farms, Creeks of Legacy, Northlake Estates, and Valencia on the Lake, to name a few nearby.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the surrounding area around the US 380 Corridor. The neighborhood is best described as the area north of US 380, east of US 377, west of Dallas Pkwy., and south of FM 428. The neighborhood is predominantly recently developed or developing single-family residential subdivisions in all directions around the subject property. Approximately two miles south of the subject property US 380 runs west/east and several community commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved. Uncertainty caused by the COVID-19 Pandemic in 2020 and 2021 has led to supply constraints in the single-family residential market which has been upward pressure on residential building costs. Low interest rates persisted nationally in 2020 and 2021 but are rising in 2022 with several interest rate increases already introduced. Still, with large numbers of in-migration from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate is expected to remain strong. The pool of homebuyers in communities like Winn Ridge has increased due to this in-migration from other states, a growing and resilient regional economy, and movement from urban areas to suburban areas. Additionally, with the decline in the availability of vacant developable land, population growth has quickly expanded into the outlying suburban and rural areas of DFW.

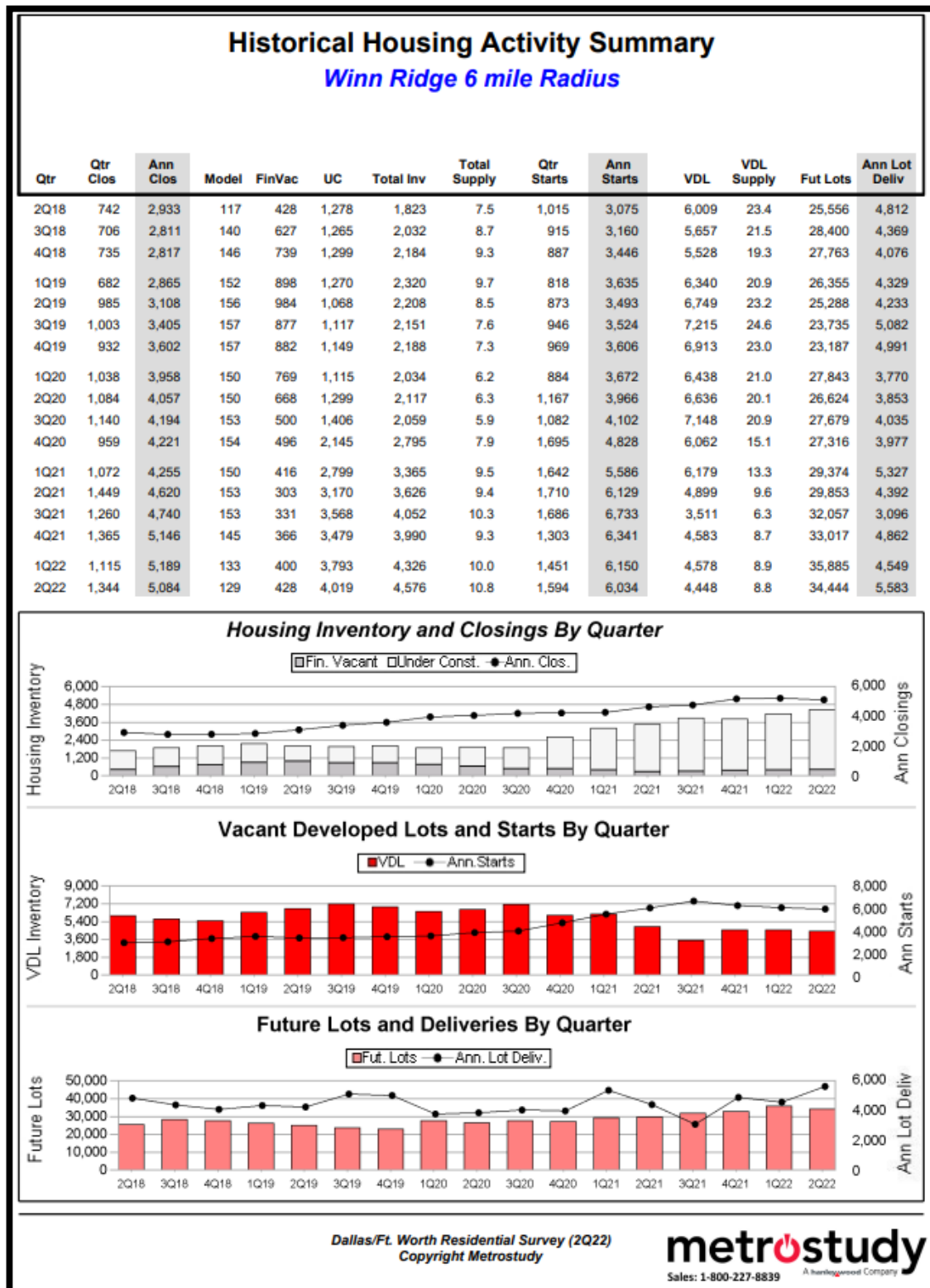
Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and are expected to continue with some easing in late-2022 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Dallas is in high demand with developments moving ever further away from the Dallas CBD and highly developed areas of North Dallas where vacant land is scarce after decades of growth. The subject property – Jackson Ridge PID Phase #3B – is removed from the large Central Business Districts in the Metroplex but relatively near areas of Denton and Collin Counties where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda (Metrostudy) 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 and current available data. Since the first residential lots are not scheduled to be complete until September 1, 2022, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 6-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots are within this area. A summary of historical housing activity is shown follows:

## Jackson Ridge PID Phase #3B

The following chart provided by Metrostudy summarizes historical lot absorption from the past several years for the defined market area around the subject property in Aubrey and northeast of Denton.

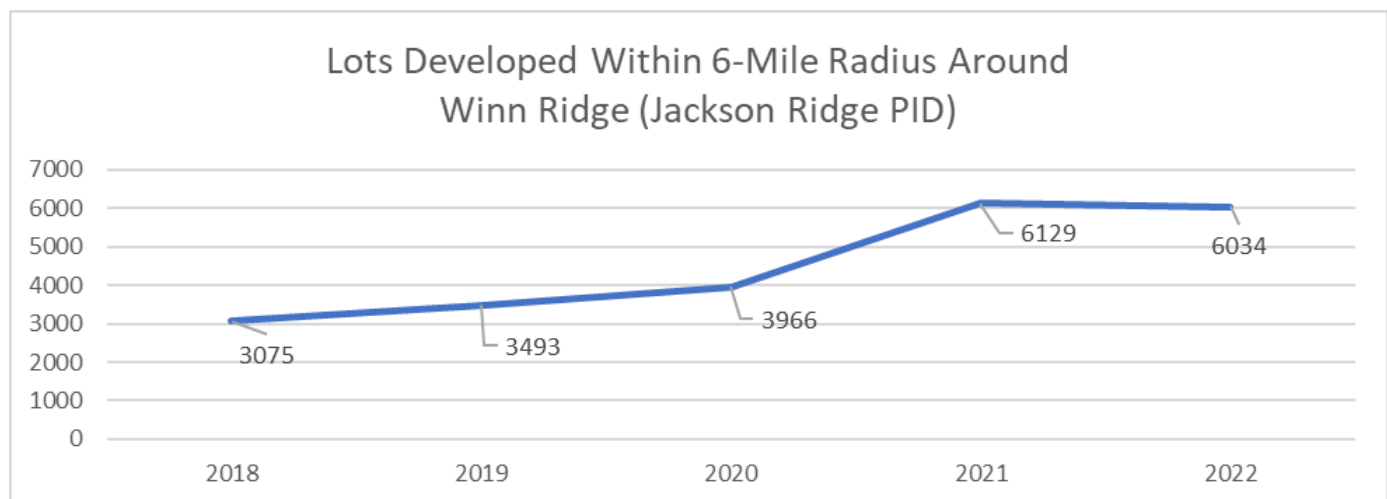


### DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area was stable yet consistently increasing from 2018 to 2020 before increasing substantially in 2021 and staying consistent in 2022. According to Zonda (Metrostudy), the selected area absorbed the following total homes/lots year-over-year from 2018 to 2022:

- 2Q2018 – 3,075 lots absorbed
- 2Q2019 – 3,493 lots absorbed
- 2Q2020 – 3,966 lots absorbed
- 2Q2021 – 6,129 lots absorbed
- 2Q2022 – 6,034 lots absorbed

From 2018-2022, the *annual average* of lots absorbed was 4,539. Utilizing the more recent 24-month absorption of lots (3Q2020 to 2Q2022), the annual average of lots absorbed almost increases to 6,082 lots absorbed in the area. We have compiled a graph of the lots absorbed over the past 5 years below:



### COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available housing is presently below ideal levels in the submarket as the number of vacant developed lots in the area has trended lower since 3Q2020 from a high of 7,148 to a present supply in 2Q2022 of 4,448. It should be noted this is a large radius – 6 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Aubrey, Prosper, Krugerville, Little Elm, North Frisco, and Celina with a preference to be near the 380 Corridor which serves as a major east/west thoroughfare and has numerous newer master-planned communities and desirable commercial options.

Based upon the Metrostudy absorption figures of the past 5 years, there is currently only an approximately 12-month ( $4,448 \text{ lots} / 4,539 \text{ annual starts} = 0.98\text{-years}$ ) total supply of existing lots available in the submarket. This total supply is considered to be well below the ideal lot supply levels of 2.0 to 2.5 years, per Zonda. Furthermore, when utilizing the more current 24-month absorption average of 6,082 annual starts, the total supply of existing lots available in the subject's defined area decreases further to only 8.7 months ( $4,448 \text{ lots} / 6,082 \text{ annual starts} = \sim 0.73\text{-years}$ ), which is well below optimum lot supply levels in the submarket.



### Jackson Ridge PID Phase #3B

Thus, the total lot supply within the subject's submarket is estimated to be between ~0.73- to ~0.98-years (~9 to ~12 months). Currently, this total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.

*Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.*

Having considered the supply of lots in the market, it is now prudent to examine 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 of the subject's proposed lots.

#### **ABSORPTION ANALYSIS – 50' AND 60' LOTS (PHASE #3B)**

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. All data is per Zonda as of 2Q2022.

##### **50' Lots (Phase #3B)**

We included data for lots that were each 50' lots within a 6-mile radius. Since data on 50' lots is relatively plentiful, we selected twelve comparable absorption schedules at nearby communities we concluded are similar to the subject and considered some of these communities are smaller and some larger than Winn Ridge.

<b>Subdivision</b>	<b>Size (Foot Front)</b>	<b>Available Lots</b>	<b>Starts</b>	<b>Months</b>	<b>Available Supply (Months)</b>	<b>Starts /Month</b>
ArrowBrooke	50'	45	167	12	3.2	<b>13.9</b>
Winn Ridge	50'	6	213	12	0.3	<b>17.8</b>
Sandbrock Ranch	50'	125	86	12	17.4	<b>7.2</b>
Silverado	50'	440	997	12	5.3	<b>83.1</b>
Sutton Fields	50'	149	130	12	13.8	<b>10.8</b>
Union Park	50'	155	110	12	16.9	<b>9.2</b>
Light Farms	50'	192	59	12	39.1	<b>4.9</b>
Green Meadows	50'	37	110	12	4.0	<b>9.2</b>
Aspen Meadows	50'	12	69	12	2.1	<b>5.8</b>
Enclave at Pecan Creek	50'	18	172	12	1.3	<b>14.3</b>
Aubrey Creek Estates	50'	20	38	12	6.3	<b>3.2</b>
Creeks of Legacy West	50'	27	139	12	2.3	<b>11.6</b>
<b>AVERAGE</b>		<b>102.2</b>	<b>190.8</b>	<b>12.0</b>	<b>9.3</b>	<b>15.9</b>

### Jackson Ridge PID Phase #3B

Our analysis indicates Starts/Month is between 3.2 and 83.1 with an average of 15.9 starts/month with a median of 10.0 starts/month. Silverado is an outlier at 83.1 starts per month while the next highest is 17.8 starts per month so we have removed that from our analysis. After removing Silverado, our analysis indicates an average of 9.8 starts/month with a median of 9.2 starts/month.

After removing Silverado, we similarly weighted and considered **the subject property's 50' lots would likely absorb 10 lots/month, or approximately 30 lots per quarter.**

### 60' Lots (Phase 3B)

Again, for the 60' lots we included data for lots within a 6-mile radius and only included 60' lots in our analysis. Data on 60' lots is still relatively plentiful, so we selected eight comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
ArrowBrooke	60'	2	41	12	0.6	3.4
Sandbrock Ranch	60'	73	76	12	11.5	6.3
Sutton Fields	60'	100	139	12	8.6	11.6
Cambridge Crossing	60'	9	51	12	2.1	4.3
Creeks of Legacy West	60'	2	71	12	0.3	5.9
Green Meadows	60'	22	41	12	6.4	3.4
Light Farms	60'	115	64	12	21.6	5.3
Silverado	60'	31	56	12	6.6	4.7
<b>AVERAGE</b>		<b>44.3</b>	<b>67.4</b>	<b>12.0</b>	<b>7.2</b>	<b>5.6</b>

Our analysis indicates Starts/Month is between 3.4 and 11.6 with an average of 5.6 starts/month with a median of 5.0 starts/month. We similarly weighted and considered **the subject property's 60' lots would likely absorb 5 lots/month, or approximately 15 lots per quarter.**

Jackson Ridge PID Phase #3B

**Absorption Summary Projection: 50' and 60' Lots**

Based on the preceding, we estimate that lots in Jackson Ridge PID Phase #3B will sell at 30 lots/quarter for 50' lots and 15 lots/quarter for 60' lots with absorption beginning September 1, 2022. An Absorption Summary Projection for both lots is shown in the table below for the 258 lots in Phase #3B.

Projected Quarterly Absorption Summary - Phase #3B ( Lots)						▶▶	
Lot Type	Sep-2022	Oct-2022	Jan-2023	Apr-2023	Jul-2023		
50' Lots	10	30	30	30	30		
60' Lots	5	15	15	15	15		
<b>Total</b>	<b>15</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>		

				▶▶	
	Oct-2023	Jan-2024	Apr-2024	TOTAL	
	30	30	1	191	
	2	-	-	67	
	<b>32</b>	<b>30</b>	<b>1</b>	<b>258</b>	

The total absorption period for 50' lots is expected to be 20 months (191 lots ÷ 10 lots/month), and lots are expected to sell out in April 2024. The total absorption period for 60' lots is expected to be 14 months (67 lots ÷ 5 lots/months), and lots are also expected to sell out in October 2023.

## **SUBJECT PROPERTY ANALYSIS**

The subject property (Phase #3B in Jackson Ridge PID/Winn Ridge) is located in Aubrey which is north of US 380 off FM 1385. This location is in northeastern Denton County and approximately 40 miles of Dallas in the DFW Metroplex. The area surrounding the subject property is primarily suburban and has been and is developing with large master-planned communities.

From the subject property, access is considered average as the property is approximately 2 miles from US Hwy. 380; however, the property is somewhat removed from major highways as the Dallas North Tollway is approximately 8 miles east and Interstate 35E is approximately 7 miles southwest. Generally, the main retail and commercial options near the subject site are found along US Hwy. 380 which has been rapidly developing with a number of master-planned communities in the past decade (See Page 39).

The subject property is Phase #3B in the Jackson Ridge PID (located in the Winn Ridge residential subdivision) which represents a total of approximately 34.726 acres which will be developed into 191 – 50' lots and 67 – 60' lots. Hundreds of other lots have been developed since the community began development in 2016. These lots are surrounding the proposed lots that are the subject on this report and share the same amenities for the Winn Ridge subdivision. The following amenities which are already developed in Winn Ridge include: a pool with splash pad, pool pavilion, sports fields, a playground, and walking trails in the floodplain along the west side of the development.

Phase #3B will contain the following direct phase improvements:

### **IMPROVEMENT PLAN**

The following general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.

### **PHASE #3B IMPROVEMENTS**

The actual costs for Phase #3B are to be funded from the proceeds of Jackson Ridge PID Phase #3B bonds and from funds contributed by the Developer as described in the Service and Assessment Plan produced by MuniCap, Inc. A description of the improvements to Phase #3B are as follows:

#### ***Road Improvements***

Residential Streets - The roadway improvements within Phase #3B include clearing, grubbing, excavation of streets and right of ways, right of way acquisition, construction of lime-treated subgrade and reinforced concrete street pavements, removal of existing curb or pavement asphalt street pavements, deceleration lanes, turn lanes, sidewalks, signage and traffic control devices, including an allocable share of perimeter road improvements, for the benefit of the Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### ***Water***

8" Water Lines – The Phase #3B waterline improvements consists of PVC waterlines, various gate valves and boxes, fire hydrants, and tapping sleeves, service lines, trench safety and other water line appurtenances for the benefit of the Assessed Property. These water distribution system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.



### Jackson Ridge PID Phase #3B

#### **Storm Drainage**

The drainage portion of the Phase #3B Improvements consists of pre and post-development erosion control, silt fences, rock check dams, drainage structures, various size reinforced concrete pipes, reinforced concrete box culverts, curb inlets, headwalls, retention and detention structures and trench safety for the benefit of the Assessed Property. This project will be constructed to City standards and specifications and will be owned and operated by the City.

#### **Sanitary Sewer**

8" Wastewater Lines - The Phase #3B wastewater collection system improvements include PVC pipes, manholes, service lines, clean-outs, concrete encasements, and other sewer line appurtenances and trench safety for the benefit of the Assessed Property. The sanitary sewer collection system improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by MSUD.

The SAP published by Municap, Inc. reported the following budgeted costs for the improvements in Phase #3B which were provided by the project engineer, Pettitt & Associates.

#### **UTILITIES**

Electricity to the property is maintained by Oncor energy. Natural gas will be provided by Atmos Energy. Water and sanitary sewer services will be provided by Mustang Special Utility District (SUD) which provides water and sewer to other residential communities in northeast Denton County such as Sandbrock Ranch, Sutton Fields, Providence Village, Savannah, and Union Park, to name a few.

We spoke with Colton Smith with Development Services at Mustang SUD, and he confirmed there is a Municipal Service Agreement in place for the Jackson Ridge PID. He also confirmed that the water and sewer connection fees to set up service are \$5,500 for each lot - \$2,500 for water connection and \$3,000 for sewer connection. These prices have since increased after the Municipal Service Agreement was signed and currently the connection fees total \$8,900 - \$3,400 for water connection and \$5,500 for sewer connection. These fees are paid by the Jackson Ridge PID Phase #3B homebuilders (KB Home and Pulte Homes) and are not factored into the base price for the lot, thus skewing the base price per front foot lower than typical for the area and market conditions.

The subject property is served by the Aubrey Police Department and the Aubrey Fire Department for fire, and emergency medical services. Telephone, fiber-optic, and internet is available through a variety of providers such as AT&T, Spectrum, T-Mobile, Verizon, Optimum, EarthLink, and Nextlink.

#### **EASEMENTS/ENCROACHMENTS**

Based our physical site visit, and review of available maps of surrounding area it is reasonable to suspect that there are typical setbacks and easements that exist on the property which have been approved by the City of Aubrey. The appraisers assume the property is free from any detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

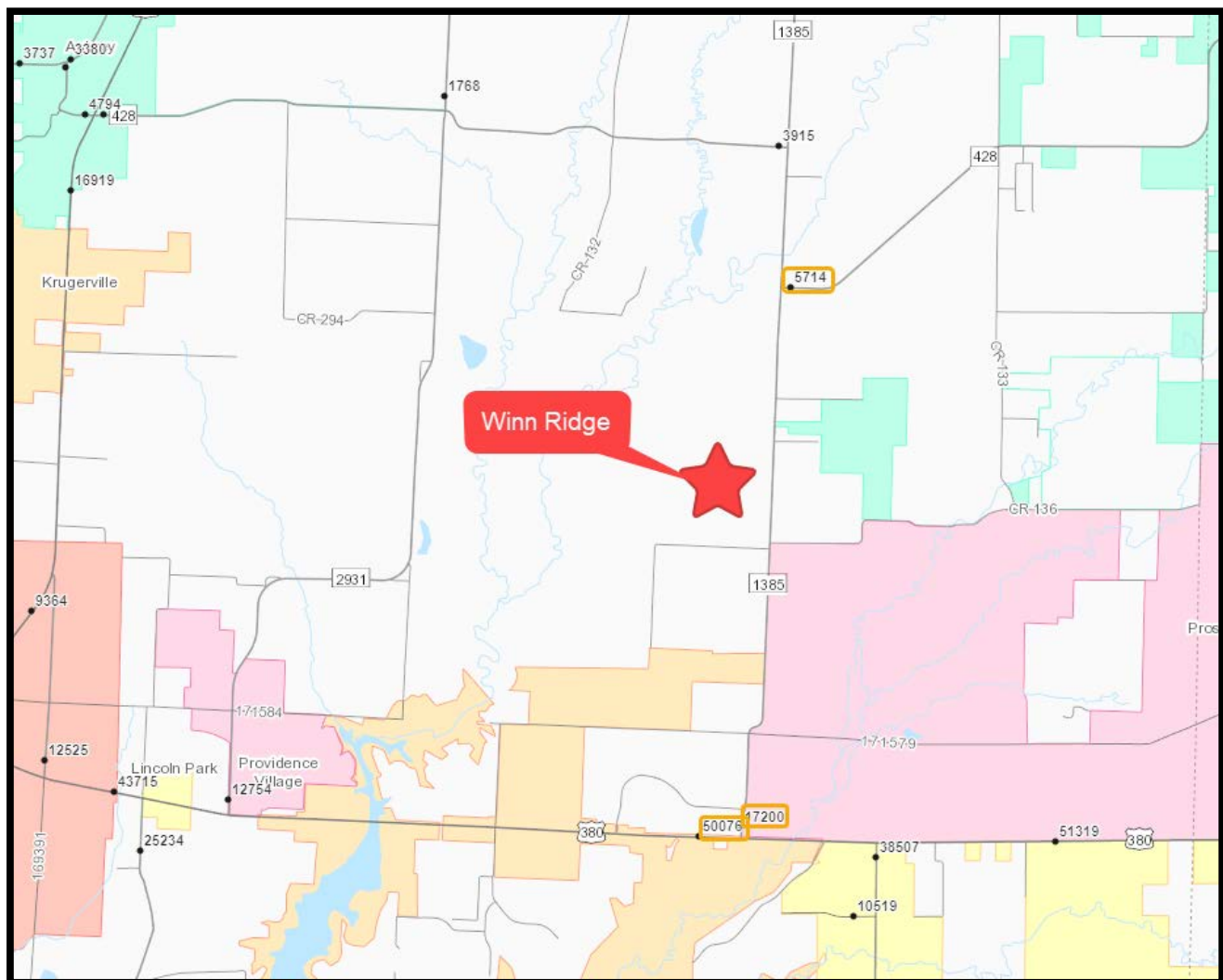
### ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by FM 1385 which runs north/south between US 380 to the south and FM 455 to the north. TXDOT has recently held meetings and is looking into widening an approximately 12-mile section of FM 1385 from US 380 to FM 455. The proposed FM 1385 would be reconstructed as a six-lane divided urban traffic carrier.

At the subject site, FM 1385 is a rural two-lane asphalt-paved highway without a median, storm sewers, or curbs. There is a bar ditch and 12' shoulders on each side of the highway and there is a dedicated left turn lane for northbound traffic on FM 1385 but the turn into Winn Ridge is not signalized. Local and collector roads throughout the Winn Ridge development are each two-lane concrete-paved with storm sewers and concrete curbs.

A map below from TXDOT shows traffic counts from 2021 near the subject property. US 380 which is a major east/west arterial road has over 50,000 average daily vehicles and FM 1385 (close to US 380) reports approximately 17,000 average daily vehicles. To the north along FM 428 there are over 5,700 vehicles per day.

**TXDOT Traffic Web Viewer**

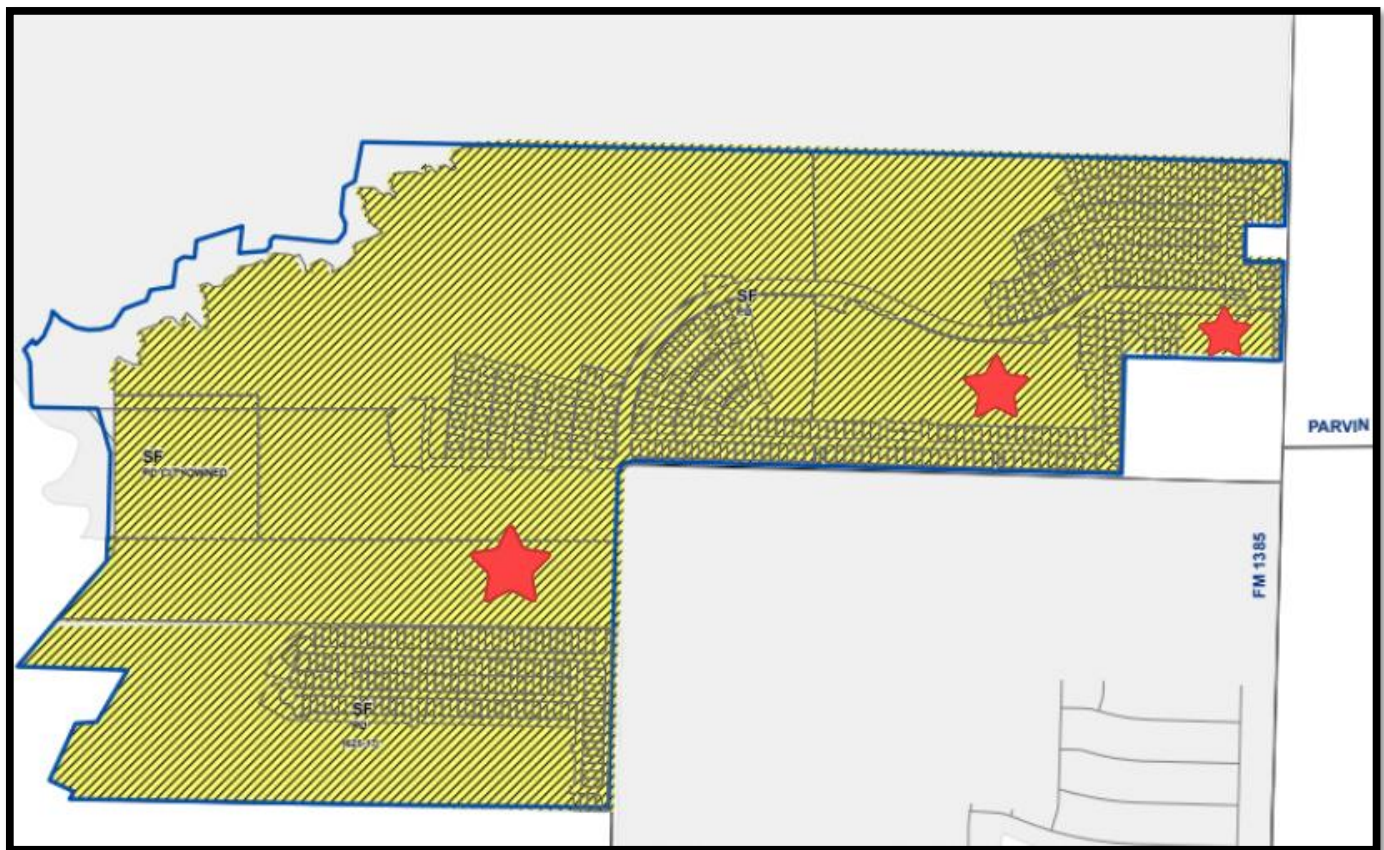


### **ZONING AND RESTRICTIONS**

The City of Aubrey has passed the Development Agreement for Jackson Ridge PID (Winn Ridge) and has zoned the site PD (SF-6) for single-family uses. This zoning classification set forth requirements and standards for residential development for the subject property. The Development Agreement also provided for the formation of a PID bond and Tax Increment Reinvestment Zone (TIRZ) for the project to finance the development costs. According to the zoning requirements, the minimum lot area in the development is 6,000-SF, minimum lot width is 50-feet, and minimum lot depth is 120-feet. The proposed lot construction appears to be a conforming land use.

An excerpt from the City of Aubrey Zoning Map is shown below. The shaded area is the Winn Ridge subdivision.

**CITY OF AUBREY ZONING MAP**



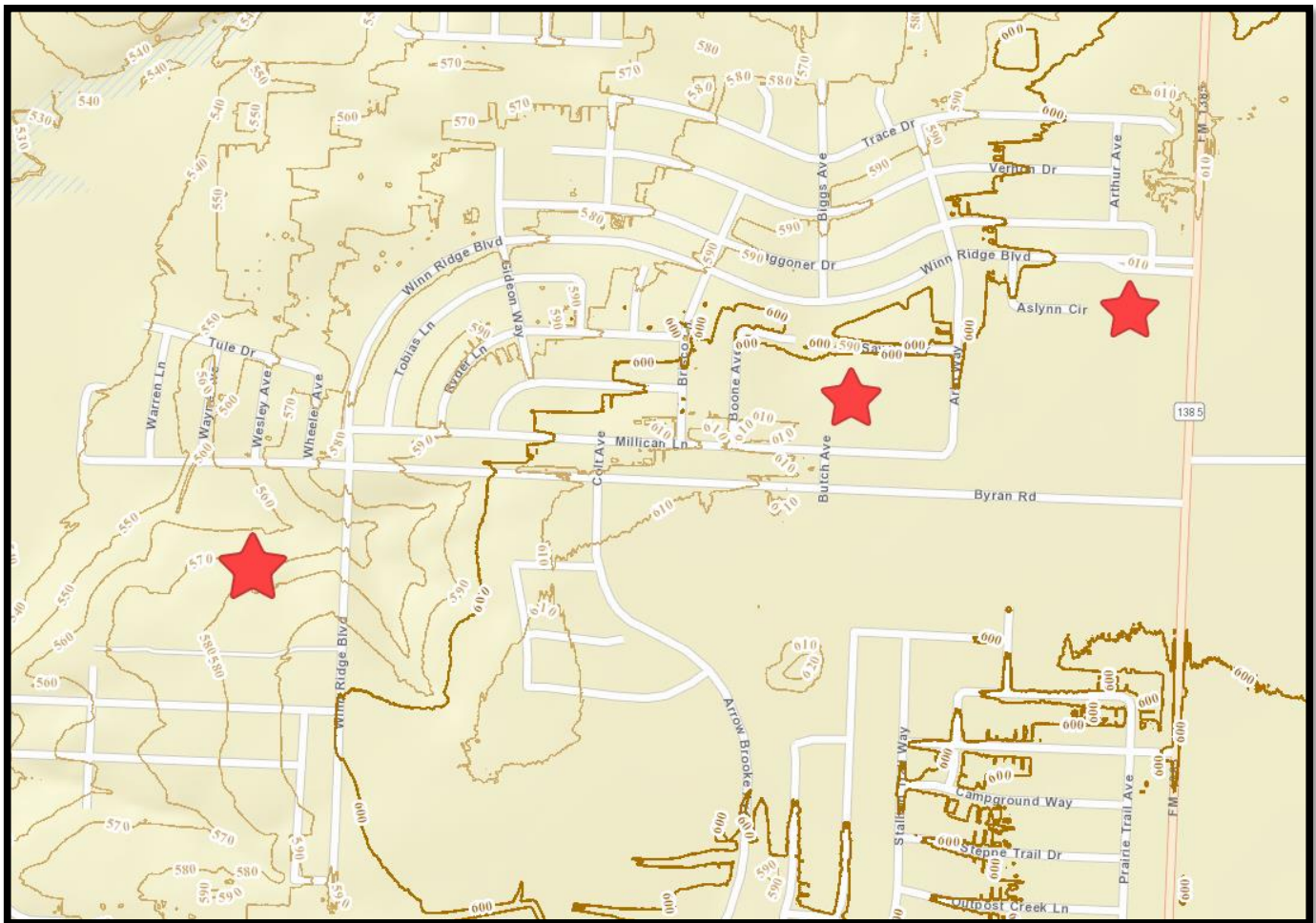


## TOPOGRAPHY

The topography of the subject property is described as gently sloping and is currently fully cleared with retaining walls installed in each of the pods. As of the report date, the East, Central, and West pods have been graded and substantial completion is imminent. Thus, these topographic maps showing the contours are slightly out-of-date as the site has been improved for single-family homes with streets, storm sewer, and utilities in place. Topographic information is provided by the DFWMaps.com.

### TOPOGRAPHIC MAP

*Contours At 10'*



## SOIL AND SUB-SOIL CONDITIONS

No soil engineer's report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement which is nor or may be constructed. As of the report date the developer has excavation and earthwork underway. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

Jackson Ridge PID Phase #3B

**FEMA FLOOD ZONE**

Jackson Ridge PID Phase #3B is entirely within FEMA Flood Zone X (minimal chance flood hazard) according to Map 48121C0270G, effective 4/18/2011. There does not appear to be a flood zone that would be detrimental to the development of the subject property. There is floodplain to the west of the development, but the developer has not placed improvements in the subject property.

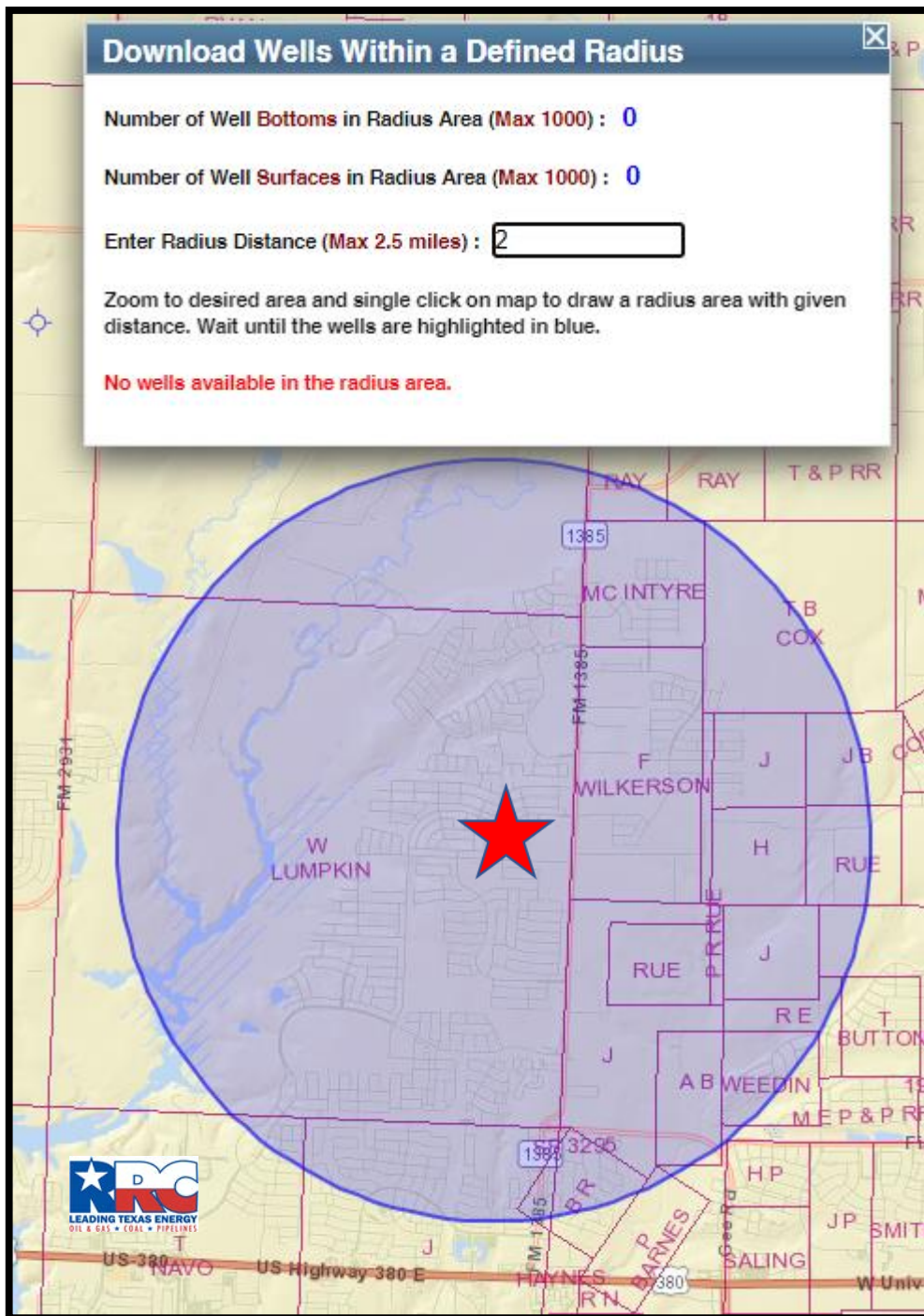
**FLOODPLAIN MAP**





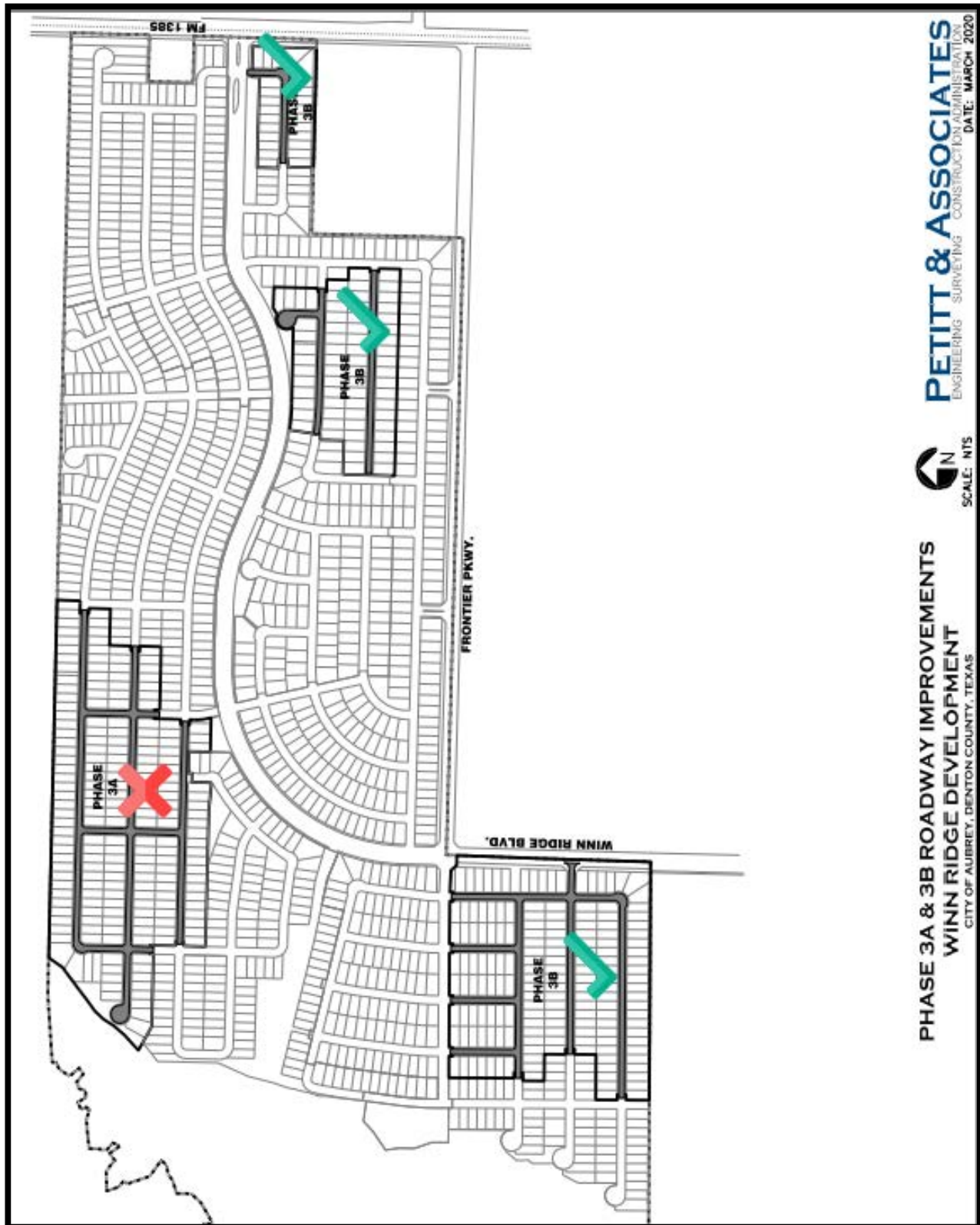
# OIL AND GAS WELLS

## Texas Railroad Commission

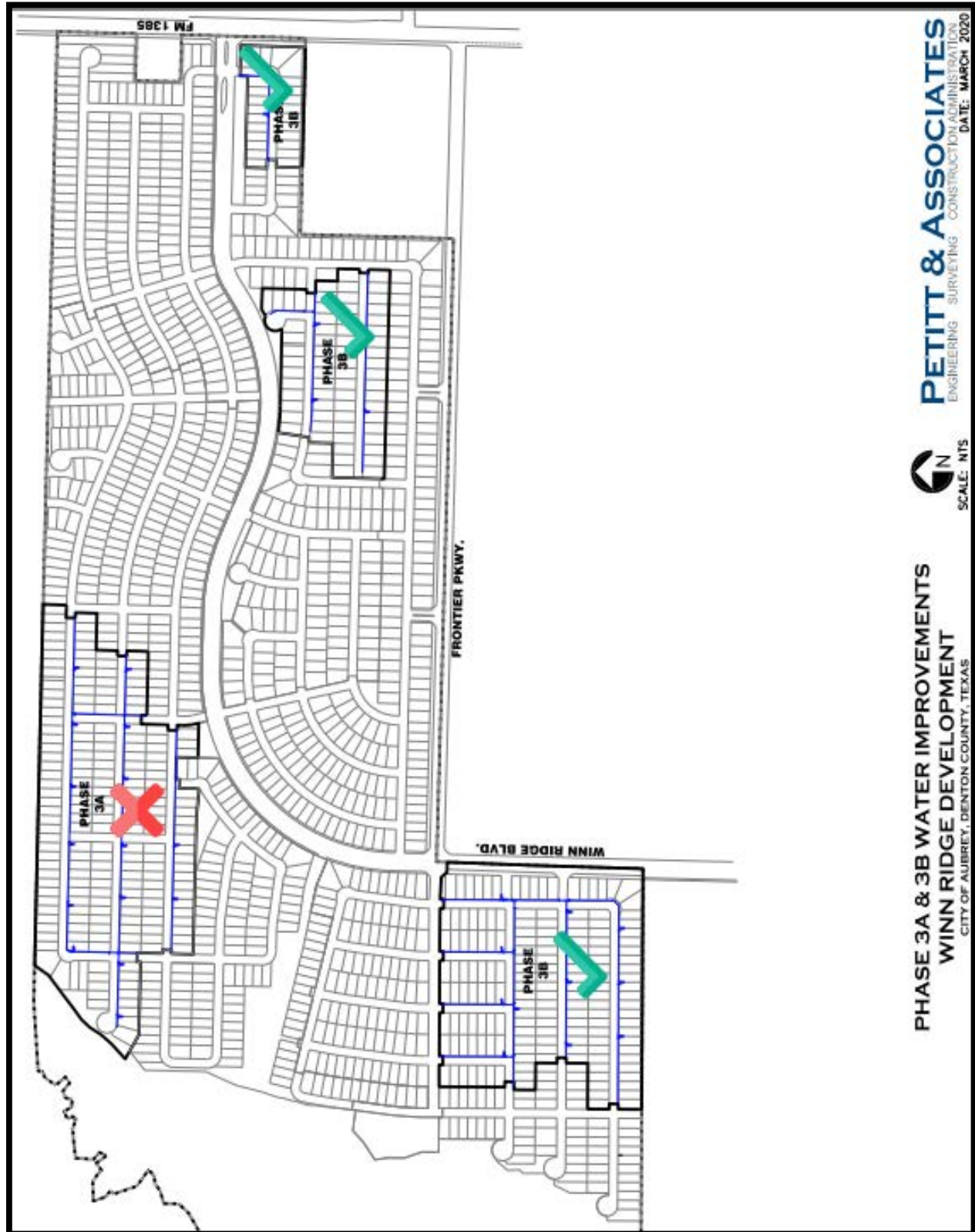


There are no well surface sites or well bottom sites within 2 miles from the subject. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of DFW is not active in mineral extraction.

**PHASE 3 ROADWAY IMPROVEMENTS (PETITT & ASSOCIATES)**

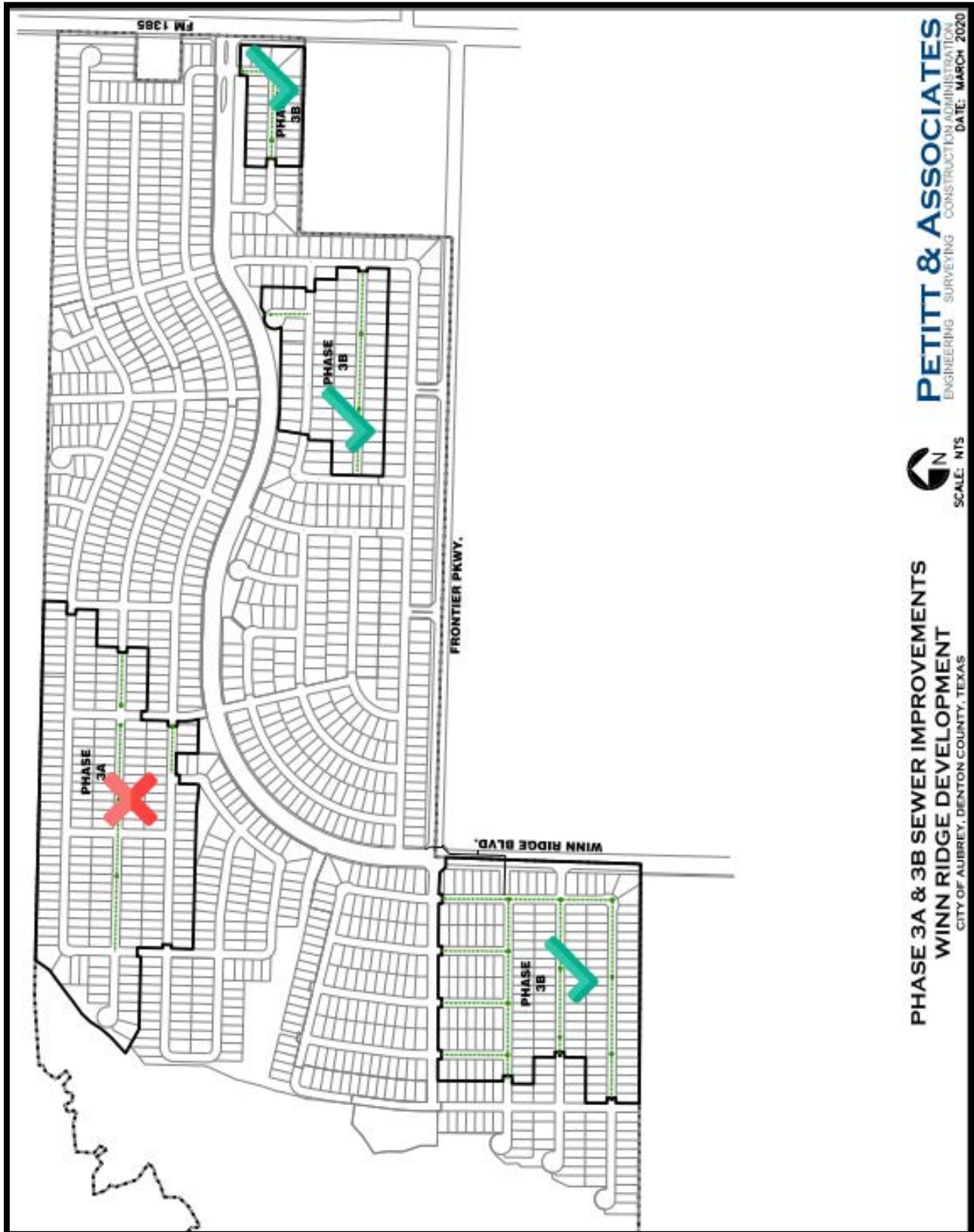


**PHASE 3 WATER IMPROVEMENTS (PETITT & ASSOCIATES)**

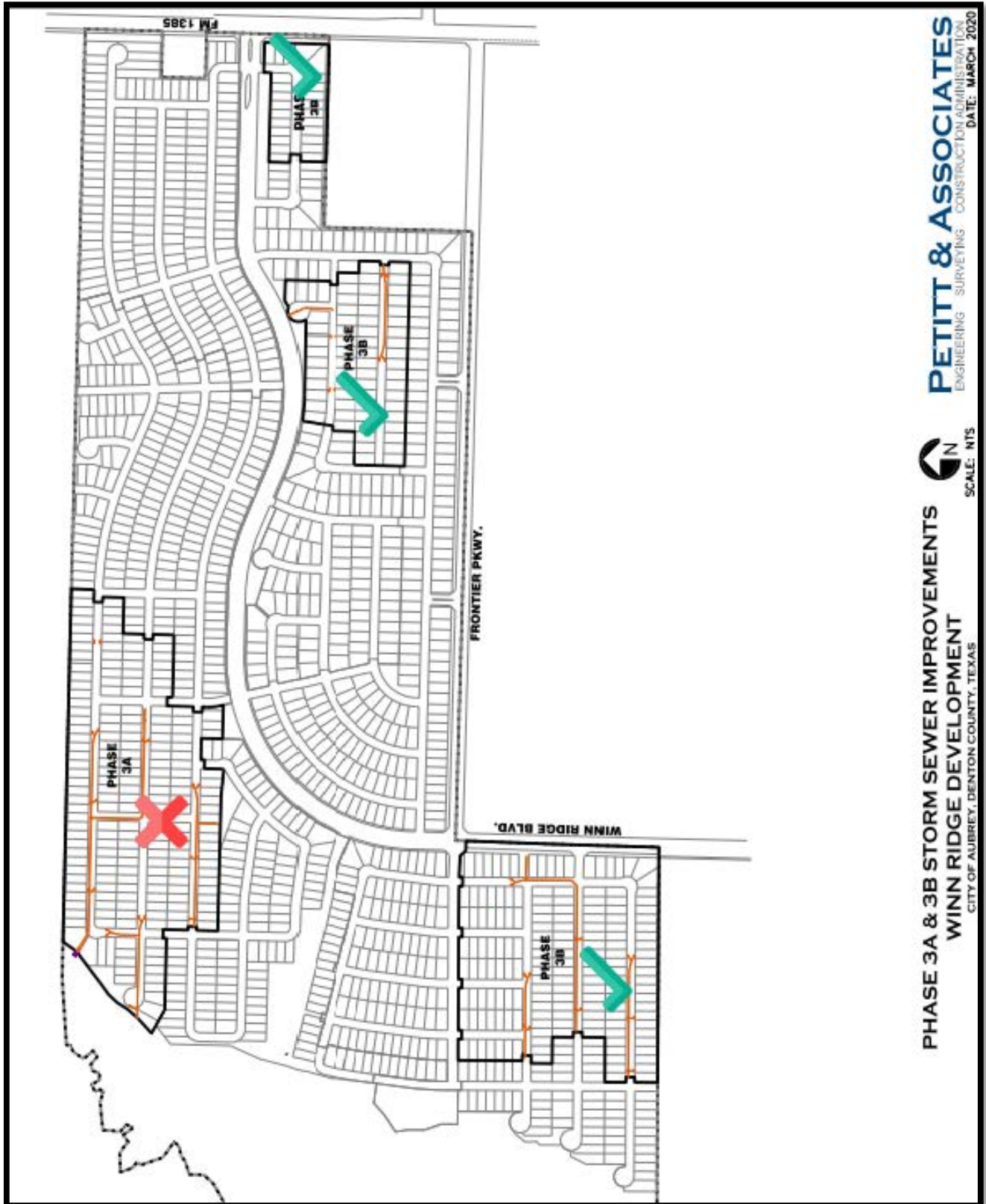




**PHASE 3 SEWER IMPROVEMENTS (PETITT & ASSOCIATES)**



**PHASE 3 STORM SEWER IMPROVEMENTS (PETITT & ASSOCIATES)**



**PROPERTY PHOTOGRAPHS**



Entrance to Winn Ridge From FM 1385



View South Along FM 1385 Near Entrance to Winn Ridge



View North Along FM 1385 Near Entrance to Winn Ridge



View From FM 1385 Looking Toward Developed Lots Near Winn Ridge Entrance



Jackson Ridge PID Phase #3B



Landscaped Entrance to Winn Ridge with Sidewalk



Developed 50' Lots Near Entrance in Phase 3B



Developed 50' Lots Near Entrance in Phase 3B



Concrete-Paved Aslynn Cir. Near Winn Ridge Entrance



View Across 60's Lots in Middle Pod Nearing Completion



Utilities and Electric Transformer in Place

Jackson Ridge PID Phase #3B



View Across Easternmost 50' Lots Near Entrance



View Across 60's Lots in Middle Pod Nearing Completion



60' Lots in Middle Pod Nearing Completion



View Across 60's Lots in Middle Pod Nearing Completion



Retaining Wall and Mail Box in Place in Middle Pod



Concrete Streets and Storm Sewers in Place



Jackson Ridge PID Phase #3B



View Across Vacant Lots Toward Completed Residences in Winn Ridge



Construction in Phase 3B



50' Lots Under Construction in Westernmost Pod in Phase 3B



Retaining Walls and Street In Place in Westernmost Pod in Phase 3B



Retaining Wall in Place in Westernmost 50' Pod



50' Lots Under Construction in Westernmost Pod in Phase 3B

Jackson Ridge PID Phase #3B



50' Lots Under Construction in Westernmost Pod in Phase 3B



50' Lots Under Construction in Westernmost Pod in Phase 3B



Utility Lines in Place



50' Lots Under Construction in Westernmost Pod in Phase 3B



Westernmost Pod Under Construction with Streets in Place



50' Lots Under Construction in Westernmost Pod in Phase 3B

## **HIGHEST AND BEST USE**

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- |                        |                         |
|------------------------|-------------------------|
| a. Physically Possible | c. Financially Feasible |
| b. Legally Permissible | d. Maximally Productive |

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

### **Highest and Best Use Analysis**

#### **Highest and Best Use “As-Vacant”**

##### **Physically Possible**

Considering the subject's physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

##### **Legally Permissible**

The subject property is within the City of Aubrey within a Planned Development which is a residential master-planned community that allows for detached, single-family residential uses with minimal lot sizes of 6,000 square feet.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area, only detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

##### **Financially Feasible**

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is suburban and development of the surrounding area has accelerated considerably over the past decade as development north of Dallas and Fort Worth has quickened. Developers and home builders have moved further away from the center of the Metroplex and the areas surrounding the



subject property are being developed with middle-to-upper class housing stock. Zonda reports the average base price for a home in this vicinity has increased in the past year from \$547,223 to \$655,157, a 19.7% increase while the price per square foot of a home increased from \$198.42 to \$236.25, or 19.1%, in the past year. This was driven by strong demand due to relatively low interest rates and low supplies of housing stock.

Based on our analysis of the market, there is currently ample 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 subject property that would generate a high residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density allowed by the planned development is the maximally productive use of the property

The resilient business climate in North Texas and the continual development of neighborhoods near US 380 has created increased demand for homes in the area. Coupled with increasing movement into DFW and Denton County in particular, it is our opinion that the highest and best use of the property "as vacant" would be for the development of single-family residential community. Thus, the highest and best use of the property "as-vacant" is for development of detached, single-family residential uses.

### **Highest and Best Use "As-Improved"**

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "as-improved" is similar to our conclusion "as-vacant" which is for detached, single-family residences.

We believe that the **most probable buyer** would be a developer of large single-family communities who is active in the DFW market.

## **VALUATION**

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><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate Since Much of Jackson Ridge PID is Built-Out</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation</i>	<i>Partially Utilized</i>

### **Residential Subdivision (258 Lots)**

#### ***Cost Approach***

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property has had multiple phases developed in previous years and much of the major improvements are in-place, *the Cost Approach is not the most appropriate and thus was not utilized.*

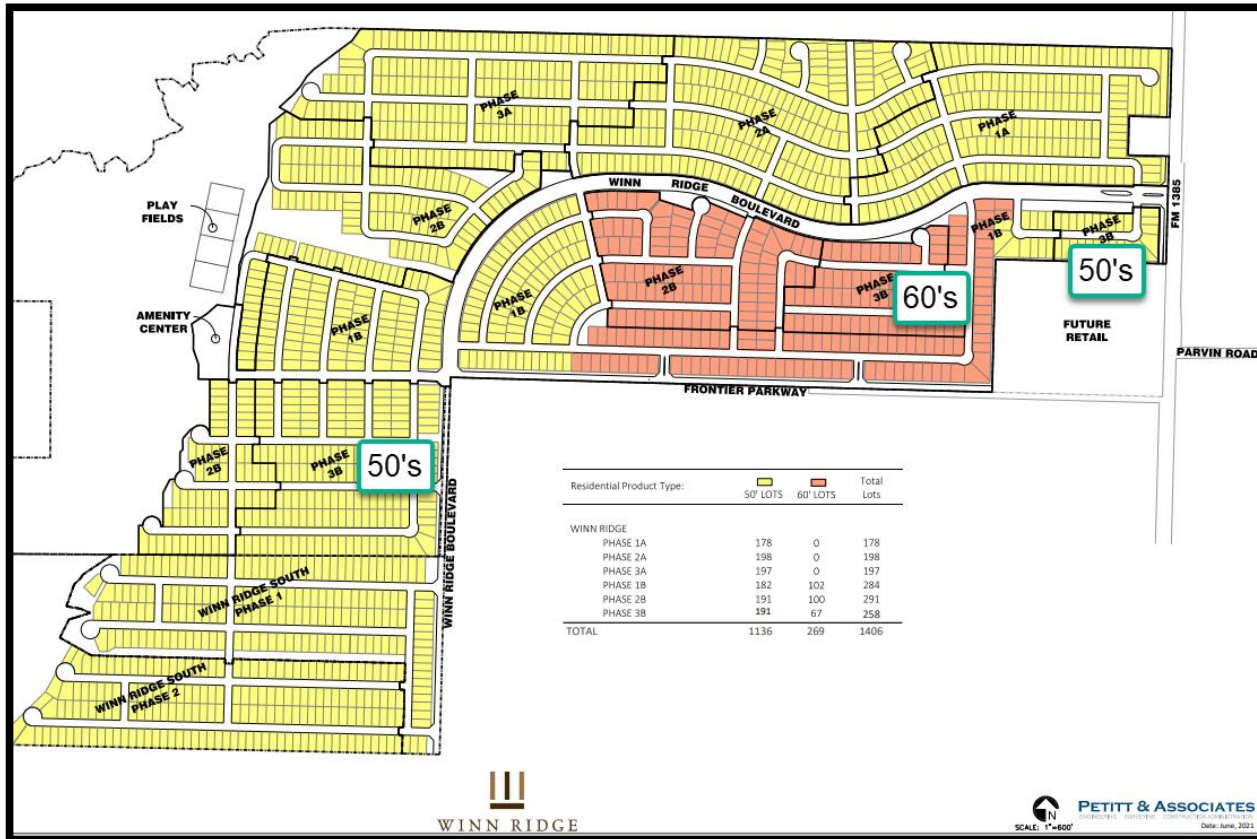
#### ***Income (Subdivision Development) Approach***

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 258 lots, as of two separate effective dates based on the construction completion date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

#### ***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk-sales to a single purchaser is difficult find and verify, *the Sales Comparison Approach was not developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

## INCOME (SUBDIVISION DEVELOPMENT) APPROACH



Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

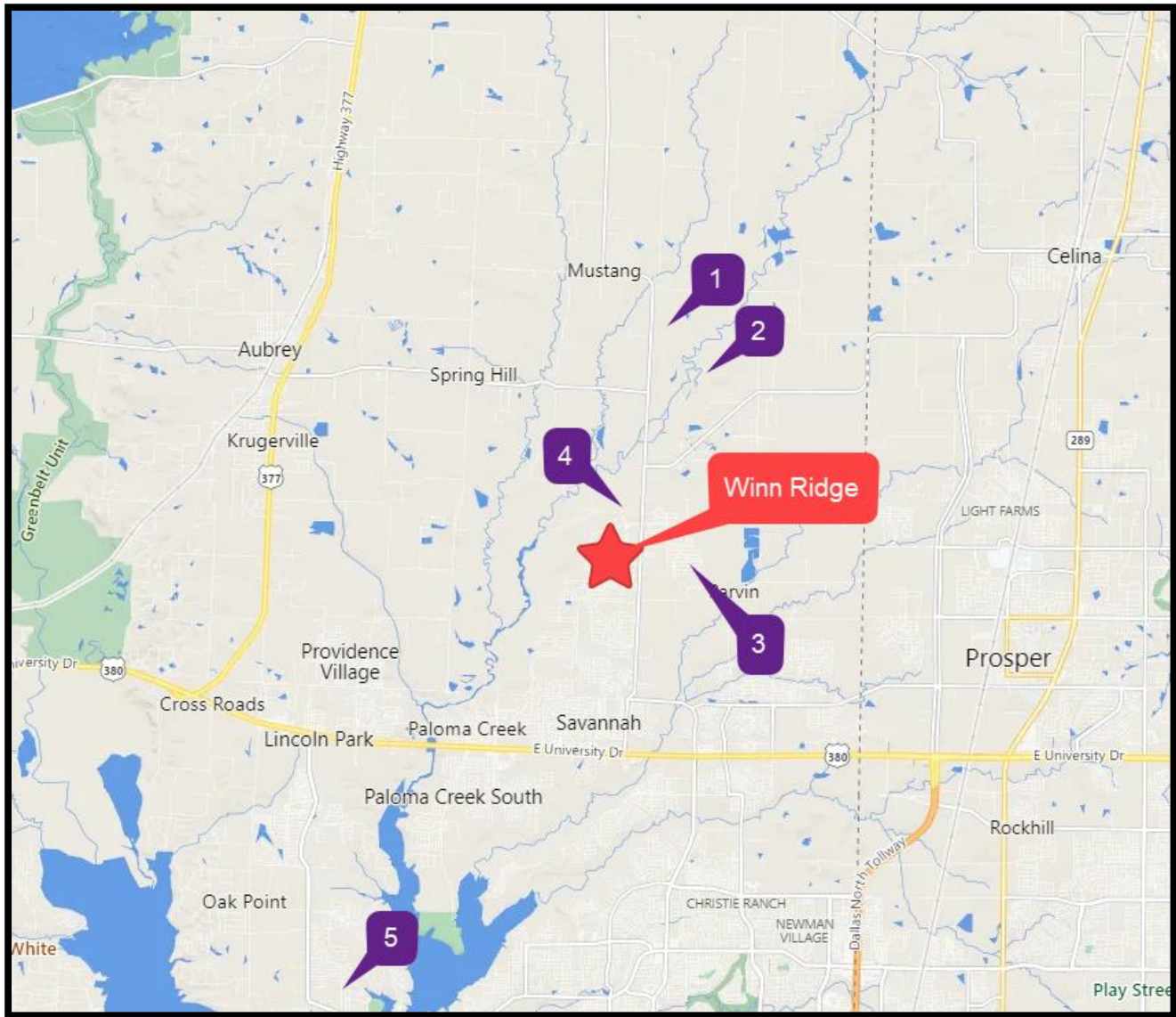
- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

**Sales Price Per Front Foot** – Obtained by dividing sale price by the front footage of the lot

We will first analyze the 50' lots in Phase #3B and will then analyze the 60' lots.

**MAP OF COMPARABLE LOT SALES – PHASE #3B (50’ LOTS)**



**Subject: Jackson Ridge Phase #3B (50’ Lots), Aubrey, TX 76227**

SUMMARY OF LOT SALES - 50' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Mobberly Farms	Pilot Point	Pilot Point	Jan-2020	Contract	\$49,000	50	\$ 980
2	Creekview Meadows	Pilot Point	Pilot Point	Aug-2021	Contract	\$65,000	50	\$ 1,300
3	Sutton Fields East	Celina	Prosper	Aug-2021	Contract	\$70,750	50	\$ 1,415
4	Sandbrock Ranch	Aubrey	Denton	Jan-2021	Apr-2021	\$73,600	50	\$ 1,472
5	Wildridge	Oak Point	Denton	Mar-2021	Contract	\$70,000	50	\$ 1,400
Subject	Winn Ridge	Aubrey	Denton	-	-	-	50	-

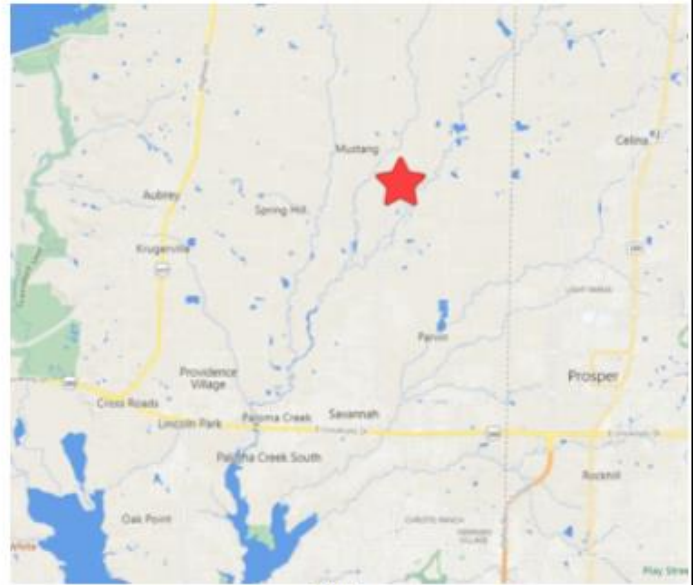


**SALE COMPARABLE 1 – PHASE #3B (50' LOTS)**

Property Sale Write-Up for Mobberly Farms 50's



Mobberly Farms 50's



Map

**Property Information**

Property Name	Mobberly Farms 50's
Property Class	Land
Address	Mobberly Farms, Pilot Point, TX 76258
County	Denton
Property Type & Sub-Type	Housing / Multiple Units

**Site Information - Land**

Land SF	5,500
Land Acres	0.13
Zoning Code	PD - Planned Development
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer

**Transaction Information**

Sale Status	In-Contract
Sale Date	12/06/2019
Seller	MM Mobberly 236 LLC
Buyer	M/I Homes
Sale Price	\$49,000
Analysis Sale Price	\$49,000
Price per SF Land	\$8.91
Analysis Sale Price per SF Land	\$8.91

**\$980/FF**

## Property Sale Write-Up for Creekview Meadows 50's

100



## Property Name

#### Site Information - Land

## Land SF

Transaction Information

## Sale Status

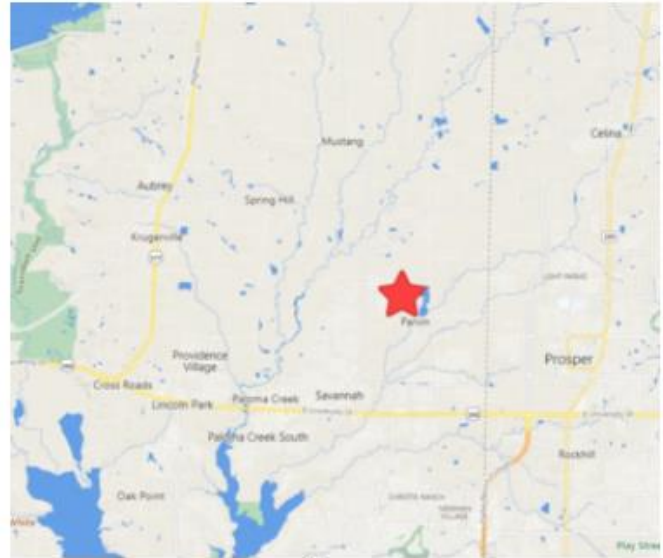
Sale Date	08/20/2021
Seller	MM Creekview 1027 LLC
Buyer	Pacesetter Homes
Sale Price	\$65,000
Analysis Sale Price	\$65,000
Price per SF Land	\$11.30
Analysis Sale Price per SF Land	\$11.30

### SALE COMPARABLE 3 – PHASE #3B (50' LOTS)

#### Property Sale Write-Up for Sutton Fields East 50's



Sutton Fields East



Map

#### Property Information

Property Name	Sutton Fields East 50's
Property Class	Land
Address	Sutton Fields, Celina, TX 75009
County	Denton
Property Type & Sub-Type	Housing / Multiple Units
<b>Site Information - Land</b>	
Land SF	5,750
Land Acres	0.13
Zoning Code	PD - Planned Development
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer


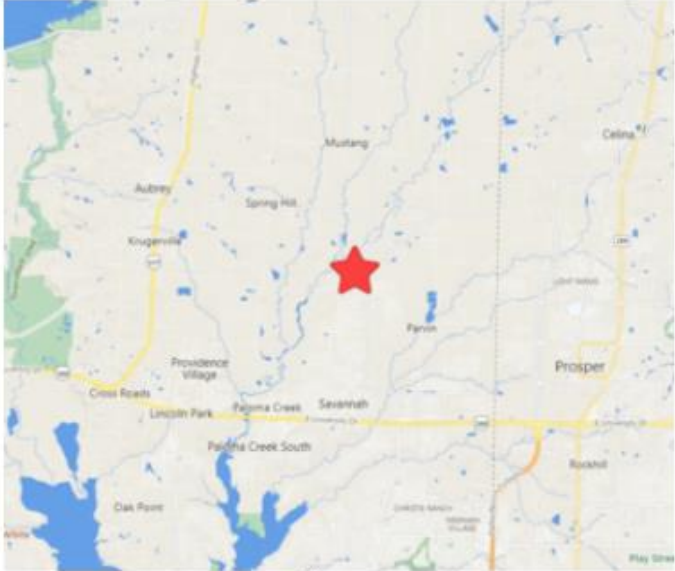
#### Transaction Information

Sale Status	In-Contract
Sale Date	09/23/2021
Seller	MM Sutton Fields East, LLC
Buyer	First Texas Homes
Sale Price	\$70,750
Analysis Sale Price	\$70,750
Price per SF Land	\$12.30
Analysis Sale Price per SF Land	\$12.30

**\$1,415/FF**



**SALE COMPARABLE 4 – PHASE #3B (50' LOTS)**

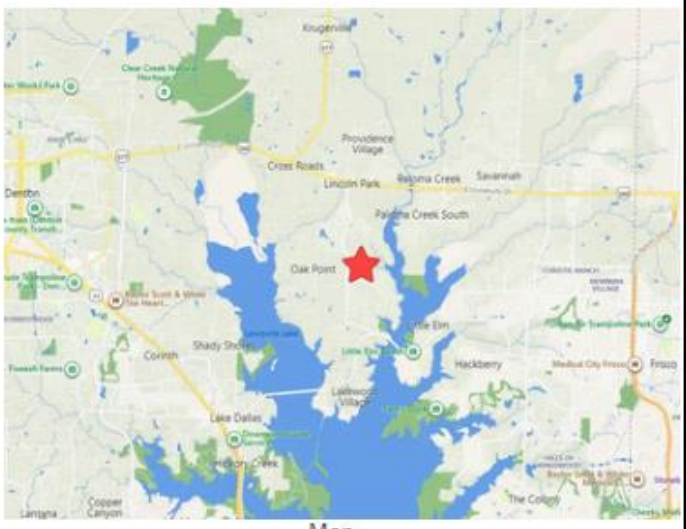

Property Sale Write-Up for Sandbrock Ranch 50's	
	
Sandbrock Ranch	
Map	
<b>Property Information</b>	
Property Name	Sandbrock Ranch 50's
Property Class	Housing
Address	Sandbrock Ranch, Celina, TX 76227
County	Denton
Property Type & Sub-Type	Multiple Units / ---
<b>Site Information - Land</b>	
Land SF	6,000
Land Acres	0.14
Zoning Code	None
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
<b>Transaction Information</b>	
Sale Status	Closed
Sale Date	01/03/2021
Seller	Horizon/Deer Creek Development Corp.
Buyer	Highland Homes
Sale Price	\$73,600
Analysis Sale Price	\$73,600
Price per SF Land	\$12.27
Analysis Sale Price per SF Land	\$12.27

**\$1,472/FF**



**SALE COMPARABLE 5 – PHASE #3B (50' LOTS)**

**Property Sale Write-Up for Wildridge 50's**



Map

Wildridge Phase 6A (50' FF)

Property Information	
Property Name	Wildridge 50's
Property Class	Land
Address	Wildridge Blvd., Oak Point, TX 75068
County	Denton
Property Type & Sub-Type	Housing / Multiple Units
Site Information - Land	
Land SF	6,000
Land Acres	0.14
Zoning Code	PD - Planned Development
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
Transaction Information	
Sale Status	In-Contract
Sale Date	03/09/2021
Seller	LH Wildridge, LLC
Buyer	Highland Homes
Sale Price	\$70,000
Analysis Sale Price	\$70,000
Price per SF Land	\$11.67
Analysis Sale Price per SF Land	\$11.67

**\$1,400/FF**

**SALES ADJUSTMENT COMPARISON GRID – JACKSON RIDGE #3B (50' LOTS)**

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
	<u>Winn Ridge</u>	Mobberly Farms	Creekview Meadows	Sutton Fields East	Sandbrock Ranch	Wildridge
	<u>Aubrey</u>	Pilot Point	Pilot Point	Celina	Aubrey	Oak Point
<i>Transactional Adjustments</i>						
Sales Price/FF		\$980	\$1,300	\$1,415	\$1,472	\$1,400
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$980	\$1,300	\$1,415	\$1,472	\$1,400
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$980	\$1,300	\$1,415	\$1,472	\$1,400
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$980	\$1,300	\$1,415	\$1,472	\$1,400
Expenditures After Purchase		21.4%	16.2%	7.8%	7.5%	7.4%
Sales Price/FF		\$1,190	\$1,510	\$1,525	\$1,582	\$1,503
Market Conditions		26%	10%	10%	18%	15%
ADJUSTED Price/FF:		\$1,499	\$1,661	\$1,678	\$1,867	\$1,728
<i>Physical Adjustments</i>						
Location/Access	Aubrey/FM 1385	3%	0%	-5%	-3%	-10%
Amenities	Amenity Center w/ Pool, Sports Fields, Walking Trails	0%	0%	-5%	-7%	-5%
Size	50' FF (>6,000-SF)	0%	0%	0%	0%	0%
Topography/View	Basically Level, Limited Views	0%	0%	0%	0%	0%
Zoning	PD for Single-Family	0%	0%	0%	0%	0%
<i>Total Net Physical Adjustment</i>		3%	0%	-10%	-10%	-15%
ADJUSTED Price/FF:		\$1,544	\$1,661	\$1,510	\$1,680	\$1,469
SUMMARY OF COMPARABLE VALUES						
Value Range/FF	\$1,510 to \$1,680					
Average Value/FF	\$1,573					
Median Value/FF	\$1,544					
Subject (Land) Value/FF	\$1,570					
Value Indication	\$78,500					

## **ANALYSIS OF ADJUSTMENTS – PHASE #3B (50' LOT SALES)**

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$980- to \$1,472 per front foot with each being 50' lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sales***

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

We are valuing the retail lot value of the 50' lots which will include sewer and water connection fees to Mustang SUD for \$5,500 (\$2,500 for water connection and \$3,000 for sewer connection) in total according to Mustang SUD Development Services Manager, Colton Smith. Mr. Smith also noted the current water and sewer connection fees for a typical residential development are currently \$8,900 (\$3,400 for water and \$5,500 for sewer); however, connection fees for the Jackson Ridge PID were set with Mustang SUD in previous years and Mustang SUD is obligated to provide connection for the lower fees.

Each of the comparable sales are in the Mustang SUD. Sales 3 and 4 have agreements with Mustang SUD similar to the subject property and are charged \$5,500 for water and sewer connection fees. Thus, each sale is increased by \$5,500 which amounts to a 7.8% increase (\$110/FF) for Sale 3 and a 7.5% increase (\$110/FF) for Sale 4. Sales 1 and 2 were further from established lines and have an agreement with Mustang SUD that connection fees will cost \$10,500 (\$4,000 for water and \$6,500 for sewer). Thus, each sale is increased by \$10,500 which amounts to a 21.4% increase (\$210/FF) for Sale 1 and a 16.2% increase (\$210/FF) for Sale 2. Sale 5 also had an older agreement with Mustang SUD and their water and sewer connection fees amounted to \$5,150; thus, we have adjusted Sale 5 by that total which amounts to a 7.4% increase (\$103/FF) for Sale 5.

##### ***Time/Market Conditions***

The residential real estate market increased significantly in 2020 and 2021 but now appears to be cooling slightly. These increases occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Considering the residential market data and price increases for recent lot sales throughout the Metroplex and specifically along the 380 Corridor, we believe a market conditions adjustment of 0.75% monthly increase throughout 2020 and 1% monthly increase for 2021 and the first few months in 2022 is warranted and supported. Due to interest rates increases by the Federal Reserve which began in Spring 2022, we do not believe the market have significantly increased so we have not made adjusted for the most recent few months. Based on the preceding, each of the comparable lot sales have been adjusted positively between 10% and 26% for market conditions depending on the agreement date.

## **Physical Adjustments**

### ***Location/Access***

The subject property is in a quickly developing area of North Texas known as the 380 Corridor. The immediate area of the subject property is primarily single-family detached residential developments for middle-class to upper middle-class residents. The price point of the homes in the subject's Winn Ridge development is lower than surrounding developments such as ArrowBrooke and Sandbrock Ranch and the residences in the subject property will be more economical than those developments. The subject property is within Denton ISD which has good schools nearby but is slightly less desirable than Celina, Prosper, or Aubrey ISD. Denton ISD most recently had a "B" in the TEA ratings – similar to Pilot Point ISD – while Celina, Prosper, and Aubrey each received an "A".

The location of the development is within the City of Aubrey and almost directly between Aubrey, Celina, and the Town of Prosper. The subject is approximately 4 miles west of the Dallas North Tollway and approximately 3 miles south of the future Denton County Outer Loop. We have made the following adjustments for Location/Access:

- Sale 1: Inferior; Further north of the subject and further from US 380 while only slightly closer to future Denton Co. Outer Loop and within Pilot Point ISD; Adjusted positively 3%
- Sale 2: Similar; North of the subject and further from US 380 but much closer to the future Denton Co. Outer Loop and these lot sales are within Pilot Point ISD; No adjustment
- Sale 3: Superior; In the City of Celina and within Proper ISD which is more appealing to future residents; Adjusted negatively 5%
- Sale 4: Superior; Just north of the subject property and within Aubrey ETJ as well as Denton ISD but developed with larger and higher-end homes; Adjusted negatively 3%
- Sale 5: Superior; South of US 380 and primarily within Denton ISD but with closer to more developed areas and Lake Lewisville; Adjusted negatively 10%

### ***Amenities***

The subject property's amenities generally consist of a pool, amenity center, sports fields, playground and walking trails within floodplain along the west side of the development. The amenities at Winn Ridge are standard for a master planned community but relatively basic and the amenities that are offered are relatively small for a community being built-out with over 1,400 homes. We have made the following adjustments for Amenities:

- Sale 1: Similar; Planned to have similar basic amenities as the subject property with a pool, amenity center, walking trails in floodplain, and playground; No adjustment
- Sale 2: Similar; Planned to have similar basic amenities as the subject property with a pool, amenity center, walking trails in floodplain, and playground; No adjustment
- Sale 3: Superior; Has ponds in the development, a tennis court, and multiple amenity centers and pools (tying into Sutton Fields) as well as more open space than the subject; Adjusted negatively 5%
- Sale 4: Superior; Has an elementary school in the development as well as superior amenity center, open space and pool in addition to a large pond and trails in the floodplain; Adjusted negatively 7%
- Sale 5: Superior; Has amenities in the Army Corps of Engineers area along Lewisville Lake as well as multiple pools, an amenity center, walking trails near the lake; Adjusted negatively 5%

### ***Size***

Each of the comparable sales are also 50' lots that can accommodate the same building pad so not adjustment is made for size.

Jackson Ridge PID Phase #3B

***Topography/View***

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so not adjustment is needed for topography/view.

***Zoning***

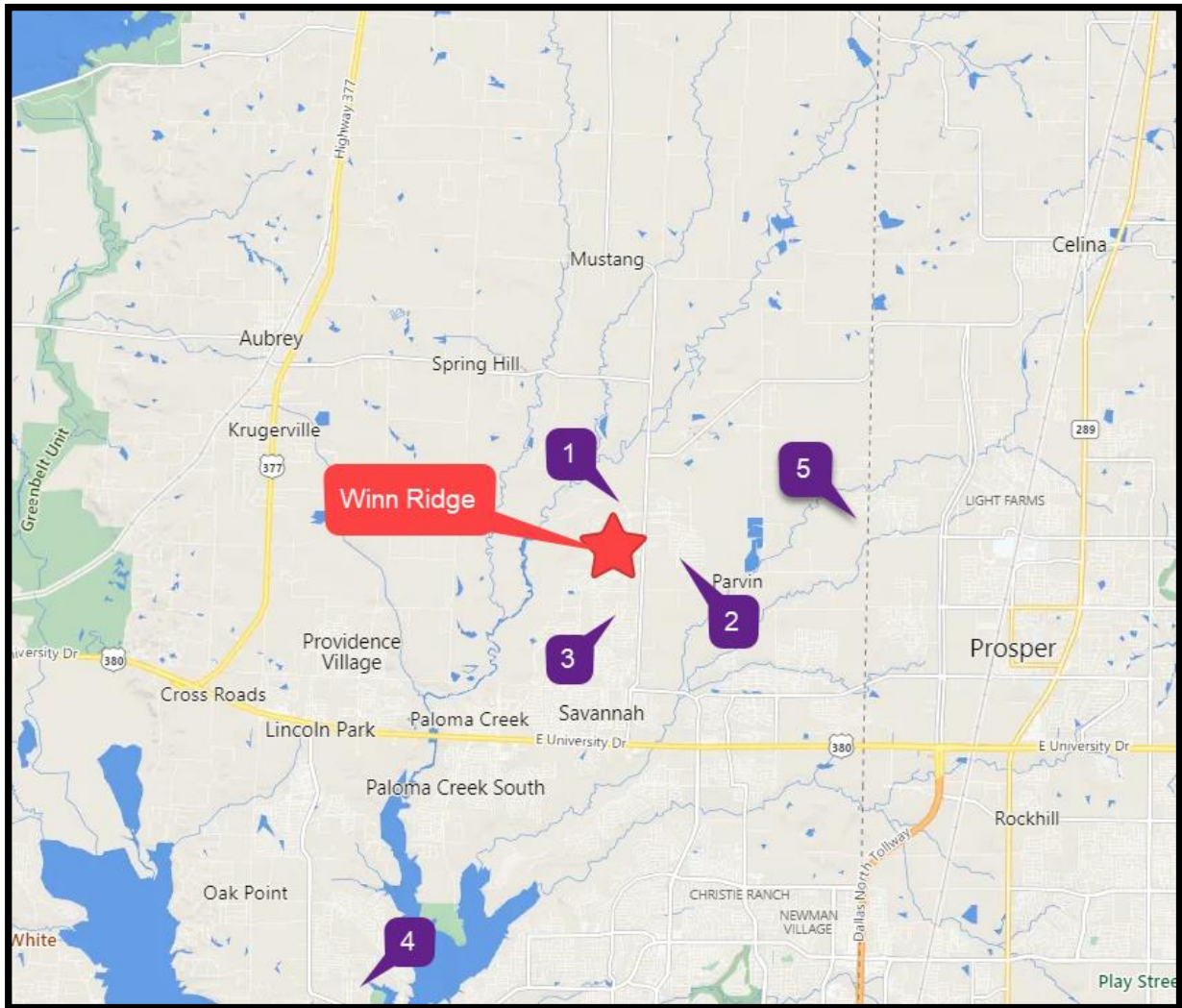
The subject and each of the comparable sales are in planned developments and residential subzoning for similar sized residential lots; thus, no adjustment is made for zoning.

**Conclusion for 50' Lots** – The 50' Lot Sales have an adjusted range of \$1,510- to \$1,680/FF with an average of \$1,573 and a median of \$1,544. We placed more emphasis on the average since there were 5 sales within approximately 5 miles of the subject and conclude the **retail market value of the improved 50' lots is \$1,570/FF, or \$78,500/Lot.**

Next, we will examine the 60' Lots in Phase #3B.

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**MAP OF COMPARABLE LOT SALES – PHASE #3B (60' LOTS)**


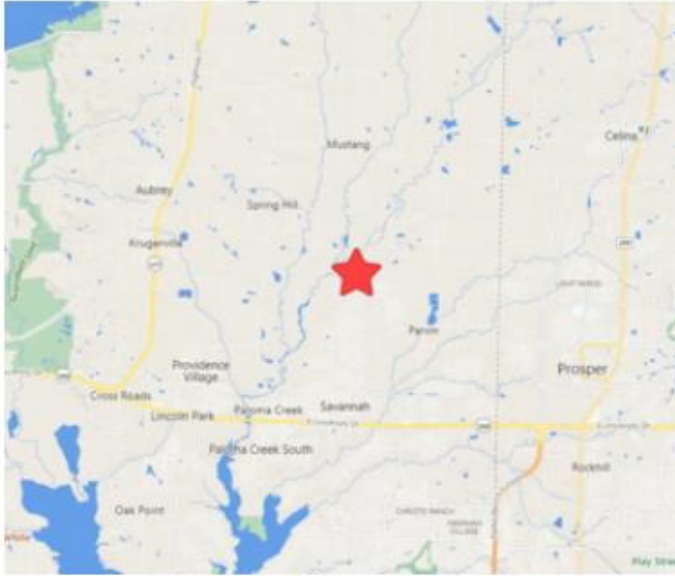


**Subject: Jackson Ridge Phase #3B (60' Lots), Aubrey, TX 76227**

SUMMARY OF LOT SALES - 60' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Sandbrook Ranch	Aubrey	Denton	Sep-2020	Mar-2021	\$67,000	60	\$ 1,117
2	Sutton Fields East	Celina	Prosper	Sep-2021	Contract	\$84,750	60	\$ 1,413
3	ArrowBrooke	Aubrey	Denton	Sep-2019	Mar-2021	\$76,500	60	\$ 1,275
4	Wildridge	Oak Point	Denton	Mar-2021	Contract	\$84,000	60	\$ 1,400
5	Creeks of Legacy	Celina	Prosper	Aug-2020	Aug-2020	\$78,000	60	\$ 1,300
<b>Subject</b>	<b>Winn Ridge</b>	<b>Aubrey</b>	<b>Denton</b>	-	-	-	<b>60</b>	-



**SALE COMPARABLE 1 – PHASE #3B (60' LOTS)**

Property Sale Write-Up for Sandbrock Ranch 60's	
	
Sandbrock Ranch 60's	
Map	
<b>Property Information</b>	
Property Name	Sandbrock Ranch 60's
Property Class	Housing
Address	Sandbrock Ranch, Celina, TX 76227
County	Denton
Property Type & Sub-Type	Multiple Units / ---
<b>Site Information - Land</b>	
Land SF	7,500
Land Acres	0.17
Zoning Code	None
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
<b>Transaction Information</b>	
Sale Status	Closed
Sale Date	09/01/2020
Seller	Horizon/Deer Creek Development Corp.
Buyer	Highland Homes - Dallas, LLC
Sale Price	\$67,000
Analysis Sale Price	\$67,000
Price per SF Land	\$8.93
Analysis Sale Price per SF Land	\$8.93

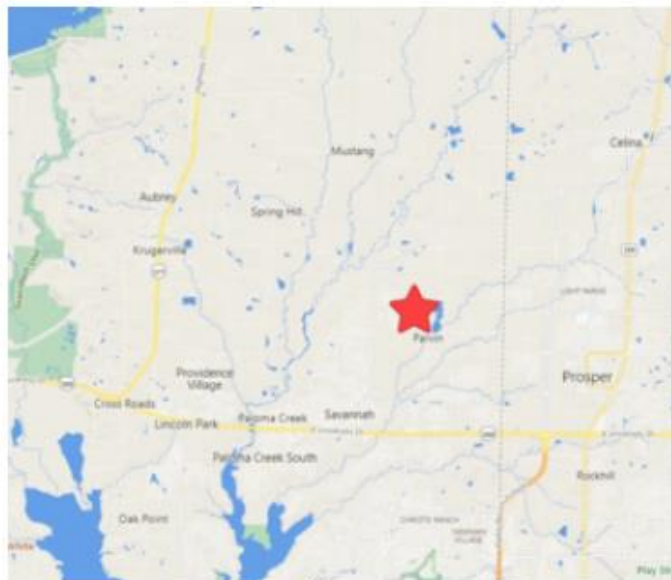
**\$1,117/FF**

## SALE COMPARABLE 2 – PHASE #3B (60' LOTS)

### Property Sale Write-Up for Sutton Fields East 60's



Sutton Fields East



Map

#### Property Information

Property Name	Sutton Fields East 60's
Property Class	Land
Address	Sutton Fields East, Celina, TX 75009
County	Denton
Property Type & Sub-Type	Housing / Multiple Units

#### Site Information - Land

Land SF	6,900
Land Acres	0.16
Zoning Code	PD - Planned Development
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer

#### Transaction Information

Sale Status	In-Contract
Sale Date	09/23/2021
Seller	MM Sutton Fields East, LLC
Buyer	First Texas Homes
Sale Price	\$75,750
Analysis Sale Price	\$75,750
Price per SF Land	\$10.98
Analysis Sale Price per SF Land	\$10.98

**\$1,413/FF**

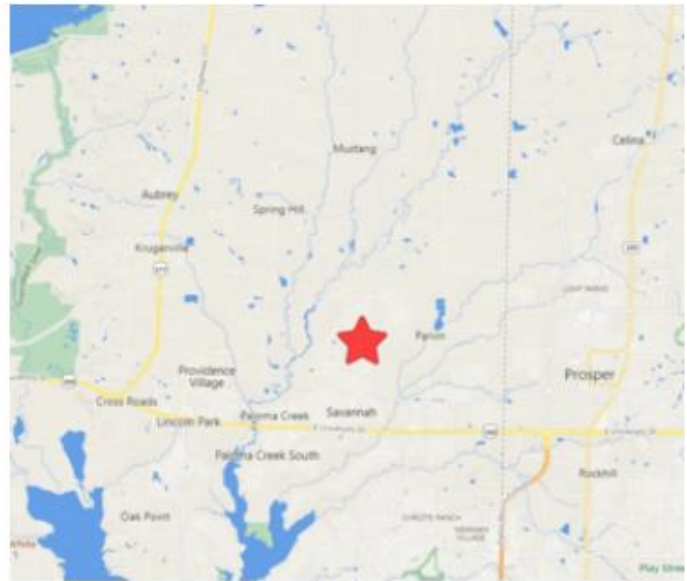


**SALE COMPARABLE 3 – PHASE #3B (60' LOTS)**

**Property Sale Write-Up for ArrowBrooke 60's**



ArrowBrooke Site Plan



Map

**Property Information**

Property Name	ArrowBrooke 60's
Property Class	Land
Address	ArrowBrooke, Aubrey, TX 76227
County	Denton
Property Type & Sub-Type	Housing / Multiple Units

**Site Information - Land**

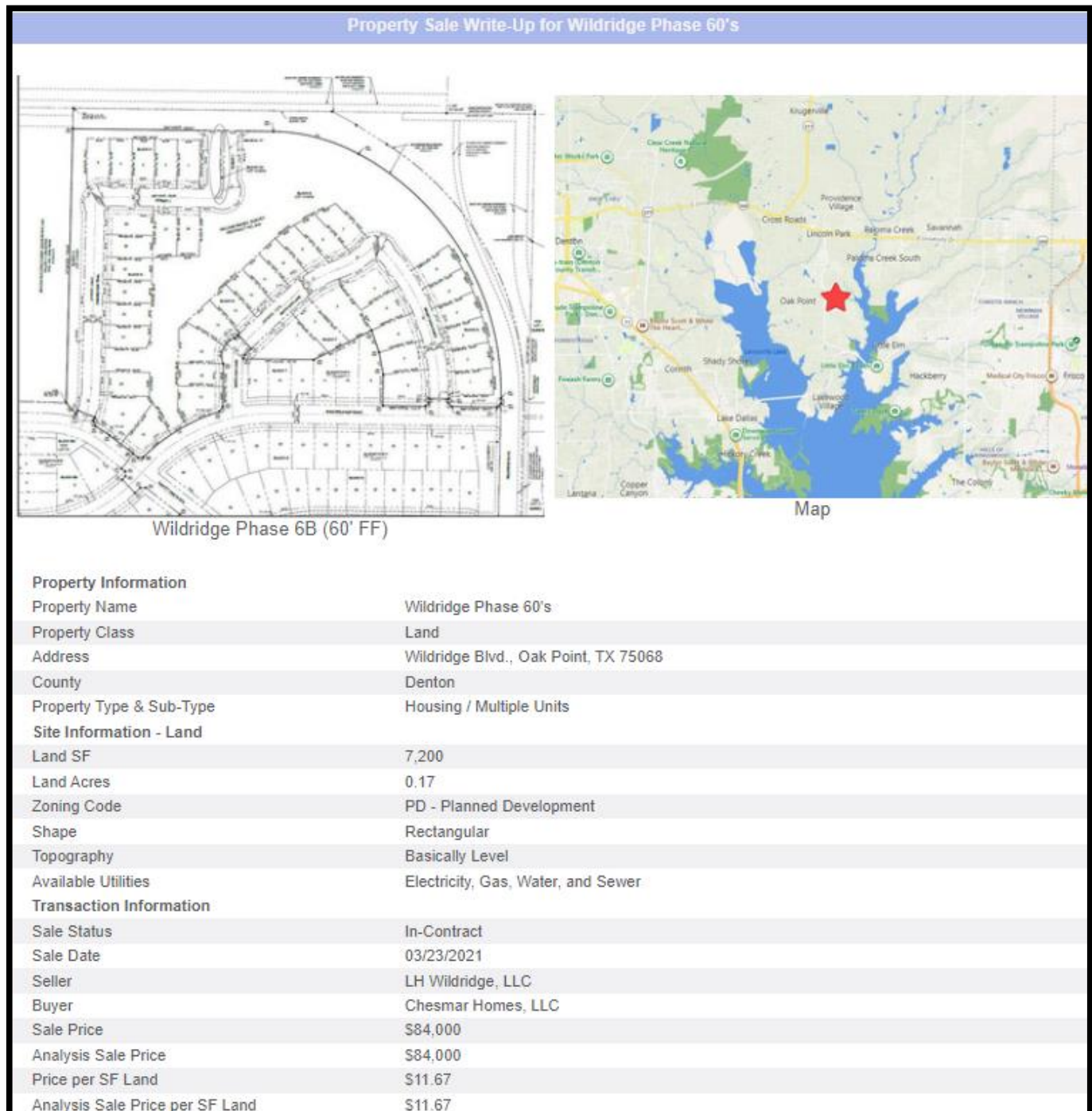
Land SF	7,200
Land Acres	0.17
Zoning Code	None
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, and Water

**Transaction Information**

Sale Status	Closed
Sale Date	09/01/2019
Sale Price	\$76,500
Analysis Sale Price	\$76,500
Price per SF Land	\$10.63
Analysis Sale Price per SF Land	\$10.63

**\$1,275/FF**

**SALE COMPARABLE 4 – PHASE #3B (60' LOTS)**



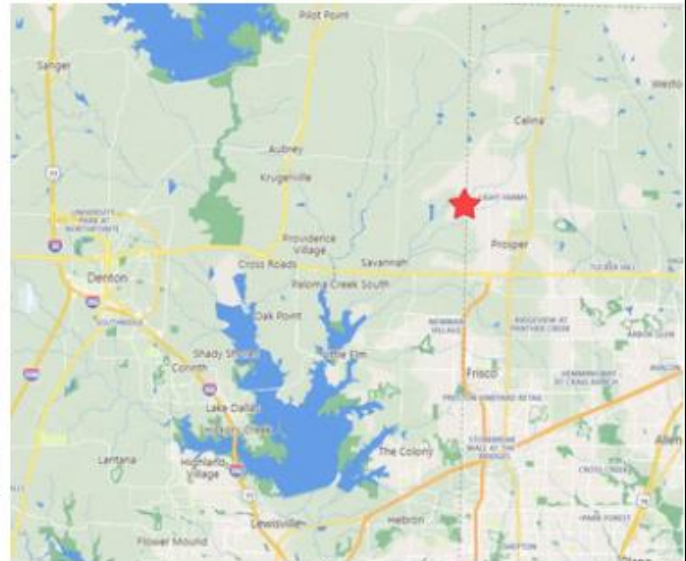
**\$1,400/FF**

## SALE COMPARABLE 5 – PHASE #3B (60' LOTS)

### Property Sale Write-Up for Creeks of Legacy West 60's



Creeks of Legacy Concept Plan



Map

#### Property Information

Property Name	Creeks of Legacy West 60's
Property Class	Land
Address	Creeks of Legacy, Celina, TX 75078
County	Denton
Property Type & Sub-Type	Housing / Multiple Units

#### Site Information - Land

Land SF	7,200
Land Acres	0.17
Zoning Code	PD - Planned Development
Shape	Rectangular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer

#### Transaction Information

Sale Status	Closed
Sale Date	08/18/2020
Seller	CADG Creeks of Legacy, LLC & Stonegate, LLC
Buyer	Trendmaker Homes DFW
Sale Price	\$78,000
Analysis Sale Price	\$78,000
Price per SF Land	\$10.83
Analysis Sale Price per SF Land	\$10.83

**\$1,300/FF**

**SALES ADJUSTMENT COMPARISON GRID – JACKSON RIDGE PHASE #3B (60' LOTS)**

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
	<u>Winn Ridge</u>	Sandbrook Ranch	Sutton Fields East	ArrowBrooke	Wildridge	Creeks of Legacy
	<u>Aubrey</u>	Aubrey	Celina	Aubrey	Oak Point	Celina
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,117	\$1,413	\$1,275	\$1,400	\$1,300
Rights Conveyed		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Sales Price/FF		\$1,117	\$1,413	\$1,275	\$1,400	\$1,300
Financing Terms		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Sales Price/FF		\$1,117	\$1,413	\$1,275	\$1,400	\$1,300
Conditions of Sale		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Sales Price/FF		\$1,117	\$1,413	\$1,275	\$1,400	\$1,300
Expenditures After Purchase		<u>8.2%</u>	<u>6.5%</u>	<u>7.2%</u>	<u>6.1%</u>	<u>7.7%</u>
Sales Price/FF		\$1,208	\$1,504	\$1,367	\$1,486	\$1,400
Market Conditions		<u>23%</u>	<u>10%</u>	<u>28%</u>	<u>18%</u>	<u>24%</u>
ADJUSTED Price/FF:		\$1,486	\$1,654	\$1,749	\$1,753	\$1,736
<i>Physical Adjustments</i>						
Location	Aubrey/FM 1385	-3%	-5%	-3%	-10%	-5%
Amenities	Amenity Center w/ Pool, Sports Fields, Walking Trails	-7%	-5%	-3%	-5%	-5%
Size	60' FF (>7,200-SF)	0%	0%	0%	0%	0%
Topography/View	Basically Level, Limited Views	0%	0%	0%	0%	0%
Zoning	PD for Single-Family	0%	0%	0%	0%	0%
<i>Total Net Physical Adjustment</i>		-10%	-10%	-6%	-15%	-10%
ADJUSTED Price/FF:		\$1,337	\$1,489	\$1,644	\$1,490	\$1,562
SUMMARY OF COMPARABLE VALUES						
Value Range/FF	\$1,337 to \$1,644					
Average Value/FF	\$1,505					
Median Value/FF	\$1,490					
Subject (Land) Value/FF	\$1,500					
Value Indication	\$90,000					



## **ANALYSIS OF ADJUSTMENTS – PHASE #3B (60' LOT SALES)**

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,117- to \$1,413 per front foot with each being 60' lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sales***

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

We are valuing the retail lot value of the 50' lots which will include sewer and water connection fees to Mustang SUD for \$5,500 (\$2,500 for water connection and \$3,000 for sewer connection) in total according to Mustang SUD Development Services Manager, Colton Smith. Mr. Smith also noted the current water and sewer connection fees for a typical residential development are currently \$8,900 (\$3,400 for water and \$5,500 for sewer); however, connection fees for the Jackson Ridge PID were set with Mustang SUD in previous years and Mustang SUD is obligated to provide connection for the lower fees.

Sales 1, 2, 3, and 4 are in the Mustang SUD while Sale 5 is connected to utilities provided by the City of Celina. Sales 1, 2, and 3 have agreements with Mustang SUD similar to the subject property and are charged \$5,500 for water and sewer connection fees. Thus, each sale is increased by \$5,500 which amounts to an 8.2% increase (\$91/FF) for Sale 1, a 6.5% increase (\$91/FF) for Sale 2, and a 7.2% increase (\$91/FF) for Sale 3. Sale 4 also has an older agreement with Mustang SUD and their water and sewer connection fees amount to \$5,150; thus, we have adjusted Sale 4 by that total which amounts to a 6.1% increase (\$86/FF) for Sale 4.

Sale 5 is in the City of Celina and is connected through their water and sewer facilities. The connection fees for in for Celina were \$6,000 so we have adjusted Sale 5 positively 7.7% (\$100/FF).

##### ***Time/Market Conditions***

The residential real estate market increased significantly in 2020 and 2021 but now appears to be cooling slightly. These increases occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Considering the residential market data and price increases for recent lot sales throughout the Metroplex and specifically along the 380 Corridor, we believe a market conditions adjustment of 0.75% monthly increase throughout 2020 and 1% monthly increase for 2021 and the first few months in 2022 is warranted and supported. Due to interest rates increases by the Federal Reserve which began in Spring 2022, we do not believe the market have significantly increased so we have not made adjusted for the most recent few months. Based on the preceding, each of the comparable lot sales have been adjusted positively between 10% and 28% for market conditions depending on the agreement date.

## **Physical Adjustments**

### ***Location/Access***

The subject property is in a quickly developing area of North Texas known as the 380 Corridor. The immediate area of the subject property is primarily single-family detached residential developments for middle-class to upper middle-class residents. The price point of the homes in the subject's Winn Ridge development is lower than surrounding developments such as ArrowBrooke and Sandbrock Ranch and the residences in the subject property will be more economical than those developments. The subject property is within Denton ISD which has good schools nearby but is slightly less desirable than Celina, Prosper, or Aubrey ISD. Denton ISD most recently had a "B" in the TEA ratings – similar to Pilot Point ISD – while Celina, Prosper, and Aubrey each received an "A".

The location of the development is within the City of Aubrey and almost directly between Aubrey, Celina, and the Town of Prosper. The subject is approximately 4 miles west of the Dallas North Tollway and approximately 3 miles south of the future Denton County Outer Loop. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Just north of the subject property and within Aubrey ETJ as well as Denton ISD but developed with larger and higher-end homes; Adjusted negatively 3%
- Sale 2: Superior; In the City of Celina and within Prosper ISD which is more appealing to future residents; Adjusted negatively 5%
- Sale 3: Superior; Just south of the subject property and within Aubrey ETJ as well as Denton ISD but developed with larger and higher-end homes; Adjusted negatively 3%
- Sale 4: Superior; South of US 380 and primarily within Denton ISD but with closer to more developed areas and Lake Lewisville; Adjusted negatively 10%
- Sale 5: Superior; In the City of Celina and within Prosper ISD which is more appealing to future residents; Adjusted negatively 5%

### ***Amenities***

The subject property's amenities generally consist of a pool, amenity center, sports fields, playground and walking trails within floodplain along the west side of the development. The amenities at Winn Ridge are standard for a master planned community but relatively basic and the amenities that are offered are relatively small for a community being built-out with over 1,400 homes. We have made the following adjustments for Amenities:

- Sale 1: Superior; Has an elementary school in the development as well as superior amenity center, open space, and pool in addition to a large pond and trails in the floodplain; Adjusted negatively 7%
- Sale 2: Superior; Has ponds in the development, a tennis court, and multiple amenity centers and pools (tying into Sutton Fields) as well as more open space than the subject; Adjusted negatively 5%
- Sale 3: Superior; Multiple amenity centers, pools, and playgrounds which are standard quality for a master planned community but are superior to the subject; Adjusted negatively 5%
- Sale 4: Superior; Has amenities in the Army Corps of Engineers area along Lewisville Lake as well as multiple pools, an amenity center, walking trails near the lake; Adjusted negatively 5%
- Sale 5: Superior; Has ponds in the development, tennis court, basketball court and multiple pools as well as similar open space trails like the subject; Adjusted negatively 5%

### ***Size***

Each of the comparable sales are also 60' lots that can accommodate the same building pad so not adjustment is made for size.

Jackson Ridge PID Phase #3B

***Topography/View***

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so not adjustment is needed for topography/view.

***Zoning***

The subject and each of the comparable sales are in planned developments and residential subzoning for similar sized residential lots; thus, no adjustment is made for zoning.

**Conclusion for 60' Lots** – The 60' Lot Sales have an adjusted range of \$1,337- to \$1,644/FF with an average of \$1,505 and a median of \$1,490. We placed more emphasis on the average since there were 5 sales within approximately 5 miles of the subject and conclude the **retail market value of the improved 50' lots is \$1,500/FF, or \$90,000/Lot.**

DRAFT

**Cumulative Retail Lot Value**

We believe a current lot market value of \$1,570/FF for 50' Lots and \$1,500/FF for 60' Lots is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate that price but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots along the 380 Corridor indicate \$1,500/FF-\$1,700/FF is the current retail price for lots similar to the subject property. Market participants noted that prices for lots rose significantly in the past late 2020 and throughout 2021 which followed a hot residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders. Rising land and development costs are contributing to keep lot prices much higher than when the initial contracts for the subject property were signed in 2015 and 2016.

As of the current report date, the residential lot prices for the subject property are shown below:

Phase	Lot Type	Concluded Retail Value 8/11/2022	Number of Lots	Total Value
3B	50' Detached Lot	\$78,500	191	\$14,993,500
3B	60' Detached Lot	\$90,000	67	\$6,030,000
			<b>258</b>	<b>\$21,023,500</b>



## DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject 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 the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future 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 those which reflect all expenses associated with the disposition of the property 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.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

### Absorption

As discussed in detail in the "Absorption Analysis" section of the report, our quarterly absorption projections are summarized as follows for the subject:

### JACKSON RIDGE PID PHASE #3B

Projected Quarterly Absorption Summary - Phase #3B ( Lots)							
Lot Type	Sep-2022	Oct-2022	Jan-2023	Apr-2023	Jul-2023		
50' Lots	10	30	30	30	30		
60' Lots	5	15	15	15	15		
<b>Total</b>	<b>15</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>		

				Oct-2023	Jan-2024
				Apr-2024	TOTAL
				30	30
				1	191
				2	-
				-	67
				<b>32</b>	<b>30</b>
				<b>1</b>	<b>258</b>

*Note: Typically, quarters start in January, April, October, and December so we have used those baselines in our analysis. Since the substantial completion date is September 1, 2022, we will analyze September and then go to quarterly analyses in October, January, and April*

### **Value Increases During Sellout Period**

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (5.50% as of late-July 2022), plus one percent (annually) up to 8.0%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

### **EXPENSES**

**Taxes** are paid by the developer annually. The estimation of taxes paid per period is based upon the principle 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. The current tax rate for the bulk of the property is **0.02120086 per \$100 assessed – 2.120086%** for the purpose of our analysis – with taxes due to the City of Aubrey, Denton County, and Denton ISD.

Based upon our experience as property tax consultants and information gathered from builders/ developers, we do not believe the vacant lots will be assessed for their full market value once substantial completion is achieved. We believe the builders will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be for \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

**Cost of Sales** has been estimated at 3% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

**Marketing expense** is not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

### **Discount Rate**

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2022*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Site-Built Residential</b>	13.59%	31.39%	20.85%	13.05%	30.13%	20.01%
-100 Units	13.59%	27.06%	19.92%	13.05%	25.98%	19.12%
100-500 Units	13.93%	29.76%	20.98%	13.38%	28.57%	20.14%
500+ Units	14.27%	31.12%	21.33%	13.70%	29.87%	20.48%
Mixed Use	14.61%	31.39%	21.16%	14.03%	30.13%	20.31%
<b>Manufactured Housing</b>	13.90%	34.25%	22.31%	13.35%	32.88%	21.42%
-100 Units	13.90%	29.78%	21.41%	13.35%	28.59%	20.55%
100-500 Units	14.25%	32.76%	22.56%	13.68%	31.45%	21.66%
500+ Units	14.60%	34.25%	22.96%	14.02%	32.88%	22.04%
<b>Business Parks</b>	13.86%	31.72%	21.15%	13.31%	30.45%	20.30%
-100 Acres	13.86%	27.59%	20.31%	13.31%	26.48%	19.50%
100-500 Acres	14.21%	30.34%	21.39%	13.64%	29.13%	20.53%
500+ Acres	14.56%	31.72%	21.75%	13.98%	30.45%	20.88%
<b>Industrial Parks</b>	13.95%	27.27%	19.18%	13.39%	26.18%	18.42%
-100 Acres	13.95%	23.72%	18.46%	13.39%	22.77%	17.72%
100-500 Acres	14.30%	26.09%	19.39%	13.73%	25.04%	18.61%
500+ Acres	14.65%	27.27%	19.70%	14.06%	26.18%	18.92%
*1st Quarter 2022 Data			Copyright 2022 RealtyRates.com™			

As shown, the minimum actual rates in Texas range from 13.59% for less than 100 units; 13.93% for 100 to 500+ units; and 14.27% for 500+ units with minimum pro-forma rates ranging from 13.05% to 14.03%.

The 7<sup>th</sup> 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”. 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 numerous purchasers 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).

Based upon the preceding, an IRR that is similar to the minimum rates provided by the RealtyRates “Developer Survey” for Texas of 14.27% for 500+ units; and 13.70% for likewise minimum pro-forma rates ranging 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 **14%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

### **JACKSON RIDGE PHASE #3B – DISCOUNT CASH FLOW (DCF) ANALYSIS**

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete 9/1/2022
- Retail lot values: \$78,500 for 50's; \$90,000 for 60's
- 6% Appreciation/Year (1.5%/Quarter)
- 50' Lots Sell at 30/Quarter and 60' Lots Sell at 15/Quarter
- Discount Rate 14% (3.5%/Quarter)
- Tax Expense on Inventory is 2.120086%/Year, 0.530022%/Quarter, but is discounted 30% from retail value
- Sales and Marketing Expense (3% of Revenue)

As substantial construction on the lots is expected to be complete by September 1, 2022, we do not expect the lots to appreciate significantly following our report date which is within one month of substantial completion. Thus, **the retail lot value for 50' lots is \$78,500, and the retail lot value for 60' lots is \$90,000 with total cumulative values** as of the expected construction completion date (September 1, 2022) is **\$21,023,500**. A table is shown below:

<b>JACKSON RIDGE PID PHASE #3B, AUBREY, TX 76227</b>					
<b>Phase</b>	<b>Total Lots</b>	<b>Feet Frontage (FF)</b>	<b>Retail Price/Lot on Sep. 1, 2022</b>	<b>Price/FF (\$/FF)</b>	<b>Total Retail Value (\$)</b>
3B	191	50	\$78,500	\$1570/FF	\$14,993,500
3B	67	60	\$90,000	\$1500/FF	\$6,030,000
	<b>258</b>				<b>\$21,023,500</b>

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.5% is applied to each period. Typically, quarters start in January, April, October, and December so we have used those baselines in our analysis. Since the substantial completion date is September 1, 2022, we will analyze September and then go to quarterly analyses in October, January, and April.

**DISCOUNT CASH FLOW DATA – PHASE #3B LOTS (QUARTERLY)**

	<b>Sep. 2022</b>			<b>Oct. 2022</b>		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
50' Lot	191	\$ 78,500	10	181	\$ 78,893	30
60' Lot	67	\$ 90,000	5	62	\$ 90,450	15
<b>Revenue</b>	<b>258</b>	<b>\$1,235,000</b>			<b>\$3,723,525</b>	
Expenses						
<i>Tax Expense</i>		\$ 78,000			\$ 73,785	
<i>Sales Expense</i>		\$ 37,050			\$ 111,706	
<b>Net Income</b>		<b>\$1,119,950</b>			<b>\$3,538,034</b>	
<b>Factor</b>		<b>0.989140</b>			<b>0.973072</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$1,107,787</b>			<b>\$3,442,760</b>	



	<b>Jan. 2023</b>			<b>Apr. 2023</b>		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50' Lot	151	\$ 80,076	30	121	\$ 81,277	30
60' Lot	47	\$ 91,807	15	32	\$ 93,184	15
<b>Revenue</b>		<b>\$3,779,378</b>			<b>\$3,836,069</b>	
Expenses						
<i>Tax Expense</i>		\$ 60,870			\$ 47,551	
<i>Sales Expense</i>		\$ 113,381			\$ 115,082	
<b>Net Income</b>		<b>\$3,605,126</b>			<b>\$3,673,436</b>	
<b>Factor</b>		<b>0.941713</b>			<b>0.911365</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$3,394,995</b>			<b>\$3,347,841</b>	



▼

	Jul. 2023			Oct. 2023		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50' Lot	91	\$ 82,496	30	61	\$ 83,734	30
60' Lot	17	\$ 94,582	15	2	\$ 96,000	2
<b>Revenue</b>		<b>\$3,893,610</b>			<b>\$2,704,009</b>	
Expenses						
<i>Tax Expense</i>		\$ 33,818			\$ 19,663	
<i>Sales Expense</i>		\$ 116,808			\$ 81,120	
<b>Net Income</b>		<b>\$3,742,983</b>			<b>\$2,603,226</b>	
<b>Factor</b>		<b>0.881995</b>			<b>0.853572</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$3,301,293</b>			<b>\$2,222,040</b>	

▼

	Jan. 2023			Apr. 2023		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50' Lot	31	\$ 84,990	30	1	\$86,264	1
60' Lot	-	-		-	-	
<b>Revenue</b>		<b>\$2,549,689</b>			<b>\$86,264</b>	
Expenses						
<i>Tax Expense</i>		\$ 9,775			\$ 320	
<i>Sales Expense</i>		\$ 76,491			\$ 2,588	
<b>Net Income</b>		<b>\$2,463,423</b>			<b>\$83,356</b>	
<b>Factor</b>		<b>0.826064</b>			<b>0.803820</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$2,034,945</b>			<b>\$67,004</b>	

▼

<b>Total Net Revenue Over ~7 Quarters</b>	<b>\$ 20,829,534</b>
<b>Net Present Value (at completion) at 14% Discount Rate</b>	<b>\$ 18,918,665</b>
<b><u>Rounded</u></b>	<b>\$ 18,900,000</b>

*Note: Quarterly discount calculations are averaged to the middle of the quarter*

**DISCOUNT CASH FLOW DATA – PHASE #3B LOTS (ANNUAL)**

		2022		2023		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
50' Lot	191	\$ 79,285	40	151	\$ 81,664	120
60' Lot	67	\$ 90,900	20	47	\$ 93,627	47
<b>Revenue</b>	<b>258</b>	<b>\$4,989,400</b>			<b>\$ 14,200,095</b>	
Expenses						
<i>Tax Expense</i>		\$ 105,041			\$ 248,308	
<i>Sales Expense</i>		\$ 149,682			\$ 426,003	
<b>Net Income</b>		<b>\$4,734,677</b>			<b>\$ 13,525,784</b>	
<b>Factor</b>		<b>0.978399</b>			<b>0.896560</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$4,632,402</b>			<b>\$ 12,126,675</b>	



2023			
Lot Type	Units Available	Lot Price	Sales
50' Lot	31	\$ 84,930	31
60' Lot	-	-	0
<b>Revenue</b>		<b>\$2,632,833</b>	
Expenses			
<i>Tax Expense</i>		\$ 6,511	
<i>Sales Expense</i>		\$ 78,985	
<b>Net Income</b>		<b>\$2,547,337</b>	
<b>Factor</b>		<b>0.821567</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$2,092,806</b>	



<b>Total Net Income Over ~1 Year</b>	<b>\$ 20,807,798</b>
<b>Net Present Value (at completion) at 14% Discount Rate</b>	<b>\$ 18,851,883</b>
<b><u>Rounded</u></b>	<b>\$ 18,850,000</b>

*Note: Annual discount and appreciation calculations are averaged to the middle of the period*

Jackson Ridge PID Phase #3B

**DCF Conclusion (Improved 50' and 60' Lots)**

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for Jackson Ridge Phase #3B in a bulk sale transaction would be between \$18,850,000 and \$18,900,000 which are less than 1% different. Both annual and quarterly DCF analyses have relevance and are a check of reasonable on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Jackson Ridge Phase #3B (258 lots) “Upon Completion” with an effective date of September 1, 2022, is \$18,900,000 (\$73,256/Lot).**

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS**

Using the Discount Cash Flow Analysis to determine the net present value as of the expected construction completion date (September 1, 2022), we have determined the following values for Jackson Ridge PID Phase #3B as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete September 1, 2022</i>	
<b>Jackson Ridge PID Phase #3B</b> <b>258 Improved Lots</b>	<b>\$18,900,000 (\$73,256/Lot)</b>



## **RECONCILIATION AND FINAL VALUE CONCLUSION**

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

*“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”*

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

### **Cost Approach**

Since the subject property’s residential subdivision has been constructed in phases over several years and we are only appraising a portion of the development, *the Cost Approach is not appropriate and thus was not utilized*. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

### **Income (Subdivision Development) Approach**

For the improved lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since our assignment is to determine the bulk sale value of 258 improved residential lots in Jackson Ridge Phase #3B, as of the construction completion dates, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the value of the 258 improved lots “Upon Completion” in Jackson Ridge PID Phase #3B, as of September 1, 2022, is \$18,900,000 (\$73,256/Lot).**

### **Sales Comparison Approach**

For the improved lots, the Sales Comparison Approach was not fully developed because finding highly similar and recent sales of improved groups of lots or subdivisions is not available in the market. Aspects of the Sales Comparison Approach were utilized in concluding the retail lot market values for use in the Income Approach for the improved lots.

Jackson Ridge PID Phase #3B

**Final Value Conclusion Summary**

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. We utilized the Income (Subdivision Development) Approach to value the 258 improved residential lots. Our final value conclusion for the retail lot value and the cumulative value of the lots is shown below:

<b>JACKSON RIDGE PID PHASE #3B, AUBREY, TX 76227</b>					
<b>Phase</b>	<b>Total Lots</b>	<b>Feet Frontage (FF)</b>	<b>Retail Price/Lot on Sep. 1, 2022</b>	<b>Price/FF (\$/FF)</b>	<b>Total Retail Value (\$)</b>
3B	191	50	\$78,500	\$1570/FF	\$14,993,500
3B	67	60	\$90,000	\$1500/FF	\$6,030,000
	<b>258</b>				<b>\$21,023,500</b>

After considering discount cash flow, our final value conclusion "Upon Completion" is shown below:

<b>FINAL MARKET VALUE CONCLUSION</b>	
<b><i>Fee Simple Interest, Complete September 1, 2022</i></b>	
<b>Jackson Ridge PID Phase #3B</b>	<b>\$18,900,000 (\$73,256/Lot)</b>
<b>258 Improved Lots</b>	

**Exposure Time**

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 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. Market conditions are presently strong, and we expect no significant changes 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.

**ADDENDA**

## **ASSUMPTIONS AND LIMITING CONDITIONS**

This report is subject to the following assumptions and limiting conditions:

- 1) The value is based on the assumption of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise herein described. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser has been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, are not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No

responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered “to-be-built” improvements.

- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, are not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected 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.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

### 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. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by Service and Assessment Plan (SAP) published by MuniCap, Inc. and the engineering plans published by Petitt Barraza LLC (now Petitt & Associates) as of September 1, 2022, for 258 improved residential lots in Jackson Ridge PID Phase #3B.
- All information relative to the property located within the Jackson Ridge PID Phase #3B including land areas, lot totals, lot sizes, and other pertinent data that was provided by FMSBonds, Centurion American (owner/developer), Petitt Barraza, LLC and/or Petitt & Associates (professional engineers), the City of Aubrey, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lot construction with an expected completion date of September 1, 2022; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation dates. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective effective dates.

### The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, 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.

- No Hypothetical Conditions are used in this report.

We are not qualified to detect or identify hazardous substances, which may, or may not be present on or near this property. The presence of hazardous materials may negatively affect value. We have valued the subject property as though free of hazardous materials. We urge the user of this report to obtain the services of a specialist for the purpose of conducting an environmental audit to ensure that the subject property is free of hazardous materials.

## ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).



## DEFINITIONS

### **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.

### **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.

### **Market Rent**

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

### **Market Value**

*Market value* means 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:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) 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.

The value conclusions expressed within this report are in terms of cash (\$US).

**Extraordinary assumptions** are assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Hypothetical condition** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

### **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.

### **Prospective Market Value “As Completed” and “As Stabilized”**

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4\* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

### **Retrospective Value Opinion**

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

### **Neighborhood**

- (1) A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential superpad within a master-planned community usually having a distinguishing name and entrance.

### **Depreciation**

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

#### *Physical Deterioration*

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition, is generally the measure of deferred maintenance.

*Functional Obsolescence*

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

*External Obsolescence*

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

**Paper Lot**

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

**Definition Sources:**

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

Jackson Ridge PID Phase #3B

**JAMES L. MAIBACH, CPM**

Certified Property Manager and State Certified General Real Estate Appraiser

**EDUCATION:**

Graduate North Quincy High School, Quincy, Massachusetts, 1976  
Bachelor of Science in Business Administration (with Honors)  
Northeastern University, Boston Massachusetts, 1981  
Major: Accounting Minor: Marketing

**TECHNICAL TRAINING:**

Institute of Real Estate Management Courses:

#303 - Leasing and Management of Shopping Center and Retail Space  
#400 - Managing Real Estate as an Investment  
#500 - Problem-Solving & Decision-Making for the Property Manager  
#800 - Ethics in Real Estate Management

University of Texas at Arlington: Real Estate Courses:

RE 001 Real Estate Finance; RE 004 Real Estate Mathematics ;  
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;  
RE 501 Texas Real Estate Law; RE 701 Property Management

East Texas Baptist University:

Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:  
USPAP Update

Texas Association of Property Tax Professionals, Inc.:

Principles of Property Tax Consulting; A Survey of Texas Property Tax Law

Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997

TREC Licensed Instructor – Commercial Investment Course, CEI 1998

Continuing Education Institute:

Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update

Institute for Real Estate Professionals, Inc.

Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007

Texas Association of Realtors:

Tarrant County Appraisal Review Board Determinations

**PROFESSIONAL AFFILIATIONS:**

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G

Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942

Texas Real Estate Broker's License, No. 375882

Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360

Texas Property Tax Arbitrator #32020394139

Tarrant Appraisal Review Board Member 1991-1992 Appointment

City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)

American Planning Association – Member 1997 to 2003

Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2007 to present

City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007

**EXPERIENCE:**

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986.

Appeared in Texas State Court as an expert witness on real estate values on numerous occasions. A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



## **Certified General Real Estate Appraiser**

**Appraiser: James Lawrence Maibach**

**License #: TX 1323658 G**

**License Expires: 09/30/2022**

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**

**SHERIDAN ENGEL**

Appraiser Trainee

**EDUCATION:**

Graduate, 2002 - Brookville High School, Lynchburg, VA

Bachelor of Science in Biochemistry, 2007 - Virginia Polytechnic Institute & State University, Blacksburg, VA

Bachelor of Science in Psychology, 2007 - Virginia Polytechnic Institute & State University, Blacksburg, VA

**TECHNICAL TRAINING:**

*McKissock Learning Appraisal Courses*

- Basic Appraisal Principles (30 hours)
- Basic Appraisal Procedures (30 hours)
- 2018-2019 National USPAP Course (15 hours)
- Supervisor-Trainee Course for Texas (4 hours)
- Residential Appraiser Site Valuation and Cost Approach (15 hours)
- Residential Sales Comparison and Income Approaches (30 hours)
- Residential Market Analysis and Best Use (15 hours)
- Residential Report Writing and Case Studies (15 hours)
- Advanced Residential Applications and Case Studies (15 hours)
- Finance, Modeling, and Statistics (15 hours)
- General Appraiser-Highest and Best Use (30 hours)
- General Report Writing & Case Studies (30 hours)
- General Sales Comparison Approach (30 hours)
- General Cost Approach (30 hours)
- General Income Approach (60 hours)
- Expert Witness for Commercial Appraisers (15 hours)
- Commercial Appraisal Review (15 hours)
- Appraisal Subject Matter Electives (20 hours)
- Appraisal Institute: Subdivision Valuation (7 hours)

**EXPERIENCE:**

October 2020-Present

Appraiser Trainee with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land, Residential Appraisals
- Served as Liaison between clients, banks, and supervisor, James L. Maibach, CPM
- Texas Appraiser Trainee - #1342474

April 2009-October 2020

Field Calibration Technician with Bio-Tek Services, Inc., Dallas, TX

- Serviced laboratory instruments for university research, government, hospital, and biotech laboratories
- Top earning service/sales representative from 2011-2020; sales on average 3 times higher than the mean sales rep
- Worked remotely (main office based in Richmond, VA) and rarely needed oversight from operations managers
- Organized an extremely busy schedule (along with 75% overnight travel) to maintain customer compliance
- Developed and maintained strong relationships with clients over the course of a decade
- Followed ISO 17025 guidelines to keep client labs compliant with regulatory standards



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