

NEW ISSUE

NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN.

In the opinion of Bond Counsel, under existing law, interest on the Bonds is (i) 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 an item of preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.

**\$5,635,000*****CITY OF KAUFMAN, TEXAS,****(a municipal corporation of the State of Texas located in Kaufman County)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022****(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)****THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.****Dated Date: Date of Delivery****Due: September 15, as shown on the inside cover****Interest to Accrue from Date of Delivery**

The City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B Project) (the “Bonds”), are being issued by the City of Kaufman, 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 15 and September 15, commencing September 15, 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 DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on November 21, 2022, and an Indenture of Trust, dated as of November 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 costs of the “Phases #2A-2B Improvements,” which consist of certain public improvements, that will benefit only Phases #2A-2B of the Kaufman Public Improvement District No. 1 (the “District”), (ii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iii) funding a portion of a Delinquency and Prepayment Reserve Account, (iv) funding capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds. See “THE PHASES #2A-2B IMPROVEMENTS” and “APPENDIX A — 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 obligations of the City payable solely from and secured by the Pledged Revenues (as defined herein), consisting primarily of Assessments (as defined herein) levied against assessable properties in Phases #2A-2B of the District in accordance with a Service and Assessment Plan, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

THE BONDS ARE SPECIAL 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 C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Winstead PC, and for the Developer by its counsel, Miklos Sinclair, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about December 21, 2022 (the “Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____^(a)

\$5,635,000*
CITY OF KAUFMAN, TEXAS,
(a municipal corporation of the State of Texas located in Kaufman County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____^{(a) (c)}

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____^{(a) (c)}

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____^{(a) (b) (c)}

* *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, managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on September 15, 20 __ 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 15, 20 __, at a redemption price equal to the principal amount of Bonds or portion thereof to be called for redemption plus accrued and unpaid interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF KAUFMAN, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Jeff Jordan	Mayor	May 2023
Matthew Phillips	Mayor Pro-Tem	May 2023
Patty Patterson	Councilmember	May 2023
Charles Gillenwater	Councilmember	May 2024
Carole Aga	Councilmember	May 2023
Lisa Parker	Councilmember	May 2024
Quattro Borders	Councilmember	May 2024

CITY MANAGER

Michael Slye

DIRECTOR OF FINANCE

Mary Wennerstrom

ADMINISTRATOR

MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY

Hilltop Securities Inc.

BOND COUNSEL

Bracewell LLP

UNDERWRITER'S COUNSEL

Winstead PC

For additional information regarding the City, please contact:

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nick.bulaich@hilltopsecurities.com

A map of the Dallas-Fort Worth metropolitan area. A red star is placed near the intersection of Kautman and Terrell, with a black box containing the text "DISTRICT" below it. The map shows major highways (Interstates 30, 35, 40, 67, 75, 80, 82, 84, 86, 88, 90, 94, 96, 98, 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, 198, 200, 202, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 372, 374, 376, 378, 380, 382, 384, 386, 388, 390, 392, 394, 396, 398, 400, 402, 404, 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 478, 480, 482, 484, 486, 488, 490, 492, 494, 496, 498, 500, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 572, 574, 576, 578, 580, 582, 584, 586, 588, 590, 592, 594, 596, 598, 600, 602, 604, 606, 608, 610, 612, 614, 616, 618, 620, 622, 624, 626, 628, 630, 632, 634, 636, 638, 640, 642, 644, 646, 648, 650, 652, 654, 656, 658, 660, 662, 664, 666, 668, 670, 672, 674, 676, 678, 680, 682, 684, 686, 688, 690, 692, 694, 696, 698, 700, 702, 704, 706, 708, 710, 712, 714, 716, 718, 720, 722, 724, 726, 728, 730, 732, 734, 736, 738, 740, 742, 744, 746, 748, 750, 752, 754, 756, 758, 760, 762, 764, 766, 768, 770, 772, 774, 776, 778, 780, 782, 784, 786, 788, 790, 792, 794, 796, 798, 800, 802, 804, 806, 808, 810, 812, 814, 816, 818, 820, 822, 824, 826, 828, 830, 832, 834, 836, 838, 840, 842, 844, 846, 848, 850, 852, 854, 856, 858, 860, 862, 864, 866, 868, 870, 872, 874, 876, 878, 880, 882, 884, 886, 888, 890, 892, 894, 896, 898, 900, 902, 904, 906, 908, 910, 912, 914, 916, 918, 920, 922, 924, 926, 928, 930, 932, 934, 936, 938, 940, 942, 944, 946, 948, 950, 952, 954, 956, 958, 960, 962, 964, 966, 968, 970, 972, 974, 976, 978, 980, 982, 984, 986, 988, 990, 992, 994, 996, 998, 1000, 1002, 1004, 1006, 1008, 1010, 1012, 1014, 1016, 1018, 1020, 1022, 1024, 1026, 1028, 1030, 1032, 1034, 1036, 1038, 1040, 1042, 1044, 1046, 1048, 1050, 1052, 1054, 1056, 1058, 1060, 1062, 1064, 1066, 1068, 1070, 1072, 1074, 1076, 1078, 1080, 1082, 1084, 1086, 1088, 1090, 1092, 1094, 1096, 1098, 1100, 1102, 1104, 1106, 1108, 1110, 1112, 1114, 1116, 1118, 1120, 1122, 1124, 1126, 1128, 1130, 1132, 1134, 1136, 1138, 1140, 1142, 1144, 1146, 1148, 1150, 1152, 1154, 1156, 1158, 1160, 1162, 1164, 1166, 1168, 1170, 1172, 1174, 1176, 1178, 1180, 1182, 1184, 1186, 1188, 1190, 1192, 1194, 1196, 1198, 1200, 1202, 1204, 1206, 1208, 1210, 1212, 1214, 1216, 1218, 1220, 1222, 1224, 1226, 1228, 1230, 1232, 1234, 1236, 1238, 1240, 1242, 1244, 1246, 1248, 1250, 1252, 1254, 1256, 1258, 1260, 1262, 1264, 1266, 1268, 1270, 1272, 1274, 1276, 1278, 1280, 1282, 1284, 1286, 1288, 1290, 1292, 1294, 1296, 1298, 1300, 1302, 1304, 1306, 1308, 1310, 1312, 1314, 1316, 1318, 1320, 1322, 1324, 1326, 1328, 1330, 1332, 1334, 1336, 1338, 1340, 1342, 1344, 1346, 1348, 1350, 1352, 1354, 1356, 1358, 1360, 1362, 1364, 1366, 1368, 1370, 1372, 1374, 1376, 1378, 1380, 1382, 1384, 1386, 1388, 1390, 1392, 1394, 1396, 1398, 1400, 1402, 1404, 1406, 1408, 1410, 1412, 1414, 1416, 1418, 1420, 1422, 1424, 1426, 1428, 1430, 1432, 1434, 1436, 1438, 1440, 1442, 1444, 1446, 1448, 1450, 1452, 1454, 1456, 1458, 1460, 1462, 1464, 1466, 1468, 1470, 1472, 1474, 1476, 1478, 1480, 1482, 1484, 1486, 1488, 1490, 1492, 1494, 1496, 1498, 1500, 1502, 1504, 1506, 1508, 1510, 1512, 1514, 1516, 1518, 1520, 1522, 1524, 1526, 1528, 1530, 1532, 1534, 1536, 1538, 1540, 1542, 1544, 1546, 1548, 1550, 1552, 1554, 1556, 1558, 1560, 156

AREA LOCATION MAP



MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES



FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("RULE 15C2-12"), 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 NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN. EACH PROSPECTIVE 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 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."

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 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 HAS BEEN 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, THE CITY'S FINANCIAL ADVISOR NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY OR THE DEVELOPER FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO

ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$5,635,000*

CITY OF KAUFMAN, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022

(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Kaufman, Texas (the “City”), of its \$5,635,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B Project) (the “Bonds”).

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, REDEMPTION PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “SUITABILITY FOR INVESTMENT” and “BONDHOLDERS’ RISKS.”

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 enacted by the City Council of the City (the “City Council”) on November 21, 2022 (the “Bond Ordinance”), and an Indenture of Trust, dated as of November 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 of and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of assessments levied against Assessed Property (as defined herein) located in Phases #2A-2B (the “Assessments”) of the Kaufman Public Improvement District No. 1 (the “District”) for the Phases #2A-2B Improvements (as defined herein) pursuant to a separate ordinance enacted by the City Council on November 21, 2022 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on November 13, 2018 (the “Creation Resolution”).

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 A — Form of Indenture.”

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the TIRZ Creation Ordinance (as defined herein), the Georgetown at Kings Fort Development Agreement between the City and Georgetown KF, Ltd. (the “Developer”), effective as of November 13, 2018, as amended (the “Development Agreement”), the Construction, Funding and Acquisition Agreement (as defined herein), 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, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* Preliminary; subject to change.

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries and extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for public improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Phases #2A-2B Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District. The District is not a separate political entity from the City but rather reflects an area within the City that City Council has designated and within which the City is authorized to levy assessments for public improvements.

Development Plan, Status of Development and Plan of Finance

The District is composed of approximately 85.5 acres which are being developed in phases as a master-planned residential development. The Developer's plans consist of the development of the District in phases which began with the development of the infrastructure to serve the 28.4 acres in the initial phases of development, which consist of the areas identified as "Phase #1A" and "Phase #1B" of the District as shown in the "MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES" on page v (collectively, "Phases #2A-2B") and is continuing with the development of the infrastructure to serve the remaining 47.537 developable acres in the subsequent two phases, individually Phase #2A and Phase #2B (collectively, the "Phases #2A-2B"), which is expected to consist of 166 lots in a combination of 50', 55', 60' and 65' lots. The remaining 9.5 acres in the District will be used for a school site. 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 BOUNDARIES OF THE DISTRICT AND PHASES" on page v.

Development in the District began with the development of the infrastructure to serve Phases #1A and #1B of the District (the "Phases #1A-1B Improvements"). Construction of the Phases #1A-1B Improvements began in Q4 2018 and was completed in Q4 2021. All lots in Phases #1A-1B of the District were sold to Bloomfield Homes, L.P. ("Bloomfield Homes"). As of September 29, 2022, all lots in Phases #1A and #1B had been taken down and 68 homes were closed to end users. Home sales in Phases #1A and #1B of the District began in February 2020, and the average sale price of such homes in Phases #1A and #1B of the District is \$316,149. See "THE DEVELOPMENT — Development Plan and Status of Development."

Development in the District continued with the development of certain roadway improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that will benefit Phases #2A-2B of the District (the "Phases #2A-2B Improvements"). Phases #2A-2B are the last phases of development in the District.

Construction of the Phases #2A-2B Improvements began in Q2 2022. Construction of the portion of the Phases #2A-2B Improvements benefitting Phase #2A is expected to be completed in Q1 2023. Construction of the portion of the Phases #2A-2B Improvements benefitting Phase #2B is expected to be completed in Q2 2023. See "THE PHASES #2A-2B IMPROVEMENTS" and "APPENDIX B — Form of Service and Assessment Plan." The final plat for Phase #2A was filed May 18, 2022 and the final plat for Phase #2B was filed June 2, 2022. As of September 29, 2022, in Phase #2A, rough grading was completed, sanitary sewer was completed, and water installation was approximately 80% completed. Storm sewer installation began in October 2022 and paving is expected to begin in January 2023. As of September 29, 2022, in Phase #2B, rough grading was completed. Utilities installation began in October 2022 and paving is expected to begin in January 2023.

The cost of the Phases #2A-2B Improvements is expected to be approximately \$5,959,147*. A portion of such costs in the amount of \$5,635,000* is expected to be paid with proceeds of the Bonds. The balance of such costs is expected to be paid by the Developer, without reimbursement by the City, through cash and funds from the Development Loan (as defined herein). As of October 31, 2022, the Developer has expended approximately

* Preliminary; subject to change.

\$1,120,000 on the costs of the Phases #2A-2B Improvements, which costs were paid by the Developer in cash. See “SOURCES AND USES OF FUNDS.”

All 166 lots in Phases #2A-2B are under contract with Bloomfield Homes, which has deposited \$835,000 in earnest money relating to such lots at a title company for the benefit of the Developer.

The City will pay a portion of the project costs for the Phases #2A-2B Improvements from proceeds of the Bonds. The Developer will submit reimbursement requests on a monthly basis for costs actually incurred in developing and constructing the Phases #2A-2B Improvements and be reimbursed in accordance with the Indenture and the Kaufman Public Improvement District No. 1 Phases #2A & 2B Improvements Construction, Funding, and Acquisition Agreement (the “Construction, Funding, and Acquisition Agreement”). See “THE PHASES #2A-2B IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan and Status of Development,” and “APPENDIX F – Form of Construction, Funding and Acquisition Agreement.”

Prior Bond Financings

To finance the costs of the Phases #1A-1B Improvements, the City previously issued its \$3,380,000 City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2021 (Kaufman Public Improvement District No. 1 Phases #1A-1B Project) (the “Phases #1A-1B Bonds”). The Phases #1A-1B Bonds are secured by assessments levied on assessable property in Phase #1A-#1B of the District (“Phases #1A-1B Assessments”). **The Phases #1A-1B Assessments are not security for the Bonds.**

The Bonds

Proceeds of the Bonds will be used primarily to finance (i) a portion of the costs of the Phases #2A-2B Improvements, (ii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iii) funding a portion of a Delinquency and Prepayment Reserve Account, (iv) funding capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount shall be transferred to the Principal and Interest Account of the Bond Fund (as defined herein) to pay interest on the Bonds. See “THE PHASES #2A-2B IMPROVEMENTS,” “APPENDIX A – 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, consisting primarily of Assessments to be levied against Assessed Property (as defined in the Service and Assessment Plan) within Phases #2A-2B of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES,” “APPENDIX A - Form of Indenture” and “APPENDIX B - Form of Service and Assessment Plan.”

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.

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 and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing September 15, 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”). No physical delivery of the Bonds will be made to the beneficial owners thereof. 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. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to beneficial owners of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Bonds in whole or in part, before their respective scheduled maturity dates, on September 15, 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. Pursuant to the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity date, 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 of assessments by property owners (“Prepayments”), or any other transfers to the Redemption Fund, as set forth in the Indenture. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments. See “APPENDIX A – FORM OF INDENTURE.”

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 Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedules:

\$ Term Bonds Maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__	
September 15, 20__†	

\$ Term Bonds Maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__	
September 15, 20__†	

† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory sinking fund redemption date, the Trustee will 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 sinking fund 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 mandatory sinking fund 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 unpaid 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 or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Notice of any redemption shall be given by the Trustee at least thirty (30) days prior to the redemption date by giving written notice to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register by first-class mail, postage prepaid. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given and not otherwise rescinded, as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

The City 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 Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption relating to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemptions of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds within a maturity to be redeemed will not be governed by the Bond Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption (see "BOOK-ENTRY ONLY SYSTEM" herein).

Additional Provisions with Respect to Redemption.

If less than all of the Bonds are to be redeemed pursuant to a mandatory sinking fund redemption, an optional redemption or an extraordinary optional redemption, Bonds shall 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. No redemption shall result in a Bond in a denomination less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000 may be issued.

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 in a City Certificate; 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.

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

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 The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 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.

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 any 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 Phases #2A-2B 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 fraud or willful misconduct, to the extent permitted by law. 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 District (which has no taxing power), 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.

SECURITY FOR THE BONDS

General

THE BONDS ARE SPECIAL 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.

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED THE “TAX INCREMENT REINVESTMENT ZONE NO. 1, CITY OF KAUFMAN, TEXAS” (THE “TIRZ”), WHICH INCLUDES THE LAND WITHIN THE DISTRICT AND ADDITIONAL LAND, AND INTENDS TO USE CERTAIN ANNUAL REVENUES COLLECTED WITHIN THE TIRZ, WHICH REVENUES WILL CONSIST OF AN AMOUNT EQUAL TO 75% OF ALL REAL PROPERTY TAXES LEVIED FOR MAINTENANCE AND OPERATIONS, ASSESSED AND COLLECTED ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE CITY THEREIN, TO PAY THAT PORTION OF THE COSTS OF THE INFRASTRUCTURE BENEFITTING THE DISTRICT ON A PARCEL-BY-PARCEL BASIS AS SET FORTH IN THE SERVICE AND ASSESSMENT PLAN (THE “CITY TIRZ REVENUES”). IN ADDITION, KAUFMAN COUNTY, TEXAS (THE “COUNTY”) HAS AGREED TO DEDICATE AN AMOUNT EQUAL TO 50% OF ALL REAL PROPERTY TAXES LEVIED FOR MAINTENANCE AND OPERATIONS, ASSESSED AND COLLECTED ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE COUNTY THEREIN FOR THE SAME PURPOSES (THE “COUNTY TIRZ REVENUES”, AND, TOGETHER WITH THE CITY TIRZ REVENUES, THE “TIRZ REVENUES”). SUCH TIRZ REVENUES, TO THE EXTENT AVAILABLE, ARE EXPECTED TO BE USED BY THE CITY TO OFFSET ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS AND ANY OTHER PID BONDS ISSUED TO FINANCE DEVELOPMENT IN THE DISTRICT (COLLECTIVELY, THE “ISSUED PID BONDS”) ON A PRO-RATA BASIS. ANY AMOUNT OF SUCH TIRZ REVENUES USED TO PAY PRINCIPAL OF AND INTEREST ON THE ISSUED PID BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO SUCH ISSUED PID BONDS BY A CORRESPONDING AMOUNT. SUCH TIRZ REVENUES ARE NOT PLEDGED TO THE BONDS UNDER THE INDENTURE, NOR WILL SUCH TIRZ REVENUES BE PLEDGED PURSUANT TO ANY INDENTURE RELATING TO THE ISSUED PID BONDS. SEE “TIRZ REVENUES MAY OFFSET ASSESSMENTS” BELOW.

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 Assessments to be levied against the Assessed Property within Phases #2A-2B of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Phases #2A-2B of the District contain approximately 47.537 developable acres. In accordance with the PID Act, the City previously caused the preparation of a Service and Assessment Plan in connection with the levy of assessments in Phases #1A-1B of the District, and adopted an Amended and Restated Service and Assessment Plan (as amended and supplemented, the “Service and Assessment Plan”). The City expects to adopt an amended and restated Service and Assessment Plan which describes the special benefit received by the property within the District, including Phases #2A-2B of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds concurrently with the adoption of the Assessment Ordinance. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of 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 B — 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 Phases #2A-2B Improvements by levying Assessments upon properties in Phases #2A-2B of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments expected to be levied in Phases #2A-2B of the District, see “ASSESSMENT PROCEDURES” and “APPENDIX B — Form of Service and Assessment Plan.”

Pursuant to the Indenture, Pledged Revenues are the sum of (i) the Annual Installments, excluding the portion of the Annual Installments collected for the payment of Administrative Expenses (as defined herein) and Delinquent Collection Costs (as defined in the Indenture); (ii) the monies 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” means, collectively, with respect to property assessed in Phase #2A and Phase #2B (the “Phase #2A and Phase #2B Assessed Property”) as set forth in the Service and Assessment Plan, each annual payment of the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan and related to the Bonds and the Phases #2A-2B Improvements, including (i) principal; (ii) interest; (iii) Administrative Expenses and (iv) the 0.50% additional interest rate (the “Additional Interest”) collected pursuant to the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account. The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “SECURITY FOR THE BONDS — Pledged Revenue Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

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

TIRZ Revenues May Reduce Assessments

The Assessments to be levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan will be set at a level sufficient to fund a portion of the costs of the Phases #2A-2B Improvements.

Pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), on December 28, 2015, the City created the TIRZ pursuant to Ordinance No. O-27-15 (the “TIRZ Creation Ordinance”) over the land within the District. The City amended the boundaries of the TIRZ pursuant to Ordinance O-27-16 and, currently, the TIRZ contains the land within the District and an additional 355 acres of land, which includes commercial development surrounding the Development.

The City Council has approved an amended final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) which authorizes the use of certain TIRZ Revenues, inter alia, for project costs under the TIRZ Act, relating to certain “Authorized Improvements,” which include the Phases #2A-2B Improvements, as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto).

Pursuant to the TIRZ Act, the tax increment base of the City is the total taxable value of all real property taxable by the City within the boundaries of the District, determined as of January 1 the year in which the TIRZ was designated as a reinvestment zone or when such land was added to the TIRZ (the “Tax Increment Base”). As described in the TIRZ Project and Finance Plan, the “Tax Increment” for a year includes (i) 75% of property taxes (based on the ad valorem tax rate in effect on the date of establishment of the TIRZ), levied for maintenance and operations and collected by the City within the TIRZ on the Captured Appraised Value (the “City Tax Increment”) and (ii) 50% of property taxes (based on the ad valorem tax rate in effect on the date of establishment of the TIRZ), levied for maintenance and operations and collected by the County within the TIRZ on the Captured Appraised Value (the “County Tax Increment”), which amounts are, inter alia, expected to be used to reduce Assessments within the District, as described herein. Consistent with Section 311.012(b) of the TIRZ Act, the “Captured Appraised Value” of real property taxable by the City or County, as applicable, for a year is the total appraised value of all real property taxable by the City or County, as applicable, and located in the TIRZ for that year less the Tax Increment Base.

Pursuant to the TIRZ Project and Finance Plan, the Development Agreement and the Service and Assessment Plan, the City intends to hold the TIRZ Revenues in a “TIRZ Fund”, and within the TIRZ Fund, establish a separate account (the “Kaufman PID No. 1 Account”) into which the City will deposit TIRZ Revenues relating to payment of the costs of Authorized Improvements. The Developer, the City and the Board of Directors of the TIRZ have entered into the TIRZ Agreements (as defined herein) which set forth the agreements of the City and the TIRZ to (i) reimburse the Developer for certain improvements and fees paid to the City, (ii) dedicate TIRZ Revenues to the payment of the TIRZ Annual Credit Amount (as defined herein), (iii) purchase certain land from the Developer, and provide for priority of payment of such items from the TIRZ Revenues. Payment of the TIRZ Annual Credit Amount from the TIRZ Fund is superior to the payment of all obligations of the City and the TIRZ under the TIRZ Agreements except the payment of administrative expenses of the TIRZ. See “THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements.”

The City shall determine the TIRZ Annual Credit Amount each year and shall transfer such amount to the Pledged Revenue Funds for the Issued PID Bonds, which include the Bonds. Such TIRZ Annual Credit Amount shall reduce the Annual Installments for that year, and shall correspondingly reduce the Assessments.

The deposit of the TIRZ Revenues for payment of the TIRZ Annual Credit Amount shall continue for a period of thirty-one (31) years from the date of deposit of the first TIRZ Annual Credit Amount to the Kaufman PID No. 1 Account or until the total of the TIRZ Revenues deposited to the Kaufman PID No. 1 Account equals the expected Maximum TIRZ Credit (as defined herein) per residential lot in the District. The City and the Developer have entered into the TIRZ MOU (as defined herein) under which the City and the Developer have agreed to amend the Development Agreement and the TIRZ Residential Reimbursement Agreement (as defined herein) to reflect the following Maximum TIRZ Credits per lot:

Lot Type 1 (60 Ft): \$42,805.96

Lot Type 2 (55 Ft): \$40,665.67

Lot Type 3 (50 Ft): \$36,813.13

Lot Type 4 (65 Ft): \$44,946.26

See “THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements.”

THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE TIRZ ANNUAL CREDIT AMOUNT. THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. THE FULL TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE ANNUAL INSTALLMENT FOR ANY ASSESSED PROPERTY UNTIL THE SECOND YEAR THAT A HOME ON SUCH LOT IS ASSESSED. TIRZ REVENUES WILL NOT BE APPLIED TO REDUCE ASSESSMENTS DURING BUILDOUT AND SHALL ONLY BE APPLIED, ON A PARCEL BY PARCEL BASIS, ONCE A FINAL BUILDING INSPECTION HAS BEEN COMPLETED FOR SUCH LOT OR PARCEL IN THE DISTRICT. MOREOVER, THE TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE “TARGETED NET AVERAGE ANNUAL INSTALLMENT” (AS DEFINED UNDER THE HEADING OVERLAPPING TAXES AND DEBT”) UNTIL THE SECOND YEAR THAT A HOME ON SUCH LOT IS ASSESSED. SEE “OVERLAPPING TAXES AND DEBT.”

Collection and Deposit of Assessments

The Assessments shown on the Assessment Roll, together with the interest thereon, shall be applied to, and are set at a sufficient level to fund (i) the payment of the principal of and interest on the Bonds, including Additional Interest (ii) the reserve and delinquency funds related to the Bonds, as set forth in the Indenture, and (iii) payment of Administrative Expenses, all as and to the extent provided in the Service and Assessment Plan and the Indenture.

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

A record of the Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Assessment Roll. Sums received from the collection of the Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds (as defined in the Indenture) and penalties) and of the interest thereon shall be deposited into the Pledged Revenue Fund. Notwithstanding the foregoing, 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 Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Any portion of the Foreclosure Proceeds attributable to Administrative Expenses shall be deposited in the Administrative Fund. Any portion of the Foreclosure Proceeds attributable to Delinquent Penalties and Interest 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. See "SECURITY FOR THE BONDS — Pledged Revenue Fund" and APPENDIX A — Form of Indenture.

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

Unconditional Levy of Assessments

The City will impose Assessments on the property within Phases #2A-2B of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 and shall be billed in October 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 when billed in October 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, commencing with bills mailed on or about October 1 of each year, a portion of each Annual Installment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment used to pay such annual costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The portion of each Annual Installment to pay Administrative Expenses shall be due in the manner set forth in the Assessment Ordinance and Service and Assessment Plan and shall be delinquent if not paid by February 1 of the following year. Such portion of each Annual Installment to pay Administrative Expenses does not secure repayment of the Bonds.

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

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named

and such lien runs with the land. The lien for Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and continues until the Assessments are paid or until all Bonds are finally paid.

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Assessments and such remaining Annual Installments (including interest) 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.

Perfect 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 from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under the 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 has agreed 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. See "APPENDIX A — Form of Indenture."

Pledged Revenue Fund

On or before February 1 of each year (provided that Pledged Revenues have been received by the City, or if not, as soon as available thereafter) 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 separately 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, except as set forth in the Indenture, 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 current Bond Year, as described in the Indenture, (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 as described in the Indenture, (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.

Notwithstanding the foregoing:

(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 the paragraph above or as otherwise directed by the Indenture; 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;

(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 Phases #2A-2B 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.

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, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaption "Bond Reserve Account of the Reserve Fund" below), there are insufficient funds to make the payments to the Principal and Interest Account of the Bond Fund described above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

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 (including the funding of the Delinquency and Prepayment Reserve Account) until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which 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/or interest then due and payable on the Bonds.

If amounts in the Principal and Interest Account are insufficient for the payment of principal of and interest due on the Bonds, 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:

<u>Date</u>	<u>Amount</u>
September 15, 20__	

Any amounts on deposit in the Capitalized Interest Account after they payment of interest on the dates and in the amounts listed above shall be transferred, at the direction of the City to the Phase 2A and 2B 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.

Project Fund

The Project Fund under the Indenture contains the Phase 2A and 2B Improvement Account and the Costs of Issuance Account. Money on deposit in the Phase 2A and 2B Improvement Account and the Costs of Issuance Account of the Project Fund shall be used for the payment of the costs of the Phases #2A-2B Improvements.

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. Monies disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request (as defined in the Indenture)

Except as otherwise provided in the Indenture, money on deposit in the Phase 2A and 2B Improvement Account of the Project Fund, shall be used solely to pay the costs of the Phases #2A-2B Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Phase 2A and 2B Improvement Costs (as defined in the Indenture), the Trustee shall make payment from the Phase 2A and 2B Improvement Account of the Project Fund. Except as provided in the next succeeding paragraphs below, money on deposit in the Phase 2A and 2B Improvement Account shall be used solely to pay the Phase 2A and 2B Improvement Costs as set forth in the applicable Certificate for Payment.

Funds on deposit in the Phase 2A and 2B Improvement Account of the Project Fund in the amount \$1,520,000 shall be retained in the Project Fund and not be expended or used to pay the costs of the Phases #2A-2B Improvements pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee: (1) all of the Phases #2A-2B Improvements have been constructed or installed and accepted by the City; and (2) 45 building permits have been issued by the City for Phases #2A-2B.

If the amount retained pursuant to the above has not been released from the Project Fund on or before September 15, 2025, any amounts remaining in the Project Fund may be transferred to the Redemption Funds to be used to redeemed Bonds pursuant to the Indenture.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phase 2A and 2B Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Phases #2A-2B Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phase 2A and 2B 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 2A and 2B 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 Phases #2A-2B 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.

Upon the filing of a City Certificate stating that all Phases #2A-2B Improvements have been completed and that all Phase 2A and 2B Improvement Costs have been paid, or that any such costs are not required to be paid from the Phase 2A and 2B Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Phase 2A and 2B 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 2A and 2B 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 their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, or (iii) 10% of the stated principal amount of the Bonds as of the date of issuance; provided, however, that subsequent to the date of issuance of the Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to the Indenture, (b) a mandatory sinking fund redemption pursuant to the terms of the Indenture, (c) an optional redemption pursuant to the terms of the Indenture, or (d) an extraordinary optional

redemption pursuant to the terms of the Indenture. As of the date of delivery of the Bonds, the Bond Reserve Account Requirement is \$_____.

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 paragraphs 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 in compliance with the Indenture, 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, in accordance with the Indenture, 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 pursuant to an extraordinary optional redemption, 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 pursuant to the provisions of the Indenture and subsequently used for the payment of operating costs directly relating to the Phases #2A-2B Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with the Indenture so long as it follows the written instructions from the City.

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to the Indenture, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to the Indenture 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 the Indenture), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to an optional redemption. 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 the Indenture.

Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to an extraordinary optional redemption, 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 an extraordinary optional redemption.

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. See "APPENDIX B — Form of Service and Assessment Plan."

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

Defeasance

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 then rating the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys so deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be 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 (the “PFIA”); and provided further such 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:

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

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, the Owners of at least 25% the aggregate outstanding principal of the Bonds, 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 in an Event of Default, 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 law 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, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 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 in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers 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 the Indenture by its, his or their action or to enforce any right thereunder 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, at the option of the Trustee, 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 thereunder.

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

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds 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:

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.

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

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

Investment or Deposit of Funds

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA, 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 as set forth in the Indenture.

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 the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

Against Encumbrances

In the Indenture the City will covenant that other than the Bonds, the City will 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.

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

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 under the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledged 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.

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 thereof 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	<u>\$</u>

Uses of Funds:

Deposit to the Phase 2A and 2B Improvement Account of the Project Fund	\$
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Costs of Issuance	
Underwriter's Discount ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ 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:

<u>Year Ending</u> <u>(September 15)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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			
Total	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

The land within Phases #2A-2B 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 Assessments levied by the City.

In addition to the Assessments described above, the Developer anticipates that each lot owner in Phases #2A-2B of the District will pay a maintenance and operation fee and/or a property owner's association fee of approximately \$350 annually to a homeowner's association (the "HOA"), which has been formed by the Developer. In addition to the City, Kaufman County, Trinity Valley Community College District and the Kaufman Independent School District may each levy ad valorem taxes upon land in Phases #2A-2B of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Phases #2A-2B of the District. The District is located within the corporate limits of the City, and primarily within the Kaufman Independent School District, and within Kaufman County, Texas.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2022 Ad Valorem Tax Rate⁽¹⁾</u>
The City	0.767976
Kaufman County, Texas	0.416262
Kaufman Independent School District	1.270200
Trinity Valley Community College	<u>0.115494</u>
Total Existing Tax Rate	<u>\$2.569932</u>
Estimated Average Annual Assessment in Phases #2A-2B of the District as tax rate equivalent per Lot ⁽²⁾	<u>\$0.696863</u>
Less Projected TIRZ Annual Credit Amount per parcel as tax rate equivalent ⁽³⁾	(\$0.328863)
"Targeted Net Average Annual Installment" as tax rate equivalent ⁽³⁾	<u>\$0.368000</u>
Estimated Total Tax Rate and Average Annual Installment in Phases #2A-2B of the District as tax rate equivalent per Lot	<u>\$2.937932</u>

⁽¹⁾ As reported by the taxing entities. Per \$100 in taxable assessed value.

⁽²⁾ Source: The Administrator. Derived from information presented in the Service and Assessment Plan. See "APPENDIX B — Form of Service and Assessment Plan". Includes Assessments initially levied for payment of the Bonds Based on information provided above regarding average annual installments, number of anticipated lots, and average home values of 50', 55', 60' and 65' lots in Phases #2A-2B. *Preliminary; subject to change.*

⁽³⁾ TIRZ Annual Credit Amount is calculated based on a 75% limit of the City's operations and maintenance tax rate and a 50% limit on the County's operations and maintenance tax rate and such credit amount shall not exceed an amount that results in the Net Average Annual Installment of \$0.368 per \$100 value. Application of the TIRZ Annual Credit Amount up to the Maximum TIRZ Credit applicable to each Assessed Property assumes that the expected amendments to the Development Agreement and the TIRZ Residential Reimbursement Agreement are adopted pursuant to the TIRZ MOU. See "THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements."

Source: Kaufman Central Appraisal District and the City.

As noted above, Phases #2A-2B 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 Phases #2A-2B of the District, as of November 1, 2022, and City debt to be secured by the Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity⁽¹⁾</u>	<u>Gross Outstanding Debt as of 11/01/2022</u>	<u>Estimated Percentage Applicable⁽²⁾</u>	<u>Direct and Estimated Overlapping Debt</u>
The City (Assessments - The Bonds) ⁽³⁾	\$ 5,635,000	100.000%	\$5,635,000
The City (Ad Valorem Taxes)	37,775,000	1.220%	461,029
Kaufman County, Texas	183,103,850	0.043%	78,720
Kaufman Independent School District	<u>67,700,000</u>	0.520%	<u>351,944</u>
TOTAL	<u>\$294,213,850</u>		<u>\$6,526,693</u>

⁽¹⁾ Trinity Valley Community College has no current outstanding debt.

⁽²⁾ Based on the Appraisal for Phases #2A-2B of the District and on the Tax Year 2022 Net Taxable Assessed Valuations for the taxing entities.

⁽³⁾ Preliminary; subject to change.

Sources: 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 to such terms 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 Phases #2A-2B Improvements through Assessments, it must adopt a resolution generally describing the Phases #2A-2B Improvements and the land within Phases #2A-2B of the District to be subject to Assessments to pay the cost therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), and attached to the Service and Assessment Plan, which Assessment Roll will show the land within Phases #2A-2B of the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll will be 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 Phases #2A-2B Improvements and funding a portion of the same with Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the costs of the Phases #2A-2B Improvements may be assessed by the City against the Assessed Property in Phases #2A-2B of the District so long as the special benefit conferred upon the assessed property in Phases #2A-2B (the "Assessed Property") by the Phases #2A-2B Improvements equals or exceeds the Assessments. The costs of the Phases #2A-2B 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 the District, including land in Phases #2A-2B, is set forth in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX B — Form of Service and Assessment Plan."

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each lot of Assessed Property as a result of the Phases #2A-2B Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments to be levied, and establishes the methodology by which the City allocates the special benefit of the Phases #2A-2B Improvements to lots in a manner that results in equal shares of

costs being apportioned to lots similarly benefited. A portion of the costs of the Phases #2A-2B Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Phases #2A-2B Improvements will be allocated to the Assessed Property against which the Assessments will be levied (the “Assessed Property”) by spreading the entire Assessment across the parcels based on the estimated Equivalent Units as set forth in the Service and Assessment Plan. Upon subsequent divisions of any parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Unit 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 Units 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 in an annual update to the Service and Assessment Plan.

For further explanation of the Assessment methodology, see “APPENDIX B — Form of Service and Assessment Plan.”

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on lots similarly situated within Phases #2A-2B of the District. The 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 and all future owners and developers within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

The following table provides additional analysis with respect to special assessment methodology, including the value to assessment burden ratio per unit (lot) and equivalent tax rate per unit. The information in the tables was obtained from and calculated using information provided in the Service and Assessment Plan and the Appraisal. See “APPENDIX B — Form of Service and Assessment Plan” and “APPENDIX E — Appraisal of Property Within Phases #2A-2B of the District.”

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LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND ASSESSMENT RATIO PER UNIT IN PHASES #2A-2B OF THE DISTRICT

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit⁽¹⁾	Projected Average Home Value per unit⁽²⁾	Assessment per unit	Average Annual Installment per unit	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value)⁽³⁾	Ratio of Lot Value to Assessment	Ratio of Average Home Value to Assessment
50' (Lot Type 3)	74	\$50,000	\$400,000	\$31,552	\$2,786.75	\$5.57	\$0.6967	\$1.58	\$12.68
55' (Lot Type 2)	53	\$55,000	\$440,000	\$34,854	\$3,078.39	\$5.60	\$0.6996	\$1.58	\$12.62
60' (Lot Type 1)	27	\$60,000	\$465,000	\$36,689	\$3,240.41	\$5.40	\$0.6969	\$1.64	\$12.67
65' (Lot Type 4)	12	\$65,000	\$490,000	\$38,523	\$3,402.43	\$5.23	\$0.6944	\$1.69	\$12.72

Source: The Administrator and information presented in the Service and Assessment Plan

⁽¹⁾ Developer estimate based on contract values in the Lot Purchase and Sale Agreement.

⁽²⁾ Developer estimate.

⁽³⁾ Does not reflect application of any potential TIRZ Credit. See "SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments" and "THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements." *Preliminary; subject to change.*

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The value estimate of the Assessed Property in Phases #2A-2B of the District, assuming construction of the Phases #2A-2B Improvements, subject to the limiting conditions described in the Appraisal, is approximately \$8,230,000*. See “APPRAISAL OF PROPERTY WITHIN PHASES #2A-2B OF THE DISTRICT.” See “THE DEVELOPMENT — Development Plan and Status of Development” for further information regarding the status development and the expected completion of the development within Phases #2A-2B of the District.

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

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

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Assessments by the TIRZ Annual Credit Amount pursuant to the Development Agreement, the TIRZ Project and Finance Plan and the Service and Assessment Plan; provided, however, that no such reduction shall operate to reduce the amounts levied for the payment of the Administrative Expenses.

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

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

* Preliminary; subject to change.

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 when billed each year, and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property which shall, upon issuance of the Bonds consist of (i) the annual payment allocable to the Bonds, including the Additional Interest, for the Phases #2A-2B Improvements for each Assessed Property and (ii) the annual payment allocable to Administrative Expenses. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the lots comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX B — Form of Service and Assessment Plan." The Service and Assessment Plan establishes a "Maximum Assessment" for each Lot Type in Phases #2A-2B of the District, which Maximum Assessment is currently calculated at \$31,552.18 for each 50' lot, \$34,854.16 for each 55' lot, \$36,688.59 for each 60' lot, and \$38,523.02 for each 65' lot.

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

TIRZ Annual Credit Amount. The City has agreed to use certain TIRZ Revenues generated from the TIRZ to offset a portion of each Assessed Property's Assessment and Annual Installment. Pursuant to the TIRZ Project and Finance Plan, the City has agreed to use TIRZ Revenues derived from the City's ad valorem taxes (75% of the City's real property ad valorem taxes levied for maintenance and operation) and the County's ad valorem taxes (50% of the County's real property ad valorem taxes levied for maintenance and operation) generated from Assessed Property within the TIRZ of the District, inter alia, to offset a portion of the Annual Installment attributable to the costs of the Authorized Improvements (the "TIRZ Annual Credit Amount"). See "THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements." The TIRZ Annual Credit Amount is applied on a per Parcel/Lot basis. The Annual Installment for each Assessed Property shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Assessed Property. Pursuant to the Service and Assessment Plan, TIRZ Revenues collected for each tax year will be used to calculate the TIRZ Annual Credit

Amount to be applied to the Annual Installment that will be billed in the following year (e.g., TIRZ Revenues collected for the tax year 2022 shall be applied as the TIRZ Annual Credit Amount applicable to Annual Installments to be billed in 2023).

The Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Parcel for the previous Tax Year until the Maximum TIRZ Credit per Unit is reached for such Parcel, but in no event shall the TIRZ Annual Credit Amount exceed the amount sufficient to result in a net Annual Installment tax rate equivalent [(Annual Installment - TIRZ Annual Credit Amount) ÷ assessed value] of \$0.368 per \$100 of assessed value unless otherwise approved by the City (the “Targeted TIRZ Annual Credit Amount”). The City may adjust the applicable TIRZ Annual Credit Amount from time to time as set forth in an Annual Service Plan Update.

Pursuant to the Service and Assessment Plan, the City will establish the maximum aggregate amount of TIRZ Revenues to be dedicated to the TIRZ Annual Credit Amount for each residential lot type (the “Maximum TIRZ Credit”). The Maximum TIRZ Credit expected to be established in the Service and Assessment Plan, after the adoption of the expected amendments to the Development Agreement and the TIRZ Residential Reimbursement Agreement pursuant to the TIRZ MOU, is as follows:

Lot Type 1 (60 Ft): \$42,805.96
Lot Type 2 (55 Ft): \$40,665.67
Lot Type 3 (50 Ft): \$36,813.13
Lot Type 4 (65 Ft): \$44,946.26

See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments” and “THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements.”

The TIRZ Revenues are generated only from certain ad valorem taxes levied and collected by the City and the County on the captured appraised value in the TIRZ in any year. See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments.” Consequently, TIRZ Revenues are generated only if the appraised value of real property in any year is greater than the base value. Any delay or failure of Developer to develop the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. **The TIRZ Revenues are not expected to be sufficient to provide for the Targeted TIRZ Annual Credit Amount and the Targeted Net Average Annual Installment (as defined under the heading “OVERLAPPING TAXES AND DEBT” until the second year that a home on such lot is assessed. See “OVERLAPPING TAXES AND DEBT.” Such TIRZ Revenues, if available, are not pledged as security for the Bonds under the Indenture.**

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the estimated costs of the Phases #2A-2B Improvements shall be allocated to the Phases #2A-2B Assessed Property by spreading the entire Assessment across the Assessed Property to be developed based on the estimated buildout value for each Lot Type as set forth in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.” See “ASSESSMENT PROCEDURES — Assessment Methodology.”

Upon the subdivision of any Parcel based upon a recorded subdivision plat, 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 based on a recorded plat. 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 shall be reflected in an Annual Service Plan Update approved by the City Council.

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 shall be reflected in an Annual Service Plan Update approved by the City Council.

The Service and Assessment Plan establishes that the Maximum Assessment is \$31,552.18 for each 50' lot, \$34,854.16 for each 55' lot, \$36,688.59 for each 60' lot and \$38,523.02 for each 65' lot. See "ASSESSMENT PROCEDURES — Assessment Methodology." The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX B — Form of Service and Assessment Plan."

Prepayment of Assessments

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

Mandatory Prepayment—Exceedance of Maximum Assessment Amount Per Unit. Prior to the City approving a subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Parcel to exceed the Maximum Assessment Per Unit. If a subdivision of a Parcel or consolidation of Parcels results in a reallocated Assessment per unit for a Parcel that would exceed the Maximum Assessment Per Unit shown in the Service and Assessment Plan, the owner shall pay to the City at the time of the subdivision or consolidation the amount by which the reallocated Assessment for the Parcel exceeds the Maximum Assessment Per Unit plus, if applicable, accrued interest through the date of such payment. Prepayment Costs, if any, that result from such owner-initiated subdivision or consolidation shall be paid by the owner to the City at the time of the subdivision or consolidation.

Mandatory Prepayment—Transfer to Exempt Assessment Payer. If a Parcel subject to Assessments is transferred (or condemned through eminent domain) 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 and Delinquent Collection Costs, prior to any such transfer or act.

Priority of Lien

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

may pay the entire Assessment levied against any lot, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase the property or to pay the delinquent Assessment on the corresponding Assessed Property.

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

In the Indenture, the City creates the Delinquency and Prepayment Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If funds 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 – Delinquency and Prepayment Reserve Account of the Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

THE CITY

Background

The City is located in central Kaufman County, approximately 30 miles southeast of Dallas. Access to the City is provided by Highway 34, Highway 175 and Highway 243. The City covers approximately 9.2 square miles. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The 2020 Census population for the City was 6,797, while the current estimated population is 7,379.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City was incorporated in 1853, and first adopted its Home Rule Charter on November 3, 1987. The City operates under a Council/Manager form of

government with a City Council comprised of the Mayor and six Councilmembers. The term of office is two years with the terms of the Mayor and three of the Councilmembers' terms expiring in odd-numbered years and the other terms of the three Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer for the City. The current members of the City Council and principal administrators of the City are shown on page ii hereof.

Major Employers

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Kaufman County	Government	554
Kaufman Independent School District	Education	524
Walmart	Retail	300
Numo Manufacturing	Food Service	208
Texas Health Presbyterian	Hospital	200
Enertech	Energy Conservation	175
Advanced Tabco	Manufacturing	170
Trinity Valley Electric Cooperative	Electric Utility	157
Falcon Steel	Manufacturing	143
Sunflower Nursing Home	Nursing Home	105

Source: Texas Workforce Commission

Historical Employment in Kaufman County

	Average Annual ⁽¹⁾				
	2022 ⁽²⁾	2021	2020	2019	2018
Civilian Labor Force	75,280	71,942	68,859	66,558	62,530
Total Employed	72,565	68,423	64,465	64,407	60,348
Total Unemployed	2,715	3,519	4,394	2,151	2,182
Unemployment Rate	3.6%	4.9%	6.4%	3.2%	3.5%

⁽¹⁾ Source: Texas Workforce Commission.

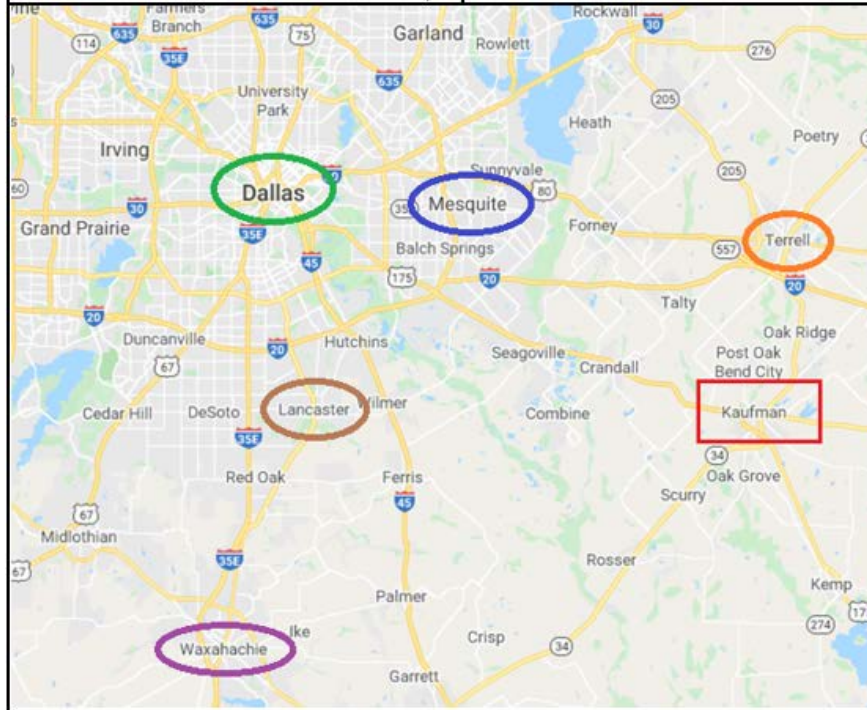
⁽²⁾ Data through September 2022.

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Surrounding Economic Activity

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

City of Dallas		City of Mesquite		City of Lancaster	
Approximately 30 miles from the City		Approximately 20 miles from the City		Approximately 23 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Texas Instruments Inc.	11,527	Mesquite ISD	4,200	Lancaster ISD	915
Baylor University Medical Center	9,671	Town East Mall	2,750	Walmart	528
AT&T Inc.	8,100	United Parcel Service Inc.	2,300	United National Foods (UNFI)	381
Southwestern Airlines	7,859	City of Mesquite	1,260	Oak Creek Homes/American Homestar	295
Texas Health Presbyterian Hospital Dallas	6,501	Eastfield College	950	City of Lancaster	283
TXU	5,500	Dallas Regional Medical Center	900	Cedar Valley College	280
Match Group	4,800	Wal-Mart Supercenter	850	AT&T	257
ClubCorp USA Inc.	4,634	Pepsi Beverages Co.	780	Frozen Food Express Transportation	240
Children's Medical Center of Dallas	4,487	Ashley Furniture	650	Ollie's Bargain Outlet Warehouse	225
Walmart Store	4,205	Morrison Products	460	Crescent Medical Center Lancaster	200



City of Terrell	
Approximately 9 miles from the City	
Employer	Employees
Terrell State Hospital	900
Madix Inc.	800
Terrell ISD	615
Oldcastle Building Envelope	600
Walmart Distribution	500
Auto Zone Distribution Center	500
Lakes Regional MHMR Center	269
American National Bank	250
NUCOR Building Systems	225
Exel/Goodyear Tire & Rubber	200

City of Waxahachie	
Approximately 33 miles from the City	
Employer	Employees
Waxahachie ISD	1,532
Baylor Medical Center at Waxahachie	1,100
Dart Container Corp.	800
Walgreens Co.	610
Ellis County	550
City of Waxahachie	381
Owens Corning Fiberglass	325
Cardinal IG	275
Berry Plastics	210
Kinro (Lippert Components)	195

Source: Municipal Advisory Council of Texas

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 the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Phases #2A-2B Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority

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 District is currently located within the corporate limits of the City. The PID Act provides that the City may levy and collect assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Phases #2A-2B Improvements. See "THE PHASES #2A-2B 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 road, water, wastewater, sanitary sewer, and drainage public improvements that benefit Phases #2A-2B of the District comprising the Phases #2A-2B Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX B — Form of Service and Assessment Plan."

Collection and Delinquency History of the District

Phases #1A-1B. On August 5, 2019, the City levied the Phases #1A-1B Assessments in Phases #1A-1B through the City Council's adoption of an assessment ordinance and approval of the Service and Assessment Plan. Upon such adoption, the Phases #1A-1B Assessments became legal, valid and binding liens upon the property against which the Phases #1A-1B Assessments are made. The initial annual installment of Phases #1A-1B Assessments was due and payable on or before January 31, 2022. The following table shows the collection and delinquency history of the Phases #1A-1B Assessments.

Collection and Delinquent History of Phases #1A-1B Assessments

Collected in Fiscal Year <u>Ending 9/30</u>	Assessment <u>Billed</u>	Parcels <u>Levied</u>	Delinquent <u>Amount as of 3/1</u>	Delinquent <u>Amount as of 9/1</u>	Assessments <u>Collected⁽¹⁾</u>
2021	\$42,828.01	28	\$0.00	\$0.00	\$42,828.01
2022	\$224,677.19	62	\$2,242.31	\$0.00	\$224,677.19

⁽¹⁾ Collected as of October 1, 2022.

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

Delinquency and Foreclosure History of Phases #1A-1B Assessments

As of October 1, 2022, Annual Installment delinquencies of the Phases #1A-1B Assessments were as follows: (i) delinquent for greater than six months: \$0.00; (ii) delinquent for greater than one year: \$0.00; (iii) delinquent for greater than two years: \$0.00.

As of October 1, 2022, there has never been a foreclosure sale of any of the Assessed Property within Phases #1A-1B of the District for non-payment of Phases #1A-1B Assessments.

Prepayment History of Phases #1A-1B Assessments

As of October 1, 2022, there have been no prepayments of the Phases #1A-1B Assessments totaling \$0.00 in Phases #1A-1B of the District.

THE PHASES #2A-2B IMPROVEMENTS

General

The Phases #2A-2B Improvements consist of the local infrastructure benefitting only Phases #2A-2B of the District. The balance of the costs of the Phases #2A-2B Improvements will be paid by the Developer. The Phases #2A-2B Improvements will be dedicated to the City. The Developer is responsible for the completion of the construction, acquisition or purchase of the Phases #2A-2B Improvements, and the Developer or its designee will act as construction manager. The City will pay a portion of the project costs for the Phases #2A-2B Improvements from proceeds of the Bonds. To the extent that the proceeds of the Bonds are insufficient to fund the Phases #2A-2B Improvements, the balance of the costs of the Phases #2A-2B Improvements, if any, will be paid by the Developer. The City will pay for project costs for a portion of the costs of the Phases #2A-2B Improvements from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Phases #2A-2B Improvements and be reimbursed in accordance with the Indenture, the Development Agreement, and the Construction, Funding and Acquisition Agreement. See “THE DEVELOPMENT – Development Plan and Status of Development” and APPENDIX F – Form of Construction, Funding and Acquisition Agreement.

Phases #2A-2B Improvements Description

Roadway improvements: The roadway improvements include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, and traffic control devices. 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 water improvements include construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service the Assessed Property. The water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary sewer collection system improvements: The sanitary sewer improvements include construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm drainage collection system improvements: The storm drainage improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Soft and Miscellaneous Costs: The soft and miscellaneous costs consist of engineering and surveying, project management fees, and contingency.

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The following table reflects the total expected costs of the Phases #2A-2B Improvements.

<u>Type of Improvement</u>	<u>Costs</u>
Roadway Improvements	\$1,509,193
Water Improvements	687,910
Sanitary Sewer Improvements	611,077
Drainage Improvements	823,720
Soft and Miscellaneous Costs	<u>1,028,283</u>
Subtotal	<u>\$4,660,183</u>
Bond Issuance Costs	<u>\$1,298,964</u>
Total Cost of Phases #2A-2B Improvements	<u>\$5,959,147</u>

The cost of the Phases #2A-2B Improvements is expected to be approximately \$5,959,147*. A portion of such costs in the amount of \$5,635,000* is expected to be paid with proceeds of the Bonds. The balance of such costs is expected to be paid by the Developer without reimbursement by the City. As of October 31, 2022, the Developer has expended approximately \$1,120,000 on the costs of the Phases #2A-2B Improvements, which costs were paid by the Developer in cash.

The Developer will also construct certain private improvements in the District consisting of an entrance monument, irrigation/landscaping, screening wall/fencing, and mailbox pods at a cost of \$221,000, which was financed partially through development loans for Phases #1A-1B and will be partially financed by the Development Loan (as defined herein). The entrance monument/landscape and the private improvements located in Phases #1A-#1B were completed in December 2021, at a cost of \$338,277. The construction of the private improvements in Phases #2A-2B is expected to be completed in March 2023, at a cost of \$48,000.

Ownership and Maintenance of Phases #2A-2B Improvements

The Phases #2A-2B Improvements will be dedicated to and accepted by the City and will constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing operation, maintenance and repair of such Phases #2A-2B Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Limited Offering Memorandum and warrants and represents that neither (i) the information under the caption "THE DEVELOPMENT" nor (ii) the information relating to the Developer's plan for developing the land within the District under the subcaption "BONDHOLDERS' RISKS — Dependence Upon Developer" 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 are made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Overview

The land within the District encompasses approximately 85.5 acres being developed into 291 lots in a combination of 50', 55', 60' and 65' lots by the Developer into a master planned residential community known as

* Preliminary; subject to change.

“Georgetown at Kings Fort” (the “Development”) located within the corporate limits of the City, near the intersection of Highway 34 and Highway 175 and adjacent to additional commercial development. The Development is located approximately 55 miles southeast of DFW International Airport and approximately 42 miles southeast of Dallas Love Field. The City, located in the southeastern portion of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is poised for significant growth as the overall DFW MSA continues its growth trajectory.

The Developer develops infrastructure and community improvements (amenities, parks, trails, etc.) and sells residential lots to high-quality production homebuilders under lot takedown contracts. The Development will include a variety of parks and open spaces for its residents and others to enjoy. This combination will provide its residents a community environment in which to live. The Development is primarily located within the Kaufman Independent School District.

The Development is adjacent to a commercial development project, “Kings Fort,” being developed by certain affiliates and principals of the Developer. See “THE DEVELOPER – Executive Biographies – *George Schuler*.” “Kings Fort” is anchored by a Wal-Mart Super Center and includes an adjacent strip retail which includes a Starbucks, Dickey’s Barbecue, UPS Store, Great Clips, AT&T and Verizon stores.

The Development Agreement and the TIRZ Agreements

The Developer and the City have entered into the “Georgetown at Kings Fort Development Agreement” effective as of November 13, 2018, as amended (the “Development Agreement”). The Development Agreement sets forth certain agreements of the City relating to the creation of the District, the issuance of the Bonds and other bonds to finance Authorized Improvements within the District, and other agreements of the City relating to the District and the construction of Authorized Improvements.

Pursuant to the Development Agreement, the City agreed to issue bonds, in one or more series, up to an aggregate principal amount of \$10,000,000 to finance the costs of Authorized Improvements within the District. The Bonds are the second series of bonds issued in connection with the Development Agreement. The City previously issued its \$3,380,000 Phase #1A-1B Bonds to finance a portion of the cost of constructing the internal infrastructure to benefit Phases #1A-1B of the District.

Pursuant to the Development Agreement, the City and the Developer have also entered into a Georgetown Phase #1A Facilities Agreement for Phase #1A and Georgetown Phase #1B Facilities Agreement for Phase #1B. The Development Agreement requires the City and the Developer to enter into a separate facilities agreement for each phase of development, and execution of such facilities agreement is a condition precedent to City issuing any permit to Developer to commence work on the applicable phase of the District.

In the Development Agreement, the City has agreed to pay into a “Fee Payment Credit Fund” any (i) fees paid by any party for park, recreation, and open space facilities and purposes in connection with the development of the property within the TIRZ and (ii) fees paid by any party for roadway, water, and wastewater Impact Fees in connection with the development of the property within the TIRZ. The City will pay, as an economic development grant to the Developer, all monies collected in the Fee Payment Credit Fund to reimburse the Developer for the costs of the Main Road Improvements, and such payment shall reduce the reimbursement amount of the TIRZ payment (described below) for the Main Road Improvements on a dollar for dollar basis.

The Development Agreement requires the Developer, on or before the date of recordation of the final plat for Phase #2A of the District, to (i) pay a one-time payment of \$1,470,750 for park improvements (the “Park Improvement Fee”) and (ii) donate approximately 14.52 acres of land to the City for a park (the “Parkland Acreage”).

In accordance with the Development Agreement and the TIRZ Project and Finance Plan, the TIRZ Fund is expected to be utilized for the following uses (the “TIRZ Fund Uses”) in the following order of priority (the “TIRZ Payment Priority”): (i) first, administrative expenses of the TIRZ, (ii) second, to off-set or pay a portion of any assessments levied in the District, including the Assessments, for the costs of capital improvements that are Authorized Improvements and qualify as projects under the TIRZ Act, (iii) third, to pay for the costs of the Main

Road Improvements (as defined in the Development Agreement), (iv) fourth, to pay the Developer for the \$683,004.25 cost of the purchase of 4.51 acres of land in the District; and (v) fifth, to reimburse the Developer for the Park Improvement Fee.

The City, the Board of Directors of the TIRZ (the “TIRZ Board”) and the Developer have entered into the following agreements relating to the TIRZ (collectively, the “TIRZ Agreements”): (i) First Amended and Restated TIF Reimbursement and Development Agreement effective as of November 13, 2018 (the “TIRZ Development Agreement”), (ii) First Amended and Restated TIF Residential Development Reimbursement Agreement dated as of November 13, 2018 (the “TIRZ Residential Reimbursement Agreement”), (iii) TIF Agreement for Park Improvement Fee Reimbursement dated as of November 13, 2018 (the “TIRZ Park Fee Reimbursement Agreement”) and (iv) First Amended TIF Agreement for Purchase of 4.51 Acres dated as of November 13, 2018 (the “TIRZ Land Purchase Agreement”). The TIRZ Development Agreement sets forth the agreement to reimburse the Developer for the Main Road Improvements. The TIRZ Residential Reimbursement Agreement sets forth the agreement to provide the TIRZ Credit to assessments levied in the District, including the Assessments. The TIRZ Park Fee Reimbursement Agreement sets forth the agreement to reimburse the Developer for the Park Improvement Fee. The TIRZ Land Purchase Agreement sets forth the agreement to fund the purchase of the City Purchased Land. The TIRZ Agreements all acknowledge the TIRZ Payment Priority.

The Development Agreement and the TIRZ Agreements set forth certain maximum amounts to be applied from the TIRZ Fund for the TIRZ Fund Uses. The maximums initially established in the Development Agreement and the TIRZ Residential Reimbursement Agreement are insufficient to provide for the Maximum TIRZ Credit. Accordingly, the City, the Developer and the TIRZ Board have entered into a Memorandum of Understanding (the “TIRZ MOU”) pursuant to which such parties have agreed to amend the Development Agreement and the TIRZ Residential Reimbursement Agreement to provide for the application of TIRZ Revenues in an amount sufficient to provide for the Maximum TIRZ Credit. The City expects to approve such amendments to the Development Agreement and the TIRZ Residential Reimbursement Agreement on November 21, 2022.

Development Plan and Status of Development

Phases #1A-1B. Development in the District began with the development of the Phases #1A-1B Improvements to serve the 125 lots in Phases #1A-1B of the District. Construction of the Phases #1A-1B Improvements began in Q4 2018 and was completed in Q4 2021. All lots in Phases #1A-1B of the District were sold to Bloomfield Homes. Home sales in Phases #1A-1B began in February 2020.

The following table sets forth the status of home sales in Phases #1A-1B as of October 31, 2022:

Updated Status of Homes in Phases #1A-1B								
Lot Type	Qty.	Completed Lots	Average Lot Price	Lots Closed to Homebuilders	Homes Under Construction	Completed Homes	Homes Closed to End Users	Average Home Price
50'	112	112	\$37,893	112	15	75	73	\$305,028
55'	11	11	\$44,000	11	0	11	10	\$425,088
60'	2	2	\$48,000	2	0	2	2	\$416,247
TOTAL	125	125		125	15	88	85	\$319,105

Phases #2A-2B. Development continued with the development of the 166 lots in Phases #2A-2B, which consists of the construction of the Phases #2A-2B Improvements. Construction of the Phases #2A-2B Improvements began in Q2 2022. Construction of the portion of the Phases #2A-2B Improvements benefitting Phase #2A is expected to be completed in Q1 2023. Construction of the portion of the Phases #2A-2B Improvements benefitting Phase #2B is expected to be completed in Q2 2023. See “THE PHASES #2A-2B IMPROVEMENTS” and “APPENDIX B — Form of Service and Assessment Plan.” The final plat for Phase #2A was filed May 18, 2022 and the final plat for Phase #2B was filed June 2, 2022. As of September 29, 2022, in Phase #2A, rough grading was completed, sanitary sewer was completed, and water installation was approximately 80% completed. Storm sewer installation began in October 2022 and paving is expected to begin in January 2023. As of

September 29, 2022, in Phase #2B, rough grading was completed. Utilities installation began in October 2022 and paving is expected to begin in January 2023. As of October 31, 2022, the Developer had expended approximately \$1,120,000 on the Phases #2A-2B Improvements, which costs were funded with cash.

The Developer has entered into a lot purchase and sale agreement for all 166 lots in Phase #2A and Phase #2B with Bloomfield Homes. See “THE DEVELOPMENT – Merchant Builder Lot Purchase and Sale Agreement in Phases #2A-2B” below.

Photographs of completed development in the District are attached are APPENDIX G hereto.

Concept Plan

Below is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City’s zoning and subdivision regulations.



Merchant Builder Lot Purchase and Sale Agreement in Phases #2A-2B

The Developer has entered in a lot purchase and sale contract with Bloomfield Home sfor all 166 lots in Phases #2A-2B of the District (the “Lot Purchase and Sale Agreement”) under the terms described below. Bloomfield deposited approximately \$835,000 in earnest money relating to the Lot Purchase and Sale Agreement. The feasibility period under the Lot Purchase and Sale Agreement has expired, and therefore, the earnest money deposited at the title company to hold the lot contract is a hard deposit and no longer refundable.

LOT PURCHASE AND SALE AGREEMENT

<u>Builder</u>	<u>Total Number of Lots Contracted</u>	<u>Lot Type & Quantity</u>	<u>Base Lot Price</u>	<u>Lot Takedown information (lots per closing)</u>
Bloomfield Homes	Phase #2A – 94 Phase #2B - 72	50 ft - 74	\$50,000	94 lots at Initial Closing (Phase #2A) 72 lots at the later of 15 days after substantial completion or 120 days after Initial Closing
		55 ft - 53	\$55,000	
		60 ft - 27	\$60,000	
		65 ft - 12	\$65,000	
Total	166			

Expected Build-Out of the District

The Developer is completing the infrastructure service the District in four subphases, the last of which are Phases #2A-2B. Completion of the infrastructure serving the District is expected in Q4 2024. The following tables provide the Developer's expected build-out schedule of the District, estimated home prices in the District and an absorption schedule for lots in the District.

EXPECTED BUILD-OUT SCHEDULE

<u>Phase</u>	<u>Single-Family Lots</u>	<u>Expected/Actual Infrastructure Start Date</u>	<u>Expected/Actual Infrastructure Completion Date</u>
1A	59	Q4 2018	Q1 2020
1B	66	Q3 2020	Q4 2021
2A	94	Q2 2022	Q1 2023
2B	72	Q2 2022	Q2 2023

ESTIMATED HOME PRICES

<u>Phase</u>	<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Base Lot Price</u>	<u>Average Base Home Price*</u>
1A	50'	59	\$36,000	\$290,000
1B	50'	53	\$40,000	\$305,000
	55'	11	\$44,000	\$320,000
	60'	2	\$48,000	\$335,000
	60'	2	\$48,000	\$335,000
2A-2B	50'	74	\$50,000	\$400,000
	55'	53	\$55,000	\$440,000
	60'	27	\$60,000	\$465,000
	65'	12	\$65,000	\$490,000

* Developer estimates

EXPECTED ABSORPTION OF LOTS IN PHASES #2A-2B THE DISTRICT

<u>Phase #1A</u>		<u>Phase #1B</u>	
<u>Actual/Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
2019	12	2021	34
2020	<u>47</u>	2022	<u>32</u>
Total	59	Total	66

<u>Phase #2A</u>		<u>Phase #2B</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
2023	<u>94</u>		<u>72</u>
Total	94	Total	72

Zoning

The property within the District is currently zoned under the City’s Planned Development #17, enacted on November 27, 2017 by City Ordinance Number O-34-17 (“PD #17”). PD #17 allows certain commercial and residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks for specific single-family residential lots. PD #17 also regulates design and development standards. Because the District lies within the city limits of the City, the City’s zoning and subdivision regulations control all aspects of development not specifically set forth in PD #17.

Amenities

The Developer will donate the Parkland Acreage consisting of approximately 14.52 acres of land to the City for a park and will construct certain open space amenities within the such park to serve the District (the “Parkland Amenities”). The Parkland Amenities are expected to cost approximately \$1,470,750 and shall be financed through the payment of the Park Improvement Fee, and the Developer will be reimbursed for the Parkland Amenities from certain TIRZ Revenues as provided in the Parkland TIRZ Agreement. The Parkland Acreage is expected to be donated to the City in Q1 2023. See “THE DEVELOPMENT – The Development Agreement and the TIRZ Agreements.” Construction of the Parkland Amenities is expected to begin in 2022 and be completed in 2024.

The Developer expects to partially finance the parkland amenities (to the extent not financed as provided above) with loans obtained for development within the District. See “THE DEVELOPER – History and Financing of the District.”

Education

The Kaufman Independent School District (“KISD”) serves the District and encompasses approximately 166.43 square miles in Kaufman County. KISD enrolls over 4,000 students in two high schools, one junior high school, and four elementary schools. Students in the District will attend Monday Elementary (2 miles from the Development), Norman Junior High School (1 mile from the Development) and Kaufman High School (1 mile from the Development). According to the Texas Education Agency (“TEA”), for 2021-2022, KISD and Kaufman High School received a “District Accountability Rating” of “A” from the TEA and Monday Elementary and Norman Junior High School received a “District Accountability Rating” of “B” from the TEA. Greatschools.org currently rates Monday Elementary, Norman Junior High School and Kaufman High School as “average.”

Existing Mineral Rights, Easements and Other Third Party Property Rights

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Property Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Some of these 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. If the waiver is applicable, such Mineral Owners may only develop such mineral interests by means of wells drilled on land outside of the property of the District.

The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in 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 above-described Third Party Property Rights, or the exercise of such rights or any other third party real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Third Party Property Rights.”

Environmental

A Phase One Environmental Site Assessment (a “Phase One ESA”) of the land within the District, was completed on October 15, 2020 by GLOBE Engineers, Inc. Based on the information presented in the Phase One ESA, there was no evidence that there were recognized environmental conditions on property in the District.

According to the website for the United States Fish and Wildlife Service, the whooping crane and least tern are endangered species in Dallas and Kaufman Counties and the golden-cheeked warbler is an endangered species in Kaufman County. The Developer is not aware of any endangered species located on District property.

Flood Designation

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Panel Number 48257C0310D dated July 3, 2012, no property within the District lies within a special flood hazard designation.

Utilities

The City expects to provide both water and wastewater service to the District through its systems. The City purchases its water wholesale from the North Texas Municipal Water District (“NTMWD”). The City maintains its own water distribution system and wastewater collection system and such system currently has sufficient capacity to provide water and wastewater service to the District. The City’s wastewater treatment is provided by NTMWD.

The Developer expects additional utilities to be provided by: (1) Phone/Data – CenturyLink; (2) Electric – Trinity Valley Electric Co-Op; and (3) Cable – CenturyLink.

THE DEVELOPER

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

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to 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 was created by Schuler Development 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 partnership, 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 payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds. See "BONDHOLDERS' RISKS – Dependence on Developer."

Seascope GP, LLC is the General Partner of Developer and owns a 1% interest in the Developer. George Schuler serves as sole Member and Manager of Seascope GP, LLC. Kelly Cannell serves as President of Seascope GP, LLC. Seascope GP, LLC, George Schuler and Cannell provide project leadership, financial oversight and administrative support for the Development.

Seascope Partners, LP and JWS Land, Ltd. are each Limited Partners of the Developer. Seascope Partners, LP owns a 39% interest in the Developer. Seascope GP, LLC is the general partner of Seascope Partners, LP and owns a 1% interest in Seascope Partners, LP. George Schuler, Kevin Paul Schuler, Cynthia Schuler North, and Kelly Cannell serve as limited partners for Seascope Partners, LP, with ownership interests as follows: George Schuler—45.5%, Kevin Paul Schuler—24.25%, Cynthia Schuler North—24.25%, and Kelly Cannell—5.00%.

JWS Land, Ltd., as limited partner, owns a 60% interest in the Developer. JWS Land, Ltd. is owned 90% by Jack W. Schuler and 10% by Seascope Partners, LP. Seascope GP, LLC serves as the general partner of JWS Land, Ltd. but retains no ownership interest in JWS Land, Ltd.

Executive Biographies

H. George Schuler. George Schuler is the founder and owner of Schuler Development, a real estate investment and development company with holdings in North Texas. Mr. Schuler graduated from the University of Jamestown with a degree in Economics and Finance and relocated to Texas in 1968, where he managed the Plano Chamber of Commerce. His venture into real estate began with a string of car washes that he developed, owned and operated.

A licensed pilot, Mr. Schuler combined his passion for flying and real estate and was instrumental in the development of the Collin County Regional Airport at McKinney (now McKinney National Airport). From 1979 – 2013, Mr. Schuler established the airport's only Fixed Based Operation (FBO), recruited numerous corporate flight departments including Texas Instruments, built a terminal/office building and over 100 hangars, and leased

approximately 300,000 square feet of office/hangar space. Schuler sold his FBO and real estate holdings to the City of McKinney in 2013 and took his expertise to North Texas Regional Airport, where he owns and operates the FBO (Rise Aviation) and manages the airport for Grayson County.

Mr. Schuler designed and developed numerous commercial and residential communities including Rockwall Market Center and Presbyterian Hospital in Rockwall, River Ridge of Crandall, and Cold Creek in Denison. In 2012 he began development of Kings Fort, a retail and residential community in Kaufman, which is anchored by Walmart and includes the Development (Georgetown at Kings Fort), a 305-lot residential community featuring Bloomfield Homes as the builder. Mr. Schuler will dedicate a site for a city park within the Development.

Kelly Cannell. Kelly Cannell joined Schuler Development in 2006 as Chief Financial Officer. She was promoted to President in 2016. Ms. Cannell manages the company's commercial, residential and airport development projects in Kaufman, Grayson and Rockwall counties as well as its Fixed Base Operation (FBO) at North Texas Regional Airport in Denison. Prior to joining Schuler Development, Ms. Cannell was the Controller for Bob Thompson Homes, a Dallas area luxury home builder. She has also held positions of increasing responsibility at KPMG Peat Marwick, Octel Communications, and MetaSolv Software (including that of Controller for MetaSolv where she helped take the telecommunications software company through a successful initial public offering). A Certified Public Accountant, Ms. Cannell holds a B.B.A. degree in Accounting from Western Michigan University.

Jim Meara. Jim Meara is the President of The Meara Company and serves as the Developer's sales and project manager. Mr. Meara is responsible for project design, sales and construction management. Mr. Meara has been in Texas real estate for over 30 years. After graduating from Southern Methodist University in 1982, Jim entered the commercial real estate business working for several Dallas development firms. In 1984, Jim formed of The Meara Company a diversified real estate firm, concentrating on purchasing, leasing, management, development, and sales of retail, office, industrial, single family and mix use property.

History and Financing of the District

Acquisition and Acquisition Financing. Texas Opportunities, LP purchased the 153.6 acre tract of land comprising the District in 2002 (the "Purchased Land") at a purchase price of \$600,552. Such purchase was financed through a loan from a local bank, which loan has been fully paid off. The Purchased Land was subsequently contributed to JWS Land, Ltd. in 2012. 85.5 acres of the Purchased Land, which land constitutes all land within the District, was contributed to Georgetown KF, Ltd. in 2018. These entities all have common ownership/management as described above.

Development Financing. On October 13, 2022, the Developer obtained a development loan (the "Development Loan") from b1Bank in an amount up to \$1,931,000. The interest rate on the Development Loan is the lesser of (a) the maximum nonusurious rate permitted by law, or (b) the prime rate plus one percent (0.50%), and is currently 6.75%. Principal and all accrued interest on the Development Loan are due at maturity. The Development Loan matures on October 13, 2024. As of October 17, 2022, the outstanding balance of the Development Loan is \$502,262.21. The Development Loan is secured by an interest in all of the Developer's property in Phases #2A-2B and a collateral assignment of its reimbursements and lot contracts. The Development Loan is guaranteed by George Schuler.

The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes and, accordingly, such lien for the Assessments is superior to liens on property in the District relating to the Development Loan.

THE ADMINISTRATOR

The following information has been provided by the Administrator. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Administrator has reviewed this Official Statement and warrant and represent that the information herein under the caption "THE ADMINISTRATOR" 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 are made, not misleading.

The City has entered into an agreement (the “MuniCap Agreement”) with MuniCap, Inc. (the “Administrator”) as the Administrator for the District to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator 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 or over 300 special assessment and taxing districts in 30 states.

The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The MuniCap Agreement includes seven general types of services provided by the Administrator: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination, and (vii) IRS compliance monitoring. The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by MuniCap to the City and has been included in reliance upon the authority of such firm as an expert in the field of development planning and finance.

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

APPRAISAL OF PROPERTY WITHIN PHASES #2A-2B OF THE DISTRICT

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”), prepared an appraisal report for the City dated October 6, 2022 and effective as of March 31, 2023 with respect to Phases #2A-2B of the District, based upon a physical inspection of the District (the “Appraisal”). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Phases #2A-2B of the District. The Appraisal is attached hereto as APPENDIX E 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 E — Appraisal of Property Within Phases #2A-2B of the District.”

Value Estimates. The Appraiser estimated the aggregate market value of the fee simple interest in the land in Phases #2A-2B of the District under the hypothetical conditions that the 166 single-family lots in Phases #2A-2B are complete. See “THE PHASES #2A-2B IMPROVEMENTS.” The Appraisal does not reflect the as-is condition of Phases #2A-2B of the District as all of the Phases #2A-2B Improvements have not yet been completed. Moreover, the Appraisal does not reflect the value of Phases #2A-2B of the District as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for Phases #2A-2B of the District. See “APPENDIX E — Appraisal of Property Within Phases #2A-2B of the District.”

The value estimate for the Assessed Property within Phases #2A-2B 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 March 31, 2023 is \$8,230,000.

None of the City, the Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness assumptions or information contained in the Appraisal. The assumptions and 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.

Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached as APPENDIX E hereto.

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.

General

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

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 Phases #2A-2B of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Phases #2A-2B 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 Phases #2A-2B of 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 Phases #2A-2B of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Phases #2A-2B of the District should proceed more slowly than expected and the Developer is unable to pay the 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 Phases #2A-2B 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.

Deemed Representations and Acknowledgment by Investors

Each Investor will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS’ RISKS” and elsewhere herein, and such Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Investor can afford a complete loss of its investment in the Bonds.

Assessment Limitations

Annual Installments of Assessments are billed to property owners in Phases #2A-2B 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 described under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Administrative Expenses for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within Phases #2A-2B of the District, any lien securing an Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

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

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present

one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own all property within Phases #2A-2B of the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Parcels superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

THE ASSESSMENTS WILL 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 WILL BE PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN Phases #2A-2B OF THE DISTRICT.

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.

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer</u>	<u>Expected Completion Date</u>	<u>Average Expected Home Sale Prices</u>	<u># of Units Remaining</u>
Prairie Creek Estates	63	.7	FNH Construction	Q4 2022	\$330,000	63
Freeman Farm	123	.4	Williamsburg Construction	Q3 2023	\$350,000	123
Enclave at Kings Fort	215	0	Farris Capital Group	Q1 2024	\$360,000+	215
Highland Meadow	440	1.4	Williamsburg Construction	Q3 2024	\$350,000	440
Five Points	134	.9	Cope Equities	2025	\$390,000 – \$600,000s	134

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.

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 homebuilders within Phases #2A-2B of the District do not provide the required notice and prospective purchasers of property within Phases #2A-2B 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 is expected 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 homebuilders within Phases #2A-2B 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. See "APPENDIX B – Form of Service and Assessment Plan."

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 in Phases #2A-2B to pay the Assessments.

Risks Related to Current Increase in Costs of Building Materials

As a result of the Pandemic (as defined herein), low supply, high demand, and the ongoing trade war, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in Phases #2A-2B of the District are substantially higher than the estimated costs or if the homebuilders within Phases #2A-2B of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in Phases #2A-2B of the District to complete the construction of homes or pay the Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of Phases #2A-2B of the District.

TIRZ Credit and Marketing of the Development

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraisal value in the TIRZ in any year. Any delay or failure by the Developer to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit the Assessments. TIRZ Revenues generated from the captured appraised value for each parcel in the TIRZ during the development of such parcel will result in a TIRZ Credit which is not sufficient to achieve the Targeted Net Average Annual Installment for the

Assessed Parcels. The TIRZ Credit will likely not provide for the Targeted Net Average Annual Installment until the second year that a home on such parcel is assessed. See “OVERLAPPING TAXES AND DEBT.”

It is uncertain what impact, if any, the TIRZ Credit application to the Annual Installments of the Assessments will have on the underwriting of residential mortgages. If the underwriter of a residential mortgage does not recognize the TIRZ Credit it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

Loss of Tax Exemption

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

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Bond Reserve Account of the Reserve Fund

Failure of the owners of property within Phases #2A-2B of the District to pay the Assessments when due could result in the rapid, total depletion of the Bond Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Bond Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of 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 Phases #2A-2B of the District be affected by a hazardous substance, the marketability and value of such 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 Phases #2A-2B of the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in Phases #2A-2B of the District. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to its property; 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 Phases #2A-2B of 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. The actual occurrence of any of these possibilities could significantly negatively affect the value of a parcel that is realizable upon a foreclosure.

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

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third Party Property Rights,” there are certain Third Party Property Rights reservations located within the District and 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 Kaufman County.

The Developer does not expect the existence or exercise of any Third Party Property Rights, mineral rights or related real property rights in or around Phases #2A-2B of the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

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.

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of the owners of at least 25% of the aggregate principal amount of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the

rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Phases #2A-2B of the District or sell property within Phases #2A-2B of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Phases #2A-2B of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

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

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to 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 Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

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 development projects comparable to that of 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. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. 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. See "THE DEVELOPMENT – Expected Build Out of the District" herein.

The Development cannot be initiated or completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of 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.

Availability of Utilities

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

Dependence Upon Developer

The Developer, as the owner of the Assessed Parcels in Phases #2A-2B of the District, currently has the obligation for payment of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer’s designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Phases #2A-2B Improvements within Phases #2A-2B of the District. See “THE Phases #2A-2B IMPROVEMENTS – General” and “THE DEVELOPMENT – Development Plan and Status of Development in Phases #2A-2B.” There can be no assurances given as to the financial ability of the Developer to complete such improvements.

The Developer will not guarantee or otherwise be obligated to pay debt service on the Bonds.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of the Texas Senate and the Texas House of Representatives which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments, including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 87th Legislative Session of the State ended on May 31, 2021, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by special assessments. The Governor called three special legislative sessions, which all concluded without any legislation being introduced or passed related to the oversight of bonds secured by special assessments. The next session of the Texas Legislature is set to convene in January, 2023. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The 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 and specified therein. The estimated market value specified in the Appraisal is not a precise measure of value, but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the appraiser’s forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

In performing its analysis, the 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 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 and date of the Appraisal.

Infectious Disease Outbreak – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State of Texas (“Texas”) and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities. Since such time, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment.

The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. 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.

With the easing or removal of COVID-19 associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The City has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the City cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

The Bonds are secured primarily by Assessments levied on benefitted property within Phases #2A-2B of the District. If Lot or home sales are negatively impacted by the continuation or escalation of the Pandemic, the Developer will continue to be responsible for the payment of the Assessments as long as it owns such Lots.

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the City has experienced growth in its assessed valuation during the Pandemic, 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.

Risk from Weather Events

All of the State, including the City and the District, 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 or the District, including land within the District.

100-Year Flood Plain

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Panel Number 48257C0310D dated July 3, 2012, no property within the District lies within a special flood hazard designation.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the 100-year flood plain.

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted (subject to provisions set forth in the Indenture) 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 Phases #2A-2B 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.” Collection of delinquent taxes, assessments and the 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 Credit Rating

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

Limited Secondary Market for the Bonds

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

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 an item of tax preference 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 Limited Offering Memorandum. 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 (ii) 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 Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

Bracewell LLP serves as Bond Counsel to the City. Winstead PC serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the matters described above under the caption "TAX MATTERS". A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX C —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" (except for the last paragraph under the subcaption "General" and the subcaption "TIRZ Revenues May Reduce Assessments"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings," "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE – the City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX A and such firm is of the opinion that the information relating to the Bonds, the Bond 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 and the Indenture.

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

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify to the Underwriter 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 knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Construction, Funding and Acquisition 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”).

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 United States Securities and Exchange Commission (the “Rule”), the City, the Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (in such capacity, the “Dissemination Agent”) have entered into a Continuing Disclosure Agreement (the “City Disclosure Agreement”) 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 City Disclosure Agreement, 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 D-1 — Form of City Disclosure Agreement.” Under certain circumstances, the failure of the City to comply with its obligations under the City Disclosure Agreement 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 City Disclosure Agreement 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 City Disclosure Agreement. 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 City Disclosure Agreement. 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 City Disclosure Agreement or from any statement made pursuant to the City Disclosure Agreement.

The Developer

The Developer, the Administrator, and the Dissemination Agent have entered into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) 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 Developer Disclosure Agreement, certain information regarding the Development and the Phases #2A-2B Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Developer Disclosure Agreement 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 Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

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

Pursuant to the Developer Disclosure Agreement, the Developer is only responsible for providing the Developer Reports for so long as the Developer is responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year. In addition, in the event of foreclosure of any mortgage lien deed of trust or bankruptcy foreclosure sale with respect to the Developer's property within the District, the Developer's continuing disclosure obligation pursuant to the Developer Disclosure Agreement may be discharged and no Developer Reports would be filed thereafter.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$_____ (representing the par amount of the Bonds less an underwriting discount of \$_____, which includes Underwriter's Counsel's fee 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 INVESTMENT 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 Texas law in accordance with investment policies approved by the City Council. Both Texas law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (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 are unconditionally 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 entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the 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 investing entity'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 its custodian of the banking deposits issued for its 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 Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either 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 Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) 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 (II) a depository institution that has its main office or a 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 Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission 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 fully secured by a combination of cash and obligations described in clause (1) which are 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) 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 (6) 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 (6) above, clauses (13) through (15) below, 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, (12) 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, (13) 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, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the

Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have 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 in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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 “AAA-m” 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 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 (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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 Texas 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 includes 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 Texas law, City 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 investment officers of the City shall submit an investment report 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 and fund type invested at the beginning and end of the reporting period by the type of asset and fund type invested, (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 strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt 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 registered principal of firms seeking to sell securities to 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 City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity'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. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Phases #2A-2B Improvements, the Development and the Developer generally and, in particular, the information included in the sections captioned “THE PHASES #2A-2B IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Phases #2A-2B Improvements and the Development) and “LEGAL MATTERS — Litigation — The Developer” has been provided by the Developer.

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 of 1933. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS,

CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has approved by resolution the form and content of this Preliminary Limited Offering Memorandum and the City Council has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF KAUFMAN, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Trustee

DATED AS OF November 15, 2022

SECURING

CITY OF KAUFMAN, TEXAS

KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (PHASES 2A - 2B PROJECT)

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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 November 15, 2022 is by and between the City of Kaufman, 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, on August 20, 2018, a petition was submitted and filed with the City Secretary of the City a petition (the "*Petition*") requesting the establishment of a public improvement district pursuant to Chapter 372, Texas Local Government Code, as amended, (the “PID Act”) to be known as Kaufman Public Improvement District No. 1 (the "District" or “PID”); and

WHEREAS, the Petition contained the signatures of the owners of taxable real property representing more than 50% of the area of all 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 Kaufman Central Appraisal District, and the signature of the property owners who owned taxable real property that constituted more than 50% of the area of all taxable property within the District liable for assessment; and

WHEREAS, on August 5, 2018, the City Council accepted the Petition and called a public hearing for September 3, 2018, on the creation of the District and the advisability of the improvements; and

WHEREAS, on September 24, 2018, after due notice, the City Council of the City (the “City Council”) opened a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Section 372.009 of the PID Act and continued the public hearing to November 13, 2018; and,

WHEREAS, on November 13, 2018, the City Council reconvened the public hearing and made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. R-27-18 (the “Authorization Resolution”) adopted by a majority of the members of the City Council, authorized and created the District in accordance with its finding as to the advisability of the Authorized Improvements; and

WHEREAS, on November 22, 2018, the City published the Authorization Resolution in The Kaufman Herald, a newspaper of general circulation in the City; and

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

WHEREAS, on October 24, 2022, the City Council adopted a resolution determining the total costs of the Phases 2A and 2B Improvements, calling for a public hearing to consider the levying of assessments against the property within Phases 2A and 2B of the district (the “2A and 2B Assessments”), authorizing and directing the filing of a proposed Phase 2A and 2B Assessment Roll, authorizing and directing the publication of notice of a public hearing to consider the levy of the 2A and 2B Assessments; and

WHEREAS, on November 3, 2022 the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the “Assessment Hearing”) in The Kaufman Herald, a newspaper of general circulation in the City, to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the 2A and 2B Assessments on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of 2A and 2B Assessments on property within the District (as defined herein) of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on November 21, 2022, and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Assessment Roll and the 2A and 2B Assessments, and to offer testimony pertinent to any issue presented on the amount of the 2A and 2B Assessments, the allocation of Improvement Costs, the purposes of the 2A and 2B Assessments, the special benefits of the 2A and 2B Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the 2A and 2B Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of 2A and 2B Improvement Costs (as defined herein), the Assessment Roll, and the levy of the 2A and 2B Assessments; and

WHEREAS, on November 21, 2022, the City Council closed the Assessment 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 and therein approved the Assessment Roll and levied the 2A and 2B Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the 2A and 2B Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Authorized Improvements, (ii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) [paying capitalized interest on the Bonds], (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases 2A - 2B 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 2A and 2B Assessments have been prepaid, the lien on real property associated with such Phase 2A and 2B Assessment prepayment shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate;

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 5.1 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 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Additional Interest Revenues” means the revenues generated from the collection of the Additional Interest.

“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 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 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 2A and 2B Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit H to the Service and Assessment Plan and related to the Bonds and the Phase 2A and 2B 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” means an Assessment levied against a Parcel within and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

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

“Assessment Ordinance” means Ordinance adopted by the City Council on November 21, 2022, that levied the Assessments on the Phase 2A and 2B Assessed Property.

“Assessment Roll” means the Phase 2A and 2B 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 Assessment against each Phase 2A and 2B 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 Manager of the City, (ii) an Assistant City Manager of the City designated by the City Manager of the City for such purpose, or (iii) the Director of Finance of the City.

“Bonds” means the City of Kaufman, Texas Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A - 2B Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Phase 2A and 2B Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

“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 tax-exempt 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 November 21, 2022 authorizing the 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 date of issuance of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, or (iii) 10% of the stated principal amount of the Bonds as of the date of issuance; provided, however that subsequent to the date of issuance of the Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.6(c), (b) a mandatory sinking fund redemption pursuant to the terms of a this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of a this Indenture

“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.

“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.

“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 2A and 2B 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.

“Construction, Funding and Acquisition Agreement” means that certain agreement dated November 21, 2022 between the Developer and the City pertaining to the development of the PID.

“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 5.5% 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 an Phase 2A and 2B 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 Georgetown KF, Ltd., a Texas limited partnership, and its respective successors and assigns.

“Development Agreement” means the Georgetown at Kings Fort Development Agreement, as amended, between the City and the Developer relating to the Bonds, effective as of November 13, 2018, as amended, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of Authorized Improvements and other matters related thereto.

“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 Assessments against any Phase 2A and 2B

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.

“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 15 and September 15 of each year, commencing September 15, 20__.

“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 2A and 2B” means the property to be developed within the District identified as Phase #2A and Phase #2B and depicted in the Service and Assessment Plan.

“Phase 2A and 2B Assessed Property” means all property within Phase 2A and 2B of the District and shown in the Assessment Roll against which an Assessment relating to the Phase 2A and 2B Improvements is levied in accordance with the Service and Assessment Plan.

“Phase 2A and 2B Improvements” means the Authorized Improvements within Phase 2A and 2B being financed by the issuance of Bonds.

“Phase 2A and 2B Improvement Account” means the Account within the Project Fund established pursuant to Section 6.1.

“Phase 2A and 2B Improvement Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Administrative Expenses), of the Authorized Improvements benefitting Phase 2A and 2B of the District.

“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 an 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 last calendar 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 security 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.

“Reserve Account” means that account established pursuant to Section 5.1 and administered in Section 6.5 herein.

“Service and Assessment Plan” means the document, including the 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 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.

“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 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

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 Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, 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 Pledged Revenues 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 Pledged Revenues 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 2A and 2B Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment Reserve

Account, (iv) funding 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 the date of their delivery (the “Delivery 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 15 and September 15 of each year, commencing September 15, 202_ computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 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 General Certificate;
- (e) an executed opinion of Bond Counsel; and

(f) 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 the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

(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 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 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(e), 6.5(f), 6.5(h) 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 are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) 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 in a City Certificate; 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) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by 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 S&P Global Market Intelligence 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; and

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

- (A) Principal and Interest Account.
- (B) Capitalized Interest Account.

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

- (A) Phase 2A and 2B Improvement Account;
- (B) Costs of Issuance Account; and

(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 Costs of Issuance Account: \$_____;
- (3) to the Administrative Fund: \$_____;
- (4) to the Delinquency and Prepayment Reserve Account: \$_____;
- (5) to the Capitalized Interest Account \$_____; and
- (6) to the Phase 2A and 2B 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 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, 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;

(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 2A and 2B 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 2A and 2B Assessments for any lawful purposes permitted by the PID Act for which Phase 2A and 2B Assessments may be paid.

(h) Phase 2A and 2B 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 2A and 2B Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Phase 2A and 2B 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.

(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>
September 15, 20__	\$ _____

(a) 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 2A and 2B 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 2A and 2B 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. 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 2A and 2B Improvement Account of the Project Fund, shall be used solely to pay the costs of the Phase 2A and 2B Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Phase 2A and 2B Improvement Costs, the Trustee shall make payment from the Phase 2A and 2B 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 2A and 2B Improvement Account shall be used solely to pay the Phase 2A and 2B Improvement Costs as set forth in the applicable Certificate for Payment.

(d) Funds on deposit in the Phase 2A and 2B Improvement Account of the Project Fund in the amount of \$1,520,000 shall be retained in the Project Fund and shall not be expended or used to pay the costs of the Phase 2A and 2B Improvements pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee:

(1) All of the Phase 2A and 2B Improvements have been constructed or installed and accepted by the City;

(2) 45 building permits have been issued by the City for Phase 2A and 2B.

(e) If the amount retained pursuant to (d) above have not been released from the project Fund on or before September 15, 2025, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 herein.

(f) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phase 2A and 2B Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Phase 2A and 2B Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phase 2A and 2B 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 2A and 2B 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 2A and 2B 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.

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

(h) Upon the filing of a City Certificate stating that all Phase 2A and 2B Improvements have been completed and that all Phase 2A and 2B Improvements Costs have been paid, or that any such costs are not required to be paid from the Phase 2A and 2B Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Phase 2A and 2B 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 2A and 2B Improvement Account of the Project Fund.

(i) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the 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 2A and 2B 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) In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 6.2, 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, on the date of each calculation made Article 8 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.

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 2A and 2B Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Phase 2A and 2B Assessments against the respective Phase 2A and 2B Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Phase 2A and 2B 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 2A

and 2B_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 2A and 2B_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 2A and 2B_Assessment or the corresponding Phase 2A and 2B_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 2A and 2B_Improvement Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Phase 2A and 2B_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 any issue of 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 Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue 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 an issue of 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 Assessments continue to meet such requirements.

Section 8.3 No Federal Guaranty.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause an issue of 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.

The City covenants that it will make use of the proceeds of each issue of 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 Arbitrage 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 each issue of 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 each issue of 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.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue 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 a Favorable Opinion of Bond Counsel.

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 an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue 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 2A and 2B 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 2A and 2B 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 2A and 2B 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 2A and 2B 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 the 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.

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 Indenture due to the Trustee shall be less than 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 exemption from federal income taxation 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 2A and 2B 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 the 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 2A and 2B 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 the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 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 Kaufman, Texas
709 S. Washington
Kaufman, Texas 75142
Attn: City Manager
Telephone: (830) 598-8741

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: 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: dlsmith@wilmingtontrust.com

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 the 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.

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 KAUFMAN, 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 KAUFMAN, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT
DISTRICT NO. 1 PHASES 2A - 2B PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP NUMBER</u>
_____%	September 15, ____	_____	_____

The City of Kaufman, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Delivery Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on September 15, 20__, and on each March 15 and September 15 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/registrars (the "Trustee," which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, 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 dated December 21, 2022 and 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 _____ and issued in the aggregate principal amount of \$ _____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of _____ (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 2A and 2B Improvements Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, and (vi) 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:

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

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 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 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 KAUFMAN, TEXAS; KAUFMAN 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 Kaufman, Texas

Mayor, City of Kaufman, 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 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>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 _____ (the “Indenture”) relating to the “City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases 2A - 2B 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 _____, a Texas limited partnership (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Phase 2A and 2B 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 2A and 2B Improvements providing a special benefit to property within the Kaufman Public Improvement District No. 1.

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 2A and 2B 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 2A and 2B Improvements below is a true and accurate representation of the Phase 2A and 2B Improvements associated with the creation, acquisition, or construction of said Phase 2A and 2B 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 2A and 2B 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, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Phase 2A and 2B Assessments it owes or an entity the Developer controls owes, located in the Kaufman Public Improvement District No. 1 and has no outstanding delinquencies for such Phase 2A and 2B 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 2A and 2B Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Phase 2A and 2B 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 P Phase 2A and 2B Improvements identified may be paid until the work with respect to such Phase 2A and 2B Improvements (or segment) has been completed and the City has accepted such Phase 2A and 2B Improvements (or segment).

10. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) _____ does not exceed an amount that would leave \$ _____ remaining in the Phase 2A and 2B Improvement Account of the Project Fund or (ii) _____ the Developer hereby certifies the following:

(1) All of the Phase 2A and 2B Improvements have been construction or installed and accepted by the City;

(2) 45 building permits have been issued by the City for Phase 2A and 2B.

Payments requested are as follows:

Payee / Description of Phase 2A and 2B Improvement	Total Cost of Phase 2A and 2B Improvement	Budgeted Cost of Phase 2A and 2B Improvement	Amount requested be paid from the Phase 2A and 2B Improvement Account

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 2A and 2B 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.

_____, a Texas limited
partnership

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 Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Phase 2A and 2B Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Phase 2A and 2B Improvement Account
\$ _____	\$ _____

CITY OF KAUFMAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Phase 2A and 2B 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 Kaufman Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

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 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 with the establishment of the District 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.

_____.

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 2A and 2B Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF KAUFMAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX B

FORM OF SERVICE AND ASSESSMENT PLAN

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KAUFMAN PUBLIC IMPROVEMENT DISTRICT No. 1

CITY OF KAUFMAN, TEXAS

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

August 5, 2019

As amended on December 15, 2020, updated on January
25, 2021, and as amended and restated on [REDACTED], 2022
for Phases #2A-2B Bonds

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

KAUFMAN PUBLIC IMPROVEMENT DISTRICT No. 1

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On November 13, 2018 (the “Creation Date”) the City Council (the “City Council”) of the City of Kaufman, Texas (the “City”) passed and approved Resolution No. R-27-18 approving and authorizing the creation of the Kaufman Public Improvement District No. 1 (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district (the “Authorized Improvements”), all of which is located within the City.

The property in the PID is proposed to be developed in multiple phases, and the PID will finance public improvements as the property is developed. Assessments will be imposed on the property for the public improvements to be constructed.

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 Kaufman Public Improvement District No. 1 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. Section 372.013 of the PID Act requires a service plan to “(i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” 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, is attached hereto as Appendix D.

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 in this Service and Assessment Plan. The Assessments as shown on the Assessment Rolls are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

The Service and Assessment Plan was originally approved on August 5, 2019 with the levy of Assessments on Phases #1A-1B of the PID. The Service and Assessment Plan was amended and restated on December 15, 2020 to add additional lot types and was updated on January 25, 2021 to reflect the issuance of the Phases #1A-1B Bonds. The Service and Assessment Plan is being amended and restated herein to, provide for the levy of Assessments on Phases #2A-2B of the PID. The amended and restated Service and Assessment Plan is herein referred to as the “Service and Assessment Plan”.

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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. 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, taxes (property and franchise), (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 and miscellaneous expenses.

Actual Costs may 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” means the 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act.

“Administrative Expenses” mean 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 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.

“Administrator” means the employee or designee of the City, identified in any indenture of trust relating to a series of Bonds or identified in any other agreement approved by the City Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments including any applicable interest, as shown on the Assessment Rolls attached hereto as Appendix G and Appendix H, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Administrative Expenses, and (iii) the Delinquency and Prepayment Reserve described in Section V.F of this Service and Assessment Plan.

“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 Roll, as the 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 amounts collected to pay Administrative Expenses and interest on all Assessments.

“Assessment Ordinance” means an Assessment 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.

“Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments.

“Assessment Roll” or **“Assessment Rolls”** means collectively or separately, as applicable, the Phases #1A-1B Assessment Roll and the Phases #2A-2B Assessment Roll included in this Service and Assessment Plan as Appendix G and Appendix H, respectively, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update, as each may be updated, modified, or amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

“Authorized Improvements” mean 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” mean the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as shown in Appendix B.

“Bonds” mean any bonds issued in one or more series for financing the Authorized Improvements and secured in whole or in part by the Assessment Revenues.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“Certification for Payment” means the certificate to be provided by the 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 Kaufman, Texas.

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

“County” means Kaufman County, Texas.

“Delinquent Collection Costs” mean 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.

“Delinquency and Prepayment Reserve” means, with respect to the Phases #1A-1B and Phases #2A-2B Bonds, separate reserve amounts to be funded from Additional Interest collected each year with respect to the Phases #1A-1B Bonds and the Phases #2A-2B Bonds as more fully described in Section V.F of this Service and Assessment Plan.

“Developer” means Georgetown KF, Ltd, a Texas limited liability company and its successors and assigns.

“Development Agreement” means that certain Georgetown at Kings Fort Development Agreement relating to the PID executed by and between the Developer and the City effective November 13, 2018, as the same may be amended from time to time.

“Equivalent Units” mean, 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” means a homeowners’ association or property owners’ association established for the benefit of property owners within the PID.

“Homeowners Association Property” means property within the PID owned by or irrevocably offered for dedication to, whether in fee simple or through an easement, a Homeowners’ Association established for the benefit of a group of homeowners or 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 Kaufman 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 shown in Appendix E 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 an Assessment Roll, being lots with a lot width of 60 feet, which may be referred to as such in the applicable plat.

“Lot Type 2” means lots identified as such on an Assessment Roll, being lots with a lot width of 55 feet, which may be referred to as such in the applicable plat.

“Lot Type 3” means lots identified as such on an Assessment Roll, being lots with a lot width of 50 feet, which may be referred to as such in the applicable plat.

“Lot Type 4” means lots identified as such on an Assessment Roll, being lots with a lot width of 65 feet, which may be referred to as such in the applicable plat.

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel that 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.D.

“Parcel” or “Parcels” means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Kaufman 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 Kaufman County.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period.

“Phases #1A-1B” means the initial Phases to be developed, identified as “Phase #1A” and “Phase #1B” generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix G.

“Phases #1A-1B Assessed Property” means all Parcels within Phases #1A-1B other than Non-Benefited Property and shown in the Phases #1A-1B Assessment Roll against which an Assessment relating to the Phases #1A-1B Improvements is levied.

“Phases #1A-1B Assessment Revenues” mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phases #1A-1B Assessed Property, or the Annual Installments thereof, for the Phases #1A-1B Improvements.

“Phases #1A-1B 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 #1A-1B Bonds” mean those certain City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2021 (Kaufman Public Improvement District No. 1 Phases #1A-1B Project) that may be secured primarily by Phases #1A-1B Assessment Revenues and issued by the City to finance the Phases #1A-1B Improvements and/or reimburse the Developer.

“Phases #1A-1B Improvements” mean the Authorized Improvements which only benefit Phases #1A-1B Assessed Property and are described in Section III.B.

“Phases #1A-1B Maximum Assessment Per Unit” means the following Maximum Assessment Per Unit for each applicable Lot Type as follows:

Lot Type 1 - \$30,114.04

Lot Type 2 - \$28,909.48

Lot Type 3 - \$26,801.50

“Phases #1A-1B Maximum TIRZ Credit Per Unit” means the following Maximum TIRZ Credit Per Unit for each applicable Lot Type as follows:

Lot Type 1 - \$42,805.96

Lot Type 2 - \$40,665.67

Lot Type 3 - \$36,813.13

“Phases #1A-1B Reimbursement Agreement” means that certain Kaufman Public Improvement District No. 1 Phases #1A-1B Reimbursement Agreement, dated August 5, 2019, by and between the City and the Developer in which the Developer agreed to fund certain Actual Costs of the Phases #1A-1B Improvements and the City agreed to reimburse the Developer for a portion of such Actual Costs of the Phases #1A-1B Improvements funded by the Developer with interest as permitted by the PID Act. The Phases #1A-1B Bonds were subsequently issued in 2021 to finance the Phases #1A-1B Improvements and/or to pay any unpaid Actual Costs of the Authorized Improvements required to be paid under the Phases #1A-1B Reimbursement Agreement.

“Phases #2A-2B” means the Phases to be developed, identified as “Phase #2A” and “Phase #2B” generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix H.

“Phases #2A-2B Assessed Property” means all Parcels within Phases #2A-2B other than Non-Benefited Property and shown in the Phases #2A-2B Assessment Roll against which an Assessment relating to the Phases #2A-2B Improvements is levied.

“Phases #2A-2B Assessment Revenues” mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phases #2A-2B Assessed Property, or the Annual Installments thereof, for the Phases #2A-2B Improvements.

“Phases #2A-2B 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.

“Phases #2A-2B Bonds” mean those certain City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B Project) that may be secured primarily by Phases #2A-2B Assessment Revenues and issued by the City to finance the Phases #2A-2B Improvements.

“Phases #2A-2B Improvements” mean the Authorized Improvements which only benefit Phases #2A-2B Assessed Property and are described in Section III.C.

“Phases #2A-2B Maximum Assessment Per Unit” means the following Maximum Assessment Per Unit for each applicable Lot Type as follows:

Lot Type 1 - \$36,688.59
Lot Type 2 - \$34,854.16
Lot Type 3 - \$31,552.18
Lot Type 4 - \$38,523.02

“Phases #2A-2B Maximum TIRZ Credit Per Unit” means the following Maximum TIRZ Credit Per Unit for each applicable Lot Type as follows:

Lot Type 1 - \$42,805.96
Lot Type 2 - \$40,665.67
Lot Type 3 - \$36,813.13
Lot Type 4 - \$44,946.26

“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.

“Planned Development” means the zoning classification established as PD – Planned Development-17 pursuant to Ordinance O-34-17 adopted by the City Council designating the zoning and development standards.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment allowed by applicable law, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment, including Administrative Expenses.

“Public Property” means property, right of way and easements within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Kaufman County, the City, a school district or any other public agency or political subdivision, whether in fee simple or through an exclusive use easement.

“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 from time to time.

“TIRZ No. 1” means the Tax Increment Reinvestment Zone No. 1, City of Kaufman, Texas.

“TIRZ Annual Credit Amount” means, for each Parcel, such Parcel’s 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 certain public improvements as provided for in the Tax Increment Reinvestment Zone No. One Project Plan and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” mean, 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, 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 a Trust Indenture, including a substitute fiscal agent or trustee.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the City and contains approximately 85.5 acres of land. 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 291 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots (291) is based upon the proposed development plan.

The property in the PID was originally proposed to be developed as shown in Table II-A.

Table II-A
Proposed Development within the PID – Original

Proposed Development	Quantity	Measurement
Single Family - 60 Ft	2	Units
Single Family - 55 Ft	11	Units
Single Family - 50 Ft	292	Units
Total	305	Units

The original development plan was revised in 2020 and is being revised in 2022. The revised lot count and lot mix is shown in Table II-B.

Table II-B
Proposed Development within the PID – Revised

Proposed Development	Quantity	Measurement
Single Family - 65 Ft	12	Units
Single Family - 60 Ft	29	Units
Single Family - 55 Ft	64	Units
Single Family - 50 Ft	186	Units
Total	291	Units

B. PROPERTY INCLUDED IN PHASES #1A-1B

Phases #1A-1B consists of approximately 28.4 acres and consists of 125 single family residential units. A phasing map of the property depicting the boundaries of each proposed Phase is shown in Appendix A.

The property within Phases #1A-1B is developed as shown in Table II-C.

Table II-C
Development – Phases #1A-1B

Development	Quantity	Measurement
Single Family - 60 Ft	2	Units
Single Family - 55 Ft	11	Units
Single Family - 50 Ft	112	Units
Total	125	Units

C. PROPERTY INCLUDED IN PHASES #2A-2B

Phases #2A-2B consists of approximately 47.6 acres, of which 33.1 acres is used for residential development, and is projected to consist of 166 single family residential units. A phasing map of the property depicting the boundaries of each proposed Phase is shown in Appendix A.

The property within Phases #2A-2B is proposed to be developed as shown in Table II-D.

Table II-D
Proposed Development – Phases #2A-2B

Proposed Development	Quantity	Measurement
Single-Family - 65 Ft	12	Units
Single-Family - 60 Ft	27	Units
Single-Family - 55 Ft	53	Units
Single-Family - 50 Ft	74	Units
Total	166	Units

The estimated number of units at the build-out of the PID is based on the Planned Development, land use approvals for the property, the anticipated subdivision of property in the PID, and the Developer's estimate of the highest and best use of the property within the PID.

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may 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 malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or 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

After analyzing the public improvement projects authorized by the PID Act, the City has determined at this time to undertake only Authorized Improvements listed in Section III.B and III.C and described in Appendix B and shown on the diagram included as Appendix C for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the City and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND COSTS OF THE PHASES #1A-1B IMPROVEMENTS

The descriptions of the Phases #1A-1B Improvements are presented below, and the Actual Costs are shown in Table III-A.

Roadway improvements:

The roadway improvements within Phases #1A-1B include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All roadway projects were designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Water distribution system improvements:

The water distribution system improvements within Phases #1A-1B consist of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service the Assessed Property. The water distribution system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Sanitary sewer collection system improvements:

The sanitary sewer collection system improvements within Phases #1A-1B consist of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Storm drainage collection system improvements:

The storm drainage collection system improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Additional details of the Authorized Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

Table III-A
Actual Costs – Phases #1A-1B Improvements

Description	Actual Costs¹
Roadway improvements	\$1,254,392
Water improvements	\$638,497
Sanitary sewer improvements	\$334,153
Storm drainage improvements	\$1,312,118
Screening and landscape improvements	\$14,750
Other soft costs including PID creation costs	\$958,236
Total Improvement Costs	\$4,512,146

(1) Represents the Actual Costs provided by the developer on June 16, 2022.

C. DESCRIPTIONS AND COSTS OF THE PHASES #2A-2B IMPROVEMENTS

The descriptions of the Phases #2A-2B Improvements are presented below, and the Budgeted Costs are shown in Table III-B. The Budgeted Costs shown in Table III-B may be revised in an Annual Service Plan Update as needed.

Roadway improvements:

The roadway improvements within Phases #2A-2B include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, and traffic control devices. 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 water distribution system improvements within Phases #2A-2B consist of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service the Assessed Property. The water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary sewer collection system improvements:

The sanitary sewer collection system improvements within Phases #2A-2B consist of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements will

be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm drainage collection system improvements:

The storm drainage collection system improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other soft and miscellaneous costs

The soft and miscellaneous costs consist of engineering and surveying, project management fees, contingency, and other soft and miscellaneous costs related to the Phases #2A-2B Improvements.

Additional details of the Authorized 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 Budgeted Costs of the Phases #2A-2B Improvements shown in Table III-B may be revised in Annual Service Plan Updates. Savings from one budget line item may be applied to a cost increase in another budget line item upon approval by the City. 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). The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan.

Table III-B
Budgeted Costs – Phases #2A-2B Improvements

Description	Total Budgeted Costs
Roadway improvements	\$1,509,193
Water improvements	\$687,910
Sanitary sewer improvements	\$611,077
Storm drainage improvements	\$823,720
Other soft costs	\$1,028,283
Total Improvement Costs	\$4,660,183

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IV. SERVICE PLAN

A. PROJECTED 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. The Phases #1A-1B Improvements have been completed and accepted by the City. It is anticipated that the Phases #2A-2B Improvements will be completed and accepted by the City in Q2 2023.

The Actual Costs for the Authorized Improvements plus costs related to the issuance of the Phases #1A-1B Bonds and payment of expenses incurred in the establishment, administration and operation of the PID are \$5,137,638 as shown in Table IV-A.2. The Budgeted Costs for the Authorized Improvements plus costs related to the issuance of the Phases #2A-2B Bonds and payment of expenses incurred in the establishment, administration and operation of the PID are \$5,959,147 as shown in Table IV-B. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the Actual Costs of the Authorized Improvements, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

The Actual Costs of the Phases #1A-1B Improvements were initially financed through the Phases #1A-1B Reimbursement Agreement and the subsequent issuance of the Phases #1A-1B Bonds. The Phases #1A-1B Bonds were issued to finance the Phases #1A-1B Improvements and/or to pay any unpaid Actual Costs of the Authorized Improvements required to be paid under the Phases #1A-1B Reimbursement Agreement.

Table IV-A.1 shows the original sources and uses for the Phases #1A-1B Improvements.

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Table IV-A.1
Original Sources and Uses - Phases #1A-1B

Sources of Funds	Phases #1A-1B Reimbursement Agreement
Assessments - Reimbursement Agreement	\$3,380,000
Other funding sources	\$1,132,146
Total Sources	\$4,512,146
Uses of Funds	
<i><u>Phases #1A-1B Improvements</u></i>	
Road improvements	\$1,254,392
Water distribution system improvements	\$638,497
Sanitary sewer improvements	\$334,153
Storm drainage improvements	\$1,312,118
Screening and landscape improvements	\$14,750
Other soft and miscellaneous costs	\$958,236
Total Uses	\$4,512,146

Table IV-A.2 shows the updated sources and uses for the Phases #1A-1B Improvements.

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Table IV-A.2
Updated Sources and Uses - Phases #1A-1B

Sources of Funds	Phases #1A-1B Bonds
Bond Par Amount	\$3,380,000
Bond premium	\$23,864
Other funding sources ⁽¹⁾	\$1,733,774
Total Sources	\$5,137,638
Uses of Funds	
<i>Phases #1A-1B Improvements</i>	
Road improvements	\$1,254,392
Water distribution system improvements	\$638,497
Sanitary sewer improvements	\$334,153
Storm drainage improvements	\$1,312,118
Screening and landscape improvements	\$14,750
Other soft and miscellaneous costs	\$958,236
<i>Subtotal</i>	<i>\$4,512,146</i>
<i>Bond Issuance Costs:</i>	
Cost of Issuance	\$215,000
Capitalized Interest	\$67,510
Reserve Fund	\$201,281
Underwriters Discount	\$101,400
Administrative Fund	\$23,400
Delinquency and Prepayment Reserve	\$16,900
<i>Subtotal</i>	<i>\$625,492</i>
Total Uses	\$5,137,638

(1) The other funding sources, if any, represent Actual Costs of the Phases #1A-1B Improvements paid by the Developer without reimbursement from the City.

Table IV-B shows the sources and uses for the Phases #2A-2B Improvements.

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Table IV-B
Projected Sources and Uses - Phases #2A-2B

Sources of Funds	Phases #2A- 2B Bonds
Bond Par Amount	\$5,635,000
Other funding sources ⁽¹⁾	\$324,147
Total Sources	\$5,959,147
Uses of Funds	
<i>Phases #2A-2B Improvements</i>	
Road improvements	\$1,509,193
Water distribution system improvements	\$687,910
Sanitary sewer improvements	\$611,077
Storm drainage improvements	\$823,720
Other soft and miscellaneous costs	\$1,028,283
<i>Subtotal</i>	<i>\$4,660,183</i>
<i>Bond Issuance Costs:</i>	
Cost of Issuance	\$367,411
Capitalized interest	\$264,141
Reserve Fund	\$430,188
Underwriters Discount	\$169,050
Administrative Fund	\$40,000
Delinquency and Prepayment Reserve	\$28,175
<i>Subtotal</i>	<i>\$1,298,964</i>
Total Uses	\$5,959,147

(2) The other funding sources, if any, represent Budgeted Costs of the Phases #2A-2B Improvements to be paid by the Developer without reimbursement from the City.

B. PROJECTED FIVE YEAR SERVICE PLAN

Phases #1A-1B

The annual projected costs of the Phases #1A-1B Improvements and annual projected indebtedness for Phases #1A-1B is shown in Table IV-C. 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-C
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)	Other Funding Sources	Projected Phases #1A-1B Annual Installments
2019	\$3,380,000	\$3,380,000	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0
2021	\$625,492	\$0	\$0	\$625,492	\$42,828 ⁽¹⁾
2022	\$1,132,146	\$0	\$75,000	\$1,132,146	\$224,677
2023	\$0	\$0	\$75,000	\$0	\$248,768
2024	\$0	\$0	\$80,000	\$0	\$251,779
2025	\$0	\$0	\$80,000	\$0	\$249,647
2026	\$0	\$0	\$80,000	\$0	\$247,529
2027	\$0	\$0	\$90,000	\$0	\$255,423
2028	\$0	\$0	\$90,000	\$0	\$252,800
Total	\$5,137,638	\$3,380,000	\$570,000	\$1,757,638	\$1,773,451

- (1) Represents Annual Installments billed for twenty-five (25) residential lots where the City issued a building permit as of August 12, 2020 and therefore triggered the billing and collection of Annual Installments. The Annual Installments for the remaining parcels were triggered the following year.

The costs shown in Table IV-C are the annual expenditures relating to the Phases #1A-1B Improvements shown in Table III-A and the costs associated with creating the PID and costs of issuance including reserves shown in Table IV-A.2. The difference between the annual projected cost and the annual projected indebtedness, if any, represents an amount funded by the Developer.

Phases #2A-2B

The annual projected costs of the Phases #2A-2B Improvements and annual projected indebtedness for Phases #2A-2B is shown in Table IV-D. 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-D
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)	Other Funding Sources ⁽¹⁾	Projected Phases #2A- 2B Annual Installments
2022	\$1,489,787	\$5,635,000	\$0	\$324,147	\$0
2023 ⁽²⁾	\$4,469,360	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$78,000	\$0	\$499,163
2025	\$0	\$0	\$82,000	\$0	\$498,714
2026	\$0	\$0	\$86,000	\$0	\$498,011
2027	\$0	\$0	\$91,000	\$0	\$498,055
2028	\$0	\$0	\$96,000	\$0	\$497,778
2029	\$0	\$0	\$101,000	\$0	\$497,181
Total	\$5,959,147	\$5,635,000	\$534,000	\$324,147	\$2,988,901

(1) The other funding sources, if any, represent Budgeted Costs of the Phases #2A-2B Improvements to be paid by the Developer without reimbursement from the City.

(2) Administrative Expenses and the Delinquency and Prepayment Reserve for year 2023 are being funded with bond proceeds, and interest for year 2023 is being funded with capitalized interest.

The annual projected costs shown in Table IV-D are the annual expenditures relating to the Phases #2A-2B Improvements shown in Table III-B and the costs of issuance including reserves shown in Table IV-B. The difference between the annual projected cost and the annual projected indebtedness, if any, represents an amount funded by the Developer.

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 E and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

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 proposed bond issuance program anticipates one or more reimbursement agreements followed by a series of Bond financings that are intended to finance or refinance the public infrastructure required for the development. This financing may be undertaken in phases to coincide with the private investment and development of the Authorized Improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the costs of the Phases #1A-1B Improvements and the Phases #2A-2B Improvements shall be allocated as described below.

1. The Phases #1A-1B Improvement costs and the Phases #2A-2B Improvement costs shall be allocated to the Phases #1A-1B Assessed Property and the Phases #2A-2B Assessed Property, respectively, proportionally based on the Equivalent Units calculated based on the estimated average home values for each residential Lot Type, once such Assessed 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 prices provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the 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 average home value of each Lot Type.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the Assessed Property as a result of the Authorized Improvements, (ii) provides the basis and justification for the determination that the special benefit equals or exceeds the amount of the Assessments levied or to be levied on the Assessed Property, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements to the Assessed Property in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to the Assessed Property 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 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 and payment of costs incurred in the establishment of the PID shown in Table IV-A.2 and Table IV-B are authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and consented to the imposition of the Assessments to pay for the Actual Costs associated therewith at the time of adoption of the Assessment Ordinance. Each of the owners was 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 Authorized 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 is 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 required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has 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.

At the time of each Assessment levy, each owner of the Assessed Property ratified, confirmed, accepted, agreed to and approved; (i) the determinations and findings by the City Council as to the special benefits described in this Service and Assessment Plan and the applicable Assessment Ordinance; and (ii) 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 beneficial to the City and the PID. The Authorized Improvements 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 Authorized Improvements 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;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to the imposition of the Assessments;
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);

C. ASSESSMENT METHODOLOGY

1. Assessment Methodology for Phases #1A-1B Improvements

The Actual Costs of the Phases #1A-1B Improvements may be assessed by the City Council against the Phases #1A-1B Assessed Property so long as the special benefit conferred upon the

Phases #1A-1B Assessed Property by the Authorized Improvements equals or exceeds the Assessments levied on Phases #1A-1B Assessed Property. The Actual Costs of the Phases #1A-1B Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Phases #1A-1B Assessed Property similarly benefited.

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the of the Phases #1A-1B Improvements shall be allocated to the Phases #1A-1B Assessed Property by spreading the entire Assessment levied on Phases #1A-1B Assessed Property 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 Section V.B above, the City Council has determined that allocating the Phases #1A-1B Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. The Phases #1A-1B Assessments are allocated on the basis of the highest average home 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.

Based on the Actual Costs of the Phases #1A-1B Improvements provided by the Developer, as set forth in Table III-A, the City Council has determined that the benefit to the Phases #1A-1B Assessed Property is equal to or greater than the Assessments levied on the Phases #1A-1B Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment levied on the Phases #1A-1B Assessed Property 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 levied on the Phases #1A-1B Assessed Property 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 Phases #1A-1B Improvements.

The Assessment levied on the Phases #1A-1B Assessed Property and Annual Installments for each Parcel or Lot located within the Phases #1A-1B is shown on the Phases #1A-1B Assessment Roll, attached as Appendix G, and no Assessment levied on the Phases #1A-1B Assessed Property shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

2. Assessment Methodology for Phases #2A-2B Improvements

The Actual Costs of the Phases #2A-2B Improvements 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 of the Phases #2A-2B Improvements on Phases #2A-2B Assessed Property similarly benefited.

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the of the Phases #2A-2B Improvements shall be allocated to the Phases #2A-2B Assessed Property by spreading the entire Assessment levied on the Phases #2A-2B Assessed Property 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 Section V.B above, the City Council has determined that allocating the Assessments levied on the Phases #2A-2B Assessed Property among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. Assessments levied on the Phases #2A-2B Assessed Property are allocated on the basis of the highest average home 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.

Based on the Budgeted Costs of the of the Phases #2A-2B Improvements provided by the Developer, as set forth in Table III-B, the City Council has determined that the benefit to the Phases #2A-2B Assessed Property is equal to or greater than the Assessments to be levied on the Phases #2A-2B Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment levied on the Phases #2A-2B Assessed Property 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 levied on the Phases #2A-2B Assessed Property 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 Phases #2A-2B 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 Phases #2A-2B Improvements.

The Assessment and Annual Installments for each Parcel or Lot located within Phases #2A-2B is shown on the Phases #2A-2B 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.

D. ASSESSMENTS

The Assessments for the Phases #1A-1B Bonds were levied on each Phases #1A-1B Assessed Property according to the Phases #1A-1B Assessment Roll and the Assessments for the Phases #2A-2B Bonds are being levied on each Phases #2A-2B Assessed Property according to the Phases #2A-2B Assessment Roll, attached hereto as Appendix G and Appendix H, respectively. The Annual Installments for the Phases #1A-1B Bonds and the Phases #2A-2B Bonds will be collected at the time and in the amounts shown on the Phases #1A-1B Assessment Roll and Phases #2A-2B Assessment Roll, respectively, subject to any revisions made during an Annual Service Plan Update.

E. 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.

F. DELINQUENCY AND PREPAYMENT RESERVE

Funds generated by the Additional Interest related to the Phases #1A-1B Bonds and the Phases #2A-2B Bonds are held in reserves held under the respective Trust Indenture for the Phases #1A-1B Bonds (the “Phases #1A-1B Delinquency and Prepayment Reserve”) and the Phases #2A-2B Bonds (the “Phases #2A-2B Delinquency and Prepayment Reserve”), which may be used to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Phases #1A-1B Bonds or Phases #2A-2B Bonds are prepaid, as applicable, to offset any possible delinquent payments and pay Administrative Expenses as provided for in the applicable Trust Indenture.

G. TIRZ ANNUAL CREDIT AMOUNT

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 Annual Installments (the “TIRZ Annual Credit Amount”). The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Parcel then on deposit in the TIRZ No. 1 tax increment fund. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under Section VI.A. and VI.B of this Service and Assessment Plan.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #1A-1B OF THE PID

The Assessments levied on Phases #1A-1B Assessed Property, and Annual Installments thereof, for each Parcel of Phases #1A-1B Assessed Property is shown on the Assessment Roll, attached as Appendix G, and no Assessment levied on Phases #1A-1B Assessed Property shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The City has agreed to use a portion of the TIRZ Revenues generated by each Parcel, the TIRZ Annual Credit Amount, to reduce the Annual Installments for that Parcel. The Annual Installments for Phases #1A-1B shall be collected in amounts sufficient to pay (i) principal and interest on the Phases #1A-1B Bonds (including Additional Interest), and (ii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel in Phases #1A-1B shall be calculated by taking into consideration any lawfully available funds to the PID and TIRZ Annual Credit Amount applicable to the Parcel in Phases #1A-1B. The TIRZ Annual Credit Amount Phases #1A-1B shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.G., the TIRZ Revenues attributable to each Parcel of Phases #1A-1B Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in Tax Year 2020 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in Tax Year 2021). TIRZ Annual Credit Amounts shall be calculated for those Parcels in Phases #1A-1B that are subject to Assessments levied in Phases #1A-1B Assessed Property in the PID. The estimated number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

As described above, the Annual Installment for a Phases #1A-1B Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Parcel for the previous Tax Year until the Phases #1A-1B Maximum TIRZ Credit per Unit is reached for such Parcel, but in no event shall the TIRZ Annual Credit Amount for a Parcel in Phases #1A-1B exceed the amount sufficient to result in a net PID Annual Installment tax rate equivalent $[(\text{Annual Installment} - \text{TIRZ Annual Credit Amount}) \div \text{assessed value}]$ of \$0.368 per \$100 of assessed value unless otherwise approved by the City. The City may adjust the applicable TIRZ Annual Credit Amount from time to time as set forth in an Annual Service Plan Update

After the TIRZ Annual Credit Amount is applied to provide a credit towards a portion of the Annual Installment for the Parcel in Phases #1A-1B any excess TIRZ Revenues available for the purposes of an off-set to the Phases #1A-1B Assessments, shall be held in a segregated account by the City and shall be used either (1) to prepay a portion of the Phases #1A-1B Assessments on the Parcel in a manner determined by the City and the Administration to be fair and equitable, and to pay the outstanding principal balance of the Phases #1A-1B Bonds or redeem Phases #1A-1B

Bonds pursuant to the extraordinary redemption provisions of the applicable Trust Indenture, or (2) to be applied as a credit towards a portion of Annual Installments in future years in an effort to maintain a stable Annual Installment schedule.

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2A-2B OF THE PID

The Assessments, and Annual Installments thereof, for each Parcel of Phases #2A-2B Assessed Property is shown on the Assessment Roll, attached as Appendix H, and no Assessment levied on Phases #2A-2B Assessed Property shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The City has agreed to use a portion of the TIRZ Revenues generated by each Parcel in Phases #2A-2B, the TIRZ Annual Credit Amount, to reduce the Annual Installments for that Parcel. The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Phases #2A-2B Bonds (including Additional Interest), and (ii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel in Phases #2A-2B shall be calculated by taking into consideration any lawfully available funds to the PID and TIRZ Annual Credit Amount applicable to the Parcel in Phases #2A-2B. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel in Phases #2A-2B and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.G, the TIRZ Revenues attributable to each Parcel of Phases #2A-2B Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in Tax Year 2022 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in Tax Year 2023). TIRZ Annual Credit Amounts shall be calculated for those Parcels in Phases #2A-2B that are subject to Assessments levied in Phases #2A-2B the PID. The estimated number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

As described above, the Annual Installment for a Phases #2A-2B Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Parcel for the previous Tax Year until the Phases #2A-2B Maximum TIRZ Credit per Unit is reached for such Parcel, but in no event shall the TIRZ Annual Credit Amount exceed the amount sufficient to result in a net PID Annual Installment tax rate equivalent $[(\text{Annual Installment} - \text{TIRZ Annual Credit Amount}) \div \text{assessed value}]$ of \$0.368 per \$100 of assessed value unless otherwise approved by the City. The City may adjust the applicable TIRZ Annual Credit Amount from time to time as set forth in an Annual Service Plan Update.

After the TIRZ Annual Credit Amount in Phases #2A-2B is applied to provide a credit towards a portion of the Annual Installment for the Parcel, any excess TIRZ Revenues available for the purposes of an off-set to the Phases #2A-2B Assessments on such Parcel, shall be held in a segregated account by the City and shall be used either (1) to prepay a portion of the Phases #2A-2B Assessments levied in Phases #2A-2B on the Parcel in a manner determined by the City and

the Administration to be fair and equitable, and to pay the outstanding principal balance of the Phases #2A-2B Bonds or redeem Phases #2A-2B Bonds pursuant to the extraordinary redemption provisions of the applicable Trust Indenture, or (2) to be applied as a credit towards a portion of Annual Installments in future years in an effort to maintain a stable Annual Installment schedule.

C. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel based upon a recorded subdivision plat, 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 based on a recorded plat.

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.

D. MANDATORY PREPAYMENT OF ASSESSMENTS

1. Prior to the City approving a subdivision plat, the Administrator will certify that such plat will not result in the Phases #1A-1B Assessment per Parcel to exceed the Phases #1A-1B Maximum Assessment Per Unit or Phases #2A-2B Assessment per Parcel to exceed the Phases #2A-2B Maximum Assessment Per Unit, respectively. If a subdivision of a Parcel or consolidation of Parcels results in a reallocated Phases #1A-1B Assessment or Phases #2A-2B Assessment per unit for a Parcel that would exceed the Phases #1A-1B Maximum Assessment Per Unit or Phases #2A-2B Maximum Assessment Per Unit, respectively, shown in this Service and Assessment Plan, as applicable, the owner shall pay to the City at the time of the subdivision or consolidation the amount by which the reallocated Phases #1A-1B Assessment or Phases #2A-2B Assessment for the Parcel exceeds the Phases #1A-1B Maximum Assessment Per Unit or Phases #2A-2B Maximum Assessment per Unit plus, if applicable, accrued interest through the date of such payment. Prepayment Costs, if any, that result from such owner-initiated subdivision or consolidation shall be paid by the owner to the City at the time of the subdivision or consolidation.
2. 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 and Delinquent Collection Costs, prior to any such transfer or act.
3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the applicable Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

E. REDUCTION OF ASSESSMENTS

1. If, after all Authorized Improvements have been completed and Actual Costs for such Authorized Improvements are less than the Authorized Improvement Costs used to calculate the Assessments as set forth in the respective Assessment Roll, resulting in excess Assessment Revenues and/or Phases #1A-1B Bonds and/or Phases #2A-2B Bonds proceeds, then the Assessment for Phases #1A-1B property and/or Phases #2A-2B property, as applicable, as set forth in the respective Assessment Roll for each Parcel of Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property, as applicable, equals the reduced Actual Costs. Any excess Phases #1A-1B Bonds and/or Phases #2A-2B Bonds proceeds shall be applied to redeem Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, as applicable of such series as provided in the applicable Trust Indenture. Any excess Phases #1A-1B Assessment Revenues and/or Phases #2A-2B Assessment Revenues that are in excess of the costs of the Phases #1A-1B Improvements and/or Phases #2A-2B Improvements, as set forth herein, shall be used to reduce the outstanding principal amount

of the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, as applicable. The Assessments levied on Phases #1A-1B Assessed Property and Phases #2A-2B Assessed Property shall not be reduced to an amount less than the related outstanding amounts due pursuant to the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds. If all of the Phases #1A-1B Improvements and/or Phases #2A-2B Improvements are not completed, the City may reduce the Assessments in Phases #1A-1B and/or Phases #2A-2B in another method if it determines such method would better reflect the benefit received by the Parcels from the Phases #1A-1B Improvements and/or Phases #2A-2B Improvements completed.

2. If after all Phases #1A-1B Improvements and/or Phases #2A-2B Improvements have been completed and a portion of the applicable Phases #1A-1B Bonds and/or Phases #2A-2B Bonds have been redeemed, then the Assessment securing such series of Phases #1A-1B Bonds and/or Phases #2A-2B Bonds for each applicable Parcel of Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all of Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property equals the remaining outstanding Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, as applicable, after such redemptions. The Assessments levied on Phases #1A-1B Assessed Property and Phases #2A-2B Assessed Property shall not be reduced to an amount less than the related outstanding of Phases #1A-1B Bonds and/or Phases #2A-2B Bonds.
3. If all the Phases #1A-1B Improvements and/or Phases #2A-2B Improvements are not undertaken, resulting in excess Phases #1A-1B Assessment Revenues and/or Phases #2A-2B Assessment Revenues, and/or Phases #1A-1B Bonds and/or Phases #2A-2B Bonds proceeds, then the Assessments levied on Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property, as applicable, and the Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, including interest on the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, and Administrative Expenses. Excess Phases #1A-1B Bonds and/or Phases #2A-2B Bond proceeds shall be applied to redeem Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, respectively, as set forth in the applicable Trust Indenture. The City Council may reduce the Assessments levied on Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property and the Annual Installments for each Parcel (i) in an amount that represents the Phases #1A-1B Improvements and/or Phases #2A-2B Improvements provided for each Parcel or (ii) by an equal percentage calculated based on the number of units, or (iii) in any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property such that the sum of the resulting reduced Assessments levied on Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property equals the amount required to repay the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds, including interest and Administrative Expenses.

F. 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 Phases #1A-1B Bonds or Phases #2A-2B Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the applicable Trust Indenture, net of any other costs applicable to the redemption of such Phases #1A-1B Bonds or Phases #2A-2B 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 levied on Phases #1A-1B Assessed Property or Phases #2A-2B Assessed Property and all Prepayment Costs, the City shall deposit the payment in accordance with the applicable Trust Indenture, or other relevant PID documents; whereupon, the Assessment levied on Phases #1A-1B Assessed Property or Phases #2A-2B Assessed Property shall be reduced to zero and the applicable Assessment Roll revised accordingly, and the owner's obligation to pay the Assessment levied on Phases #1A-1B Assessed Property or Phases #2A-2B Assessed Property and Installments thereof shall automatically terminate. The Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan update. The City shall provide owner with a recordable notice of the termination of the Assessment levied on Phases #1A-1B Assessed Property or Phases #2A-2B Assessed Property. The City Manager or their designee is hereby authorized to execute any such notice or other lien release documents.
- d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the applicable 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 applicable Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Delinquency and Prepayment Reserve. Payment of the Annual Installments shall commence as set forth herein.

Phases #1A-1B

Each Assessment shall be paid with interest of no more than the lesser of the actual interest rate paid on the Phases #1A-1B Bonds plus Additional Interest. The Phases #1A-1B Assessment Roll sets forth for each year the Annual Installment for each Parcel within Phases #1A-1B based on a bond interest rate calculated at 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), 4.00% for years 22 through 30 (2042-2050), plus Additional Interest at the rate of 0.5% for the Phases #1A-1B Delinquency and Prepayment Reserve as set forth in the Indenture. Furthermore, the Annual Installments on Phases #1A-1B Assessed Property may not exceed the amounts shown on the Phases #1A-1B Assessment Roll. The Phases #1A-1B Assessment Roll, with the actual interest rates on the Phases #1A-1B Bonds, is shown as Appendix G.

Phases #2A-2B

Each Assessment shall be paid with interest of no more than the lesser of the actual interest rate paid on the Phases #2A-2B Bonds plus the Additional Interest. The Phases #2A-2B Assessment Roll sets forth for each year the Annual Installment for each Parcel within Phases #2A-2B based on an interest rate of 6.25% for the Phases #2A-2B Bonds, and Additional Interest at the rate of 0.5% for the Phases #2A-2B Delinquency and Prepayment Reserve as set forth in the Indenture. Furthermore, the Annual Installments on Phases #2A-2B Assessed Property may not exceed the amounts shown on the Phases #2A-2B Assessment Roll. The Phases #2A-2B Assessment Roll, which will be updated with the actual interest rates on the Phases #2A-2B Bonds is shown as Appendix H.

The Annual Installments shall be reduced to equal the actual costs of repaying the obligations and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the Phases #1A-1B Bonds and/or Phases #2A-2B Bonds in accordance with Section 372.027 of the PID Act, Chapter 1207 of the Texas Government Code or any other applicable authority provided by the laws of the State of Texas. In the event of such refunding, the Administrator shall recalculate the Annual Installments for Phases #1A-1B Assessed Property and/or Phases #2A-2B Assessed Property, as applicable, and if necessary, may adjust, or decrease, the amount of such Annual Installments so that total Annual Installments of Assessments levied in Phases #1A-1B and/or Phases #2A-2B, as applicable, will be produced in annual amounts that are required to pay the applicable series of refunding bonds when due and payable as required by and established in the applicable ordinance and/or the Trust Indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

G. 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, including capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and including any existing deposits to 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.

The collection of the first Annual Installment for a Lot or Parcel within Phases #2A-2B shall commence upon the issuance of Phases #2A-2B Bonds. Such first Annual Installment for a Phases #2A-2B Lot or Parcel for which collection has begun shall begin in October 2023 and shall be due by January 31st of the following calendar year.

Collection of the first Annual Installment for 25 Lots within Phase #1A commenced as of January 31, 2020, based on building permits issued as of August 12, 2020 (“2020 Trigger”). Collection of the first Annual Installment for the remaining 100 Lots located within Phase #1A (34 Lots) and Phase #1B (66 Lots) commenced as of January 31, 2021, following the issuance of the Phases #1A-1B Bonds (“2021 Trigger”).

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.

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VII. THE ASSESSMENT ROLL

A. PHASES #1A-1B ASSESSMENT ROLL

The City Council has evaluated each Parcel in Phases #1A-1B (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowners Association Property, the Public Property, the types of Phases #1A-1B Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Phases #1A-1B Assessed Property.

The Phases #1A-1B Assessed Property has been assessed for the special benefits conferred upon such property as a result of the Phases #1A-1B Improvements. Table VII-A.2 summarizes the \$5,137,638 in special benefit received by the Phases #1A-1B Assessed Property from the Phases #1A-1B Improvements and costs associated with the PID formation and Phases #1A-1B Bond issuance. The total principal amount of the Phases #1A-1B Bonds was \$3,380,000 which is equal to or less than the benefit received by the Phases #1A-1B Assessed Property, and as such the total principal amount of the Assessment for the Phases #1A-1B Assessed Property is \$3,380,000 plus annual Administrative Expenses. The Assessment for each Parcel of Phases #1A-1B Assessed Property is calculated based on the methodologies described in Section V.C. of this Service and Assessment Plan. The Phases #1A-1B Assessment Roll is attached hereto as Appendix G.

Table VII-A.1
Phases #1A-1B Reimbursement Agreement
Original Special Benefit Summary

Special Benefit	Total Cost
Phases #1A-1B Projects	
<i>Total Authorized Improvements⁽¹⁾</i>	\$4,512,146
Total Special Benefit	\$4,512,146
Special Benefit ¹	
Total Special Benefit	\$4,512,146
Projected Assessment	\$3,380,000
Excess Benefit	\$1,132,146

(1) See Table III-A for details.

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Table VII-A.2
Phases #1A-1B Bonds
Updated Special Benefit Summary

Special Benefit	Total Cost
Phases #1A-1B Bonds	
<i>Total Authorized Improvements⁽¹⁾</i>	<i>\$4,512,146</i>
PID Formation/Bond Costs of Issuance	
Cost of Issuance	\$215,000
Capitalized interest	\$67,510
Reserve Fund	\$201,281
Underwriters Discount	\$101,400
Administrative Fund	\$23,400
Delinquency and Prepayment Reserve	\$16,900
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$625,492</i>
Total Special Benefit	\$5,137,638
Special Benefit	
Total Special Benefit	\$5,137,638
Projected Special Assessment	\$3,380,000
Excess Benefit	\$1,757,638

(1) See Table III-A for details.

B. PHASES #2A-2B ASSESSMENT ROLL

The City Council has evaluated each Parcel in Phases #2A-2B (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowners Association Property, the Public Property, the Phases #2A-2B Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Phases #2A-2B Assessed Property.

The Phases #2A-2B Assessed Property is being assessed for the special benefits conferred upon such property as a result of the Phases #2A-2B Improvements. Table VII-B summarizes the \$5,959,147 in special benefit received by the Phases #2A-2B Assessed Property from the Phases #2A-2B Improvements and costs associated with the PID formation and Phases #2A-2B Bond issuance. The total principal amount of the Phases #2A-2B Bonds is \$5,635,000 which is equal to or less than the benefit received by the Phases #2A-2B Assessed Property, and as such the total principal amount of the Assessment for all Phases #2A-2B Assessed Property is \$5,635,000 plus annual Administrative Expenses. The Assessment for each Parcel of Phases #2A-2B Assessed Property is calculated based on the methodologies described in Section V.C. of this Service and Assessment Plan. The Phases #2A-2B Assessment Roll is attached hereto as Appendix H.

Table VII-B
Phases #2A-2B Bonds
Special Benefit Summary

Special Benefit	Total Cost
Phases #2A-2B Bonds	
<i>Total Authorized Improvements⁽¹⁾</i>	<i>\$4,660,183</i>
Bond Costs of Issuance	
Cost of Issuance	\$367,411
Capitalized interest	\$264,141
Reserve Fund	\$430,188
Underwriters Discount	\$169,050
Administrative Fund	\$40,000
Delinquency and Prepayment Reserve	\$28,175
<i>Bond Cost of Issuance</i>	<i>\$1,298,964</i>
Total Special Benefit	\$5,959,147
Special Benefit	
Total Special Benefit	\$5,959,147
Projected Special Assessment	\$5,635,000
Excess Benefit	\$324,147

(1) See Table III-B for details.

C. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Rolls 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 Assessed Property, including any adjustments authorized by this Service and Assessment Plan and 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.F. of this Service and Assessment Plan. The Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect the issuance of additional Bonds, if any.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator at any time in the City's sole discretion.

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. If the Owner fails to give such notice, such Owner shall be deemed to have accepted the calculation of the Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed 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 applicable 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 or other applicable laws. 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, Prepayment Costs 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 can be made as permitted or required by the PID Act and under Texas law.

To the extent permitted by the PID Act, the City Council reserves the right 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; (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by the Service and Assessment Plan, and (iv) as may be required by the Attorney General of Texas in connection with the issuance of any series of Bonds.

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 Trust Indenture; such interpretations and determinations 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
THE PID MAP

KINGS FORT



Kaufman, Texas

10-11-2022
17013

- 50' Lots - 59 Sold
- 50'/55'/60' Lots - 66 Sold
- 50'/55'/60'/65' Lots - 166 Shown

This map is for conceptual purposes only, based on preliminary information. Image is shown at 1" = 200' when printed 24" x 36".

CONCEPT PLAN
FOR
MEARA COMPANY
DEVELOPMENTS
AT KINGS FORT DEVELOPMENT
D. FALCON SURVEY, ABSTRACT NO. 551

OWNER

JWS LAND, LTD.
5900 S. Lake Forest, Suite 205
McKinney, Texas 75070
(469) 213-3005



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

A Pope-Dawson Engineers Company

APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS

GEORGETOWN AT KINGS FORT - 305 Single Family Lots
PUBLIC IMPROVEMENT DISTRICT COST BREAKDOWN

May 23, 2019

SUMMARY

	Phases				Total
	1A - 59 Lots	1B - 66 Lots	2A - 58 Lots	2B - 122 Lots	
DIRECT PUBLIC COSTS					
1 Clearing / Excavation	\$ 48,425	\$ 122,200	\$ 74,425	\$ 240,825	\$ 485,875
2 Water	\$ 186,910	\$ 153,250	\$ 92,175	\$ 300,975	\$ 733,310
3 Sanitary Sewer	\$ 161,385	\$ 121,390	\$ 74,870	\$ 244,230	\$ 601,875
4 Storm Sewer	\$ 436,150	\$ 205,750	\$ 124,000	\$ 428,000	\$ 1,193,900
5 Pavement	\$ 560,500	\$ 501,525	\$ 301,065	\$ 975,150	\$ 2,338,240
6 Retaining Walls					
7 Erosion Control					
8 Amenities/Landscaping/Screening	\$ 15,000	\$ 14,400	\$ -	\$ -	\$ 29,400
9 Franchise Utilities					
10 Miscellaneous	\$ 5,230	\$ 6,221	\$ 3,787	\$ -	\$ 15,238
11 Phase 1A Dirtwork for the Benefit of 2A	\$ (3,400)	\$ -	\$ 3,400	\$ -	\$ -
12 Phase 1B Storm Sewer for the Benefit of 2A & 2B	\$ (30,000)	\$ -	\$ 10,000	\$ 20,000	\$ -
13 Phase 1B Paving for the Benefit of 2A & 2B	\$ (58,125)	\$ -	\$ 19,375	\$ 38,750	\$ -
14 Phase 1B Water for the Benefit of 2A & 2B	\$ (9,188)	\$ -	\$ 3,063	\$ 6,125	\$ -
Hard Cost Subtotal	\$ 1,312,887	\$ 1,124,736	\$ 706,160	\$ 2,254,055	\$ 5,397,838
15 Engineering/Surveying	10% \$ 131,289	\$ 112,474	\$ 70,616	\$ 225,406	\$ 539,784
16 Construction Management	1% \$ 13,129	\$ 11,247	\$ 7,062	\$ 22,541	\$ 53,978
17 District Formation Costs	\$ 153,100	\$ 153,100	\$ -	\$ -	\$ 306,200
18 Contingency	\$ 156,027	\$ 105,103	\$ 72,826	\$ 210,042	\$ 543,998
Soft Cost Subtotal	\$ 453,545	\$ 381,924	\$ 150,504	\$ 457,988	\$ 1,443,961
TOTAL DIRECT COSTS	\$ 1,766,432	\$ 1,506,660	\$ 856,664	\$ 2,712,043	\$ 6,841,799

	Phases				Total
	1A - 59 Lots	1B - 66 Lots	2A - 58 Lots	2B - 122 Lots	
MAJOR IMPROVEMENTS (CTAL BENEFIT)					
1 Clearing / Excavation					
2 Water	\$ 216,900				\$ 216,900
3 Sanitary Sewer					
4 Storm Sewer					
5 Pavement					
6 Retaining Walls					
7 Erosion Control					
8 Amenities/Landscaping/Screening					
9 Franchise Utilities					
10 Miscellaneous					
10A Phase 1A Water for the Benefit of 1B, 2A AND 2B	\$ (173,881)	\$ 46,651	\$ 40,996	\$ 86,234	\$ -
Hard Cost Subtotal	\$ 43,019	\$ 46,651	\$ 40,996	\$ 86,234	\$ 216,900
11 Engineering/Surveying	10% \$ 4,302	\$ 4,665	\$ 4,100	\$ 8,623	\$ 21,690
12 Construction Management	1% \$ 430	\$ 467	\$ 410	\$ 862	\$ 2,169
13 Contingency	\$ 2,710	\$ 4,665	\$ 4,100	\$ 8,623	\$ 20,098
Soft Cost Subtotal	\$ 7,442	\$ 9,797	\$ 8,609	\$ 18,109	\$ 43,957
TOTAL MAJOR IMPROVEMENT COSTS	\$ 50,461	\$ 56,448	\$ 49,605	\$ 104,343	\$ 260,857

	Phases				Total
	Summary	1B - 66 Lots	2A - 58 Lots	2B - 122 Lots	
PRIVATE COSTS					
1 Clearing / Excavation	\$ 341,500	\$ 403,500	\$ 243,500	\$ 815,000	\$ 1,803,500
2 Water					
3 Sanitary Sewer					
4 Storm Sewer					
5 Pavement					
6 Retaining Walls	\$ 59,000	\$ 66,000	\$ 42,000	\$ 122,000	\$ 289,000
7 Erosion Control	\$ 26,590	\$ 15,050	\$ 11,250	\$ 39,348	\$ 92,238
8 Amenities/Landscaping/Screening	\$ 268,750	\$ 10,000	\$ -	\$ -	\$ 278,750
9 Franchise Utilities	\$ 59,000	\$ 66,000	\$ 58,000	\$ 122,000	\$ 305,000
10 Miscellaneous					
Hard Cost Subtotal	\$ 754,840	\$ 560,550	\$ 354,750	\$ 1,098,348	\$ 2,768,488
11 Engineering/Surveying	10% \$ 75,484	\$ 56,055	\$ 35,475	\$ 109,835	\$ 276,849
12 Construction Management	1% \$ 7,548	\$ 5,606	\$ 3,548	\$ 10,983	\$ 27,685
13 Contingency	\$ 73,654	\$ 61,221	\$ 20,546	\$ 122,849	\$ 278,269
Soft Cost Subtotal	\$ 156,686	\$ 122,881	\$ 59,568	\$ 243,668	\$ 582,803
TOTAL PRIVATE COSTS	\$ 911,526	\$ 683,431	\$ 414,318	\$ 1,342,015	\$ 3,351,290

GRAND TOTAL COSTS	\$ 2,728,419	\$ 2,246,539	\$ 1,320,587	\$ 4,158,401	\$ 10,453,946
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GEORGETOWN AT KINGS FORT - 305 Single Family Lots
PUBLIC IMPROVEMENT DISTRICT COST BREAKDOWN
May 23, 2019

			PHASE 1A		PHASE 1B		PHASE 2A		PHASE 2B		TOTAL ALL	
			QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL
			(± #)	(\$)	(± #)	(\$)	(± #)	(\$)	(± #)	(\$)	(± #)	(\$)
DIRECT PUBLIC COSTS												
1 Clearing / Excavation												
CLEARING & GRUBBING, TREE REMOVAL			\$ 2,500.00	AC.	-	\$ -		\$ -		\$ -	-	\$ -
CONSTRUCTION ENTRANCE			\$ 2,600.00	EA.	1	\$ 2,600.00		\$ -		\$ -	1	\$ 2,600.00
MOISTURE CONDITION PADS			\$ 4,000.00	LOT		\$ -		\$ -		\$ -		\$ -
UNCLASSIFIED EXCAVATION (DIRT)			\$ 3.25	CY.	14,100	\$ 45,825.00	37,600	\$ 122,200.00	22,900	\$ 74,425.00	74,100	\$ 240,825.00
LOT BENCHING			\$ 500.00	LT.		\$ -		\$ -		\$ -		\$ -
FINAL LOT BENCHING			\$ 250.00	LT.		\$ -		\$ -		\$ -		\$ -
Total Clearing / Excavation					\$ 48,425.00	\$ 122,200.00	\$ 74,425.00	\$ 240,825.00	\$ 485,875.00			
2 Water												
8" P.V.C. WATERLINE			\$ 26.00	LF.	3,600	\$ 93,600.00	3,300	\$ 85,800.00	1,350	\$ 35,100.00	5,750	\$ 149,500.00
8" GATE VALVE & BOX			\$ 1,250.00	EA.	12	\$ 15,000.00	8	\$ 10,000.00	4	\$ 5,000.00	22	\$ 27,500.00
12" x 8" TAPPING SLEEVE AND VALVE			\$ 3,000.00	EA.	1	\$ 3,000.00		\$ -		\$ -		\$ -
FIRE HYDRANT ASSEMBLY (W/ 6" VALVE)			\$ 4,000.00	EA.	8	\$ 32,000.00	4	\$ 16,000.00	4	\$ 16,000.00	10	\$ 40,000.00
5/8" x 3/4" COPPER SINGLE WATER SERVICE			\$ 550.00	EA.	59	\$ 32,450.00	66	\$ 36,300.00	58	\$ 31,900.00	122	\$ 67,100.00
1" IRRIGATION SERVICE			\$ 1,030.00	EA.	2	\$ 2,060.00		\$ -		\$ -	2	\$ 2,060.00
MISCELLANEOUS FITTINGS			\$ 3,500.00	TN.	2	\$ 7,000.00	1	\$ 3,500.00	1	\$ 3,500.00	4	\$ 14,000.00
TESTING & CHLORINATION			\$ 0.50	LF.	3,600	\$ 1,800.00	3,300	\$ 1,650.00	1,350	\$ 675.00	5,750	\$ 2,875.00
Total Water					\$ 186,910.00	\$ 153,250.00	\$ 92,175.00	\$ 300,975.00	\$ 733,310.00			
3 Sanitary Sewer												
8" P.V.C. PIPE SDR-35			\$ 26.00	LF.	2,855	\$ 74,230.00	2,000	\$ 52,000.00	1,000	\$ 26,000.00	5,145	\$ 133,770.00
4" DIAMETER MANHOLE			\$ 3,180.00	EA.	14	\$ 44,520.00	8	\$ 25,440.00	4	\$ 12,720.00	9	\$ 28,620.00
4" SANITARY SEWER SERVICE			\$ 575.00	EA.	59	\$ 33,925.00	66	\$ 37,950.00	58	\$ 33,350.00	122	\$ 70,150.00
2000 PSI CONCRETE ENCASEMENT			\$ 40.00	LF.	75	\$ 3,000.00	50	\$ 2,000.00	20	\$ 800.00	35	\$ 1,400.00
TRENCH SAFETY			\$ 1.00	LF.	2,855	\$ 2,855.00	2,000	\$ 2,000.00	1,000	\$ 1,000.00	5,145	\$ 5,145.00
TESTING & T.V. INSPECTION			\$ 1.00	LF.	2,855	\$ 2,855.00	2,000	\$ 2,000.00	1,000	\$ 1,000.00	5,145	\$ 5,145.00
Total Sanitary Sewer					\$ 161,385.00	\$ 121,390.00	\$ 74,870.00	\$ 244,230.00	\$ 601,875.00			
4 Storm Sewer												
18" R.C.P. (Reinforced Concrete Pipe)			\$ 45.00	L.F.	500	\$ 22,500.00	500	\$ 22,500.00	100	\$ 4,500.00	300	\$ 13,500.00
24" R.C.P.			\$ 53.00	L.F.	800	\$ 42,400.00	1,000	\$ 53,000.00		\$ -	1,200	\$ 63,600.00
30" R.C.P.			\$ 73.00	L.F.	400	\$ 29,200.00	1,000	\$ 73,000.00		\$ -	800	\$ 58,400.00
36" R.C.P.			\$ 90.00	L.F.	400	\$ 36,000.00	250	\$ 22,500.00		\$ -	150	\$ 13,500.00
42" R.C.P.			\$ 110.00	L.F.	450	\$ 49,500.00		\$ -		\$ -	50	\$ 5,500.00
48" R.C.P.			\$ 135.00	L.F.	400	\$ 54,000.00		\$ -		\$ -		\$ -
60" R.C.P.			\$ 165.00	L.F.	500	\$ 82,500.00		\$ -		\$ -		\$ -
10" CURB INLET			\$ 3,200.00	EA.	12	\$ 38,400.00	6	\$ 19,200.00	2	\$ 6,400.00	24	\$ 76,800.00
4" STORM SEWER MANHOLE			\$ 3,200.00	EA.	5	\$ 16,000.00	4	\$ 12,800.00		\$ -	6	\$ 19,200.00
36" TYPE "B" PRE-CAST HEADWALL (WITH STONE VENEER)			\$ 5,000.00	EA.	1	\$ 5,000.00		\$ -		\$ -		\$ -
48" TYPE "B" PRE-CAST HEADWALL (WITH STONE VENEER)			\$ 8,500.00	EA.		\$ -		\$ -	1	\$ 8,500.00		\$ -
60" TYPE "B" PRE-CAST HEADWALL (WITH STONE VENEER)			\$ 13,000.00	EA.	1	\$ 13,000.00		\$ -		\$ -		\$ -
3 - 4' x 6' RCB			\$ 500.00	L.F.		\$ -		\$ -	125	\$ 62,500.00	350	\$ 175,000.00
3 - 4' x 6' RCB HEADWALL			\$ 25,000.00	EA.		\$ -		\$ -	1	\$ 25,000.00		\$ -
ROCK RIP RAP			\$ 85.00	S.Y.	520	\$ 44,200.00		\$ -	200	\$ 17,000.00		\$ -
DETENTION POND			\$ 100,000.00	L.S.		\$ -		\$ -		\$ -		\$ -
TRENCH SAFETY			\$ 1.00	L.F.	3,450	\$ 3,450.00	2,750	\$ 2,750.00	100	\$ 100.00	2,500	\$ 2,500.00
Total Storm Sewer					\$ 436,150.00	\$ 205,750.00	\$ 124,000.00	\$ 428,000.00	\$ 1,193,900.00			
5 Pavement												
6" REINF. CONCRETE STREET PAVEMENT (31' B-B)			\$ 36.00	SY.	11,000	\$ 396,000.00	11,000	\$ 396,000.00	6,500	\$ 234,000.00	21,500	\$ 774,000.00
8" LIME TREATED SUBGRADE			\$ 4.50	SY.	12,000	\$ 54,000.00	11,250	\$ 50,625.00	6,750	\$ 30,375.00	23,000	\$ 103,500.00
HYDRATED LIME (36 IBS/SY)			\$ 210.00	TN.	220	\$ 46,200.00	210	\$ 44,100.00	149	\$ 31,290.00	375	\$ 78,750.00
STATE HIGHWAY 34 DECEL LANE			\$ 40,000.00	EA.	1	\$ 40,000.00		\$ -		\$ -		\$ -
BARRIER FREE RAMPS			\$ 1,350.00	EA.	18	\$ 24,300.00	8	\$ 10,800.00	4	\$ 5,400.00	14	\$ 18,900.00
Total Pavement					\$ 560,500.00	\$ 501,525.00	\$ 301,065.00	\$ 975,150.00	\$ 2,338,240.00			
6 Retaining Walls												
7 Erosion Control												
8 Amenities/Landscaping/Screening												
Emergency Warning Siren			\$ 15,000.00	EA.	1	\$ 15,000.00		\$ -		\$ -	1	\$ 15,000.00
Trail			\$ 4.50	SF		\$ -	3,200	\$ 14,400.00		\$ -	3,200	\$ 14,400.00
Total Amenities/Landscaping/Screening					\$ 15,000.00	\$ 14,400.00			\$ 29,400.00			
9 Franchise Utilities			\$ 1,000.00	LOT		\$ -		\$ -		\$ -		\$ -
Total Franchise Utilities					\$ -	\$ -	\$ -	\$ -	\$ -			
10 Miscellaneous					\$ 5,230.00	\$ 6,221.00	\$ 3,787.00		\$ 15,238.00			
10A Phase 1A Dirtwork for the Benefit of 2A					\$ (3,400.00)	\$ -	\$ 3,400.00		\$ -			
10B Phase 1B Storm Sewer for the Benefit of 2A & 2B					\$ (30,000.00)	\$ -	\$ 10,000.00		\$ 20,000.00			
10C Phase 1B Paving for the Benefit of 2A & 2B					\$ (58,125.00)	\$ -	\$ 19,375.00		\$ 38,750.00			
10D Phase 1B Water for the Benefit of 2A & 2B					\$ (9,188.00)	\$ -	\$ 3,063.00		\$ 6,125.00			
HARD COST SUBTOTAL					\$ 1,312,887	\$ 1,124,736	\$ 706,160	\$ 2,254,055	\$ 5,397,838			
11 Engineering/Surveying					\$ 131,289	\$ 112,474	\$ 70,616	\$ 225,406	\$ 539,784			
12 Construction Management					\$ 13,129	\$ 11,247	\$ 7,062	\$ 22,541	\$ 53,978			
13 District Formation Costs					\$ 153,100	\$ 153,100		\$ 306,200				
14 Contingency					\$ 156,027	\$ 105,103	\$ 72,826	\$ 210,042	\$ 543,998			
Soft Cost Subtotal					\$ 453,545	\$ 381,924	\$ 150,504	\$ 457,988	\$ 1,443,961			
GRAND TOTAL COSTS					\$ 1,766,432	\$ 1,506,660	\$ 856,664	\$ 2,712,043	\$ 6,841,799			

GEORGETOWN AT KINGS FORT - 305 Single Family Lots

Major

May 23, 2019

MAJOR IMPROVEMENTS (CTAL BENEFIT)	UNIT COST (\$)	UNIT (-)	PHASE 1A		PHASE 1B		PHASE 2A		PHASE 2B		TOTAL ALL	
			QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL
			(± #)	(\$)	(± #)	(\$)	(± #)	(\$)	(± #)	(\$)	(± #)	(\$)
1 Clearing / Excavation												
2 Water												
12" P.V.C. WATERLINE	\$ 40.00	LF.	3,200	\$ 128,000.00							3,200	\$ 128,000.00
12" GATE VALVE & BOX	\$ 2,500.00	EA.	13	\$ 32,500.00							13	\$ 32,500.00
BLOWOFF VALVE	\$ 2,000.00	EA.	1	\$ 2,000.00							1	\$ 2,000.00
FIRE HYDRANT ASSEMBLY (W/ 6" VALVE)	\$ 4,000.00	EA.	11	\$ 44,000.00							11	\$ 44,000.00
MISCELLANEOUS FITTINGS	\$ 3,500.00	TN.	1.6	\$ 5,600.00							2	\$ 5,600.00
TRENCH SAFETY	\$ 1.00	LF.	3,200	\$ 3,200.00							3,200	\$ 3,200.00
TESTING & CHLORINATION	\$ 0.50	LF.	3,200	\$ 1,600.00							3,200	\$ 1,600.00
Total Water				\$ 216,900.00		\$ -		\$ -		\$ -		\$ 216,900.00
3 Sanitary Sewer												
4 Storm Sewer												
5 Pavement												
6 Retaining Walls												
7 Erosion Control												
8 Amenities/Landscaping/Screening												
9 Franchise Utilities												
10 Miscellaneous												
10A Phase 1A Water for the Benefit of 1B, 2A AND 2B				\$ (173,881.00)		\$ 46,651.00		\$ 40,996.00		\$ 86,234.00		\$ -
HARD COST SUBTOTAL				\$ 43,019		\$ 46,651		\$ 40,996		\$ 86,234		\$ 216,900
11 Engineering/Surveying				\$ 4,302		\$ 4,665		\$ 4,100		\$ 8,623		\$ 21,690
12 Construction Management				\$ 430		\$ 467		\$ 410		\$ 862		\$ 2,169
13 Contingency				\$ 2,710		\$ 4,665		\$ 4,100		\$ 8,623		\$ 20,098
14 Soft Cost Subtotal				\$ 7,442		\$ 9,797		\$ 8,609		\$ 18,109		\$ 43,957
GRAND TOTAL COSTS				\$ 50,461		\$ 56,448		\$ 49,605		\$ 104,343		\$ 260,857

GEORGETOWN AT KINGS FORT - 305 Single Family Lots
PUBLIC IMPROVEMENT DISTRICT COST BREAKDOWN
May 23, 2019

PRIVATE COSTS	UNIT COST (\$)	UNIT (-)	PHASE 1A		PHASE 1B		PHASE 2A		PHASE 2B		TOTAL ALL	
			QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL	QTY	TOTAL
			(#)	(\$)	(#)	(\$)	(#)	(\$)	(#)	(\$)	(#)	(\$)
1 Clearing / Excavation												
CLEARING & GRUBBING, TREE REMOVAL	\$ 2,500.00	AC.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONSTRUCTION ENTRANCE	\$ 2,600.00	EA.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MOISTURE CONDITION PADS	\$ 3,000.00	LOT	\$ 59	\$ 177,000	\$ 66	\$ 198,000	\$ 58	\$ 174,000	\$ 122	\$ 366,000	\$ 305	\$ 915,000
UNCLASSIFIED EXCAVATION (DIRT)	\$ 3.25	CY.	\$ 37,000	\$ 120,250	\$ 48,000	\$ 156,000	\$ 8,000	\$ 26,000	\$ 110,000	\$ 357,500	\$ 203,000	\$ 659,750
LOT BENCHING	\$ 500.00	LT.	\$ 59	\$ 29,500	\$ 66	\$ 33,000	\$ 58	\$ 29,000	\$ 122	\$ 61,000	\$ 305	\$ 152,500
FINAL LOT BENCHING	\$ 250.00	LT.	\$ 59	\$ 14,750	\$ 66	\$ 16,500	\$ 58	\$ 14,500	\$ 122	\$ 30,500	\$ 305	\$ 76,250
Total Clearing / Excavation				\$ 341,500		\$ 403,500		\$ 243,500		\$ 815,000		\$ 1,803,500
2 Water												
3 Sanitary Sewer												
4 Storm Sewer												
5 Pavement												
6 Retaining Walls												
RETAINING WALLS	\$ 1,000.00	LOT	\$ 59	\$ 59,000	\$ 66	\$ 66,000	\$ 42	\$ 42,000	\$ 122	\$ 122,000	\$ 289	\$ 289,000
Total Retaining Walls				\$ 59,000		\$ 66,000		\$ 42,000		\$ 122,000		\$ 289,000
7 Erosion Control												
SILT FENCE (HIGH FLOW)	\$ 1.50	LF.	\$ 2,500	\$ 3,750	\$ 500	\$ 750	\$ 500	\$ 750	\$ 1,525	\$ 2,288	\$ 5,025	\$ 7,538
ROCK CHECK DAMS	\$ 1,800.00	EA.	\$ 2	\$ 3,600	\$ 1	\$ 1,800	\$ -	\$ -	\$ 2	\$ 3,600	\$ -	\$ -
8' ROLL OF CURLEX WITH SEED ALONG COMPLETED STREETS	\$ 1.60	LF.	\$ 6,900	\$ 11,040	\$ 4,000	\$ 6,400	\$ 3,000	\$ 4,800	\$ 11,100	\$ 17,760	\$ 25,000	\$ 40,000
INLET PROTECTION	\$ 350.00	EA	\$ 12	\$ 4,200	\$ 6	\$ 2,100	\$ 2	\$ 700	\$ 22	\$ 7,700	\$ 42	\$ 14,700
DISK & SEED FINISHED LOTS	\$ 500.00	AC.	\$ 8	\$ 4,000	\$ 8	\$ 4,000	\$ 10	\$ 5,000	\$ 16	\$ 8,000	\$ 42	\$ 21,000
Total Erosion Control				\$ 26,590		\$ 15,050		\$ 11,250		\$ 39,348		\$ 92,238
8 Amenities/Landscaping/Screening												
Screening Wall	\$ 2.00	SF.	\$ 25,000	\$ 50,000	\$ 5,000	\$ 10,000					\$ 30,000	\$ 60,000
Landscaping	\$ 125.00	LF.	\$ 1,750	\$ 218,750							\$ 1,750	\$ 218,750
Total Amenities/Landscaping/Screening				\$ 268,750		\$ 10,000						\$ 278,750
9 Franchise Utilities	\$ 1,000.00	LOT	\$ 59	\$ 59,000	\$ 66	\$ 66,000	\$ 58	\$ 58,000	\$ 122	\$ 122,000	\$ 305	\$ 305,000
Total Franchise Utilities				\$ 59,000		\$ 66,000		\$ 58,000		\$ 122,000		\$ 305,000
10 Miscellaneous												
HARD COST SUBTOTAL				\$ 754,840		\$ 560,550		\$ 354,750		\$ 1,098,348		\$ 2,768,488
11 Engineering/Surveying				\$ 75,484		\$ 56,055		\$ 35,475		\$ 109,835		\$ 276,849
12 Construction Management				\$ 7,548		\$ 5,606		\$ 3,548		\$ 10,983		\$ 27,685
13 Contingency				\$ 73,654		\$ 61,221		\$ 20,546		\$ 122,849		\$ 278,269
14 Soft Cost Subtotal				\$ 156,686		\$ 122,881		\$ 59,568		\$ 243,668		\$ 582,803
GRAND TOTAL COSTS				\$ 911,526		\$ 683,431		\$ 414,318		\$ 1,342,015		\$ 3,351,290

GEORGETOWN AT KINGS FORT - Phase 2A & 2B
PUBLIC IMPROVEMENT DISTRICT COST BREAKDOWN

06.15.2022 166 Lots

SUMMARY

DIRECT PUBLIC COSTS		2A - 94 Lots	2B - 72 Lots	Total 166 Lots
1	Clearing / Excavation	\$ 226,948	\$ 137,909	\$ 364,856
2	Water	\$ 386,601	\$ 292,121	\$ 678,722
3	Sanitary Sewer	\$ 361,501	\$ 249,576	\$ 611,077
4	Storm Sewer	\$ 529,034	\$ 212,701	\$ 741,736
5	Pavement	\$ 610,965	\$ 471,847	\$ 1,082,812
6	Retaining Walls			\$ -
7	Erosion Control	\$ 31,112	\$ 20,872	\$ 51,984
8	Amenities/Landscaping/Screening	\$ -	\$ -	\$ -
9	Franchise Utilities			\$ -
10	Miscellaneous	\$ 3,787	\$ -	\$ 3,787
11	Phase 1A Dirtwork for the Benefit of 2A	\$ 3,400	\$ -	\$ 3,400
12	Phase 1B Storm Sewer for the Benefit of 2A & 2B	\$ 10,000	\$ 20,000	\$ 30,000
13	Phase 1B Paving for the Benefit of 2A & 2B	\$ 19,375	\$ 38,750	\$ 58,125
14	Phase 1B Water for the Benefit of 2A & 2B	\$ 3,063	\$ 6,125	\$ 9,188
Hard Cost Subtotal		\$ 2,185,787	\$ 1,449,901	\$ 3,635,687
15	Engineering/Surveying/Professional Services	10% \$ 237,877	\$ 161,597	\$ 399,474
16	Construction Management	5% \$ 109,289	\$ 72,495	\$ 181,784
17	District Formation Costs-Bond Issuance costs	\$ 126,368	\$ 96,792	\$ 223,160
18	City Inspection Fee	3% \$ 56,643	\$ 36,787	\$ 93,430
19	Contingency	5% \$ 126,648	\$ -	\$ 126,648
20	Soft Cost Subtotal	\$ 656,824	\$ 367,672	\$ 1,024,496
TOTAL DIRECT COSTS		\$ 2,842,611	\$ 1,817,573	\$ 4,660,183

MAJOR IMPROVEMENTS (CTAL BENEFIT)		2A - 94 Lots	2B - 72 Lots	Total
1	Clearing / Excavation			
2	Water			\$ -
3	Sanitary Sewer			
4	Storm Sewer			
5	Pavement			
6	Retaining Walls			
7	Erosion Control			
8	Amenities/Landscaping/Screening			
9	Franchise Utilities			
10	Miscellaneous			
10A	Phase 1A Water for the Benefit of 1B, 2A AND 2B			\$ -
Hard Cost Subtotal				\$ -
11	Engineering/Surveying	10%		\$ -
12	Construction Management	1%		\$ -
13	Contingency			\$ -
14	Soft Cost Subtotal	\$ -	\$ -	\$ -
TOTAL MAJOR IMPROVEMENT COSTS		\$ -	\$ -	\$ -

PRIVATE COSTS		2A - 94 Lots	2B - 72 Lots	Total
1	Clearing / Excavation	\$ 518,180	\$ 410,806	\$ 928,985
2	Water			\$ -
3	Sanitary Sewer			\$ -
4	Storm Sewer			\$ -
5	Pavement			\$ -
6	Retaining Walls			\$ -
7	Erosion Control			\$ -
8	Amenities/Landscaping/Screening	\$ 20,000	\$ 16,000	\$ 36,000
9	Franchise Utilities	\$ -	\$ 60,000	\$ 60,000
10	Miscellaneous			\$ -
Hard Cost Subtotal		\$ 538,180	\$ 486,806	\$ 1,024,985
11	Engineering/Surveying/Professional Services	10% \$ 106,041	\$ 86,270	\$ 192,311
12	Construction Management	1% \$ 5,382	\$ 4,868	\$ 10,250
13	Contingency	5% \$ 26,909	\$ 24,340	\$ 51,249
14	Soft Cost Subtotal	\$ 138,332	\$ 115,478	\$ 253,811
TOTAL PRIVATE COSTS		\$ 676,512	\$ 602,284	\$ 1,278,796

GRAND TOTAL COSTS	\$ 3,519,123	\$ 2,419,857	\$ 5,938,979
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APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

CONSTRUCTION PLANS GEORGETOWN AT KINGS FORT PHASE ONE

AUGUST 2018

CITY OF KAUFMAN
KAUFMAN COUNTY, TEXAS



OWNER

GEORGETOWN KF, LTD.
5900 S. LAKE FOREST, SUITE 295
MCKINNEY, TEXAS 75070-2433
CONTACT: JIM MEARA

ENGINEER

DOWDEY, ANDERSON & ASSOCIATES, INC.
STATE REGISTRATION NUMBER F-399
5225 VILLAGE CREEK DRIVE, SUITE 200
972-931-0694 PLANO, TEXAS 75093
CONTACT: COLIN W. HELFFRICH

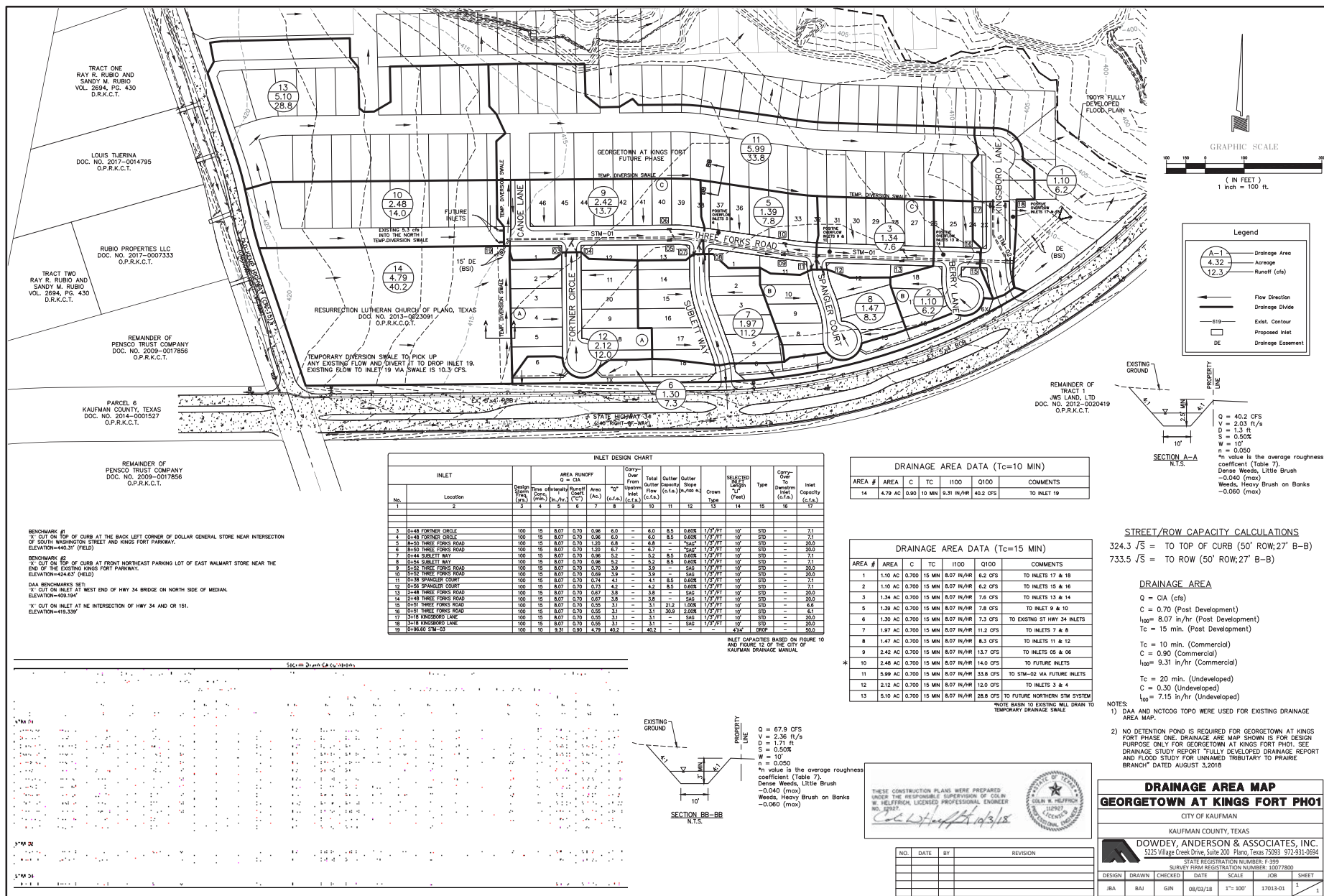
Approved By: *[Signature]*
For
Construction

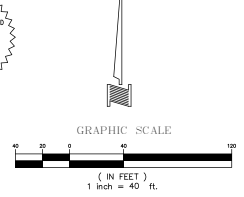
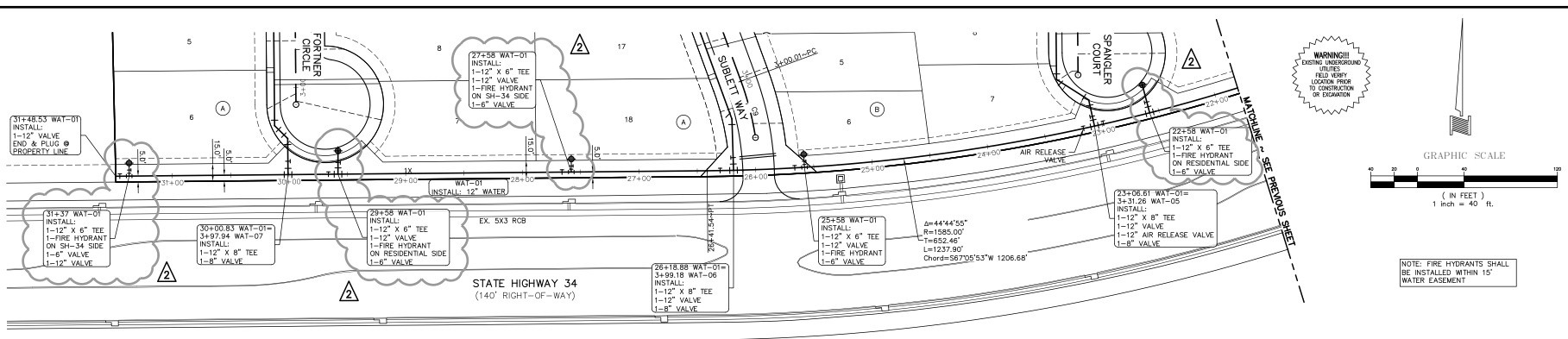
THESE CONSTRUCTION PLANS WERE PREPARED
UNDER THE RESPONSIBLE SUPERVISION OF COLIN
W. HELFFRICH, LICENSED PROFESSIONAL ENGINEER
NO. 59017.



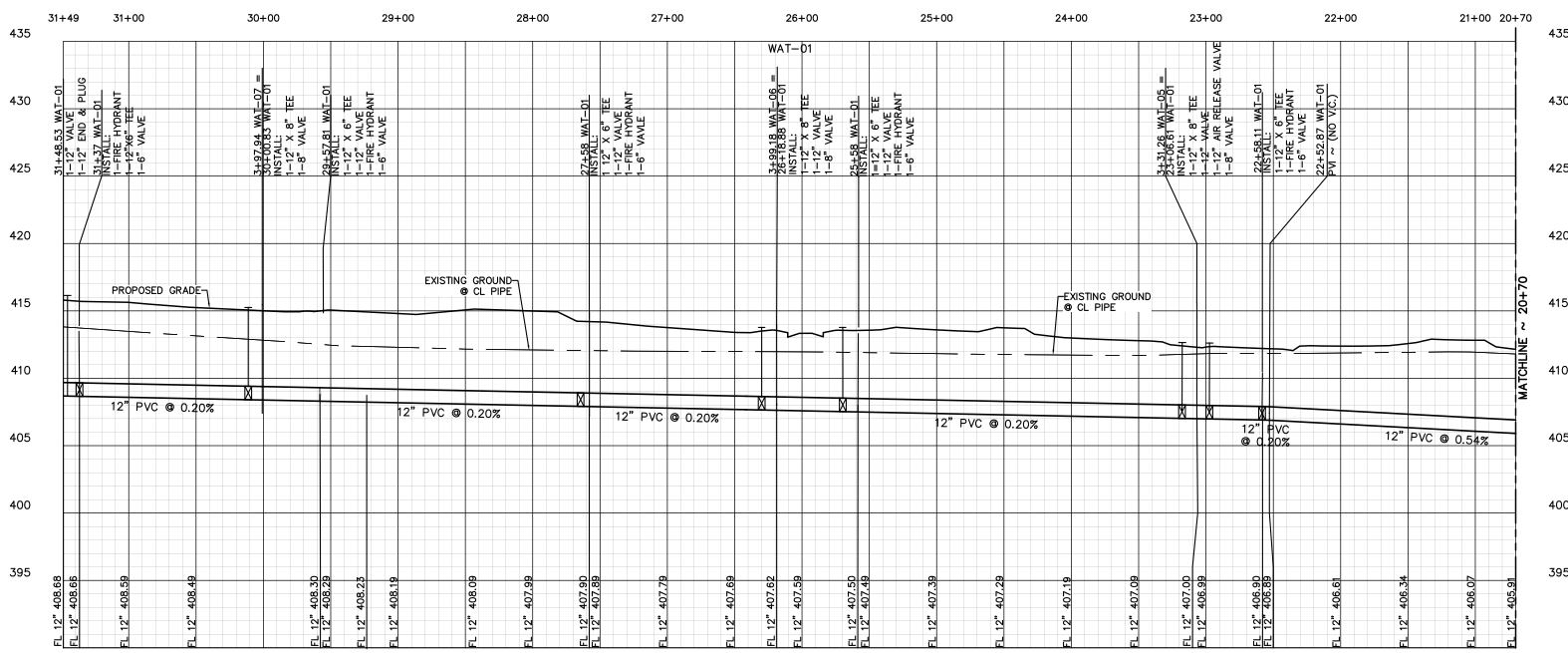
INDEX	
PLATE	DESCRIPTION
COVER SHEET	
1-2	FINAL PLAN
3	CITY OF KAUFMAN GENERAL NOTES
4-8	PAVING PLAN & PROFILES
9-10	GRADING PLAN
11	EROSION CONTROL PLAN
12	EXISTING DRAINAGE AREA MAP
13	DRAINAGE AREA MAP
14-17	STORM SEWER PLAN & PROFILES
18-20	12" WATERLINE EXTENSION PLAN & PROFILES
21	WATER & SANITARY SEWER PLAN
22-23	SANITARY SEWER PROFILES
24	STREET LIGHT & SIGN PLAN
25	TWOOT DRIVEWAY ACCESS PLAN
(4)	TWOOT DETAILS
(8)	NOTOOS DETAILS

17013-01





NOTE: FIRE HYDRANTS SHALL BE INSTALLED WITHIN 15' WATER EASEMENT



Legend

	Prop. San. Sewer
	Prop. Manhole
	Prop. Clean-out
	San. Sewer Flow Direction
	Prop. Water
	Prop. Fire Hydrant
	Exist. San. Sewer
	Exist. Manhole
	Exist. Clean-out
	Exist. Water
	Exist. Fire Hydrant

BENCHMARK #1
"X" CUT ON TOP OF CURB AT THE BACK LEFT CORNER OF DOLLAR GENERAL STORE NEAR INTERSECTION OF SOUTH WASHINGTON STREET AND KINGS FORT PARKWAY.
ELEVATION=440.31' (FIELD)

BENCHMARK #2
"X" CUT ON TOP OF CURB AT FRONT NORTHEAST PARKING LOT OF EAST WALMART STORE NEAR THE END OF THE EXISTING KINGS FORT PARKWAY.
ELEVATION=424.63' (FIELD)

DAA BENCHMARKS SET:
"X" CUT ON INLET AT WEST END OF HWY 34 BRIDGE ON NORTH SIDE OF MEDIAN.
ELEVATION=409.194'

"X" CUT ON INLET AT NE INTERSECTION OF HWY 34 AND OR 151.
ELEVATION=419.339'

THESE CONSTRUCTION PLANS WERE PREPARED UNDER THE RESPONSIBLE SUPERVISION OF COLIN W. HEFFRICH, LICENSED PROFESSIONAL ENGINEER NO. 10071

05/01/2019

COLIN W. HEFFRICH
LICENSED PROFESSIONAL ENGINEER
NO. 10071

NO.	DATE	BY	REVISION
1	12-19-18	AJM	REVISED WAT-D1 PLAN AND PROFILES
2	05-08-19	NMR	STATIONING AND SLOPE CHANGE
			ADJUSTED FIRE HYDRANT LOCATION CALLS

**12' WATER LINE EXTENSION
PLAN AND PROFILES**

GEORGETOWN AT KINGS FORT PH01

CITY OF KAUFMAN
KAUFMAN COUNTY, TEXAS

DOWDEY, ANDERSON & ASSOCIATES, INC.
5225 Village Creek Drive, Suite 200 Plano, Texas 75093 972-931-0604

STATE REGISTRATION NUMBER: F-399
SURVEY FIRM REGISTRATION NUMBER: 10077900

DESIGN	DRAWN	CHECKED	DATE	SCALE	JOB	SHEET
AS	AS	GIN	08/03/26	H: 1"=40' V: 1"=4'	17013-01	3

APPENDIX D
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]¹

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF KAUFMAN, 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 Kaufman, 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 ***Kaufman Public Improvement District No. 1*** (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 Kaufman 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]²

² 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 KAUFMAN §

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]³

³ 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 Kaufman 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 KAUFMAN

§

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]⁴

⁴ 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 Kaufman County.

APPENDIX E
LOT TYPE 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 four Lot Types.

Table E-1 shows the original proposed residential Lot Types within the PID.

Table E-1
Proposed Development within the PID – Original

Proposed Development	Description	Proposed Development	
Lot Type 1	60 Ft Lots	2	Units
Lot Type 2	55 Ft Lots	11	Units
Lot Type 3	50 Ft Lots	292	Units
Total		305	Units

The original development plan was revised in 2020 and is being revised in 2022. The revised proposed residential lot types within the PID is shown in Table E-2.

Table E-2
Proposed Development within the PID – Revised

Proposed Development⁽¹⁾	Description	Proposed Development	
Lot Type 1	60 Ft Lots	29	Units
Lot Type 2	55 Ft Lots	64	Units
Lot Type 3	50 Ft Lots	186	Units
Lot Type 4	65 Ft Lots	12	Units
Total		291	Units

(1) Lot Type 1 and Lot Type 2 were included as part of the revised development plan in December 2020. Lot Type 4 is being included as part of the revised development plan in 2022, and only occurs within Phases #2A-2B.

Table E-3 shows the residential Lot Types within Phases #1A-1B.

Table E-3
Development – Phases #1A-1B

Development	Description	Development	
Lot Type 1	60 Ft Lots	2	Units
Lot Type 2	55 Ft Lots	11	Units
Lot Type 3	50 Ft Lots	112	Units
Total		125	Units

Table E-4 shows the proposed residential Lot Types within Phases #2A-2B.

Table E-4
Proposed Development – Phases #2A-2B

Proposed Development	Description	Proposed Development	
Lot Type 1	60 Ft Lots	27	Units
Lot Type 2	55 Ft Lots	53	Units
Lot Type 3	50 Ft Lots	74	Units
Lot Type 4	65 Ft Lots	12	Units
Total		166	Units

Table E-5 shows Equivalent Unit factors for Phases #1A-1B.

Table E-5
Equivalent Unit Factors – Phases #1A-1B

Lot Type	Estimated Average Unit	
	Value	Equivalent Unit Factor¹
Lot Type 1 (60 Ft Lot)	\$335,000	1.00 per dwelling unit
Lot Type 2 (55 Ft Lot)	\$320,000	0.96 per dwelling unit
Lot Type 3 (50 Ft Lot)	\$297,500	0.89 per dwelling unit

(1) Equivalent Unit calculation rounded to two decimal places.

The total Equivalent Units for Phases #1A-1B are shown in Table E-6 as calculated based on the Equivalent Unit factors shown in Table E-5, Lot Types and number of units built within Phases #1A-1B as shown in Table E-3.

Table E-6
Equivalent Units – Phases #1A-1B

Lot Type	No. of units	Equivalent Unit Factor	Total Equivalent Units¹
Lot Type 1 (60 Ft Lot)	2	1.00	2.00
Lot Type 2 (55 Ft Lot)	11	0.96	10.56
Lot Type 3 (50 Ft Lot)	112	0.89	99.68
Total Equivalent Units	125		112.24

(1) Equivalent Unit calculation rounded to two decimal places.

The original development plan was revised in 2022 for Phases #2A-2B and the Equivalent Unit factors applicable to Phases #2A-2B are shown in Table E-7.

Table E-7
Equivalent Unit Factors – Phases #2A-2B

Lot Type	Estimated Average Unit Value	Equivalent Unit Factor¹
Lot Type 1 (60 Ft Lot)	\$465,000	1.00 per dwelling unit
Lot Type 2 (55 Ft Lot)	\$440,000	0.95 per dwelling unit
Lot Type 3 (50 Ft Lot)	\$400,000	0.86 per dwelling unit
Lot Type 4 (65 Ft Lot)	\$490,000	1.05 per dwelling unit

(1) Equivalent Unit calculation rounded to two decimal places.

The total Equivalent Units for Phases #2A-2B are shown in Table E-8 as calculated based on the Equivalent Unit factors shown above in Table E-7, estimated Lot Types and number of units estimated to be built within Phases #2A-2B as shown in Table E-4.

Table E-8
Equivalent Units – Phases #2A-2B

Lot Type	No. of units	Equivalent Unit Factor	Total Equivalent Units¹
Lot Type 1 (60 Ft Lot)	27	1.00	27.00
Lot Type 2 (55 Ft Lot)	53	0.95	50.35
Lot Type 3 (50 Ft Lot)	74	0.86	63.64
Lot Type 4 (65 Ft Lot)	12	1.05	12.60
Total Equivalent Units	166		153.59

(1) Equivalent Unit calculation rounded to two decimal places.

APPENDIX F
ALLOCATION OF ASSESSMENTS

APPENDIX F
ALLOCATION OF ASSESSMENTS

Calculation of the Total Assessments applicable to Phases #1A-1B and Phases #2A-2B.

A) Allocation of Assessments to Lot Types in Phases #1A-1B

The total amount of the Phases #1A-1B Bonds, which represents the total Assessment allocated to all Parcels within Phases #1A-1B, was \$3,380,000. As shown in Appendix E, there were a total of 112.24 estimated Equivalent Units in Phases #1A-1B, resulting in an Assessment per Equivalent Unit of \$30,114.04.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$30,114.04 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 \$30,114.04 (i.e. $\$30,114.04 \times 1.00$). The Assessment for a Lot Type 2 (55 Ft Lot) dwelling unit is \$28,909.48 (i.e. $\$30,114.04 \times 0.96$). Table F-1 sets forth the initial Assessment per dwelling unit for each of the Lot Types in Phases #1A-1B.

Table F-1
Assessment per Unit – Phases #1A-1B

Type	No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1	2	\$30,114.04	1.00	\$30,114.04 per dwelling unit	\$60,228.08
Lot Type 2	11	\$30,114.04	0.96	\$28,909.48 per dwelling unit	\$318,004.28
Lot Type 3	112	\$30,114.04	0.89	\$26,801.50 per dwelling unit	\$3,001,767.64
Total	125				\$3,380,000.00

B) Allocation of Assessments to Lot Types in Phases #2A-2B

The total amount of the Phases #2A-2B Bonds, which represents the total Assessment allocated to all Parcels within Phases #2A-2B, is \$5,635,000. As shown in Appendix E, there are a total of 153.59 estimated Equivalent Units in Phases #2A-2B, resulting in an Assessment per Equivalent Unit of \$36,688.59.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$36,688.59 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 \$36,688.59 (i.e. $\$36,688.59 \times 1.00$). The Assessment for a Lot Type 2 (55 Ft Lot) dwelling unit is \$34,854.16 (i.e. $\$36,688.59 \times 0.91$). Table F-2 sets forth the initial Assessment per dwelling unit for each of the Lot Types in Phases #2A-2B.

Table F-2
Assessment per Unit – Phases #2A-2B

Type	No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit		Total Assessments
Lot Type 1	27	\$36,688.59	1.00	\$36,688.59	per dwelling unit	\$990,591.84
Lot Type 2	53	\$36,688.59	0.95	\$34,854.16	per dwelling unit	\$1,847,270.33
Lot Type 3	74	\$36,688.59	0.86	\$31,552.18	per dwelling unit	\$2,334,861.64
Lot Type 4	12	\$36,688.59	1.05	\$38,523.02	per dwelling unit	\$462,276.19
Total	166					\$5,635,000.00

APPENDIX G
ASSESSMENT ROLL – PHASES #1A-1B

APPENDIX G-1

Assessment Roll (Combined – 125 Lots)

**Parcel
Assessment
Total Equivalent Units**

125 Lots
\$3,380,000
112.24

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment ⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0		\$0
2021	\$0	\$67,510	\$0	\$36,977	\$6,600	\$0	(\$68,259)	\$42,828 ⁽⁶⁾
2022	\$75,000	\$121,518	\$0	\$0	\$30,000	\$16,900	(\$18,741)	\$224,677
2023	\$75,000	\$125,406	\$0	\$0	\$31,836	\$16,525	\$0	\$248,768
2024	\$80,000	\$123,156	\$0	\$0	\$32,473	\$16,150	\$0	\$251,779
2025	\$80,000	\$120,775	\$0	\$0	\$33,122	\$15,750	\$0	\$249,647
2026	\$80,000	\$118,394	\$0	\$0	\$33,785	\$15,350	\$0	\$247,529
2027	\$90,000	\$116,013	\$0	\$0	\$34,461	\$14,950	\$0	\$255,423
2028	\$90,000	\$113,150	\$0	\$0	\$35,150	\$14,500	\$0	\$252,800
2029	\$90,000	\$110,288	\$0	\$0	\$35,853	\$14,050	\$0	\$250,190
2030	\$95,000	\$107,425	\$0	\$0	\$36,570	\$13,600	\$0	\$252,595
2031	\$95,000	\$104,181	\$0	\$0	\$37,301	\$13,125	\$0	\$249,607
2032	\$100,000	\$100,938	\$0	\$0	\$38,047	\$12,650	\$0	\$251,635
2033	\$100,000	\$97,138	\$0	\$0	\$38,808	\$12,150	\$0	\$248,096
2034	\$105,000	\$93,338	\$0	\$0	\$39,584	\$11,650	\$0	\$249,572
2035	\$105,000	\$89,356	\$0	\$0	\$40,376	\$11,125	\$0	\$245,857
2036	\$115,000	\$85,375	\$0	\$0	\$41,184	\$10,600	\$0	\$252,159
2037	\$115,000	\$80,988	\$0	\$0	\$42,007	\$10,025	\$0	\$248,020
2038	\$120,000	\$76,600	\$0	\$0	\$42,847	\$9,450	\$0	\$248,897
2039	\$125,000	\$72,031	\$0	\$0	\$43,704	\$8,850	\$0	\$249,586
2040	\$125,000	\$67,281	\$0	\$0	\$44,578	\$8,225	\$0	\$245,085
2041	\$135,000	\$62,531	\$0	\$0	\$45,470	\$7,600	\$0	\$250,601
2042	\$140,000	\$57,375	\$0	\$0	\$46,379	\$6,925	\$0	\$250,679
2043	\$145,000	\$51,625	\$0	\$0	\$47,307	\$6,225	\$0	\$250,157
2044	\$145,000	\$45,675	\$0	\$0	\$48,253	\$5,500	\$0	\$244,428
2045	\$150,000	\$39,725	\$0	\$0	\$49,218	\$4,775	\$0	\$243,718
2046	\$160,000	\$33,350	\$0	\$0	\$50,203	\$4,025	\$0	\$247,578
2047	\$165,000	\$26,775	\$0	\$0	\$51,207	\$3,225	\$0	\$246,207
2048	\$170,000	\$20,000	\$0	\$0	\$52,231	\$2,400	\$0	\$244,631
2049	\$175,000	\$12,800	\$0	\$0	\$53,275	\$1,550	\$0	\$242,625
2050	\$135,000	\$5,400	\$0	\$0	\$43,569	\$675	\$0	\$184,644
Total	\$3,380,000	\$2,346,116	\$0	\$36,977	\$1,205,399	\$288,525	(\$87,000)	\$7,170,017

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), 4.00% for years 22 through 30 (2042-2050).

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/ or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

6 - Represents Annual Installments billed for twenty-five (25) residential lots where the City had issued a building permit as of August 12, 2020.

APPENDIX G-2

Assessment Roll – 2020 Trigger (25 Lots)

Parcel	Various	25 Lots
Assessment		\$670,038
Total Equivalent Units		22.25

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment ⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$6,802	\$0	\$36,977	\$6,600	\$0	(\$7,551)	\$42,828 ⁶
2022	\$15,038	\$24,013	\$0	\$0	\$6,000	\$3,350	(\$9,351)	\$39,050
2023	\$15,000	\$29,475	\$0	\$0	\$6,311	\$3,275	\$0	\$54,061
2024	\$15,000	\$28,800	\$0	\$0	\$6,437	\$3,200	\$0	\$53,437
2025	\$15,000	\$28,125	\$0	\$0	\$6,566	\$3,125	\$0	\$52,816
2026	\$15,000	\$27,450	\$0	\$0	\$6,697	\$3,050	\$0	\$52,197
2027	\$20,000	\$26,775	\$0	\$0	\$6,831	\$2,975	\$0	\$56,581
2028	\$20,000	\$26,100	\$0	\$0	\$6,968	\$2,875	\$0	\$55,943
2029	\$20,000	\$25,425	\$0	\$0	\$7,107	\$2,775	\$0	\$55,307
2030	\$20,000	\$24,750	\$0	\$0	\$7,249	\$2,675	\$0	\$54,674
2031	\$20,000	\$23,850	\$0	\$0	\$7,394	\$2,575	\$0	\$53,819
2032	\$20,000	\$22,950	\$0	\$0	\$7,542	\$2,475	\$0	\$52,967
2033	\$20,000	\$22,050	\$0	\$0	\$7,693	\$2,375	\$0	\$52,118
2034	\$20,000	\$21,150	\$0	\$0	\$7,847	\$2,275	\$0	\$51,272
2035	\$20,000	\$20,250	\$0	\$0	\$8,004	\$2,175	\$0	\$50,429
2036	\$25,000	\$19,350	\$0	\$0	\$8,164	\$2,075	\$0	\$54,589
2037	\$25,000	\$18,225	\$0	\$0	\$8,327	\$1,950	\$0	\$53,502
2038	\$25,000	\$17,100	\$0	\$0	\$8,494	\$1,825	\$0	\$52,419
2039	\$25,000	\$15,975	\$0	\$0	\$8,664	\$1,700	\$0	\$51,339
2040	\$25,000	\$14,850	\$0	\$0	\$8,837	\$1,575	\$0	\$50,262
2041	\$30,000	\$13,725	\$0	\$0	\$9,014	\$1,450	\$0	\$54,189
2042	\$30,000	\$12,375	\$0	\$0	\$9,194	\$1,300	\$0	\$52,869
2043	\$30,000	\$11,025	\$0	\$0	\$9,378	\$1,150	\$0	\$51,553
2044	\$30,000	\$9,675	\$0	\$0	\$9,566	\$1,000	\$0	\$50,241
2045	\$30,000	\$8,325	\$0	\$0	\$9,757	\$850	\$0	\$48,932
2046	\$35,000	\$6,750	\$0	\$0	\$9,952	\$700	\$0	\$52,402
2047	\$35,000	\$5,175	\$0	\$0	\$10,151	\$525	\$0	\$50,851
2048	\$35,000	\$3,600	\$0	\$0	\$10,354	\$350	\$0	\$49,304
2049	\$35,000	\$1,800	\$0	\$0	\$10,561	\$175	\$0	\$47,536
Total	\$670,038	\$515,915	\$0	\$36,977	\$235,661	\$55,800	(\$16,902)	\$1,497,489

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/ or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

6 - Represents Annual Installments billed for twenty-five (25) residential lots where the City had issued a building permit as of August 12, 2020.

APPENDIX G-3

Assessment Roll – 2021 Trigger (100 Lots)

Parcel	Various	100 Lots
Assessment		\$2,709,962
Total Equivalent Units		89.99

Year¹	Principal²	Interest²	Principal³	Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$60,708	\$0	\$0	\$0	\$0	(\$60,708)	\$0
2022	\$59,962	\$97,505	\$0	\$0	\$24,000	\$13,550	(\$9,390)	\$185,627
2023	\$60,000	\$95,931	\$0	\$0	\$25,525	\$13,250	\$0	\$194,706
2024	\$65,000	\$94,356	\$0	\$0	\$26,036	\$12,950	\$0	\$198,342
2025	\$65,000	\$92,650	\$0	\$0	\$26,556	\$12,625	\$0	\$196,831
2026	\$65,000	\$90,944	\$0	\$0	\$27,087	\$12,300	\$0	\$195,331
2027	\$70,000	\$89,238	\$0	\$0	\$27,629	\$11,975	\$0	\$198,842
2028	\$70,000	\$87,050	\$0	\$0	\$28,182	\$11,625	\$0	\$196,857
2029	\$70,000	\$84,863	\$0	\$0	\$28,745	\$11,275	\$0	\$194,883
2030	\$75,000	\$82,675	\$0	\$0	\$29,320	\$10,925	\$0	\$197,920
2031	\$75,000	\$80,331	\$0	\$0	\$29,907	\$10,550	\$0	\$195,788
2032	\$80,000	\$77,988	\$0	\$0	\$30,505	\$10,175	\$0	\$198,667
2033	\$80,000	\$75,088	\$0	\$0	\$31,115	\$9,775	\$0	\$195,978
2034	\$85,000	\$72,188	\$0	\$0	\$31,737	\$9,375	\$0	\$198,300
2035	\$85,000	\$69,106	\$0	\$0	\$32,372	\$8,950	\$0	\$195,428
2036	\$90,000	\$66,025	\$0	\$0	\$33,020	\$8,525	\$0	\$197,570
2037	\$90,000	\$62,763	\$0	\$0	\$33,680	\$8,075	\$0	\$194,517
2038	\$95,000	\$59,500	\$0	\$0	\$34,353	\$7,625	\$0	\$196,478
2039	\$100,000	\$56,056	\$0	\$0	\$35,041	\$7,150	\$0	\$198,247
2040	\$100,000	\$52,431	\$0	\$0	\$35,741	\$6,650	\$0	\$194,823
2041	\$105,000	\$48,806	\$0	\$0	\$36,456	\$6,150	\$0	\$196,412
2042	\$110,000	\$45,000	\$0	\$0	\$37,185	\$5,625	\$0	\$197,810
2043	\$115,000	\$40,600	\$0	\$0	\$37,929	\$5,075	\$0	\$198,604
2044	\$115,000	\$36,000	\$0	\$0	\$38,688	\$4,500	\$0	\$194,188
2045	\$120,000	\$31,400	\$0	\$0	\$39,461	\$3,925	\$0	\$194,786
2046	\$125,000	\$26,600	\$0	\$0	\$40,251	\$3,325	\$0	\$195,176
2047	\$130,000	\$21,600	\$0	\$0	\$41,056	\$2,700	\$0	\$195,356
2048	\$135,000	\$16,400	\$0	\$0	\$41,877	\$2,050	\$0	\$195,327
2049	\$140,000	\$11,000	\$0	\$0	\$42,714	\$1,375	\$0	\$195,089
2050	\$135,000	\$5,400	\$0	\$0	\$43,569	\$675	\$0	\$184,644
Total	\$2,709,962	\$1,830,201	\$0	\$0	\$969,738	\$232,725	(\$70,098)	\$5,672,528

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/ or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

APPENDIX G-4

Assessment Roll by Lot Type (2020 Trigger)

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 3 (50 Ft)
\$26,801.50
0.89**

Year¹	Principal²	Interest²	Principal³	Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$272	\$0	\$1,479	\$264	\$0	(\$302)	\$1,713
2022	\$602	\$961	\$0	\$0	\$240	\$134	(\$374)	\$1,562
2023	\$600	\$1,179	\$0	\$0	\$252	\$131	\$0	\$2,162
2024	\$600	\$1,152	\$0	\$0	\$257	\$128	\$0	\$2,137
2025	\$600	\$1,125	\$0	\$0	\$263	\$125	\$0	\$2,113
2026	\$600	\$1,098	\$0	\$0	\$268	\$122	\$0	\$2,088
2027	\$800	\$1,071	\$0	\$0	\$273	\$119	\$0	\$2,263
2028	\$800	\$1,044	\$0	\$0	\$279	\$115	\$0	\$2,238
2029	\$800	\$1,017	\$0	\$0	\$284	\$111	\$0	\$2,212
2030	\$800	\$990	\$0	\$0	\$290	\$107	\$0	\$2,187
2031	\$800	\$954	\$0	\$0	\$296	\$103	\$0	\$2,153
2032	\$800	\$918	\$0	\$0	\$302	\$99	\$0	\$2,119
2033	\$800	\$882	\$0	\$0	\$308	\$95	\$0	\$2,085
2034	\$800	\$846	\$0	\$0	\$314	\$91	\$0	\$2,051
2035	\$800	\$810	\$0	\$0	\$320	\$87	\$0	\$2,017
2036	\$1,000	\$774	\$0	\$0	\$327	\$83	\$0	\$2,184
2037	\$1,000	\$729	\$0	\$0	\$333	\$78	\$0	\$2,140
2038	\$1,000	\$684	\$0	\$0	\$340	\$73	\$0	\$2,097
2039	\$1,000	\$639	\$0	\$0	\$347	\$68	\$0	\$2,054
2040	\$1,000	\$594	\$0	\$0	\$353	\$63	\$0	\$2,010
2041	\$1,200	\$549	\$0	\$0	\$361	\$58	\$0	\$2,168
2042	\$1,200	\$495	\$0	\$0	\$368	\$52	\$0	\$2,115
2043	\$1,200	\$441	\$0	\$0	\$375	\$46	\$0	\$2,062
2044	\$1,200	\$387	\$0	\$0	\$383	\$40	\$0	\$2,010
2045	\$1,200	\$333	\$0	\$0	\$390	\$34	\$0	\$1,957
2046	\$1,400	\$270	\$0	\$0	\$398	\$28	\$0	\$2,096
2047	\$1,400	\$207	\$0	\$0	\$406	\$21	\$0	\$2,034
2048	\$1,400	\$144	\$0	\$0	\$414	\$14	\$0	\$1,972
2049	\$1,400	\$72	\$0	\$0	\$422	\$7	\$0	\$1,901
Total	\$26,802	\$20,637	\$0	\$1,479	\$9,426	\$2,232	(\$676)	\$59,900

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/ or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

APPENDIX G-5

Assessment Roll by Lot Type (2021 Trigger)

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 1 (60 Ft)
\$30,114.04
1.00**

Year¹	Principal²	Interest²	Principal³	Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$675	\$0	\$0	\$0	\$0	(\$675)	\$0
2022	\$666	\$1,084	\$0	\$0	\$267	\$151	(\$104)	\$2,063
2023	\$667	\$1,066	\$0	\$0	\$284	\$147	\$0	\$2,164
2024	\$722	\$1,049	\$0	\$0	\$289	\$144	\$0	\$2,204
2025	\$722	\$1,030	\$0	\$0	\$295	\$140	\$0	\$2,187
2026	\$722	\$1,011	\$0	\$0	\$301	\$137	\$0	\$2,171
2027	\$778	\$992	\$0	\$0	\$307	\$133	\$0	\$2,210
2028	\$778	\$967	\$0	\$0	\$313	\$129	\$0	\$2,188
2029	\$778	\$943	\$0	\$0	\$319	\$125	\$0	\$2,166
2030	\$833	\$919	\$0	\$0	\$326	\$121	\$0	\$2,199
2031	\$833	\$893	\$0	\$0	\$332	\$117	\$0	\$2,176
2032	\$889	\$867	\$0	\$0	\$339	\$113	\$0	\$2,208
2033	\$889	\$834	\$0	\$0	\$346	\$109	\$0	\$2,178
2034	\$945	\$802	\$0	\$0	\$353	\$104	\$0	\$2,204
2035	\$945	\$768	\$0	\$0	\$360	\$99	\$0	\$2,172
2036	\$1,000	\$734	\$0	\$0	\$367	\$95	\$0	\$2,195
2037	\$1,000	\$697	\$0	\$0	\$374	\$90	\$0	\$2,162
2038	\$1,056	\$661	\$0	\$0	\$382	\$85	\$0	\$2,183
2039	\$1,111	\$623	\$0	\$0	\$389	\$79	\$0	\$2,203
2040	\$1,111	\$583	\$0	\$0	\$397	\$74	\$0	\$2,165
2041	\$1,167	\$542	\$0	\$0	\$405	\$68	\$0	\$2,183
2042	\$1,222	\$500	\$0	\$0	\$413	\$63	\$0	\$2,198
2043	\$1,278	\$451	\$0	\$0	\$421	\$56	\$0	\$2,207
2044	\$1,278	\$400	\$0	\$0	\$430	\$50	\$0	\$2,158
2045	\$1,333	\$349	\$0	\$0	\$439	\$44	\$0	\$2,165
2046	\$1,389	\$296	\$0	\$0	\$447	\$37	\$0	\$2,169
2047	\$1,445	\$240	\$0	\$0	\$456	\$30	\$0	\$2,171
2048	\$1,500	\$182	\$0	\$0	\$465	\$23	\$0	\$2,171
2049	\$1,556	\$122	\$0	\$0	\$475	\$15	\$0	\$2,168
2050	\$1,500	\$60	\$0	\$0	\$484	\$8	\$0	\$2,052
Total	\$30,114	\$20,338	\$0	\$0	\$10,776	\$2,586	(\$779)	\$63,035

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

APPENDIX G-6

Assessment Roll by Lot Type (2021 Trigger)

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 2 (55 Ft)
\$28,909.48
0.96**

Year¹	Principal²	Interest²	Principal³	Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$648	\$0	\$0	\$0	\$0	(\$648)	\$0
2022	\$640	\$1,040	\$0	\$0	\$256	\$145	(\$100)	\$1,980
2023	\$640	\$1,023	\$0	\$0	\$272	\$141	\$0	\$2,077
2024	\$693	\$1,007	\$0	\$0	\$278	\$138	\$0	\$2,116
2025	\$693	\$988	\$0	\$0	\$283	\$135	\$0	\$2,100
2026	\$693	\$970	\$0	\$0	\$289	\$131	\$0	\$2,084
2027	\$747	\$952	\$0	\$0	\$295	\$128	\$0	\$2,121
2028	\$747	\$929	\$0	\$0	\$301	\$124	\$0	\$2,100
2029	\$747	\$905	\$0	\$0	\$307	\$120	\$0	\$2,079
2030	\$800	\$882	\$0	\$0	\$313	\$117	\$0	\$2,111
2031	\$800	\$857	\$0	\$0	\$319	\$113	\$0	\$2,089
2032	\$853	\$832	\$0	\$0	\$325	\$109	\$0	\$2,119
2033	\$853	\$801	\$0	\$0	\$332	\$104	\$0	\$2,091
2034	\$907	\$770	\$0	\$0	\$339	\$100	\$0	\$2,115
2035	\$907	\$737	\$0	\$0	\$345	\$95	\$0	\$2,085
2036	\$960	\$704	\$0	\$0	\$352	\$91	\$0	\$2,108
2037	\$960	\$670	\$0	\$0	\$359	\$86	\$0	\$2,075
2038	\$1,013	\$635	\$0	\$0	\$366	\$81	\$0	\$2,096
2039	\$1,067	\$598	\$0	\$0	\$374	\$76	\$0	\$2,115
2040	\$1,067	\$559	\$0	\$0	\$381	\$71	\$0	\$2,078
2041	\$1,120	\$521	\$0	\$0	\$389	\$66	\$0	\$2,095
2042	\$1,173	\$480	\$0	\$0	\$397	\$60	\$0	\$2,110
2043	\$1,227	\$433	\$0	\$0	\$405	\$54	\$0	\$2,119
2044	\$1,227	\$384	\$0	\$0	\$413	\$48	\$0	\$2,072
2045	\$1,280	\$335	\$0	\$0	\$421	\$42	\$0	\$2,078
2046	\$1,333	\$284	\$0	\$0	\$429	\$35	\$0	\$2,082
2047	\$1,387	\$230	\$0	\$0	\$438	\$29	\$0	\$2,084
2048	\$1,440	\$175	\$0	\$0	\$447	\$22	\$0	\$2,084
2049	\$1,493	\$117	\$0	\$0	\$456	\$15	\$0	\$2,081
2050	\$1,440	\$58	\$0	\$0	\$465	\$7	\$0	\$1,970
Total	\$28,909	\$19,524	\$0	\$0	\$10,345	\$2,483	(\$748)	\$60,514

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

APPENDIX G-7

Assessment Roll by Lot Type (2021 Trigger)

Parcel
Assessment
Total Equivalent Units

Lot Type 3 (50 Ft)
\$26,801.50
.89

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest	Capitalized Interest/ Available Credits	Annual Installment ⁵
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$600	\$0	\$0	\$0	\$0	(\$600)	\$0
2022	\$593	\$964	\$0	\$0	\$237	\$134	(\$93)	\$1,836
2023	\$593	\$949	\$0	\$0	\$252	\$131	\$0	\$1,926
2024	\$643	\$933	\$0	\$0	\$257	\$128	\$0	\$1,962
2025	\$643	\$916	\$0	\$0	\$263	\$125	\$0	\$1,947
2026	\$643	\$899	\$0	\$0	\$268	\$122	\$0	\$1,932
2027	\$692	\$883	\$0	\$0	\$273	\$118	\$0	\$1,967
2028	\$692	\$861	\$0	\$0	\$279	\$115	\$0	\$1,947
2029	\$692	\$839	\$0	\$0	\$284	\$112	\$0	\$1,927
2030	\$742	\$818	\$0	\$0	\$290	\$108	\$0	\$1,957
2031	\$742	\$794	\$0	\$0	\$296	\$104	\$0	\$1,936
2032	\$791	\$771	\$0	\$0	\$302	\$101	\$0	\$1,965
2033	\$791	\$743	\$0	\$0	\$308	\$97	\$0	\$1,938
2034	\$841	\$714	\$0	\$0	\$314	\$93	\$0	\$1,961
2035	\$841	\$683	\$0	\$0	\$320	\$89	\$0	\$1,933
2036	\$890	\$653	\$0	\$0	\$327	\$84	\$0	\$1,954
2037	\$890	\$621	\$0	\$0	\$333	\$80	\$0	\$1,924
2038	\$940	\$588	\$0	\$0	\$340	\$75	\$0	\$1,943
2039	\$989	\$554	\$0	\$0	\$347	\$71	\$0	\$1,961
2040	\$989	\$519	\$0	\$0	\$353	\$66	\$0	\$1,927
2041	\$1,038	\$483	\$0	\$0	\$361	\$61	\$0	\$1,943
2042	\$1,088	\$445	\$0	\$0	\$368	\$56	\$0	\$1,956
2043	\$1,137	\$402	\$0	\$0	\$375	\$50	\$0	\$1,964
2044	\$1,137	\$356	\$0	\$0	\$383	\$45	\$0	\$1,921
2045	\$1,187	\$311	\$0	\$0	\$390	\$39	\$0	\$1,926
2046	\$1,236	\$263	\$0	\$0	\$398	\$33	\$0	\$1,930
2047	\$1,286	\$214	\$0	\$0	\$406	\$27	\$0	\$1,932
2048	\$1,335	\$162	\$0	\$0	\$414	\$20	\$0	\$1,932
2049	\$1,385	\$109	\$0	\$0	\$422	\$14	\$0	\$1,929
2050	\$1,335	\$53	\$0	\$0	\$431	\$7	\$0	\$1,826
Total	\$26,801	\$18,101	\$0	\$0	\$9,591	\$2,302	(\$693)	\$56,101

1 – Represents the 9/1/XX bond year end for the Phases #1A-1B Bonds.

2 - The interest is calculated using an interest rate of 2.625% for years 1 through 6 (2021-2026), 3.125% years 7 through 11 (2027-2031), 3.625% for years 12 through 21 (2032-2041), and 4.00% for years 22 through 30 (2042-2050) on the Phases #1A-1B Bonds.

3 - The interest on the Phases #1A-1B Reimbursement Agreement, prior to the Phases #1A-1B Bonds being issued to fund the Phases #1A-1B Improvements and/or reimburse the developer pursuant to the Phases #1A-1B Reimbursement Agreement, was calculated at 5.47%.

4 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 - Amounts shown do not include any TIRZ Annual Credit Amount.

APPENDIX G-8
Outstanding Assessment by Parcel

Parcel ID	Assessment Trigger Date	Phase	Lot Type	Equivalent Units	Outstanding Assessment
202756	2020	#1A	50 Ft	0.89	\$26,801.50
202759	2020	#1A	50 Ft	0.89	\$26,801.50
202761	2020	#1A	50 Ft	0.89	\$26,801.50
202762	2020	#1A	50 Ft	0.89	\$26,801.50
202763	2020	#1A	50 Ft	0.89	\$26,801.50
202764	2020	#1A	50 Ft	0.89	\$26,801.50
202765	2020	#1A	50 Ft	0.89	\$26,801.50
202766	2020	#1A	50 Ft	0.89	\$26,801.50
202767	2020	#1A	50 Ft	0.89	\$26,801.50
202768	2020	#1A	50 Ft	0.89	\$26,801.50
202773	2020	#1A	50 Ft	0.89	\$26,801.50
202777	2020	#1A	50 Ft	0.89	\$26,801.50
202780	2020	#1A	50 Ft	0.89	\$26,801.50
202782	2020	#1A	50 Ft	0.89	\$26,801.50
202788	2020	#1A	50 Ft	0.89	\$26,801.50
202791	2020	#1A	50 Ft	0.89	\$26,801.50
202792	2020	#1A	Common Area	0.00	\$0.00
202793	2020	#1A	Common Area	0.00	\$0.00
202794	2020	#1A	50 Ft	0.89	\$26,801.50
202795	2020	#1A	50 Ft	0.89	\$26,801.50
202796	2020	#1A	50 Ft	0.89	\$26,801.50
202797	2020	#1A	50 Ft	0.89	\$26,801.50
202798	2020	#1A	50 Ft	0.89	\$26,801.50
202799	2020	#1A	50 Ft	0.89	\$26,801.50
202800	2020	#1A	50 Ft	0.89	\$26,801.50
202801	2020	#1A	50 Ft	0.89	\$26,801.50
202803	2020	#1A	50 Ft	0.89	\$26,801.50
202817	2020	#1A	Common Area	0.00	\$0.00
202757	2021	#1A	50 Ft	0.89	\$26,801.50
202758	2021	#1A	50 Ft	0.89	\$26,801.50
202760	2021	#1A	50 Ft	0.89	\$26,801.50
202769	2021	#1A	50 Ft	0.89	\$26,801.50
202770	2021	#1A	50 Ft	0.89	\$26,801.50
202771	2021	#1A	50 Ft	0.89	\$26,801.50
202772	2021	#1A	50 Ft	0.89	\$26,801.50
202774	2021	#1A	50 Ft	0.89	\$26,801.50
202775	2021	#1A	50 Ft	0.89	\$26,801.50
202776	2021	#1A	50 Ft	0.89	\$26,801.50
202778	2021	#1A	50 Ft	0.89	\$26,801.50
202779	2021	#1A	50 Ft	0.89	\$26,801.50
202781	2021	#1A	50 Ft	0.89	\$26,801.50

202783	2021	#1A	50 Ft	0.89	\$26,801.50
202784	2021	#1A	50 Ft	0.89	\$26,801.50
202785	2021	#1A	50 Ft	0.89	\$26,801.50
202786	2021	#1A	50 Ft	0.89	\$26,801.50
202787	2021	#1A	50 Ft	0.89	\$26,801.50
202789	2021	#1A	50 Ft	0.89	\$26,801.50
202790	2021	#1A	50 Ft	0.89	\$26,801.50
202802	2021	#1A	50 Ft	0.89	\$26,801.50
202804	2021	#1A	50 Ft	0.89	\$26,801.50
202805	2021	#1A	50 Ft	0.89	\$26,801.50
202806	2021	#1A	50 Ft	0.89	\$26,801.50
202807	2021	#1A	50 Ft	0.89	\$26,801.50
202808	2021	#1A	50 Ft	0.89	\$26,801.50
202809	2021	#1A	50 Ft	0.89	\$26,801.50
202810	2021	#1A	50 Ft	0.89	\$26,801.50
202811	2021	#1A	50 Ft	0.89	\$26,801.50
202812	2021	#1A	50 Ft	0.89	\$26,801.50
202813	2021	#1A	50 Ft	0.89	\$26,801.50
202814	2021	#1A	50 Ft	0.89	\$26,801.50
202815	2021	#1A	50 Ft	0.89	\$26,801.50
202816	2021	#1A	50 Ft	0.89	\$26,801.50
218048	2021	#1B	50 Ft	0.89	\$26,801.50
218049	2021	#1B	50 Ft	0.89	\$26,801.50
218050	2021	#1B	50 Ft	0.89	\$26,801.50
218051	2021	#1B	50 Ft	0.89	\$26,801.50
218052	2021	#1B	50 Ft	0.89	\$26,801.50
218053	2021	#1B	50 Ft	0.89	\$26,801.50
218054	2021	#1B	50 Ft	0.89	\$26,801.50
218055	2021	#1B	50 Ft	0.89	\$26,801.50
218056	2021	#1B	50 Ft	0.89	\$26,801.50
218057	2021	#1B	50 Ft	0.89	\$26,801.50
218058	2021	#1B	50 Ft	0.89	\$26,801.50
218059	2021	#1B	50 Ft	0.89	\$26,801.50
218060	2021	#1B	50 Ft	0.89	\$26,801.50
218061	2021	#1B	50 Ft	0.89	\$26,801.50
218062	2021	#1B	50 Ft	0.89	\$26,801.50
218063	2021	#1B	50 Ft	0.89	\$26,801.50
218064	2021	#1B	50 Ft	0.89	\$26,801.50
218065	2021	#1B	50 Ft	0.89	\$26,801.50
218066	2021	#1B	55 Ft	0.96	\$28,909.48
218067	2021	#1B	55 Ft	0.96	\$28,909.48
218068	2021	#1B	55 Ft	0.96	\$28,909.48
218069	2021	#1B	55 Ft	0.96	\$28,909.48
218070	2021	#1B	55 Ft	0.96	\$28,909.48
218071	2021	#1B	55 Ft	0.96	\$28,909.48

218072	2021	#1B	60 Ft	1.00	\$30,114.04
218073	2021	#1B	55 Ft	0.96	\$28,909.48
218074	2021	#1B	60 Ft	1.00	\$30,114.04
218075	2021	#1B	55 Ft	0.96	\$28,909.48
218076	2021	#1B	55 Ft	0.96	\$28,909.48
218077	2021	#1B	55 Ft	0.96	\$28,909.48
218078	2021	#1B	55 Ft	0.96	\$28,909.48
218079	2021	#1B	50 Ft	0.89	\$26,801.50
218080	2021	#1B	50 Ft	0.89	\$26,801.50
218081	2021	#1B	Common Area	0.00	\$0.00
218082	2021	#1B	50 Ft	0.89	\$26,801.50
218083	2021	#1B	50 Ft	0.89	\$26,801.50
218084	2021	#1B	50 Ft	0.89	\$26,801.50
218085	2021	#1B	50 Ft	0.89	\$26,801.50
218086	2021	#1B	50 Ft	0.89	\$26,801.50
218087	2021	#1B	50 Ft	0.89	\$26,801.50
218088	2021	#1B	50 Ft	0.89	\$26,801.50
218089	2021	#1B	50 Ft	0.89	\$26,801.50
218090	2021	#1B	50 Ft	0.89	\$26,801.50
218091	2021	#1B	50 Ft	0.89	\$26,801.50
218092	2021	#1B	50 Ft	0.89	\$26,801.50
218093	2021	#1B	50 Ft	0.89	\$26,801.50
218094	2021	#1B	50 Ft	0.89	\$26,801.50
218095	2021	#1B	50 Ft	0.89	\$26,801.50
218096	2021	#1B	50 Ft	0.89	\$26,801.50
218097	2021	#1B	50 Ft	0.89	\$26,801.50
218098	2021	#1B	50 Ft	0.89	\$26,801.50
218099	2021	#1B	50 Ft	0.89	\$26,801.50
218100	2021	#1B	50 Ft	0.89	\$26,801.50
218101	2021	#1B	50 Ft	0.89	\$26,801.50
218102	2021	#1B	50 Ft	0.89	\$26,801.50
218103	2021	#1B	50 Ft	0.89	\$26,801.50
218104	2021	#1B	Common Area	0.00	\$0.00
218105	2021	#1B	50 Ft	0.89	\$26,801.50
218106	2021	#1B	50 Ft	0.89	\$26,801.50
218107	2021	#1B	50 Ft	0.89	\$26,801.50
218108	2021	#1B	50 Ft	0.89	\$26,801.50
218109	2021	#1B	50 Ft	0.89	\$26,801.50
218110	2021	#1B	50 Ft	0.89	\$26,801.50
218111	2021	#1B	50 Ft	0.89	\$26,801.50
218112	2021	#1B	50 Ft	0.89	\$26,801.50
218113	2021	#1B	50 Ft	0.89	\$26,801.50
218114	2021	#1B	50 Ft	0.89	\$26,801.50
218115	2021	#1B	50 Ft	0.89	\$26,801.50
Total				112.24	\$3,380,000

APPENDIX H
ASSESSMENT ROLL – PHASES #2A-2B

APPENDIX H-1
Assessment Roll

**Parcel
Assessment
Total Equivalent Units**

5239 and 5240
\$5,635,000
153.59

153.59

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Annual Installment⁴
9/1/2023 ⁵	\$0	\$264,141	\$0	\$0	(\$264,141)	\$0
9/1/2024	\$78,000	\$352,188	\$40,800	\$28,175	\$0	\$499,163
9/1/2025	\$82,000	\$347,313	\$41,616	\$27,785	\$0	\$498,714
9/1/2026	\$86,000	\$342,188	\$42,448	\$27,375	\$0	\$498,011
9/1/2027	\$91,000	\$336,813	\$43,297	\$26,945	\$0	\$498,055
9/1/2028	\$96,000	\$331,125	\$44,163	\$26,490	\$0	\$497,778
9/1/2029	\$101,000	\$325,125	\$45,046	\$26,010	\$0	\$497,181
9/1/2030	\$107,000	\$318,813	\$45,947	\$25,505	\$0	\$497,265
9/1/2031	\$113,000	\$312,125	\$46,866	\$24,970	\$0	\$496,961
9/1/2032	\$120,000	\$305,063	\$47,804	\$24,405	\$0	\$497,271
9/1/2033	\$127,000	\$297,563	\$48,760	\$23,805	\$0	\$497,127
9/1/2034	\$135,000	\$289,625	\$49,735	\$23,170	\$0	\$497,530
9/1/2035	\$143,000	\$281,188	\$50,730	\$22,495	\$0	\$497,412
9/1/2036	\$151,000	\$272,250	\$51,744	\$21,780	\$0	\$496,774
9/1/2037	\$160,000	\$262,813	\$52,779	\$21,025	\$0	\$496,617
9/1/2038	\$170,000	\$252,813	\$53,835	\$20,225	\$0	\$496,872
9/1/2039	\$181,000	\$242,188	\$54,911	\$19,375	\$0	\$497,474
9/1/2040	\$192,000	\$230,875	\$56,010	\$18,470	\$0	\$497,355
9/1/2041	\$204,000	\$218,875	\$57,130	\$17,510	\$0	\$497,515
9/1/2042	\$216,000	\$206,125	\$58,272	\$16,490	\$0	\$496,887
9/1/2043	\$230,000	\$192,625	\$59,438	\$15,410	\$0	\$497,473
9/1/2044	\$244,000	\$178,250	\$60,627	\$14,260	\$0	\$497,137
9/1/2045	\$260,000	\$163,000	\$61,839	\$13,040	\$0	\$497,879
9/1/2046	\$276,000	\$146,750	\$63,076	\$11,740	\$0	\$497,566
9/1/2047	\$294,000	\$129,500	\$64,337	\$10,360	\$0	\$498,197
9/1/2048	\$313,000	\$111,125	\$65,624	\$8,890	\$0	\$498,639
9/1/2049	\$333,000	\$91,563	\$66,937	\$7,325	\$0	\$498,824
9/1/2050	\$354,000	\$70,750	\$68,275	\$5,660	\$0	\$498,685
9/1/2051	\$377,000	\$48,625	\$69,641	\$3,890	\$0	\$499,156
9/1/2052	\$401,000	\$25,063	\$71,034	\$2,005	\$0	\$499,101
Total	\$5,635,000	\$6,946,453	\$1,582,723	\$534,585	(\$264,141)	\$14,434,621

1 - Represents the 9/1/XX bond year end for the Phases #2A-2B Bonds.

2 - The interest is calculated using an interest rate of 6.25% for the Phases #2A-2B Bonds.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 - Amounts shown do not include any TIRZ Annual Credit Amount.

5 - Administrative Expenses and Additional Interest for year ending 9/1/2023 are being funded with bond proceeds.

APPENDIX H-2

Assessment Roll by Lot Type

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 1 (60 Ft)
\$36,688.59
1.00**

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Annual Installment⁴
9/1/2023 ⁵	\$0	\$1,720	\$0	\$0	(\$1,720)	\$0
9/1/2024	\$508	\$2,293	\$266	\$183	\$0	\$3,250
9/1/2025	\$534	\$2,261	\$271	\$181	\$0	\$3,247
9/1/2026	\$560	\$2,228	\$276	\$178	\$0	\$3,242
9/1/2027	\$592	\$2,193	\$282	\$175	\$0	\$3,243
9/1/2028	\$625	\$2,156	\$288	\$172	\$0	\$3,241
9/1/2029	\$658	\$2,117	\$293	\$169	\$0	\$3,237
9/1/2030	\$697	\$2,076	\$299	\$166	\$0	\$3,238
9/1/2031	\$736	\$2,032	\$305	\$163	\$0	\$3,236
9/1/2032	\$781	\$1,986	\$311	\$159	\$0	\$3,238
9/1/2033	\$827	\$1,937	\$317	\$155	\$0	\$3,237
9/1/2034	\$879	\$1,886	\$324	\$151	\$0	\$3,239
9/1/2035	\$931	\$1,831	\$330	\$146	\$0	\$3,239
9/1/2036	\$983	\$1,773	\$337	\$142	\$0	\$3,234
9/1/2037	\$1,042	\$1,711	\$344	\$137	\$0	\$3,233
9/1/2038	\$1,107	\$1,646	\$351	\$132	\$0	\$3,235
9/1/2039	\$1,178	\$1,577	\$358	\$126	\$0	\$3,239
9/1/2040	\$1,250	\$1,503	\$365	\$120	\$0	\$3,238
9/1/2041	\$1,328	\$1,425	\$372	\$114	\$0	\$3,239
9/1/2042	\$1,406	\$1,342	\$379	\$107	\$0	\$3,235
9/1/2043	\$1,497	\$1,254	\$387	\$100	\$0	\$3,239
9/1/2044	\$1,589	\$1,161	\$395	\$93	\$0	\$3,237
9/1/2045	\$1,693	\$1,061	\$403	\$85	\$0	\$3,242
9/1/2046	\$1,797	\$955	\$411	\$76	\$0	\$3,240
9/1/2047	\$1,914	\$843	\$419	\$67	\$0	\$3,244
9/1/2048	\$2,038	\$724	\$427	\$58	\$0	\$3,247
9/1/2049	\$2,168	\$596	\$436	\$48	\$0	\$3,248
9/1/2050	\$2,305	\$461	\$445	\$37	\$0	\$3,247
9/1/2051	\$2,455	\$317	\$453	\$25	\$0	\$3,250
9/1/2052	\$2,611	\$163	\$462	\$13	\$0	\$3,250
Total	\$36,689	\$45,227	\$10,305	\$3,481	(\$1,720)	\$93,982

1 - Represents the 9/1/XX bond year end for the Phases #2A-2B Bonds.

2 - The interest is calculated using an interest rate of 6.25% for the Phases #2A-2B Bonds.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 - Amounts shown do not include any TIRZ Annual Credit Amount.

5 - Administrative Expenses and Additional Interest for year ending 9/1/2023 are being funded with bond proceeds.

APPENDIX H-3

Assessment Roll by Lot Type

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 2 (55 Ft)
\$34,854.16
0.95**

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Annual Installment⁴
9/1/2023 ⁵	\$0	\$1,634	\$0	\$0	(\$1,634)	\$0
9/1/2024	\$482	\$2,178	\$252	\$174	\$0	\$3,087
9/1/2025	\$507	\$2,148	\$257	\$172	\$0	\$3,085
9/1/2026	\$532	\$2,117	\$263	\$169	\$0	\$3,080
9/1/2027	\$563	\$2,083	\$268	\$167	\$0	\$3,081
9/1/2028	\$594	\$2,048	\$273	\$164	\$0	\$3,079
9/1/2029	\$625	\$2,011	\$279	\$161	\$0	\$3,075
9/1/2030	\$662	\$1,972	\$284	\$158	\$0	\$3,076
9/1/2031	\$699	\$1,931	\$290	\$154	\$0	\$3,074
9/1/2032	\$742	\$1,887	\$296	\$151	\$0	\$3,076
9/1/2033	\$786	\$1,841	\$302	\$147	\$0	\$3,075
9/1/2034	\$835	\$1,791	\$308	\$143	\$0	\$3,077
9/1/2035	\$884	\$1,739	\$314	\$139	\$0	\$3,077
9/1/2036	\$934	\$1,684	\$320	\$135	\$0	\$3,073
9/1/2037	\$990	\$1,626	\$326	\$130	\$0	\$3,072
9/1/2038	\$1,052	\$1,564	\$333	\$125	\$0	\$3,073
9/1/2039	\$1,120	\$1,498	\$340	\$120	\$0	\$3,077
9/1/2040	\$1,188	\$1,428	\$346	\$114	\$0	\$3,076
9/1/2041	\$1,262	\$1,354	\$353	\$108	\$0	\$3,077
9/1/2042	\$1,336	\$1,275	\$360	\$102	\$0	\$3,073
9/1/2043	\$1,423	\$1,191	\$368	\$95	\$0	\$3,077
9/1/2044	\$1,509	\$1,103	\$375	\$88	\$0	\$3,075
9/1/2045	\$1,608	\$1,008	\$382	\$81	\$0	\$3,080
9/1/2046	\$1,707	\$908	\$390	\$73	\$0	\$3,078
9/1/2047	\$1,818	\$801	\$398	\$64	\$0	\$3,082
9/1/2048	\$1,936	\$687	\$406	\$55	\$0	\$3,084
9/1/2049	\$2,060	\$566	\$414	\$45	\$0	\$3,085
9/1/2050	\$2,190	\$438	\$422	\$35	\$0	\$3,085
9/1/2051	\$2,332	\$301	\$431	\$24	\$0	\$3,087
9/1/2052	\$2,480	\$155	\$439	\$12	\$0	\$3,087
Total	\$34,854	\$42,966	\$9,790	\$3,307	(\$1,634)	\$89,282

1 - Represents the 9/1/XX bond year end for the Phases #2A-2B Bonds.

2 - The interest is calculated using an interest rate of 6.25% for the Phases #2A-2B Bonds.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 - Amounts shown do not include any TIRZ Annual Credit Amount.

5 - Administrative Expenses and Additional Interest for year ending 9/1/2023 are being funded with bond proceeds.

APPENDIX H-4

Assessment Roll by Lot Type

**Parcel
Assessment
Total Equivalent Units**

**Lot Type 3 (50 Ft)
\$31,552.18
0.86**

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Annual Installment⁴
9/1/2023 ⁵	\$0	\$1,479	\$0	\$0	(\$1,479)	\$0
9/1/2024	\$437	\$1,972	\$228	\$158	\$0	\$2,795
9/1/2025	\$459	\$1,945	\$233	\$156	\$0	\$2,792
9/1/2026	\$482	\$1,916	\$238	\$153	\$0	\$2,789
9/1/2027	\$510	\$1,886	\$242	\$151	\$0	\$2,789
9/1/2028	\$538	\$1,854	\$247	\$148	\$0	\$2,787
9/1/2029	\$566	\$1,820	\$252	\$146	\$0	\$2,784
9/1/2030	\$599	\$1,785	\$257	\$143	\$0	\$2,784
9/1/2031	\$633	\$1,748	\$262	\$140	\$0	\$2,783
9/1/2032	\$672	\$1,708	\$268	\$137	\$0	\$2,784
9/1/2033	\$711	\$1,666	\$273	\$133	\$0	\$2,784
9/1/2034	\$756	\$1,622	\$278	\$130	\$0	\$2,786
9/1/2035	\$801	\$1,574	\$284	\$126	\$0	\$2,785
9/1/2036	\$845	\$1,524	\$290	\$122	\$0	\$2,782
9/1/2037	\$896	\$1,472	\$296	\$118	\$0	\$2,781
9/1/2038	\$952	\$1,416	\$301	\$113	\$0	\$2,782
9/1/2039	\$1,013	\$1,356	\$307	\$108	\$0	\$2,786
9/1/2040	\$1,075	\$1,293	\$314	\$103	\$0	\$2,785
9/1/2041	\$1,142	\$1,226	\$320	\$98	\$0	\$2,786
9/1/2042	\$1,209	\$1,154	\$326	\$92	\$0	\$2,782
9/1/2043	\$1,288	\$1,079	\$333	\$86	\$0	\$2,786
9/1/2044	\$1,366	\$998	\$339	\$80	\$0	\$2,784
9/1/2045	\$1,456	\$913	\$346	\$73	\$0	\$2,788
9/1/2046	\$1,545	\$822	\$353	\$66	\$0	\$2,786
9/1/2047	\$1,646	\$725	\$360	\$58	\$0	\$2,790
9/1/2048	\$1,753	\$622	\$367	\$50	\$0	\$2,792
9/1/2049	\$1,865	\$513	\$375	\$41	\$0	\$2,793
9/1/2050	\$1,982	\$396	\$382	\$32	\$0	\$2,792
9/1/2051	\$2,111	\$272	\$390	\$22	\$0	\$2,795
9/1/2052	\$2,245	\$140	\$398	\$11	\$0	\$2,795
Total	\$31,552	\$38,895	\$8,862	\$2,993	(\$1,479)	\$80,824

1 - Represents the 9/1/XX bond year end for the Phases #2A-2B Bonds.

2 - The interest is calculated using an interest rate of 6.25% for the Phases #2A-2B Bonds.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 - Amounts shown do not include any TIRZ Annual Credit Amount.

5 - Administrative Expenses and Additional Interest for year ending 9/1/2023 are being funded with bond proceeds.

APPENDIX H-5
Assessment Roll by Lot Type

Parcel
Assessment
Total Equivalent Units

Lot Type 4 (65 Ft)
\$38,523.02
1.05

Year¹	Principal	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Annual Installment⁴
9/1/2023 ⁵	\$0	\$1,806	\$0	\$0	(\$1,806)	\$0
9/1/2024	\$533	\$2,408	\$279	\$193	\$0	\$3,412
9/1/2025	\$561	\$2,374	\$285	\$190	\$0	\$3,409
9/1/2026	\$588	\$2,339	\$290	\$187	\$0	\$3,405
9/1/2027	\$622	\$2,303	\$296	\$184	\$0	\$3,405
9/1/2028	\$656	\$2,264	\$302	\$181	\$0	\$3,403
9/1/2029	\$690	\$2,223	\$308	\$178	\$0	\$3,399
9/1/2030	\$731	\$2,180	\$314	\$174	\$0	\$3,399
9/1/2031	\$773	\$2,134	\$320	\$171	\$0	\$3,397
9/1/2032	\$820	\$2,086	\$327	\$167	\$0	\$3,400
9/1/2033	\$868	\$2,034	\$333	\$163	\$0	\$3,399
9/1/2034	\$923	\$1,980	\$340	\$158	\$0	\$3,401
9/1/2035	\$978	\$1,922	\$347	\$154	\$0	\$3,400
9/1/2036	\$1,032	\$1,861	\$354	\$149	\$0	\$3,396
9/1/2037	\$1,094	\$1,797	\$361	\$144	\$0	\$3,395
9/1/2038	\$1,162	\$1,728	\$368	\$138	\$0	\$3,397
9/1/2039	\$1,237	\$1,656	\$375	\$132	\$0	\$3,401
9/1/2040	\$1,313	\$1,578	\$383	\$126	\$0	\$3,400
9/1/2041	\$1,395	\$1,496	\$391	\$120	\$0	\$3,401
9/1/2042	\$1,477	\$1,409	\$398	\$113	\$0	\$3,397
9/1/2043	\$1,572	\$1,317	\$406	\$105	\$0	\$3,401
9/1/2044	\$1,668	\$1,219	\$414	\$97	\$0	\$3,399
9/1/2045	\$1,777	\$1,114	\$423	\$89	\$0	\$3,404
9/1/2046	\$1,887	\$1,003	\$431	\$80	\$0	\$3,402
9/1/2047	\$2,010	\$885	\$440	\$71	\$0	\$3,406
9/1/2048	\$2,140	\$760	\$449	\$61	\$0	\$3,409
9/1/2049	\$2,277	\$626	\$458	\$50	\$0	\$3,410
9/1/2050	\$2,420	\$484	\$467	\$39	\$0	\$3,409
9/1/2051	\$2,577	\$332	\$476	\$27	\$0	\$3,412
9/1/2052	\$2,741	\$171	\$486	\$14	\$0	\$3,412
Total	\$38,523	\$47,489	\$10,820	\$3,655	(\$1,806)	\$98,681

1 - Represents the 9/1/XX bond year end for the Phases #2A-2B Bonds.

2 - The interest is calculated using an interest rate of 6.25% for the Phases #2A-2B Bonds.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

4 - Amounts shown do not include any TIRZ Annual Credit Amount.

5 - Administrative Expenses and Additional Interest for year ending 9/1/2023 are being funded with bond proceeds.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Opinion]

[Date]

\$ _____
CITY OF KAUFMAN, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)

WE HAVE represented the City of Kaufman, Texas (the "Issuer"), as its bond counsel in connection with an issue of assessment revenue bonds (the "Bonds") described as follows:

CITY OF KAUFMAN, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT), dated
_____, 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 _____, 2022 (the "Ordinance"). The Bonds are issued pursuant to a Trust Indenture, dated as of _____, 2022 (the "Indenture"), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the "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.

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APPENDIX D-1

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF KAUFMAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of November 15, 2022 (this “Disclosure Agreement”) is executed and delivered by and between the City of Kaufman, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer 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 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 November 15, 2022, between the Issuer and the Trustee relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement 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., an officer or employee of the City, or third party designee of the City who is not an officer or employee thereof, identified in any indenture of trust relating to the Bonds, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Affiliate” shall mean an entity that owns property within Phases #2A-2B of the District and is controlled by, controls, or is under common control with the Developer or any Subsequent Third Party Owner (as such term is defined in the Disclosure Agreement of the Developer).

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

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

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” 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 Georgetown KF, Ltd., a Texas limited liability company, and its successors and assigns, including any Affiliate of the Developer and its successors and assigns.

“Disclosure Agreement of the Developer” shall mean the Continuing Disclosure Agreement of the Developer dated as of November 15, 2022 executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

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

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Kaufman Public Improvement District No. 1.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

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

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

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

“Outstanding” shall have the meaning given to it in the Indenture.

“Owner(s)” shall mean the registered owner(s) of any Bonds, as shown on the register maintained by the Trustee.

“Prepayment” shall mean the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

“Phases #2A-2B” shall have the meaning assigned to such term in the Service and Assessment Plan.

“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 3(f) of the Disclosure Agreement of the Developer.

“Trust Estate” 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) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before the expiration of six months after the end of each Fiscal Year.

(b) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ended September 30, 2023, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2023. The Issuer is providing the audited financial statements in connection with the requirements of the Rule; notwithstanding such requirements, the Bonds are special obligations of the Issuer payable solely from the Pledged Revenues and other funds comprising the Trust Estate, as and to the extent provided for and defined in the Indenture. The Bonds do not give rise to a charge against the general credit or taxing power of the Issuer and are payable solely from the sources identified in the Indenture.

The Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(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 within ten (10) Business Days prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof;

(iii) file audited financial statements of the Issuer pursuant to Section 4(b) herein; and

(iv) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

Section 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) Within six months after the end of each Fiscal Year 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 principal amount remaining Outstanding;

(B) The amounts in the funds and accounts securing the Bonds.

(ii) The principal and interest paid on the Bonds during the most recently completed Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(iii) Any changes to the land use designation for the property in Phases #2A-2B of the District from the purposes identified in the Service and Assessment Plan.

(iv) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Assessments in Phases #2A-2B of the District.

(v) The aggregate taxable assessed valuation for parcels or lots within Phases #2A-2B of the District based on the most recent certified tax roll available to the Issuer.

(vi) With respect to single-family residential lots, until building permits have been issued for parcels or lots representing, in the aggregate, 95% of the total Assessments levied within Phases #2A-2B of the District, such SAP Update shall include the following:

(A) the number of new homes completed in Phases #2A-2B of the District, as evidenced by the issuance of certificates of occupancy or similar certificate by the City, during such Fiscal Year; and

(B) the aggregate number of new homes completed within Phases #2A-2B of the District since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2023.

(vii) Listing of any property or property owners in Phases #2A-2B of the District representing more than twenty percent (20%) of the levy of Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments within Phases #2A-2B of the District, all as of the October 1 billing date for the Fiscal Year.

(viii) Collection and delinquency history of the Assessments within Phases #2A-2B of the District for the past five Fiscal Years, in the following format:

Collection and Delinquent History of Assessments in Phases #2A-2B

Collected in Fiscal Year	Assessment	Parcels	Delinquent Amount	Delinquent Percentage	Delinquent Amount	Delinquent Percentage	Total Assessments
<u>Ending 9/30</u>	<u>Billed</u>	<u>Levied</u>	<u>as of 3/15</u>	<u>as of 3/15</u>	<u>as of 9/15</u>	<u>as of 9/15</u>	<u>Collected⁽¹⁾</u>
20__	\$			—	—		\$

⁽¹⁾ Collected as of _____, 20__. Includes \$ _____ attributable to Prepayments.

(ix) Total amount of Prepayments 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) The amount of delinquent Assessments by for the most recently completed Fiscal Year:

(C) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);

(D) which are currently subject to foreclosure proceedings which have not been concluded;

(E) which have been reduced to judgment but not collected;

(F) which have been reduced to judgment and collected; and

(G) the result of any foreclosure sales of assessed property within Phases #2A-2B of the District if the assessed property represents more than one percent (1%) of the total amount of Assessments.

(xi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not available within twelve months of the end of any Fiscal Year, unaudited financial statements shall be filed within twelve months of the end of the Issuer's Fiscal Year and audited financial statements shall be filed when available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material.

9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the obligated person, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

For these purposes, “financial obligation” means (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The Issuer intends the words used in paragraphs (15) and (16) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For these purposes, any event described in the immediately preceding paragraph (12) 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 A.

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

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

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. 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 the 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 Dissemination Agent agrees to perform the duties set forth in this Agreement. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder is set forth in Section 2.

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the

year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

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

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon such Dissemination Agent 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 the Developer by the Developer, and a default under the Disclosure Agreement of the Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees, and agents, but only with funds to be provided by the Developer or from the Administrative Expense component of the Annual Installments collected from the property owners in Phases #2A-2B of the District, but only to the extent such funds are available under the Indenture, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses, or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of the Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full

of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an “obligated person” under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing and at its own expense, 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.

The Administrator shall not have any responsibility for the (1) accuracy of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, or (2) the untimeliness of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in Sections 3 and 4 of this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from the Administrative Expense component of the Annual Installments collected from the property owners in Phases #2A-2B of the District, but only to the extent such funds are available under the Indenture, 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 resulting from information provided to the Administrator by the Issuer, but excluding liabilities due to the Administrator’s negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties or the Developer, or the failure of any third party or the Developer to provide information to the Administrator as and when required under this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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

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. NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR ARE UNDER ANY OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

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

Section 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, 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 council members, officer, agent or employee of the Issuer, the Administrator or the 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 Administrator, the Dissemination Agent and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in Phases #2A-2B of the District, for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Disclosure Agreement.

Section 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 20. Disclosure Agreement of the Developer. Concurrently with the execution and delivery of this Disclosure Agreement, the Dissemination Agent and Administrator have entered into the Disclosure Agreement of the Developer. The parties agree that the Issuer has no obligation to assume any of the duties of the Developer under the terms of the Disclosure Agreement of the Developer.

Section 21. 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 22. 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. The Dissemination Agent understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

Section 23. Petroleum. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the Administrator each hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

Section 24. Firearms. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the Administrator each hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Disclosure Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, ‘discriminate against a firearm entity or firearm trade association’ (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) ‘firearm entity’ means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear,

carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

Section 25. Affiliate. As used in Sections 21 through 24, 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 26. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

[Signature pages to follow.]

CITY OF KAUFMAN, TEXAS

By: _____
Mayor

DISSEMINATION AGENT:

**HTS CONTINUING DISCLOSURE
SERVICES, a division of Hilltop Securities,
Inc.**

By: _____
Authorized Officer

ADMINISTRATOR:

MUNICAP, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Kaufman, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022
(Kaufman Public Improvement District No. 1 Phases #2A-2B Project)
Date of Delivery: _____

NOTICE IS HEREBY GIVEN that the City of Kaufman, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated November 15, 2022, between the Issuer and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division
of Hilltop Securities, Inc., on behalf of the City
of Kaufman, Texas
(as Dissemination Agent)

By: _____
Title: _____

cc: City of Kaufman, Texas

EXHIBIT B

**CITY OF KAUFMAN, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)**

ANNUAL ISSUER REPORT

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP NOs.]

BONDS OUTSTANDING

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

INVESTMENTS

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

*Excluding Audited Financial Statements of the Issuer

BALANCE OF FUNDS AND ACCOUNTS SECURING THE BONDS

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

Form of Accounting ~ Cash ~ Accrual ~ Modified Accrual

ITEMS REQUIRED BY SECTIONS 4(a)(ii) – (vii), (ix-xi)

[Insert a line item]

SECTION 4(a)(ix) COLLECTION AND DELINQUENCY HISTORY OF THE INITIAL ASSESSMENTS AND THE ADDITIONAL ASSESSMENTS WITHIN PHASES #2A-2B OF THE DISTRICT FOR THE PAST FIVE FISCAL YEARS, IN THE FOLLOWING FORMAT:

Collection and Delinquent History of Assessments in Phases #2A-2B of the District

Collected in Fiscal Year	Assessment	Parcels	Delinquent Amount	Delinquent Percentage	Delinquent Amount	Delinquent Percentage	Total Assessments
<u>Ending 9/30</u>	<u>Billed</u>	<u>Levied</u>	<u>as of 3/15</u>	<u>as of 3/15</u>	<u>as of 9/15</u>	<u>as of 9/15</u>	<u>Collected⁽¹⁾</u>
20__	\$			—	—		\$

⁽¹⁾ Collected as of _____, 20__. Includes \$_____ attributable to Prepayments.

EXHIBIT C

BASIC TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
February 15	15	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.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
		Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 15. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment
		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 Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.
		If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
March 15	28/29	Trustee pays bond interest payments to bondholders.
		Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

¹ Illustration of sequencing and thresholds of events only. Actual actions may differ from this timeline.

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.
		Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.
		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.
March 20	47/48	Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.
		If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.
July 1	152/153	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.
July 1	152/153	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
July 15	167/168	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).
August 1	197/198	Foreclosure action to be filed with the court.

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
August 15	211/212	Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
September 1	228/229	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.

APPENDIX D-2

FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF KAUFMAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

This Continuing Disclosure Agreement of the Developer dated as of November 15, 2022 (this “Disclosure Agreement”) is executed and delivered by and between Georgetown KF, Ltd., a Texas limited partnership (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B 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 November 15, 2022, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean initially MuniCap, Inc. or thereafter any employee or designee of the Issuer who shall have the responsibilities provided in the Service and Assessment Plan, the Indenture, or any other agreement or document related to the duties and responsibilities of the administration of the District.

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

“Affiliate” shall mean an entity that owns property within Phases #2A-2B of the District and is controlled by, controls, or is under common control with the Developer.

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

“Assessments” 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.

“Certification Letter” shall mean a certification letter provided by the Developer, or Subsequent Third Party Owner (defined below), as applicable, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Georgetown KF, Ltd., a Texas limited partnership, including any Affiliate of the Developer owning property within Phases #2A and #2B of the District, and its designated successors and assigns.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of November 15, 2022 executed and delivered by and among the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Kaufman Public Improvement District No. 1.

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

“Issuer” shall mean the City of Kaufman, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Limited Offering Memorandum” shall mean that Limited Offering Memorandum for the Bonds dated November 21, 2022.

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

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

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

“Phases #2A-2B” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Phases #2A-2B Assessed Property” shall have the meaning assigned to such term in the Indenture.

“Phases #2A-2B 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.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, and November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

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

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

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

“Subsequent Third Party Owner” shall mean any owner, other than the Developer, who acquires Phases #2A-2B Assessed Property, which results in such third party owner, including any affiliate of such third party owner, owning property representing at least twenty percent (20%) of the total Annual Installments of the Assessments as of each Quarterly Ending Date.

“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, with respect to its acquired real property, shall provide, or cause to be provided, to the Administrator, at its cost and expense, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 2023, the information required for the preparation of the Quarterly Report for the quarter ended within the last ten (10) days, with respect to each party, the “Quarterly Information”). The Developer and any Subsequent Third Party Owner shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 6 of this Disclosure Agreement. For the avoidance of doubt, if the Developer elects, the Developer may, but shall not be obligated to provide any Quarterly Information on behalf of any Subsequent Third Party Owner. The Developer shall remain obligated to provide Quarterly Information with respect to any real property acquired by a Subsequent Third Party Owner until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 5 of this Disclosure Agreement, 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.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Developer and/or any Subsequent Third Party Owner pursuant to subsection (a) above and (ii) provide to the Developer and/or any Subsequent Third Party Owner, as applicable, each Quarterly Report for review no later than twenty-five (25) days prior to each Quarterly Filing Date. The Developer and/or any Subsequent Third Party Owner, as applicable, shall review the Quarterly Report and, upon such review, shall each promptly, but no later than ten (10) days prior to each Quarterly Filing Date, provide to the Administrator the Certification Letter(s) and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Dissemination Agent

pursuant to subsection (c) below. In all cases, the Developer and/or any Subsequent Third Party Owner, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of their respective Quarterly Information contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, not less than five (5) days prior to each Quarterly Filing Date, each Quarterly Report containing the information described in this Section 3 and the Certification Letter(s) provided by the Developer and/or Subsequent Third Party Owner. The Dissemination Agent is hereby authorized to promptly file the Quarterly Report and the Certification Letter(s) with the MSRB within five (5) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that the Developer, any Subsequent Third Party Owner or the Administrator does not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent is hereby authorized, upon written notice to the Developer, Subsequent Third Party Owner or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If the Developer and/or any Subsequent Third Party Owner timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, shall not be deemed a default by the Developer, or Subsequent Third Party Owner, as applicable, under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) The number of parcels, acres of land and/or lots in Phases #2A-2B of the District subject to the Assessments as of the Quarterly Ending Date;

(ii) The landowner composition of Phases #2A-2B of the District, including:

A. The number of parcels and/or lots owned by each type of landowner (i.e., Developer or Subsequent Third Party Owner), broken down by planned and actual parcels and/or lots;

B. The percentage of Annual Installments of Assessments relative to the total Annual Installments of Assessments for each type of landowner, as of the Quarterly Ending Date;

C. The number of acres of land owned by each type of landowner;

D. A listing of all Subsequent Third Party Owners, if any, and the percentage of such party's Annual Installments of Assessments relative to the total Annual Installments of Assessments, as of the Quarterly Ending Date; and

E. An explanation as to any change to the number of parcels and/or lots within Phases #2A-2B of the District from the prior Quarterly Ending Date;

(iii) For each parcel designated as single family residential:

A. The number of lots platted in Phases #2A-2B of the District, on a current quarter and running total basis;

B. The number of lots in Phases #2A-2B of the District owned by the Developer or any Subsequent Third Party Owner closed with a homebuilder, on a current quarter and running total basis;

C. The number of lots in Phases #2A-2B of the District owned by the Developer or any Subsequent Third Party Owner under contract with a homebuilder;

D. The number of lots in Phases #2A-2B of the District owned by the Developer or any Subsequent Third Party Owner not closed or under contract with a homebuilder; and

E. An explanation as to any change to the number of lots planned to be developed in Phases #2A-2B of the District by the Developer or any Subsequent Third Party Owner;

(iv) For each parcel designated as single family residential, for each homebuilder on a current quarter or running total basis:

A. The number of homes under construction in Phases #2A-2B of the District by the Developer, any Subsequent Third Party Owner or homebuilder;

B. The number of homes constructed in Phases #2A-2B of the District by the Developer, any Subsequent Third Party Owner or homebuilder;

C. The number of homes under contract with homebuyers in Phases #2A-2B of the District;

D. The number of homes closed with homebuyers (delivered to end users) in Phases #2A-2B of the District; and

E. The average sales price of homes;

(v) Materially adverse changes or determinations to permits/approvals for the development of the District which necessitates changes to the land use plans of the Developer or any Subsequent Third Party Owner;

(vi) The occurrence of any new or modified mortgage debt on the land owned by the Developer, including the amount, interest rate and terms of repayment; and

(e) With respect to the Phases #2A-2B Improvements, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Total construction budget, including:

- A. Budgeted and actual total costs of all Phases #2A-2B Improvements;
 - B. Budgeted and actual total costs of the Phases #2A-2B Improvements financed with the Bonds; and
 - C. Budgeted and actual total costs of Phases #2A-2B Improvements financed with other sources of funds (non-bond financed);
- (ii) Total expected costs for design and engineering to be completed after delivery of the Bonds;
 - (iii) Forecast construction milestones by date;
 - (iv) Construction budget allocated to each progress milestone;
 - (v) Forecast completion date; and
 - (vi) Issuer acceptance date.

The Developer's filings under this Section 3(e) will terminate after the Issuer accepts the final segment of the Phases #2A-2B Improvements and Developer provides a final summary report covering the period from the date of its last preceding quarterly progress report to the date of Issuer acceptance of the final segment of the Phases #2A-2B Improvements.

SECTION 4. Event Reporting Obligations of Developer and any Subsequent Third Party Owners.

(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 Assessments levied within District on a parcel owned by the Developer or any Subsequent Third Party Owner; provided, however, that the exercise of any right of the Developer or Subsequent Third Party Owner as a landowner within Phases #2A-2B of 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, including the Phases #2A-2B Improvements;
- (iii) Material default by the Developer on any loan with respect to the development or permanent financing of the District undertaken by the Developer;
- (iv) Material default by the Developer on any loan secured by property within District owned by the Developer;

(v) The bankruptcy filing of the Developer or any Subsequent Third Party Owner or any determination that the Developer or any Subsequent Third Party Owner is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Developer which may adversely affect the completion of development of District 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 Subsequent Third Party Owner obtains knowledge of the occurrence of a Listed Event, such party shall promptly, and not more than five (5) Business Days after the Developer or any Subsequent Third Party Owner obtains such knowledge, notify the Administrator and the Dissemination Agent in writing and the Developer or Subsequent Third Party Owner, as applicable, 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 the occurrence of such Listed Event. If the Developer or any Subsequent Third Party Owner 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 or Subsequent Third Party Owner, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer or Subsequent Third Party Owner, as applicable, desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Developer or Subsequent Third Party Owner becomes aware of the occurrence of the Listed Event).

In all cases, the Developer or Subsequent Third Party Owner, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures provided pursuant to this Disclosure Agreement. In addition, the Developer or Subsequent Third Party Owner, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days 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, notify the Developer or Subsequent Third Party Owner, as applicable, 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 or Subsequent Third Party Owner, as applicable, as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Developer, any Subsequent Third Party Owner 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 or Subsequent Third Party Owner, as applicable, 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 Phases #2A-2B of the District to a Subsequent Third Party Owner, the Developer shall require such Subsequent Third Party Owner to comply with the Developer’s disclosure obligations hereunder, with respect to such acquired real property until such party’s obligations terminate pursuant to Section 6 of this Disclosure Agreement; provided however, a Subsequent Third Party Owner shall not be required to provide the disclosure information required by Section 3(e) above unless the Subsequent Third Party Owner has assumed the obligations through an assignment of obligations, requirements or covenants under the Development Agreement to construct one or more of the Phases #2A-2B Improvements, in which case the Subsequent Third Party Owner shall include the disclosure information required by Section 3(e) above for the Phases #2A-2B Improvements that the Subsequent Third Party Owner is constructing. The Developer shall deliver to the Dissemination Agent, Administrator 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 shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of reporting obligations, 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. Additionally, for the avoidance of doubt, the Developer shall require that any Subsequent Third Party Owner 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) Except as provided in Section 3(e) with respect to the Phases #2A-2B Improvements, the reporting obligations of the Developer and any Subsequent Third Party Owner under this

Disclosure Agreement shall terminate upon, the earlier of (i) the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Developer or Subsequent Third Party Owner, if any, is no longer responsible for the payment of Annual Installments of Assessments equal to at least twenty (20%) of the total Annual Installment of Assessments as of each Quarterly Ending Date.

(b) At such time that the reporting obligations of the Developer and/or any Subsequent Third Party Owner terminate in accordance with subsection (a) of this Section 6, the Administrator shall provide written notice to the Developer and/or Subsequent Third Party Owner, as applicable, the Issuer and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating such party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such termination notice with respect to the Developer or Subsequent Third Party Owner, as applicable, 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 on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) termination of the Developer's and all Subsequent Third Party Owners', if any, reporting obligations in accordance with subsection (a) of this Section 6.

SECTION 7. Dissemination Agent. The Developer or the Administrator may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Responsible Parties 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 Developer or the Administrator shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

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

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Subsequent Third Party Owner, 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, or any Subsequent Third Party Owner from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer 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, or the Subsequent Third Party Owner, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Content of Disclosures. In all cases, the Developer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 9 of this Disclosure Agreement.

SECTION 11. Default. In the event of a failure of the Developer, any Subsequent Third Party Owner 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 twenty-five percent (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, Subsequent Third Party Owner 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, any Subsequent Third Party Owner 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, or any Subsequent Third Party Owner, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Subsequent Third Party Owner or Administrator.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers

and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's 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. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR 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 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, any Subsequent Third Party Owner, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, any Subsequent Third Party Owner, the Administrator or Dissemination Agent in other than that person's official capacity.

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

SECTION 15. 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 16. 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 17. 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 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 19. 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.

HTS CONTINUING DISCLOSURE SERVICES,
a division of Hilltop Securities, Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

DEVELOPER:

GEORGETOWN KF, LTD.,
a Texas limited partnership

By: Seascope GP, LLC,
a Texas limited liability company
Its General Partner

By: _____
Printed Name: Kelly Cannell
Title: President

MUNICAP, INC.
(as Administrator)

By: _____
Name: _____
Title: _____

EXHIBIT A

**CITY OF KAUFMAN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022
(KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B PROJECT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

TABLE 3(d)(i)

BOND ALLOCATION AND ASSESSMENT OVERVIEW (as of <i>[Insert Quarterly Ending Date]</i>)	
NUMBER OF PARCELS AND/OR LOTS IN PHASES #2A-2B OF THE DISTRICT SUBJECT TO ASSESSMENTS:	
Lot Type	Phases #2A-2B

TABLE 3(d)(ii)

LANDOWNER COMPOSITION (as of <i>[Insert Quarterly Ending Date]</i>) OF PHASES #2A-2B OF THE DISTRICT				
Landowner Composition	Planned Parcels/Lots	Actual Parcel/Lots	% of Annual Installments	Acreage
Subsequent Third-Party Owned				
[LOT TYPE]				
<i>Total Subsequent Third-Party Owned Lots:</i>				
Developer Owned				
[LOT TYPE]				
<i>Total Developer Owned Lots:</i>				
<i>Total Development</i>	N/A	N/A		
Notations: - Listing of all Subsequent Third Party Owners and the percentage of each party's Annual Installments of Assessments relative to the total Annual Installments of Assessments, as of the <i>[Insert Quarterly Ending Date]</i> - Explanation as to any change to the number of parcels and/or lots within Phases #2A-2B of the District from the prior Quarterly Ending Date				

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

TABLE 3(d)(iii)

DEVELOPER ABSORPTION STATISTICS IN PHASES #2A-2B OF THE DISTRICT					
	Number of Platted Lots	Closed to Homebuilder	Increase from [<i>insert prior Quarterly Ending Date</i>]	Under Contract w/ Homebuilder	Not Closed or Under Contract
Quarter Ending _____, 20__					
[LOT TYPE]					
Total Units:					
Total Absorption:					
[LOT TYPE]			N/A	N/A	N/A
			N/A	N/A	N/A
			N/A	N/A	N/A
Total Units:			N/A	N/A	N/A
Notation: - Explanation as to any changes to the number of lots planned to be developed in Phases #2A-2B of the District by the Developer or Subsequent Third Party Owner					

[Remainder of page intentionally left blank]

TABLE 3(d)(iv)

HOMEBUILDER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN PHASES #2A-2B OF THE DISTRICT							
	Under Construction	Fully Constructed	Under Contract w/ End-User	Closed to End-user	Increase from [<i>insert prior Quarterly Ending Date</i>]	Average Sales Price of Home	Inventory not Closed or Under Contract
Quarter Ending _____, 20__							
[Homebuilder]							
[LOT TYPE]							
Total Units:						N/A	
Total Absorption:							
[LOT TYPE]							
Total Units:						N/A	
Notation: - Create table for each Homebuilder							

STATUS OF DEVELOPMENT:**TABLE 3(d)(v)**

PERMITS/APPROVALS	
Change or Determination to Permit/Approval	Description of the Change to the Land Use Plan

TABLE 3(d)(vi)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms

STATUS OF PHASES #2A-2B IMPROVEMENTS:

TABLE 3(e)

PHASES #2A-2B IMPROVEMENTS OVERVIEW		
	Budgeted	Actual
Total Costs required to complete Phases #2A-2B Improvements:	\$ _____	\$ _____
Cost of Phases #2A-2B Improvements Financed with the Bonds:	\$ _____	\$ _____
Cost of Phases #2A-2B Improvements Financed with other Sources of Funds (non-bond financed):	\$ _____	\$ _____
Notations (information pursuant to 3(e)(ii) – (vi)): <ul style="list-style-type: none"> - Total expected costs for design and engineering to be completed after delivery of the Bonds - Forecast construction milestones by date - Construction budget allocated to such milestones - Forecast completion date - Issuer acceptance date 		

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Kaufman, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022
(Kaufman Public Improvement District No. 1 Phases #2A-2B
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Subsequent Third Party Owner”]) has not
provided the [Quarterly Information][Quarterly Report] for the period ending on [*Insert
Quarterly Filing Date*] with respect to the Bonds as required by the Continuing Disclosure
Agreement of Developer dated November 15, 2022, by and among the Developer, MuniCap,
Inc., as the “Administrator” and HTS Continuing Disclosure Services, a division of Hilltop
Securities, Inc., as “Dissemination Agent”.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.
on behalf of the City of Kaufman, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Kaufman, Texas

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Kaufman, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022
(Kaufman Public Improvement District No. 1 Phases #2A-2B
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

[Developer][Subsequent Third Party Owner]

City of Kaufman, Texas
209 S. Washington
Kaufman, Texas 75142

HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.,

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Subsequent Third Party Owner”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer dated November 15, 2022, by and among Georgetown KF, Ltd., a
Texas limited partnership (the “Developer”), MuniCap, Inc. (the “Administrator”) and HTS
Continuing Disclosure Services, a division of Hilltop Securities, Inc., (the “Dissemination
Agent”).

Dated: _____

MuniCap, Inc.
on behalf of the City of Kaufman, Texas
(as Administrator)

By: _____

Title: _____

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Kaufman, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022
(Kaufman Public Improvement District No. 1 Phases #2A-2B Project)
CUSIP Nos. [insert CUSIP NOs.]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for (Kaufman Public Improvement District No. 1 Phases #2A-2B Project)

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of the Developer dated November 15, 2022 by and among Georgetown KF, Ltd., a Texas limited partnership (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., (the “Dissemination Agent”), this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][Subsequent Third Party Owner], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Subsequent Third Party Owner], constitutes the [portion of the] Quarterly Report required to be furnished by [Developer][Subsequent Third Party Owner]. Any and all Quarterly Information, provided by the [Developer][Subsequent Third Party Owner], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

GEORGETOWN KF, LTD.,
a Texas limited partnership

By: Seascope GP, LLC,
a Texas limited liability company
Its General Manager

By: _____
Printed Name: _____
Title: _____

OR

[Subsequent Third Party Owner
By: _____
Title: _____]

APPENDIX E

APPRAISAL OF PROPERTY WITHIN PHASES #2A-2B OF THE DISTRICT

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Appraisal of Real Property

Kaufman Public Improvement District No. 1, Phase #2
A Multiphase Residential Subdivision
Northeast of SH-34 Bypass and Tabor Parkway (CR-151)
Kaufman, Kaufman County, Texas 75142

Prepared For:
City of Kaufman and FMSbonds, Inc.

Date of the Report:
October 6, 2022

Report Format:
Appraisal Report

IRR - Dallas
File Number: 191-2022-0732

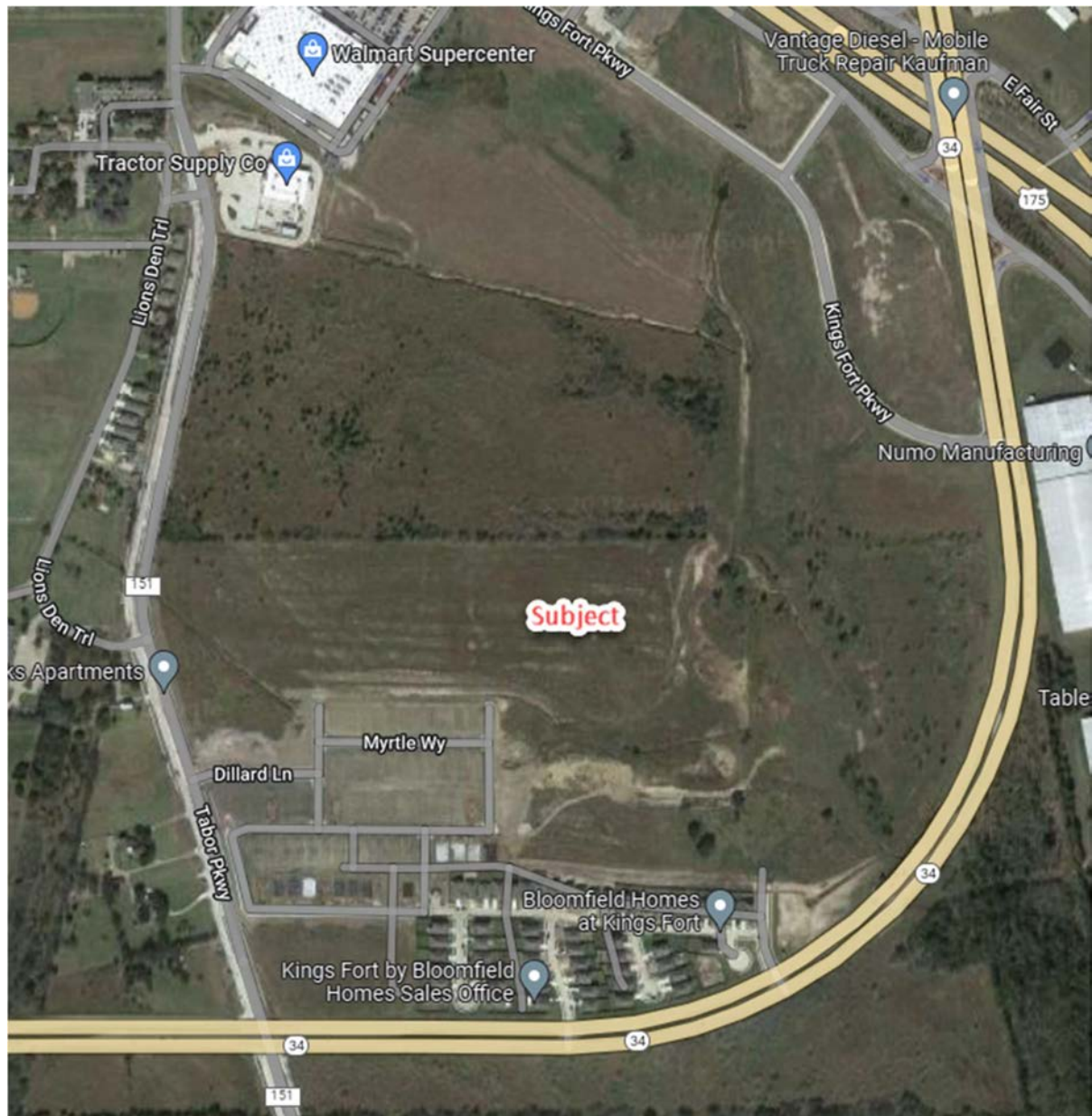


Subject Photographs



Kaufman Public Improvement District No. 1, Phase #2
 Northeast of SH-34 Bypass and Tabor Parkway (CR-151)
 Kaufman, Kaufman County, Texas

Aerial Photograph





October 6, 2022

Mr. Michael T. Slye
City Manager
City of Kaufman
209 S. Washington, Suite 300V
Kaufman, TX 75142

Mr. R. R. "Tripp" Davenport, III
Underwriter
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Kaufman Public Improvement District No. 1, Phase #2
 Northeast of SH-34 Bypass and Tabor Parkway (CR-151)
 Kaufman, Kaufman County, Texas 75142
 IRR - Dallas File No. 191-2022-0732

Dear Messrs. Slye and Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple market value of the property. As requested, we have provided the following value:

- Prospective Market Value as Completed (Phase #2 - 166 Single-Family Lots) as of March 31, 2023

The clients for the assignment are the City of Kaufman and FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor it is the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID".

The subject represents Phase #2 as part of the Kaufman Public Improvement District No. 1. Phase #2 (2A & 2B) is comprised of 47.537 gross acres which includes 14.53 acres dedicated as a city park. Phase #2 is platted and being developed with 166 single-family lots with four typical lot types with 50', 55', 60', and 65' frontages. All of the lots are designed for front access. Access to Phase #2 is provided from existing streets constructed in Phase #1. The property is zoned PD-17 (SF-6), Planned Development (Single-Family 6), which permits detached single-family residential use. Substantial completion of Phase #2 is expected by March 31, 2023. The unit mix for the subject follows:

Kaufman PID No. 1, Phase #2 (2A & 2B)								
Location	Acres	Density		Typical Lot Dimensions				Expected
		Per Acre	50' x 120'	55' x 120'	60' x 120'	65' x 120'	Total Lots	Completion Date
NE of SH-34 Bypass & Tabor Parkway, Kaufman, Kaufman County, Texas	47.537	3.5	74	53	27	12	166	March 31, 2023

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2023	\$8,230,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an 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.

1. All information relative to the subject property (Kaufman Public Improvement District No. 1, Phase #2) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Dowdey, Anderson, & Associates, Inc. (engineering/surveyors), Georgetown KF, Ltd. (owner/developer), the city of Kaufman, and the Kaufman Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2023, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Dallas



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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Kaufman Public Improvement District No. 1, Phase #2		
Address/Location	Northeast of SH-34 Bypass and Tabor Parkway (CR-151) Kaufman, Kaufman County, Texas 75142		
School District	Kaufman ISD		
Property Type	Land - Residential		
Owner of Record	Georgetown KF, Ltd.		
Tax ID	5239 & 5240		
Legal Description	Block C, Lots 5 - 20; Block G, Lots 1 - 36; Block H, Lots 1 - 28; Block I, Lots 1 - 10; Block J, Lots 1 - 20; Block KI, Lots 1 - 28; Block L, Lots 1 - 28, Georgetown at Kings Fort, Phases 2A and 2B, City of Kaufman, Kaufman County, Texas		
Overall Land Area	47.537 acres; 2,070,712 SF		
Total Lots, Phase #2	166 lots		
74 Lots	50' x 120'; 6,000 SF		
53 Lots	55' x 120'; 6,600 SF		
27 Lots	60' x 120'; 7,200 SF		
12 Lots	65' x 120'; 7,800 SF		
Zoning Designation	PD-17 (SF-6), Planned Development (Single-Family 6)		
Highest and Best Use	Single-family residential use		
Highest and Best Use - As Improved	As Proposed		
Exposure Time; Marketing Period	6 - 9 months; 6 - 9 months		
Effective Date of the Appraisal	March 31, 2023		
Date of the Report	October 6, 2022		
Property Interest Appraised	Fee Simple		
Cumulative Retail Value (Phase #2)	\$9,285,450	\$55,936/lot average	
Value Conclusion			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2023	\$8,230,000
*It should be clearly understood that the summation of lot values does not represent our opinion of value, as if the lots are all sold in bulk in a single transaction.			
The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompany report of which this summary is a part. No party other than the City of Kaufman and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report; provided that it is acknowledged that this appraisal will be utilized in a limited offering memorandum for bonds issued for the PID. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.			

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an 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.

1. All information relative to the subject property (Kaufman Public Improvement District No. 1, Phase #2) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Dowdey, Anderson, & Associates, Inc. (engineering/surveyors), Georgetown KF, Ltd. (owner/developer), the city of Kaufman, and the Kaufman Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2023, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Limited amount of available developed lots in market area
- High demand for residential lots in market area
- The property is located in a fast-growing area
- Easy access to major thoroughfares

Weaknesses

- Large supply of vacant undeveloped land

Opportunities

- Profit from lot sales
- Demand for new housing continues to grow

Threats

- The housing market continues to be affected by supply, labor, and lot shortages
 - Next 1 – 2 years will likely be volatile, given the interplay of inflation and monetary policy and expected increases in interest rates
 - Possible economic downturn
 - Inflation
-

Identification of the Appraisal Problem

Subject Description

The subject represents Phase #2 as part of the Kaufman Public Improvement District No. 1. Phase #2 (2A & 2B) is comprised of 47.537 gross acres which includes 14.53 acres dedicated as a city park. Phase #2 is platted and being developed with 166 single-family lots with four typical lot types with 50', 55', 60', and 65' frontages. All of the lots are designed for front access. Access to Phase #2 is provided from existing streets constructed in Phase #1. The property is zoned PD-17 (SF-6), Planned Development (Single-Family 6), which permits detached single-family residential use. Substantial completion of Phase #2 is expected by March 31, 2023. A legal description of the property is provided in the addendum.

Property Identification

Property Name	Kaufman Public Improvement District No. 1, Phase #2
Address	Northeast of SH-34 Bypass and Tabor Parkway (CR-151) Kaufman, Texas 75142
Tax ID	5239 and 5240
Owner of Record	Georgetown KF, Ltd.

Sale History

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. The subject as a whole is not currently under contract to purchase. However, all of the 166 proposed developed lots are contracted as follows:

Lot Contract Summary - Kaufman PID, Phase #2							Overall		
Home Builder	Total Lots	Lot Type	Typical Lot Dimensions	Total SF	Base Lot Price*	Base Price/FF	Initial Takedown	Absorption/ Month	Total Absorption Period (Months ±)
Bloomfield Homes, L.P.	74	50	50' x 120'	6,000	\$50,000	\$1,000	94 lots	41.5	4.0
Bloomfield Homes, L.P.	53	55	55' x 120'	6,600	\$55,000	\$1,000			
Bloomfield Homes, L.P.	27	60	60' x 120'	7,200	\$60,000	\$1,000			
Bloomfield Homes, L.P.	12	65	65' x 120'	7,800	\$65,000	\$1,000			
Totals	166								

It is noted that the lot contract indicates overall absorption of 94 lots in one takedown with no breakdown per lot type followed by the remaining 72 lots within 180 days or an overall absorption period of 4.0 months. The contracted lot prices are slightly below our opinion of retail value/lot (\$51,500/lot for 50' lots; \$56,650/lot for 55' lots; \$61,800/lot for 60' lots; and \$66,950/lot for 65' lots).

Appraisal Purpose

The purpose of the appraisal is to develop an opinion of the fee simple market value of the property. As requested, we have provided the following value:

- Prospective Market Value as Completed (Phase #2 - 166 Single-Family Lots) as of March 31, 2023

The date of the report is October 6, 2022. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

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.

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. [Chicago: Appraisal Institute, 2022])

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to sale to individuals/builders.²

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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.³

Client and Intended User(s)

The client and intended users are the City of Kaufman and FMSbonds, Inc. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

² Compiled and summarized from several industry sources

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for the current client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

The financial data of the subject, including statistics reports, historical absorption figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Shelley Sivakumar	On-site	August 2, 2022
Jimmy H. Jackson, MAI	None	N/A
Ernest Gatewood	On-site	August 2, 2022

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized
Subdivision Development Approach	Applicable	Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

In the Subdivision Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Economic Analysis

Kaufman County Area Analysis

Kaufman County is 781 square miles in size and has a population density of 191 persons per square mile.

Population

Kaufman County has an estimated 2022 population of 149,405, which represents an average annual 3.1% increase over the 2010 census of 103,350. Kaufman County added an average of 3,838 residents per year over the 2010-2022 period, and its annual growth rate exceeded the Dallas MSA rate of 1.7%.

Looking forward, Kaufman County's population is projected to increase at a 1.4% annual rate from 2022-2027, equivalent to the addition of an average of 2,159 residents per year. Kaufman County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.2%.

	Population			Compound Ann. % Chng	
	2010 Census	2022 Estimate	2027 Projection	2010 - 2022	2022 - 2027
Kaufman County, TX	103,350	149,405	160,198	3.1%	1.4%
Dallas-Fort Worth-Arlington, TX Metro	6,366,542	7,826,862	8,291,685	1.7%	1.2%
Texas	25,145,561	29,801,205	31,381,561	1.4%	1.0%
USA	308,745,538	330,946,040	340,574,349	0.6%	0.6%

Source: Claritas

Employment

Total employment in Kaufman County was estimated at 34,048 jobs as of June 2021. Between year-end 2011 and 2021, employment rose by 8,075 jobs, equivalent to a 31.1% increase over the entire period. There were gains in employment in nine out of the past ten years. Kaufman County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 24.0% or 705,862 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Kaufman County unemployment rate has been slightly higher than that of the Dallas MSA, with an average unemployment rate of 5.2% in comparison to a 5.1% rate for the Dallas MSA. A higher unemployment rate is a negative indicator.

Recent data shows that the Kaufman County unemployment rate is 3.7% in comparison to a 3.6% rate for the Dallas MSA, a negative sign for the Kaufman County economy but one that must be tempered by the fact that Kaufman County has outperformed the Dallas MSA in the rate of job growth over the past two years.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Kaufman County	% Change	Dallas MSA	% Change	Kaufman County	Dallas MSA
2011	25,973		2,943,465		8.3%	7.8%
2012	26,769	3.1%	3,044,114	3.4%	6.9%	6.5%
2013	27,583	3.0%	3,127,712	2.7%	6.4%	6.2%
2014	27,960	1.4%	3,254,583	4.1%	5.2%	5.1%
2015	29,556	5.7%	3,360,668	3.3%	4.1%	4.1%
2016	30,660	3.7%	3,441,839	2.4%	3.8%	3.9%
2017	31,704	3.4%	3,526,930	2.5%	3.6%	3.7%
2018	31,526	-0.6%	3,606,436	2.3%	3.5%	3.6%
2019	33,373	5.9%	3,719,023	3.1%	3.2%	3.3%
2020	33,424	0.2%	3,595,494	-3.3%	6.6%	7.1%
2021*	34,048	1.9%	3,649,327	1.5%	5.2%	5.3%
Overall Change 2011-2021	8,075	31.1%	705,862	24.0%		
Avg Unemp. Rate 2011-2021					5.2%	5.1%
Unemployment Rate - December 2021					3.7%	3.6%

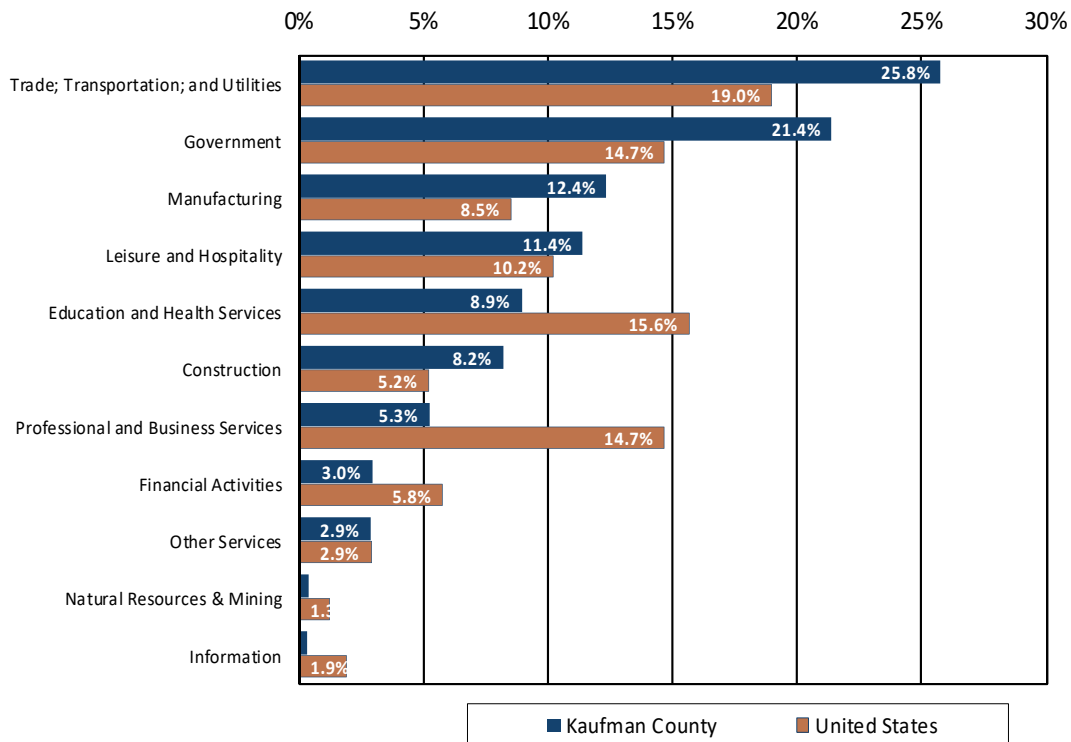
*Total employment data is as of June 2021; unemployment rate data reflects the average of 12 months of 2021.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Kaufman County job market is depicted in the chart below. A complete data set is not available for the Dallas MSA, so Kaufman County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Kaufman County jobs in each category.

Employment Sectors - 2021



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Kaufman County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 25.8% of Kaufman County payroll employment compared to 19.0% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Government, representing 21.4% of Kaufman County payroll employment compared to 14.7% for the nation overall. This sector includes employment in local, state, and federal government agencies.

3. Manufacturing, representing 12.4% of Kaufman County payroll employment compared to 8.5% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
4. Leisure and Hospitality, representing 11.4% of Kaufman County payroll employment compared to 10.2% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Kaufman County is underrepresented in the following sectors:

1. Education and Health Services, representing 8.9% of Kaufman County payroll employment compared to 15.6% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Professional and Business Services, representing 5.3% of Kaufman County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Financial Activities, representing 3.0% of Kaufman County payroll employment compared to 5.8% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Natural Resources & Mining, representing 0.4% of Kaufman County payroll employment compared to 1.3% for the nation overall. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.

Major Employers

Major employers in Kaufman County are shown in the following table.

Major Employers - Kaufman County		
	Name	Number of Employees
1	Forney ISD	1,390
2	Walmart	398
3	Smurfit Kappa	260
4	Intex	250
5	Kroger Marketplace	222
6	Steve Silver Company	200
7	Lowe's Home Improvement	165
8	Ridgecrest Healthcare & Rehabilitation Center	160
9	City of Forney	160
10	ABOX Packaging	120

Source: <https://forneytexasedc.org/major-employers>

Major employers in the DFW metro area are shown in the following table.

Major Employers - DFW Metro		
	Name	Number of Employees
1	AMR Corporation	24,700
2	Bank of America Corporation	20,000
3	Texas Health Resources Inc.	19,230
4	Dallas ISD	18,314
5	Baylor Health Care System	17,097
6	AT&T	15,800
7	Lockheed Martin Aeronautics	14,126
8	JP Morgan Chase & Co.	13,500
9	UT-Southwestern Medical Center	13,122
10	City of Dallas	12,836

Source: <http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/>

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Kaufman County than the Dallas MSA overall during the past ten years. Kaufman County has grown at a 2.4% average annual rate while the Dallas MSA has grown at a 3.0% rate. Kaufman County appears to be less affected by the recent downturn than the Dallas MSA. The area's GDP rose by 3.7% in 2020 while the Dallas MSA's GDP fell by 2.2%. GDP figures for 2021 are not yet available at the local level, but GDP on a national level increased 5.7% in 2021, in contrast to the pandemic-related decrease of 3.4% in 2020.

Kaufman County has a per capita GDP of \$24,988, which is 60% less than the Dallas MSA's GDP of \$61,998. This means that Kaufman County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

Gross Domestic Product				
Year	(\$,000s) Kaufman County	% Change	(\$,000s) Dallas MSA	% Change
2011	2,899,266		365,601,169	
2012	2,818,357	-2.8%	377,846,407	3.3%
2013	2,783,656	-1.2%	388,536,307	2.8%
2014	2,737,531	-1.7%	402,787,824	3.7%
2015	2,844,709	3.9%	422,048,089	4.8%
2016	2,945,958	3.6%	435,497,728	3.2%
2017	3,092,495	5.0%	451,716,926	3.7%
2018	3,244,135	4.9%	470,511,767	4.2%
2019	3,450,214	6.4%	487,604,849	3.6%
2020	3,578,188	3.7%	477,022,901	-2.2%
Compound % Chg (2011-2020)		2.4%		3.0%
GDP Per Capita 2020	\$24,988		\$61,998	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2021. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

Household Income

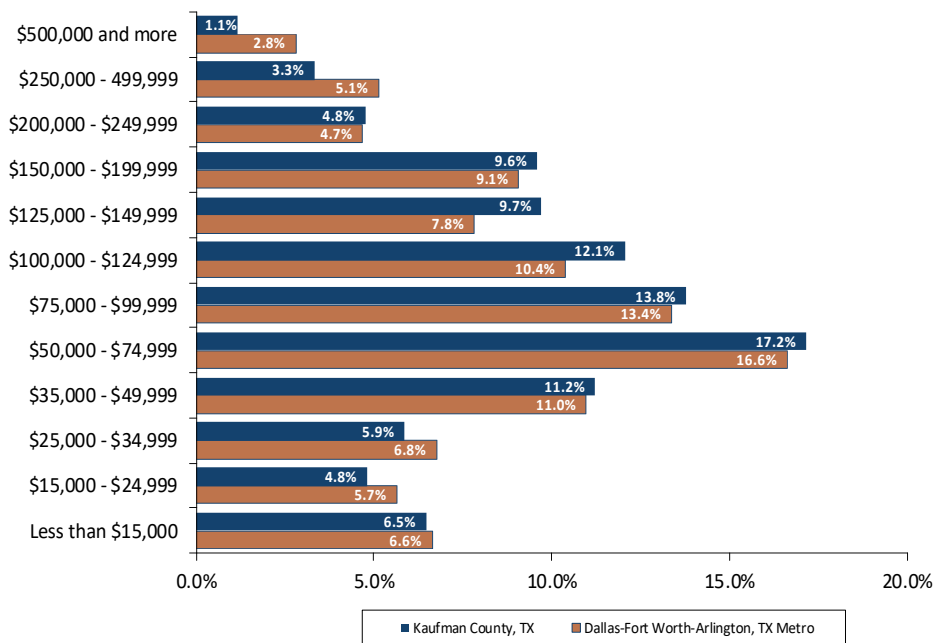
Kaufman County has a higher level of household income than the Dallas MSA. Median household income for Kaufman County is \$82,504, which is 2.3% greater than the corresponding figure for the Dallas MSA.

Median Household Income - 2022

	Median
Kaufman County, TX	\$82,504
Dallas-Fort Worth-Arlington, TX Metro	\$80,687
Comparison of Kaufman County, TX to Dallas-Fort Worth-Arlington, TX Metro	+ 2.3%
Source: Claritas	

The following chart shows the distribution of households across twelve income levels. Kaufman County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 54% of Kaufman County households are at the \$75,000 or greater levels in household income as compared to 53% of Dallas MSA households. A lesser concentration of households is apparent in the lower income levels, as 17% of Kaufman County households are below the \$35,000 level in household income versus 19% of Dallas MSA households.

Household Income Distribution - 2022

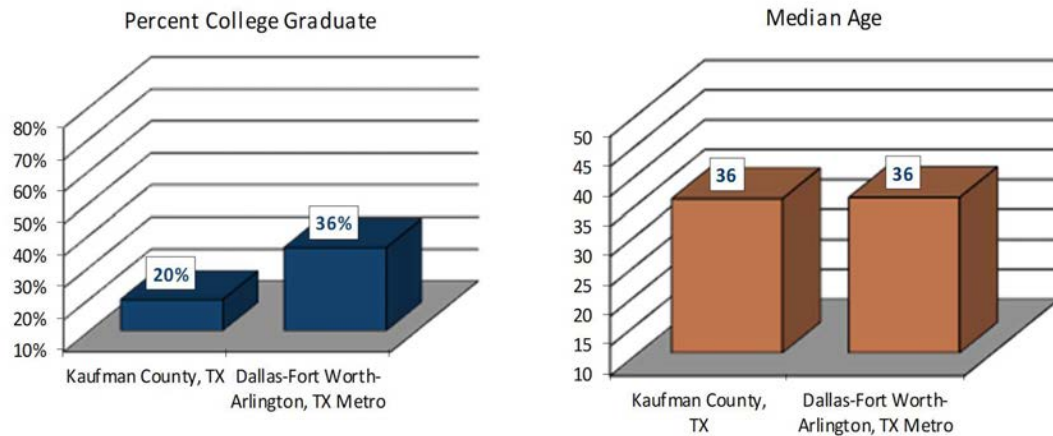


Source: Claritas

Education and Age

Residents of Kaufman County have a lower level of educational attainment than those of the Dallas MSA. An estimated 20% of Kaufman County residents are college graduates with four-year degrees, versus 36% of Dallas MSA residents. People in Kaufman County are similar in age to their Dallas MSA counterparts. The median age of both Kaufman County and the Dallas MSA is 36 years.

Education & Age - 2022



Source: Claritas

Conclusion

The Kaufman County economy will benefit from a growing population base and a higher level of median household income. Kaufman County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Kaufman County economy will improve, and employment will grow, strengthening the demand for real estate.

Surrounding Area Analysis

Boundaries

The subject is located in the city of Kaufman in central Kaufman County, Texas. This area is generally delineated as follows:

Boundaries & Delineation	
Boundaries	
Market Area	Dallas-Fort Worth, TX
Submarket	Kaufman
Area Type	Suburban
Delineation	
North	IH-20
South	Kaufman County Boundary Lines
East	Kaufman County Boundary Lines
West	Kaufman County Boundary Lines

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages	
Vehicular Access	
Major Highways	US-175; SH-34; IH-20
Primary Corridors	SH-34 Bypass; US-175
Vehicular Access Rating	Average
Public Transit	
Providers	STAR Transit (Public Bus Transportation Service)
Transit Access Rating	Average
Airport(s)	
Distance	50 miles
Driving Time	50 minutes
Primary Transportation Mode	Automobile

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2022 Estimates	3-Mile Radius	5-Mile Radius	10-Mile Radius	Kaufman County, TX	Dallas-Fort Worth-Arlington, TX Metro
Population 2010	8,370	11,971	32,069	103,350	6,366,542
Population 2022	9,940	14,608	41,699	149,405	7,826,862
Population 2027	10,571	15,580	44,739	160,198	8,291,685
Compound % Change 2010-2022	1.4%	1.7%	2.2%	3.1%	1.7%
Compound % Change 2022-2027	1.2%	1.3%	1.4%	1.4%	1.2%
Households 2010	2,795	4,012	10,890	34,964	2,296,410
Households 2022	3,377	4,960	14,249	50,091	2,795,625
Households 2027	3,608	5,309	15,316	53,759	2,955,954
Compound % Change 2010-2022	1.6%	1.8%	2.3%	3.0%	1.7%
Compound % Change 2022-2027	1.3%	1.4%	1.5%	1.4%	1.1%
Median Household Income 2022	\$70,318	\$73,483	\$75,497	\$82,504	\$80,687
Average Household Size	2.8	2.9	2.9	3.0	2.8
College Graduate %	14%	13%	14%	20%	36%
Median Age	35	36	38	36	36
Owner Occupied %	63%	71%	81%	80%	62%
Renter Occupied %	37%	29%	19%	20%	38%
Median Owner Occupied Housing Value	\$145,699	\$175,208	\$210,184	\$244,711	\$293,805
Median Year Structure Built	1987	1991	1997	2002	1991
Average Travel Time to Work in Minutes	35	38	43	41	31

Source: Claritas

As shown above, the current population within a 5-mile radius of the subject is 14,608, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Kaufman County overall, the population within a 5-mile radius is projected to grow at a slower rate.

Median household income is \$73,483, which is lower than the household income for Kaufman County. Residents within a 5-mile radius have a lower level of educational attainment than those of Kaufman County, while median owner-occupied home values are considerably lower.

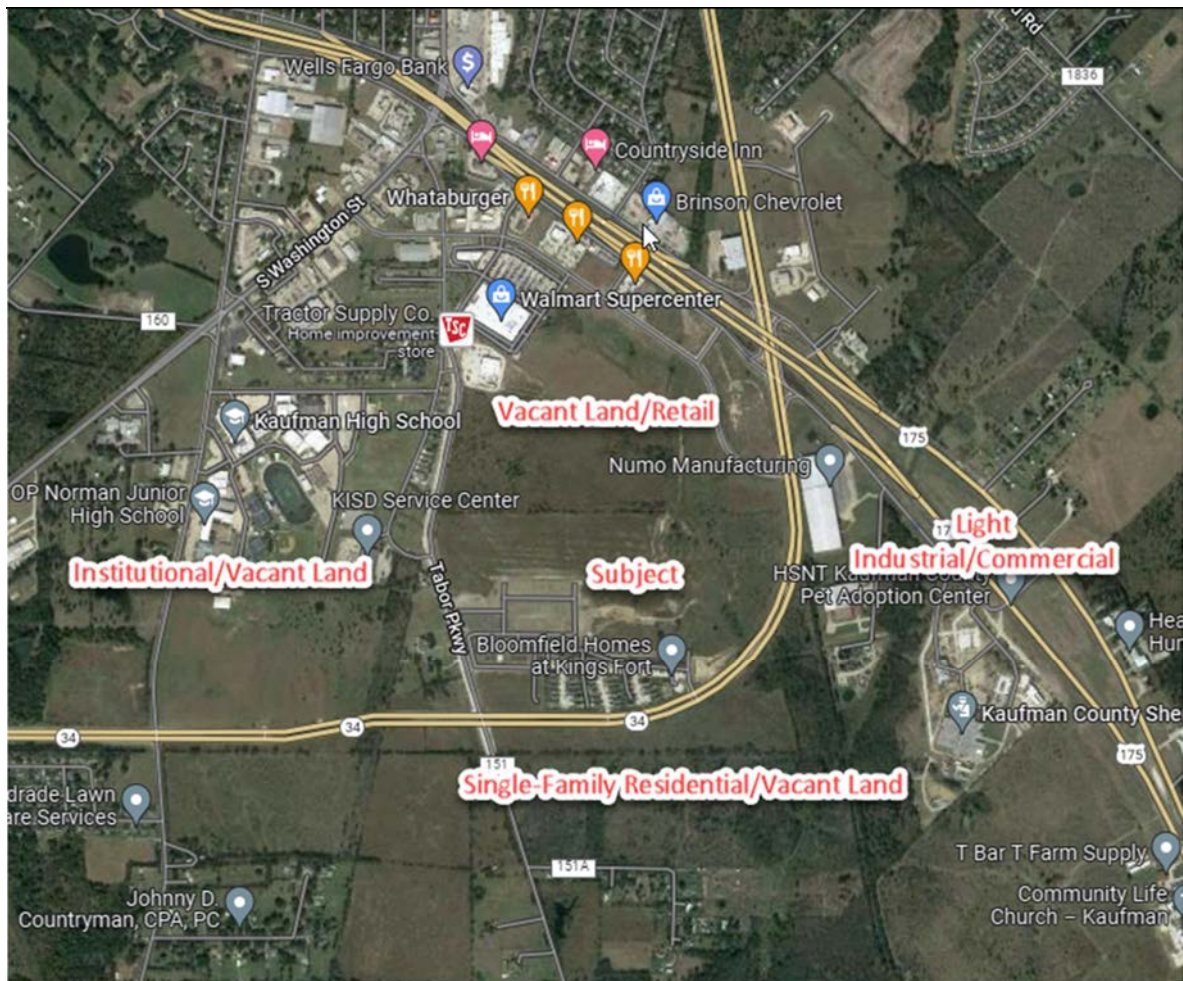
Land Use

In the immediate vicinity of the subject, predominant land uses are rural homesites and single-family residential use. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses

Character of Area	Suburban
Predominant Age of Improvements	New to 50± years
Predominant Quality and Condition	Average
Approximate Percent Developed	50%
Infrastructure/Planning	Average

Subject's Immediate Surroundings



Development Activity and Trends

During the last five years, development has been predominantly of single-family residential uses with supportive commercial uses. The pace of development has generally accelerated over this time. Following are developments/projects in the immediate and surrounding neighborhood areas.

Texas Health Presbyterian Hospital - Kaufman is a 91-bed, acute-care, full-service hospital located at US-175 and Ed Hall Drive in Kaufman which serves the communities of Kaufman, Crandall, Forney, Mabank, Gun Barrel City, Terrell and other cities in Kaufman and Henderson counties with advanced medical treatments.

Baylor Scott & White Family Medical Center located on N. Virginia Street in Terrell, Texas is part of the nationally recognized Baylor Healthcare System and is a primary care center.

Lakes Regional MHMR Center serves 15 counties in northeast Texas (Camp, Cooke, Delta, Ellis, Fannin, Franklin, Grayson, Hoskins, Hunt, Kaufman, Lamar, Morris, Navarro, Rockwall, and Titus Counties) with mental health, intellectual and developmental disabilities, and recovery services. The Kaufman County office is located on Terrell Parkway in Terrell.

SH-34 Bypass Project in Kaufman crosses US-175 from Terrell southward to Kaufman High School and crossing FM- 1388. The extension provides access to several thousand acres of land for new development including housing, restaurants, retail, and medical facilities.

Cedar Creek Reservoir is a reservoir located in Henderson and Kaufman counties. It is built on Cedar Creek which flows into the Trinity River. Floodwaters are discharged through a gated spillway into a discharge channel that connects to the Trinity River. The lake is owned by the Tarrant Regional Water District and supplies water to Fort Worth and other cities and water districts in Tarrant and Johnson counties.

Wildcat Ranch is a multiphase residential subdivision located on the west side of FM-148 in Kaufman County and within the Crandall ISD. A total of 1,221 lots have been developed to date with another 1,587 lots planned in future phases. Homebuilders include Beazer Homes, Express Homes by D.R. Horton, and Lennar Homes. Current home prices are ranging from \$257,000 to \$336,000.

Terrell State Hospital is a 305-bed psychiatric inpatient hospital operated under the direction of the Texas Department of State Health Services. The hospital provides services for a 19-county region (Cass, Collin, Dallas, Delta, Ellis, Fannin, Franklin, Henderson, Hopkins, Hunt, Kaufman, Lamar, Morris, Navarro, Rains, Rockwall, Titus, Van Zandt, and Wood).

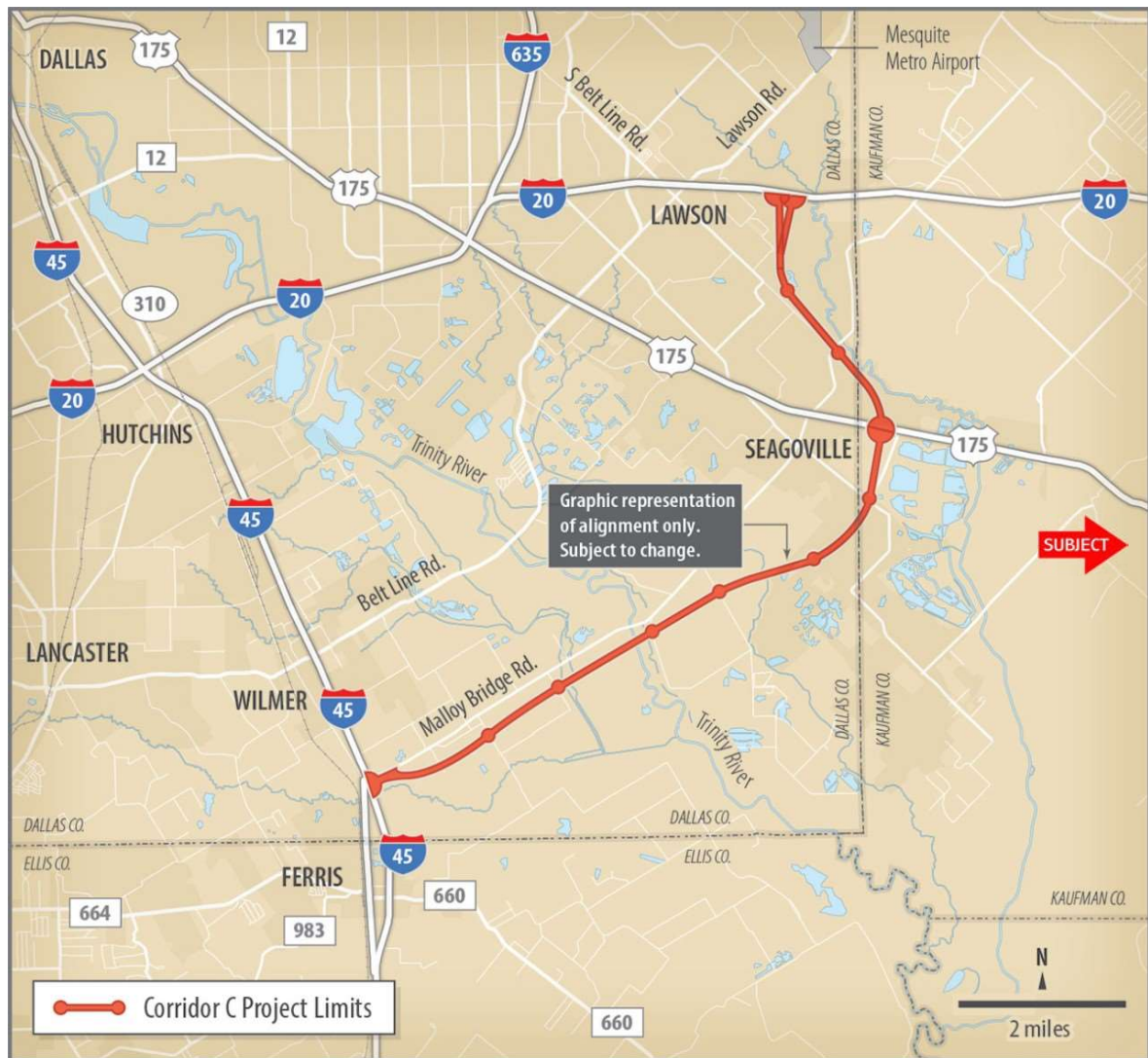
Federal Correctional Institution is a low-security United States federal prison for male inmates in Seagoville, Texas in the Dallas-Fort Worth metropolitan area. It is operated by the Federal Bureau of Prisons, a division of the United States Department of Justice. The facility includes a detention center for male offenders and an adjacent satellite prison camp that houses minimum security-male offenders.

Trinity Valley Community College Terrell Campus is located at IH-20 and Wilson Road in Terrell, Texas. The campus is located on 40 acres in a rural setting in the City of Terrell. The average student population is about 5,600 in the undergraduate and graduate programs. The Terrell campus teaches a cadre of general education courses that transfer to senior colleges, as well as occupational courses in accounting, business and office technology, child development, computer science, cosmetology, criminal justice, fire science technology, horticulture, management, and prerequisites for nursing.

Terrell Municipal Airport is a public access airport owned by the City of Terrell. The airport offers a wide range of services for commercial and private aviation within Class G airspace. Its location at the junction of IH-20, US-80, and SH-34 makes the airport easily accessible from both east Texas and the Dallas metroplex. The Airport Industrial Park adjacent to the field is home to a diverse corporate community, including a number of Fortune 500 companies. Lodging, dining, shopping, and recreational activities offer a wide range of amenities for visitors. The airport is an integral part of the Terrell community, providing facilities for corporate aviation, recreational flying, flight training, and aerial inspections. The city hosts an annual fly-in at the airport. Aircraft operations, including local general aviation, transient general aviation, and air taxi, average 70 per day. The airport operates one asphalt runway which is 5,006 feet long and 75 feet wide. Terrell Municipal Airport is also the site of the No. 1 British Flight Training School (No. 1 BFTS), the first U.S. location to host flight training for the Royal Air Force during WWII. An on-site museum commemorates the history of this British-American collaboration.

Kaufman Independent School District is a public school district based in Kaufman, Texas serving over 4,000 students. The district also serves the cities of Oak Ridge, Oak Grove, and Post Oak Bend. The district is comprised of seven campuses, with three elementary schools, one junior high school, two high schools and one early childhood center.

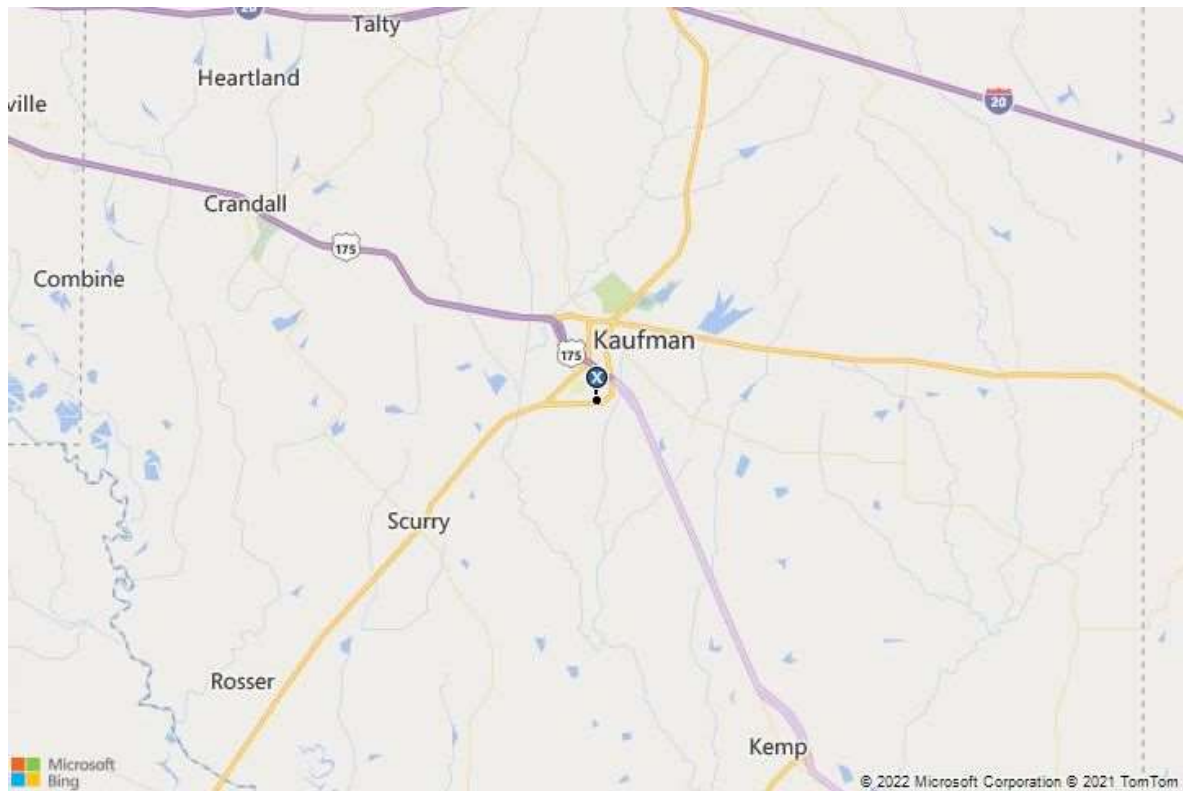
Loop 9 - Loop 9 is located in the Dallas-Fort Worth (DFW) metropolitan area of north central Texas. The majority of Loop 9 lies in southern Dallas County and northern Ellis County, with a small portion of the eastern end in northwestern Kaufman County. The proposed Loop 9 project begins at US 67 near Cedar Hill and extends east to I-20 near Seagoville. Segment C (see below) will begin at IH-45 and ends at IH-20. The need for the Loop 9 project is to address population growth, regional transportation demand, system linkages, and intermodal connections in the study area and Dallas – Fort Worth (DFW) Region. The project will accommodate expanding transportation demands, increase mobility and accessibility in the region, reduce travel times, and support economic development opportunities for residents and businesses in the area.



Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map

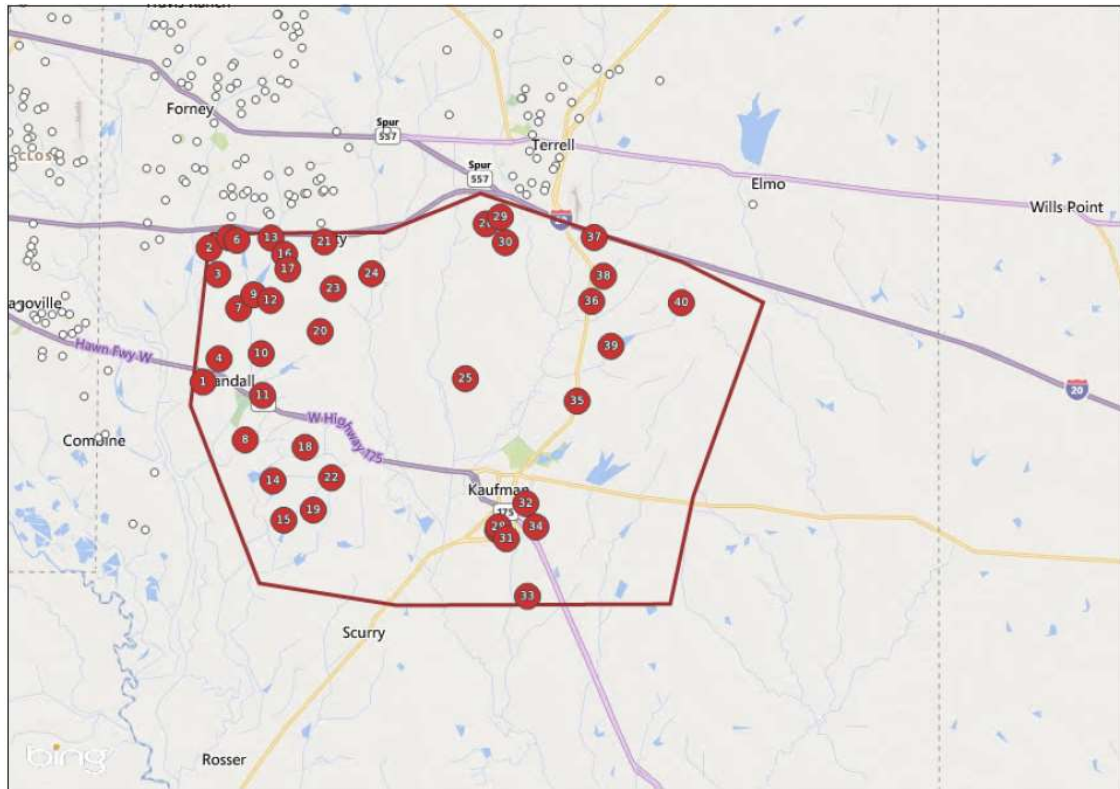


Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed to be developed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Metrostudy/Zonda, a nationally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of Kaufman in Kaufman County and is within the Kaufman Independent School District. Therefore, data obtained from Metrostudy/Zonda as of Second Quarter 2022 for the defined area, which includes the subject property, indicated in the following map, will be analyzed with a summary of the details following. The defined area represents IH-20 to the north, the city of Crandall to the west, outlying Kaufman County the east, and the city of Kaufman to the south.

Defined Submarket Map Area



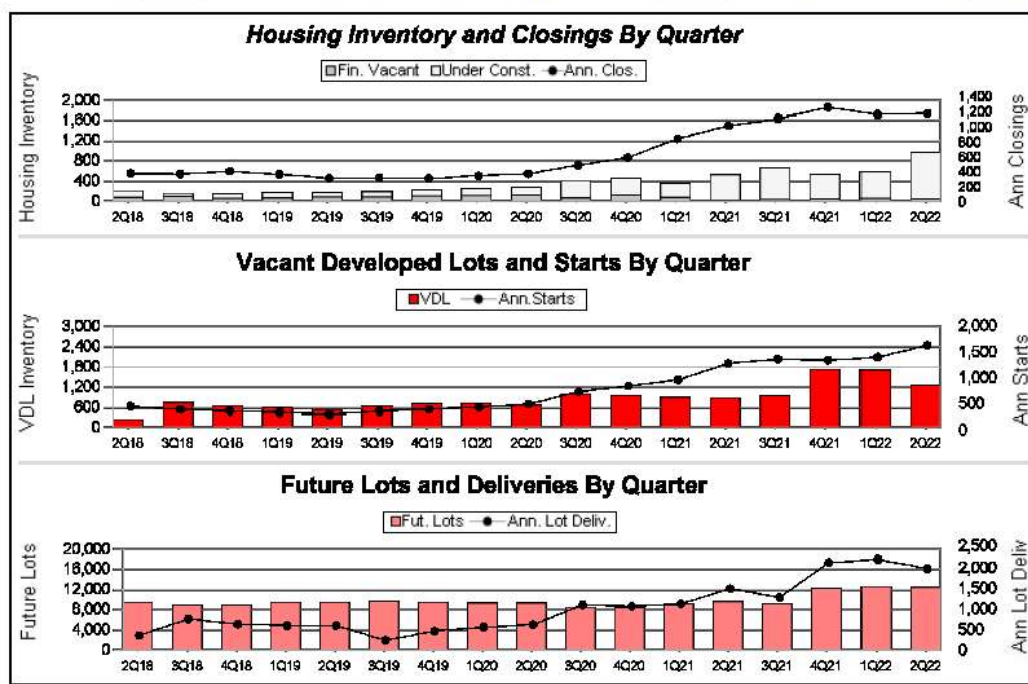
TX | Kaufman Co. | Kaufman (2Q22)
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Following is a chart provided by Metrostudy/Zonda summarizing the historical home/lot absorption from the past several years for the defined submarket area:

Historical Housing Chart – Defined Area

Qtr	Qtr Clos	Ann Clos	Model	FinVac	UC	Total Inv	Total Supply	Qtr Starts	Ann Starts	VDL	VDL Supply	Fut Lots	Ann Lot Deliv
2Q18	121	390	9	79	129	217	6.7	113	452	226	6.0	9,543	368
3Q18	91	384	9	102	59	170	5.3	44	393	754	23.0	8,973	771
4Q18	110	420	8	63	95	166	4.7	106	370	648	21.0	8,976	645
1Q19	56	378	8	74	105	187	5.9	77	340	607	21.4	9,471	608
2Q19	70	327	8	92	90	190	7.0	73	300	534	21.4	9,488	608
3Q19	97	333	8	90	104	202	7.3	109	365	638	21.0	9,721	249
4Q19	98	321	13	108	122	243	9.1	139	398	725	21.9	9,498	475
1Q20	96	361	14	118	136	268	8.9	121	442	734	19.9	9,370	569
2Q20	96	387	15	127	155	297	9.2	125	494	672	16.3	9,307	632
3Q20	210	500	18	65	355	438	10.5	351	736	1,012	16.5	8,531	1,110
4Q20	200	602	19	124	342	485	9.7	247	844	959	13.6	8,384	1,078
1Q21	346	852	20	78	282	380	5.4	241	964	903	11.2	9,264	1,133
2Q21	269	1,025	22	24	507	553	6.5	442	1,281	898	8.4	9,566	1,507
3Q21	303	1,118	22	41	620	683	7.3	433	1,363	942	8.3	9,199	1,293
4Q21	345	1,263	26	54	488	568	5.4	230	1,346	1,743	15.5	12,242	2,130
1Q22	252	1,169	28	57	527	612	6.3	296	1,401	1,707	14.6	12,623	2,205
2Q22	285	1,185	27	55	918	1,000	10.1	673	1,632	1,256	9.2	12,400	1,990



Dallas/Ft. Worth Residential Survey (2Q22)
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Defined Submarket Area

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area was stable from 2018 until mid-2020 when absorption dramatically began increasing. According to Metrostudy/Zonda, the submarket area absorbed the following total homes/lots from 2018 to Second Quarter 2022:

MetroStudy Analysis	Historical Absorption	
	Annual	Past 2 QTR
2018	370	
2019	398	
2020	844	
2021	1,346	
Past 12 Months	1,632	969
Historical Annual Average		873
Existing VDL	1,256	
Historical Absorption Average	873	
Past 12 Months	1,632	
Lot Supply (4.5± Year Historical)	1.4	Years Supply
Lot Supply (12 Months)	0.8	Years Supply

As can be seen, since 2018 (4.5 years), the annual average of homes/lots absorbed was 873 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the number of homes/lots absorbed significantly increases to 1,632 homes/lots in the submarket. According to Metrostudy/Zonda, the existing supply of available housing is currently well below ideal levels in the submarket. The number of vacant developed lots in the submarket substantially increased to 1,743 vacant lots in Fourth Quarter 2021 due to increasing demand levels from a low of 226 vacant lots in Second Quarter 2018. As of Second Quarter 2022, the current vacant lot level is 1,256 lots.

Based upon the Metrostudy/Zonda absorption figures of the past 4.5 years, there is currently only a 1.4±-year ($1,256 \text{ lots} \div 873 \text{ lots} = 1.4\pm\text{-years}$) total supply of existing lots available in the submarket. This total supply is considered to be below the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy/Zonda. Also, when utilizing the more current 12-month absorption of 1,632 home/lots, the total supply of existing lots available in the subject's defined submarket decreases further to only 0.8±-years ($1,256 \text{ lots} \div 1,632 \text{ lots/year} = 0.8\pm\text{-years}$), which is significantly below the low end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's submarket is estimated to be between 0.8±-years to 1.4± years. Currently, this total lot supply is considered to be well below the optimum supply levels. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.

We will now narrow our residential analysis to the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption and feasibility of the subject's proposed lots as follows.

Subject Market Area

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. Our analysis will be presented by combining the subject's 50' – 55' frontage lots followed by an analysis of the 60' – 65' frontage lots as the data is limited for each specific lot type. All data is per Metrostudy/Zonda as of Second Quarter 2022.

Competitive Supply – 50' - 55' Frontage Lots

The competitive supply presented recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 50' - 55' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Competitive Supply	50' - 55' Frontage Lots				
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Kings Fort, Phase 1*</u> Kaufman, Texas	Kaufman	\$347-\$523	31	50' x 120'	6,000
<u>Clements Ranch</u> Kaufman County, Texas	Forney	\$337-\$421	3	50' x 120'	6,000
<u>Creekside Estates</u> Terrell, Texas	Terrell	\$264-\$330	30	50' x 115'	5,750
<u>Overland Grove</u> Forney, Texas	Forney	\$350-\$520	80	50' x 125'	6,250
<u>Trinity Crossing</u> Forney, Texas	Forney	\$333-\$416	36	50' x 115'	5,750
<u>Wildcat Ranch</u> Kaufman County, Texas	Crandall	\$257-\$392	86	50' x 110'	5,500
Total			266		
*Subject: Kaufman PID, Phase #2		Kaufman ISD		50'/55' x 120'	6,000 - 6,600
Source: Metrostudy as of Second Quarter 2022					

Having addressed the immediate competition, we will estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 50' - 55' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Second Quarter 2022.

Monthly Absorption Performance 50' - 55' Frontage Lots					
Subdivisions	Available Lots	Building Starts	No. Months	Units/Month	Months Supply
Kings Fort, Phase 1*	31	53	12	4.4	7.0
Clements Ranch	3	95	12	7.9	0.4
Creekside Estates	30	45	12	3.8	8.0
Overland Grove	80	102	18	5.7	14.1
Trinity Crossing	36	87	12	7.3	5.0
Wildcat Ranch	86	123	12	10.3	8.4
Totals/Averages	266	505		39.3	6.8
Average Units/Month				6.5	
*Subject: Kaufman PID, Phase #2					
Source: Metrostudy as of Second Quarter 2022					

Based upon the number of available lots and average absorption per month, the 266 lots remaining within these residential developments indicates only a 6.8±-month supply (0.6± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 3.8 units to 10.3 units per month, with an overall average of 6.5 units per month. To summarize, it is important to note the following facts:

- Five of the six residential developments presented (except for Overland Grove) are projected to be sold out within 8.4± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 6.8± month-supply of developed lots.
- At the effective date of this appraisal, all of the subject's 50' – 55' frontage lots are under contract to Bloomfield Homes. The lot contract is summarized as follows:

Lot Contract Summary - Kaufman PID, Phase #2							Overall		
Home Builder	Total Lots	Lot Type	Typical Lot Dimensions	Total SF	Base Lot Price*	Base Price/FF	Initial Takedown	Absorption/ Month	Total Absorption Period (Months ±)
Bloomfield Homes, L.P.	74	50	50' x 120'	6,000	\$50,000	\$1,000	94 lots	41.5	4.0
Bloomfield Homes, L.P.	53	55	55' x 120'	6,600	\$55,000	\$1,000			
Bloomfield Homes, L.P.	27	60	60' x 120'	7,200	\$60,000	\$1,000			
Bloomfield Homes, L.P.	12	65	65' x 120'	7,800	\$65,000	\$1,000			
Totals	166								

- The overall lot supply within the defined submarket (see the defined submarket map area) is estimated to range from 0.8± to 1.4± years which is well below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 50' - 55'

Thus, the preceding data supports a projected absorption for the subject's lots with 50' - 55' frontages at 6.0 units per month (18.0 units per quarterly period) which is slightly below the overall average of the competitive supply (6.5 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 50' - 55' frontage lots.

Competitive Supply – 60' - 65' Frontage Lots

The competitive supply presented below recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 60' - 65' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Competitive Supply		60' - 65' Frontage Lots			
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Gateway Parks Addition</u> Forney, Texas	Forney	\$303-\$585	6	60' x 120'	7,200
<u>Heartland</u> Kaufman County, Texas	Crandall	\$250-\$552	69	60' x 130'	7,800
<u>Overland Grove</u> Forney, Texas	Forney	\$398-\$500	9	60' x 125'	7,500
<u>River Ridge</u> Crandall, Texas	Crandall	\$319-\$446	12	60' x 110'	6,600
Total			96		
Subject: Kaufman PID, Phase #2		Kaufman ISD		60'/65' x 120'	7,200 - 7,800
Source: Metrostudy as of Second Quarter 2022					

Having addressed the immediate competition, we will estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 60' - 65' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Second Quarter 2022.

Monthly Absorption Performance		60' - 65' Frontage Lots			
Subdivisions	Available Lots	Building Starts	No. Months	Units/Month	Months Supply
Gateway Parks Addition	6	110	18	6.1	1.0
Heartland	69	70	18	3.9	17.7
Overland Grove	9	77	18	4.3	2.1
River Ridge	12	82	18	4.6	2.6
Totals/Averages	96	339		18.8	5.1
Average Units/Month				4.7	
*Subject: Kaufman PID, Phase #2					
Source: Metrostudy as of Second Quarter 2022					

.5.5

Based upon the number of available lots and average absorption per month, the 96 lots remaining within these residential developments indicates only a 5.1±-month supply (0.4± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 3.9 units to 6.1 units per month, with an overall average of 4.7 units per month. To summarize, it is important to note the following facts:

- Three of the four residential developments presented (except for Heartland) are projected to be sold out within 2.6± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 5.1± month-supply of developed lots.
- At the effective date of this appraisal, all of the subject's 60' – 65' lots are under contract to Bloomfield Homes. The lot contract is summarized as follows:

Lot Contract Summary - Kaufman PID, Phase #2							Overall		
Home Builder	Total Lots	Lot Type	Typical Lot Dimensions	Total SF	Base Lot Price*	Base Price/FF	Initial Takedown	Absorption/ Month	Total Absorption Period (Months ±)
Bloomfield Homes, L.P.	74	50	50' x 120'	6,000	\$50,000	\$1,000	94 lots	41.5	4.0
Bloomfield Homes, L.P.	53	55	55' x 120'	6,600	\$55,000	\$1,000			
Bloomfield Homes, L.P.	27	60	60' x 120'	7,200	\$60,000	\$1,000			
Bloomfield Homes, L.P.	12	65	65' x 120'	7,800	\$65,000	\$1,000			
Totals	166								

- The overall lot supply within the defined submarket (see the defined submarket map area) is estimated to range from 0.8± to 1.4± years which is well below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 60' - 65'

Thus, the preceding data supports a projected absorption for the subject's lots with 60' - 65' frontages at 4.0 units per month (12.0 units per quarterly period) which is slightly below the overall average of the competitive supply (4.7 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 60' - 65' frontage lots.

Overall Absorption Summary Projection

Our quarterly absorption projections are summarized as follows for the subject:

Projected Absorption Summary									Total Aborp. Period	
Lot Type	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Lots	(Months±)
50'/55' Lots	18	18	18	18	18	18	18	1	127	21.2
60'/65' Lots	12	12	12	3	0	0	0	0	39	9.8
Totals	30	30	30	21	18	18	18	1	166	

As shown, the overall absorption for the subject's 166 lots is estimated to be 21.2± months (50' lots) and 9.8± months (60' lots).

Property Analysis

Land Description and Analysis

Location

The property is located northeast of SH-34 Bypass and Tabor Parkway (CR-151) within an existing subdivision known as Georgetown at Kings Fort. The development is located within the Kaufman ISD and the Kaufman Public Improvement District, No. 1, Phase #2.

Land Area

The following table summarizes the subject's typical lot dimensions.

Kaufman PID No. 1, Phase #2 (2A & 2B)								
Location	Acres	Density		Typical Lot Dimensions				Expected
		Per Acre	50' x 120'	55' x 120'	60' x 120'	65' x 120'	Total Lots	Completion Date
NE of SH-34 Bypass & Tabor Parkway, Kaufman, Kaufman County, Texas	47.537	3.5	74	53	27	12	166	March 31, 2023

Shape and Dimensions

The overall site is irregular in shape, with site utility based upon shape and dimensions considered to be average.

Topography

The overall site is generally level and at street grade. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48257C0310D
Date	July 3, 2012
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Ground Stability

A soils report was not provided for review. Based on the inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

Streets, Access and Frontage

Kaufman PID No. 1, Phase #2 is located north of the existing Phase #1 with access provided by existing streets thru Phase #1 as well as from the main entry/exit from SH-34 Bypass (southern boundary).

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Kaufman, Texas
Sewer	City of Kaufman, Texas

Zoning

The subject is within the Planned Development 17 (Single-Family 6) District, which is intended to allow for detached single-family residential use. According to the local planning department, there are no pending or prospective zoning changes.

Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the property plats, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

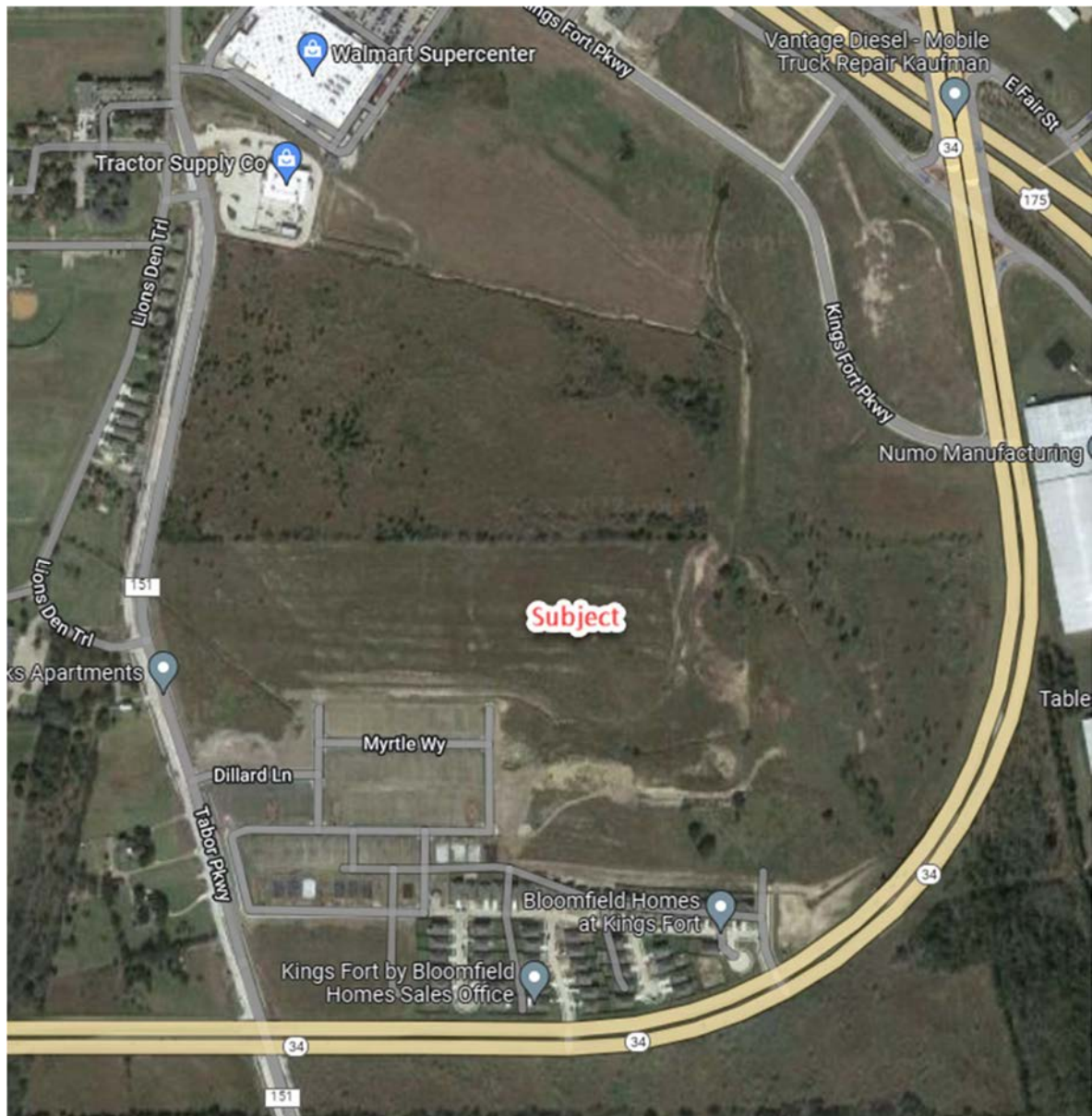
Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include detached single-family residential use. No other restrictions on development are apparent.





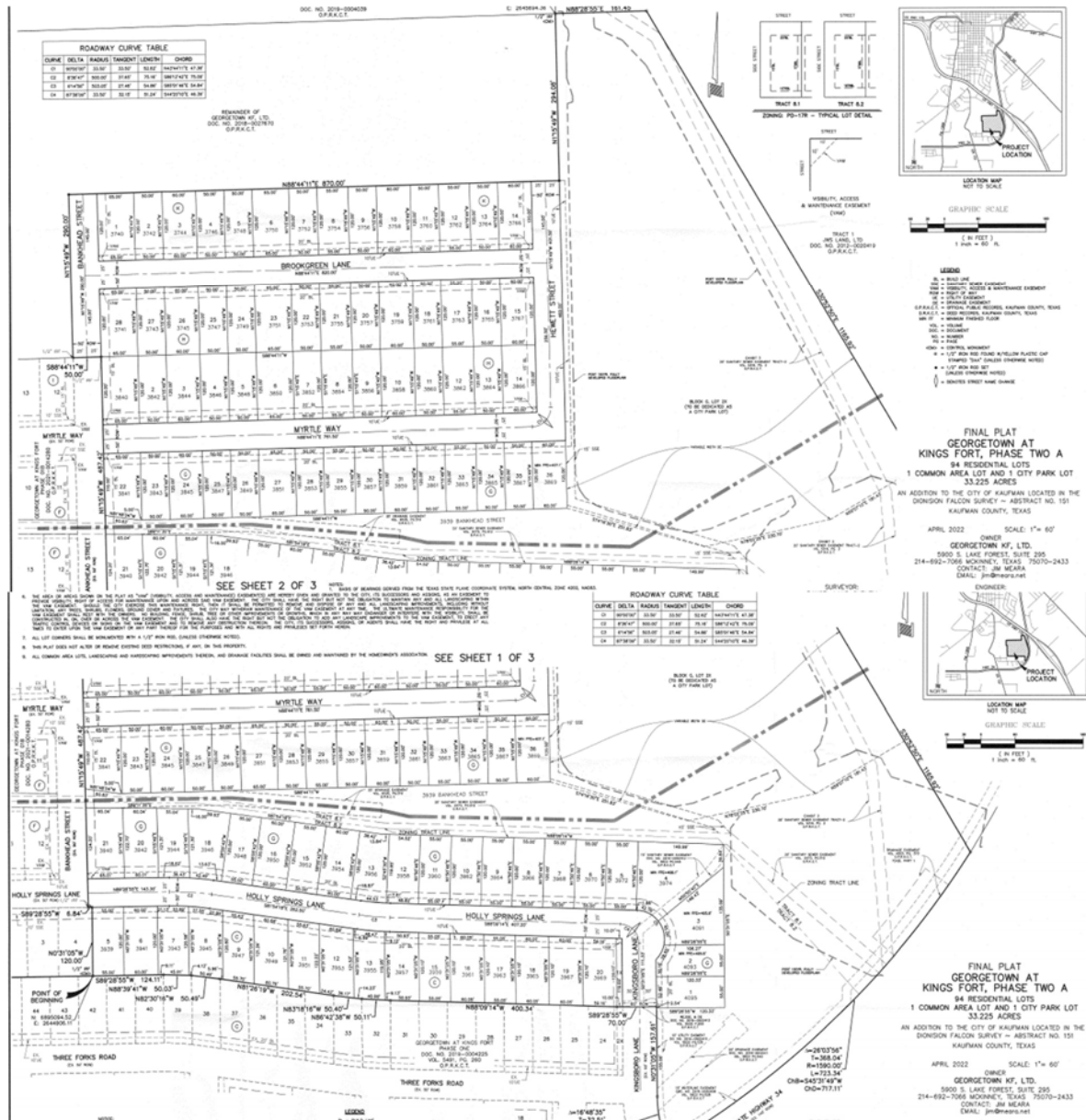
Aerial Photograph



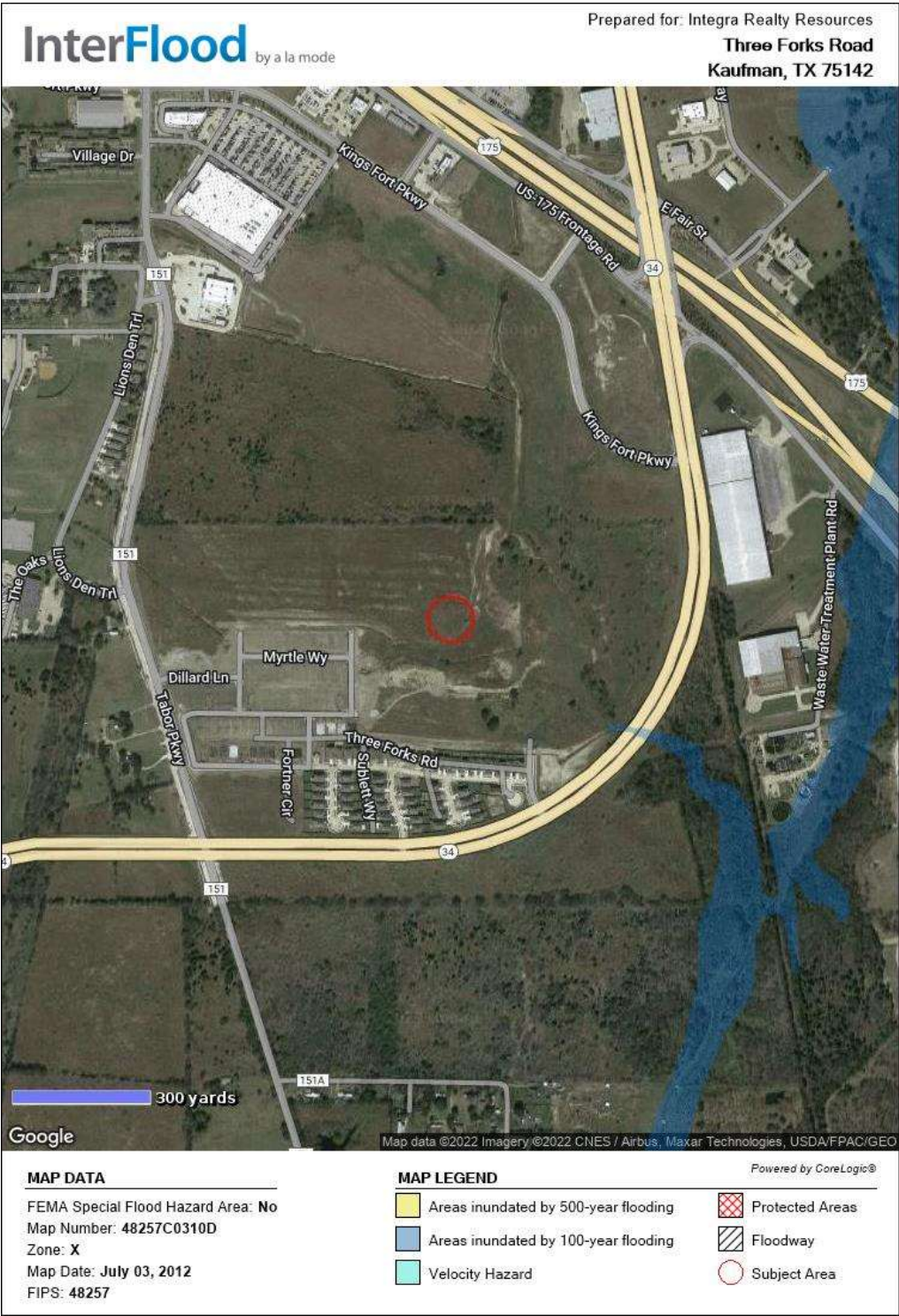
Overall Concept Plan



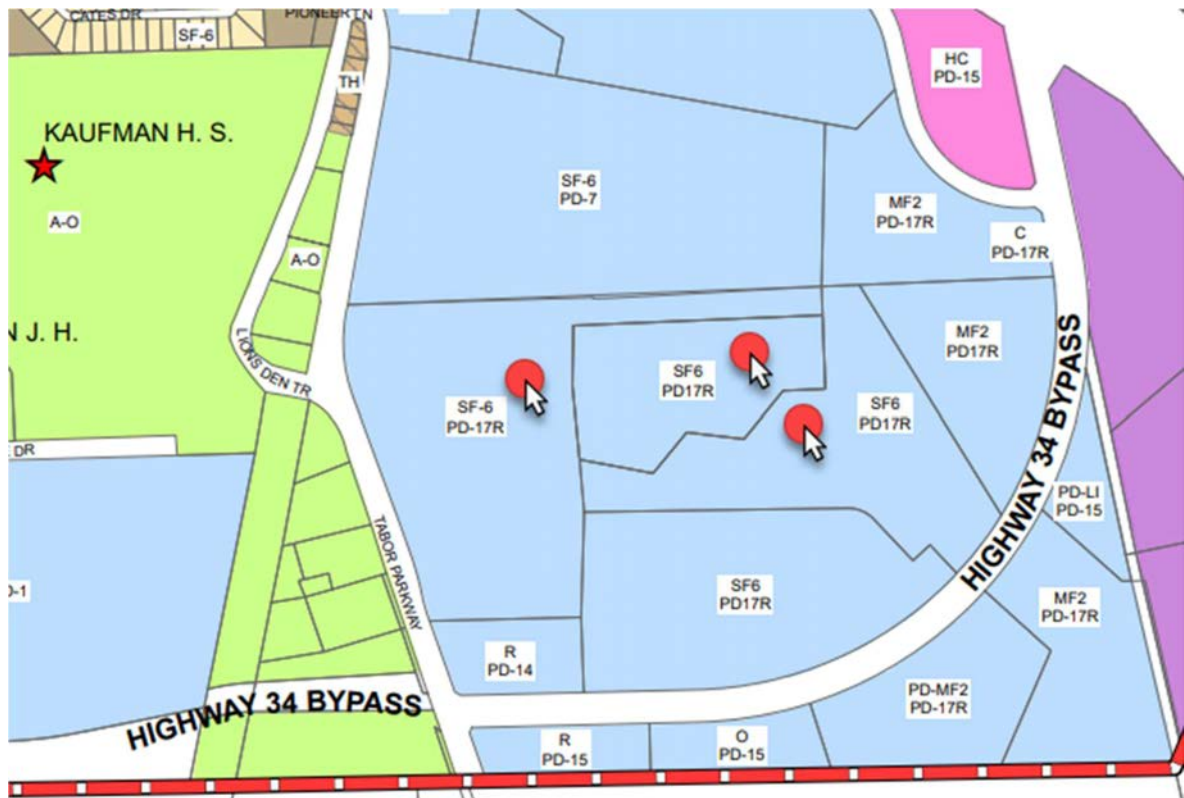
Final Plats



Flood Hazard Map



Zoning Map



Allocation of Authorized Improvements

The descriptions of the Phases #2A-2B Improvements are presented below, and the Budgeted Costs are shown in Table III-B. The Budgeted Costs shown in Table III-B may be revised in an Annual Service Plan Update as needed.

Roadway improvements:

The roadway improvements within Phases #2A-2B include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, and traffic control devices. 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 water distribution system improvements within Phases #2A-2B consist of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service the Assessed Property. The water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary sewer collection system improvements:

The sanitary sewer collection system improvements within Phases #2A-2B consist of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm drainage collection system improvements:

The storm drainage collection system improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other soft and miscellaneous costs:

The soft and miscellaneous costs consist of engineering and surveying, project management fees, contingency, and other soft and miscellaneous costs related to the Phases #2A-2B Improvements.

The Budgeted Costs of the Phases #2A-2B Improvements shown in Table III-B may be revised in Annual Service Plan Updates. Savings from one budget line item may be applied to a cost increase in another budget line item upon approval by the City. 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).

Table III-B
Authorized Improvements - Phases #2A-2B Improvements

Description	Total Budgeted Costs
Roadway improvements	\$1,509,193
Water improvements	\$687,910
Sanitary sewer improvements	\$611,077
Storm drainage improvements	\$823,720
Other soft costs including PID creation costs	\$1,028,283
Total Improvement Costs	\$4,660,183

Real Estate Taxes

Real estate tax assessments are administered by the Kaufman 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 tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2022 - Certified						
Tax ID	Total Acres	Assessed Value			Taxes and Assessments	
		Land	Improvements	Total	Ad Valorem Tax Rate	Taxes
5239	43.035	\$1,271,765	\$0	\$1,271,765	2.684797%	\$34,144
5240	14.043	\$611,713	\$0	\$611,713	2.684797%	\$16,423
Totals	57.078	\$1,883,478	\$0	\$1,883,478		\$50,568

The subject is currently assessed by the tax district as vacant land within two accounts with a total of 57.078 acres. The assessed value as vacant land is irrelevant to our prospective valuation as complete. The estimated taxes for the subject's developed lots will be based upon our market value opinions within the discounted cash flow statements within this report.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned PD-17 (SF-6), Planned Development (Single-Family 6). Permitted uses include detached single-family residential use. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a homebuilder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized
Subdivision Development Approach	Applicable	Utilized

To develop an opinion of the subject's lot values, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

The property is divided for valuation purposes relative to the two typical lot size ranges summarized as follows:

Land Parcels			
Name	SF	Units	Unit of Comparison
50' - 55' Frontage Lots	6,000 - 6,600	50 - 55	Front Footages
60' - 65' Frontage Lots	7,200 - 7,800	60 - 65	Front Footages

50' - 55' Frontage Lots (50'/55' x 120'; 6,000 - 6,600 SF)

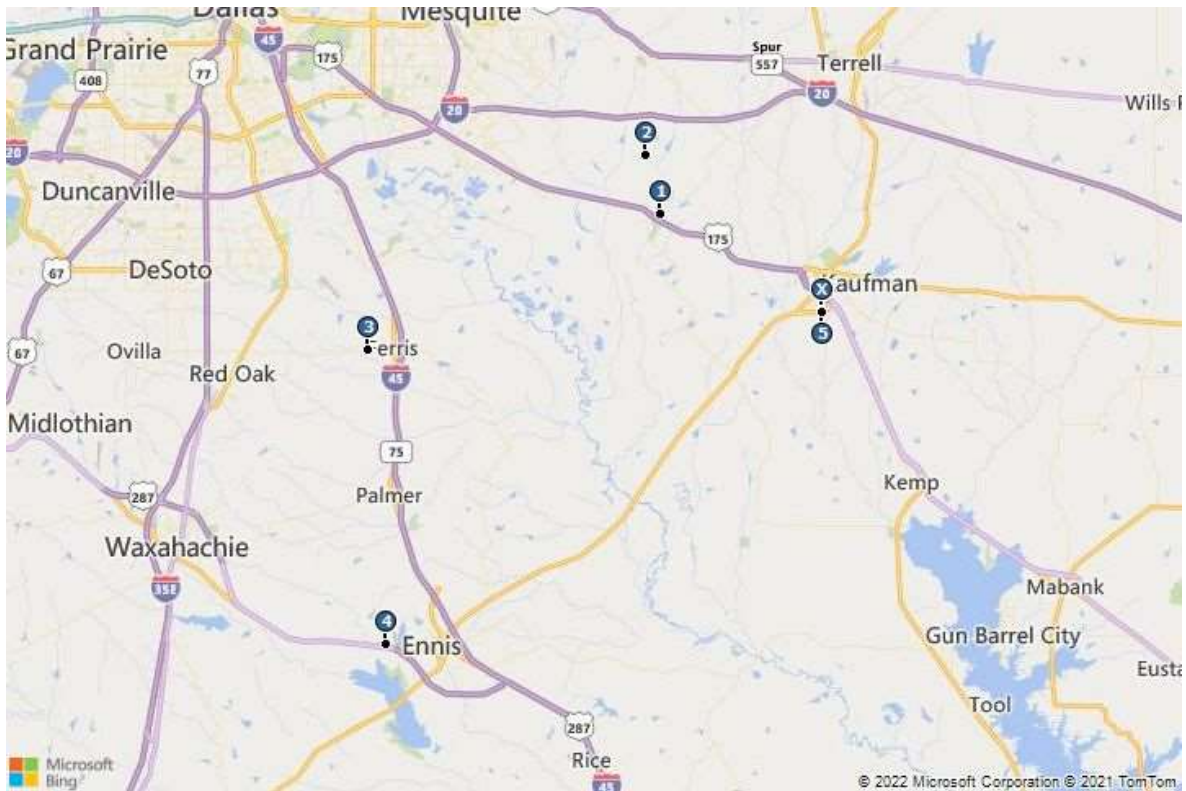
To apply the sales comparison approach to the 50' - 55' Frontage Lots, the research focused on transactions within the following parameters:

- Location: Immediate and surrounding submarket areas
- Size: 50' – 55' frontage lots
- Use: Detached single-family lots
- Transaction Date: December 2021 to present

For this analysis, price per front footage is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

Summary of Comparable Land Sales - 50' - 55' Frontage Lots								
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Cartwright Ranch, Phase 1 - 50' Lots Northeast quadrant of US-175 and FM-148 Crandall ETJ Kaufman County TX Comments: A total of 270 lots are contracted to D.R. Horton and 177 lots to Lennar Homes. There is an additional \$1,500/lot amenity fee and \$500/lot marketing fee. Lots to Lennar are contracted with an annual escalation at 5.0%. The development is within the Crandall ISD and is within a Public Improvement District.	Jul-22 Closed	\$43,000	5,500 0.13	50	Development Agreement	\$860	\$7.82
2	Heartland, Phase 19 - 50' Lots East and southwest sides of FM-741, south of IH-20 Forney Kaufman County TX Comments: Lots in this master-planned development are located in the Crandall ISD. Home prices are ranging from \$315,000 to \$425,000 for 50' frontage lots.	Dec-21 Closed	\$57,500	6,000 0.14	50	None - Unincorporated	\$1,150	\$9.58
3	Shaw Creek Ranch, Phase 2 - 50' Lots South side of FM-664 at Shaw Creek Ranch Boulevard Ferris Ellis County TX Comments: Lots in this development are located in the Ferris ISD. Home prices are ranging from \$323,000 to \$350,000.	May-22 Closed	\$46,750	5,500 0.13	50	PD-10	\$935	\$8.50
4	The Villages of Bluffview - Proposed 50' Lots North side of W. Ennis Avenue (US-287) at Nesuda Road Ennis Ellis County TX Comments: This is a future development which is currently in the entitlement stage. The development will be located in the Ennis ISD with home prices projected to range from \$250,000 to \$350,000.	Jun-23 In-Contract	\$50,000	6,000 0.14	50	Development Agreement	\$1,000	\$8.33
5	Georgetown at Kings Fort, Phase 1B - 50' Lots North side of Three Forks Road, north of SH-34 Bypass Kaufman Kaufman County TX Comments: Lots in this development are located in the Kaufman ISD. Home prices are ranging from \$347,000 to \$523,000. The development is within the Kaufman Public Improvement District No. 1.	Mar-22 Closed	\$41,200	6,000 0.14	50	PD-R	\$824	\$6.87
Subject Kaufman Public Improvement District No. 1, Phase #2 Kaufman, TX				6,000 - 6,600	50 - 55	PD-17 (SF-6)		

Comparable Land Sales Map – 50' - 55' Frontage Lots





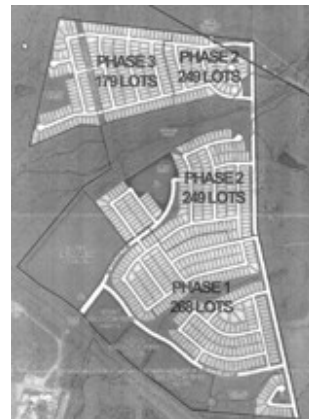
Sale 1
Cartwright Ranch, Phase 1 - 50' Lots



Sale 2
Heartland, Phase 19 - 50' Lots



Sale 3
Shaw Creek Ranch, Phase 2 - 50' Lots



Sale 4
The Villages of Bluffview - Proposed 50' Lots



Sale 5
Georgetown at Kings Fort, Phase 1B - 50' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related-parties transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between parcel size and unit value.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

The sales took place from December 2021 to June 2023. Market conditions have generally been strengthening. The adjustment grid accounts for this trend with upward adjustments over this period.

Analysis and Adjustment of Sales

The analysis of the comparable sales is described in the following paragraphs.

Land Sale 1 is a 5,500 square-foot lot located at the northeast quadrant of US-175 and FM-148, Crandall ETJ, Kaufman County, TX, with 50 front footages. The property sold in July 2022 for \$43,000, or \$860 per front footage. Upward adjustments are indicated for market conditions (4%) and location (20%). Overall, an upward adjustment is indicated.

Land Sale 2 is a 6,000 square-foot lot located on the east and southwest sides of FM-741, south of IH-20, Forney, Kaufman County, TX, with 50 front footages. The property sold in December 2021 for \$57,500, or \$1,150 per front footage. An upward adjustment of 7% is indicated for market conditions. A downward adjustment of 10% is indicated for location. Overall, a slight downward adjustment is indicated.

Land Sale 3 is a 5,500 square-foot lot located on the south side of FM-664 at Shaw Creek Ranch Boulevard, Ferris, Ellis County, TX, with 50 front footages. The property sold in May 2022 for \$46,750, or \$935 per front footage. Upward adjustments are indicated for market conditions (5%) and location (10%). Overall, an upward adjustment is indicated.

Land Sale 4 is a 6,000 square-foot lot located on the north side of W. Ennis Avenue (US-287) at Nesuda Road, Ennis, Ellis County, TX, with 50 front footages. The property is under contract for substantial completion in June 2023 for \$50,000, or \$1,000 per front footage.

Land Sale 5 is a 6,000 square-foot lot located on the north side of Three Forks Road, north of SH-34 Bypass, Kaufman, Kaufman County, TX, with 50 front footages. The property sold in March 2022 for \$41,200, or \$824 per front footage. An upward adjustment of 6% is indicated for market conditions.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - 50' - 55' Frontage Lots						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Kaufman Public Improvement District No. 1, Phase #2	Cartwright Ranch, Phase 1 - 50' Lots	Heartland, Phase 19 - 50' Lots	Shaw Creek Ranch, Phase 2 - 50' Lots	The Villages of Bluffview - Proposed 50' Lots	Georgetown at Kings Fort, Phase 1B - 50' Lots
Address	Northeast of SH-34 Bypass and Tabor Parkway (CR-151)	Northeast quadrant of US-175 and FM-148	East and southwest sides of FM-741, south of IH-20	South side of FM-664 at Shaw Creek Ranch Boulevard	North side of W. Ennis Avenue (US-287) at Nesuda Road	North side of Three Forks Road, north of SH-34 Bypass
City	Kaufman	Crandall ETJ	Forney	Ferris	Ennis	Kaufman
County	Kaufman	Kaufman	Kaufman	Ellis	Ellis	Kaufman
State	Texas	TX	TX	TX	TX	TX
Sale Date		Jul-22	Dec-21	May-22	Jun-23	Mar-22
Sale Status		Closed	Closed	Closed	In-Contract	Closed
Sale Price		\$43,000	\$57,500	\$46,750	\$50,000	\$41,200
Square Feet	6,000 - 6,600	5,500	6,000	5,500	6,000	6,000
Number of Front Footages	50 - 55	50	50	50	50	50
Price per Front Footage		\$860	\$1,150	\$935	\$1,000	\$824
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		-	-	-	-	-
% Adjustment		-	-	-	-	-
Market Conditions	3/31/2023	Jul-22	Dec-21	May-22	Jun-23	Mar-22
Annual % Adjustment	6%	4%	7%	5%	-	6%
Cumulative Adjusted Price		\$894	\$1,231	\$982	\$1,000	\$873
Location		20%	-10%	10%	-	-
Access/Exposure		-	-	-	-	-
Size		-	-	-	-	-
Shape and Topography		-	-	-	-	-
Zoning		-	-	-	-	-
Net \$ Adjustment		\$179	-\$123	\$98	\$0	\$0
Net % Adjustment		20%	-10%	10%	0%	0%
Final Adjusted Price		\$1,073	\$1,107	\$1,080	\$1,000	\$873
Overall Adjustment		25%	-4%	16%	0%	6%
Range of Adjusted Prices		\$873 - \$1,107				
Average		\$1,027				
Indicated Value		\$1,030				

Land Value Conclusion – 50' - 55' Frontage Lots

Prior to adjustments, the sales reflect a range of \$824 - \$1,150 per front footage. After adjustment, the range is narrowed to \$873 - \$1,107 per front footage, with an average of \$1,027 per front footage. To arrive at an indication of value, we place equal emphasis on all sales.

Based upon the preceding analysis, we reach the lot value conclusions as follows:

Land Value Conclusion	50'	55'	Totals
Indicated Value per Front Footage	\$1,030	\$1,030	
Subject Front Footages	50	55	
Indicated Value	\$51,500	\$56,650	
Rounded	\$51,500	\$56,650	
Total Lots	74	53	127
Total Cumulative Retail Value/Lot Type	\$3,811,000	\$3,002,450	\$6,813,450
Overall Average Retail Value/Lot			\$53,649

60' - 65' Frontage Lots (60'/65' x 120'; 7,000 – 7,800 SF)

To apply the sales comparison approach to the 60' - 65' Frontage Lots, the research focused on transactions within the following parameters:

- Location: Immediate and surrounding submarket areas
- Size: 50 – 65' frontage lots
- Use: Detached single-family lots
- Transaction Date: October 2020 to present

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 60' - 65' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footages	Zoning	\$/Front Footage	\$/SF Land
1	Georgetown at Kings Fort, Phase 1 - 60' Lots North side of Three Forks Road, north of SH-34 Bypass Kaufman Kaufman County TX <i>Comments: Lots in this development are located in the Kaufman ISD. Home prices are ranging from \$347,000 to \$523,000. The development is located within the Kaufman Public Improvement District, No. 1.</i>	Oct-20 Closed	\$50,880	7,200 0.17	60	PD-R	\$848	\$7.07
2	Devonshire Village 9 - 65' Lots East side of Centerbury Lane, east of Ravenhill Road Dallas ETJ Kaufman County TX <i>Comments: Lots in this master-planned development are located in the Forney ISD.</i>	Dec-21 Closed	\$75,240	7,800 0.18	65	Kaufman County MUD	\$1,158	\$9.65
3	Shaw Creek Ranch, Phase 2 - 50' Lots South side of FM-664 at Shaw Creek Ranch Boulevard Ferris Ellis County TX <i>Comments: Lots in this development are located in the Ferris ISD. Home prices are ranging from \$323,000 to \$350,000.</i>	May-22 Closed	\$46,750	5,500 0.13	50	PD-10	\$935	\$8.50
4	The Villages of Bluffview - Proposed 50' Lots North side of W. Ennis Avenue (US-287) at Nesuda Road Ennis Ellis County TX <i>Comments: This is a future development which is currently in the entitlement stage. The development will be located in the Ennis ISD with home prices projected to range from \$250,000 to \$350,000.</i>	Jun-23 In-Contract	\$50,000	6,000 0.14	50	Development Agreement	\$1,000	\$8.33
5	Heartland, Phase 19 - 50' Lots East and southwest sides of FM-741, south of IH-20 Forney Kaufman County TX <i>Comments: Lots in this master-planned development are located in the Crandall ISD. Home prices are ranging from \$315,000 to \$425,000 for 50' frontage lots.</i>	Dec-21 Closed	\$57,500	6,000 0.14	50	None - Unincorporated	\$1,150	\$9.58
Subject				7,200 - 7,800 0.17	60 - 65	PD-17 (SF-6)		
Kaufman Public Improvement District No. 1, Phase #2 Kaufman, TX								

A map of the Dallas-Fort Worth area showing five numbered locations (1-5) near Kaufman, Texas. The map includes major highways like I-20, I-35, and I-45, and cities like Dallas, Mesquite, Terrell, and Kaufman. The locations are marked with blue dots and numbered circles: 1 is at Kaufman, 2 is near Terrell, 3 is near Ferris, 4 is near Ennis, and 5 is near Terrell. The map also shows other cities like Irving, Grand Prairie, Duncanville, DeSoto, Ovilla, Red Oak, Midlothian, Waxahachie, Palmer, Kemp, Mabank, Gun Barrel City, and Eustace.



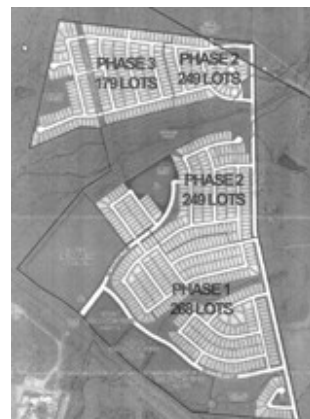
Sale 1
Georgetown at Kings Fort, Phase 1 - 60' Lots



Sale 2
Devonshire Village 9 - 65' Lots



Sale 3
Shaw Creek Ranch, Phase 2 - 50' Lots



Sale 4
The Villages of Bluffview - Proposed 50' Lots



Sale 5
Heartland, Phase 19 - 50' Lots

Analysis and Adjustment of Sales

The analysis of the comparable sales is described in the following paragraphs.

Land Sale 1 is a 7,200 square-foot lot located on the north side of Three Forks Road, north of SH-34 Bypass, Kaufman, Kaufman County, TX, with 60 front footages. The property sold in October 2020 for \$50,880, or \$848 per front footage. An upward adjustment of 15% is indicated for market conditions.

Land Sale 2 is a 7,800 square-foot lot located on the east side of Centerbury Lane, east of Ravenhill Road, Dallas ETJ, Kaufman County, TX, with 65 front footages. The property sold in December 2021 for \$75,240, or \$1,158 per front footage. An upward adjustment of 8% is indicated for market conditions. A downward adjustment of 10% is indicated for location. Overall, a slight downward adjustment is indicated.

Land Sale 3 is a 5,500 square-foot lot located on the south side of FM-664 at Shaw Creek Ranch Boulevard, Ferris, Ellis County, TX, with 50 front footages. The property sold in May 2022 for \$46,750, or \$935 per front footage. Upward adjustments are indicated for market conditions (5%) and location (10%). Overall, an upward adjustment is indicated.

Land Sale 4 is a 6,000 square-foot lot located on the north side of W. Ennis Avenue (US-287) at Nesuda Road, Ennis, Ellis County, TX, 50 front footages. The property is under contract for substantial completion in June 2023 for \$50,000, or \$1,000 per front footage.

Land Sale 5 is a 6,000 square-foot lot located on the east and southwest sides of FM-741, south of IH-20, Forney, Kaufman County, TX, with 50 front footages. The property sold in December 2021 for \$57,500, or \$1,150 per front footage. An upward adjustment of 7% is indicated for market conditions. A downward adjustment of 10% is indicated for location. Overall, a slight downward adjustment is indicated.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 60' - 65' Frontage Lots						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Kaufman Public Improvement District No. 1, Phase #2	Georgetown at Kings Fort, Phase 1 - 60' Lots	Devonshire Village 9 - 65' Lots	Shaw Creek Ranch, Phase 2 - 50' Lots	The Villages of Bluffview - Proposed 50' Lots	Heartland, Phase 19 - 50' Lots
Address	Northeast of SH-34 Bypass and Tabor Parkway (CR-151)	North side of Three Forks Road, north of SH-34 Bypass	East side of Centerbury Lane, east of Ravenhill Road	South side of FM-664 at Shaw Creek Ranch Boulevard	North side of W. Ennis Avenue (US-287) at Nesuda Road	East and southwest sides of FM-741, south of IH-20
City	Kaufman	Kaufman	Dallas ETJ	Ferris	Ennis	Forney
County	Kaufman	Kaufman	Kaufman	Ellis	Ellis	Kaufman
State	Texas	TX	TX	TX	TX	TX
Sale Date		Oct-20	Dec-21	May-22	Jun-23	Dec-21
Sale Status		Closed	Closed	Closed	In-Contract	Closed
Sale Price		\$50,880	\$75,240	\$46,750	\$50,000	\$57,500
Effective Sale Price		\$50,880	\$75,240	\$46,750	\$50,000	\$57,500
Square Feet	7,200 - 7,800	7,200	7,800	5,500	6,000	6,000
Number of Front Footages	60 - 65	60	65	50	50	50
Price per Front Footage		\$848	\$1,158	\$935	\$1,000	\$1,150
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	3/31/2023	Oct-20	Dec-21	May-22	Jun-23	Dec-21
Annual % Adjustment	6%	15%	8%	5%	—	7%
Cumulative Adjusted Price		\$975	\$1,250	\$982	\$1,000	\$1,231
Location		—	-10%	10%	—	-10%
Access/Exposure		—	—	—	—	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net \$ Adjustment		\$0	-\$125	\$98	\$0	-\$123
Net % Adjustment		0%	-10%	10%	0%	-10%
Final Adjusted Price		\$975	\$1,125	\$1,080	\$1,000	\$1,107
Overall Adjustment		15%	-3%	16%	0%	-4%
Range of Adjusted Prices		\$975 - \$1,125				
Average		\$1,058				
Indicated Value		\$1,030				

Land Value Conclusion – 60' - 65' Frontage Lots

Prior to adjustments, the sales reflect a range of \$848 - \$1,158 per front footage. After adjustment, the range is narrowed to \$975 - \$1,125 per front footage, with an average of \$1,058 per front footage. To arrive at an indication of value, equal weight is given to all of the sales.

Based upon the preceding analysis, we reach the lot value conclusions as follows:

Land Value Conclusion	60'	65'	Totals
Indicated Value per Front Footage	\$1,030	\$1,030	
Subject Front Footages	60	65	
Indicated Value	\$61,800	\$66,950	
Rounded	\$61,800	\$66,950	
Total Lots	27	12	39
Total Cumulative Retail Value/Lot Type	\$1,668,600	\$803,400	\$2,472,000
Overall Average Retail Value/Lot			\$63,385

Cumulative Retail Lot Value

Following is the calculation for the total cumulative retail lot value for the subject's 166 proposed lots. As shown, the total cumulative retail lot value equates to \$9,285,450 or an overall average of \$55,936/lot. **It should be clearly understood that the summation of lot values does not represent our opinion of value, as if the lots are all sold in bulk in a single transaction**

Cumulative Retail Lot Value Calculation				
Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
74	50	\$51,500	\$1,030	\$3,811,000
53	55	\$56,650	\$1,030	\$3,002,450
27	60	\$61,800	\$1,030	\$1,668,600
12	65	\$66,950	\$1,030	\$803,400
166		\$55,936		\$9,285,450

Summary of Net/Gross Value Conclusion

The preceding value was based on a retail sale of small batches of lots (less than 20 lots at a time). However, frequently entire subdivisions are sold to builders, or other investors, at a discount. These builders will then warehouse the land themselves, or the investors will resell the lots to builders over a longer-term takedown schedule. Thus, to determine the appropriate discount for the subject, we have assembled a number of bulk sales of other developed subdivision lots located throughout North Texas. The comparables presented represent the bulk sale of developed lots to homebuilders and/or investors. As shown below, the discount for the sales presented ranged from 3.9% to 18.6% of the retail value from 2019 to 2021. The data indicates that discounts for bulk lot sales appear to be decreasing in many submarket areas. As such, comparable bulk sales are limited in all submarkets in the Dallas /Fort Worth area indicating a strengthening economy and builders willing to pay retail lot prices. Our bulk sale comparables from 2019 - 2021 are listed in the following summary table.

Bulk Lot Sale Summary							
Subdivision	Date of Sale	Total Lots	Lot Dimensions	Total SF	Bulk Price/Lot	Retail Price/Lot	N/G Ratio
Sutton Fields	Jul-19	100	50' x 115'	5,750	\$50,000	\$61,000	82.0%
Celina		85	60' x 115'	6,900	\$57,000	\$70,000	81.4%
LakePointe	Jul-19	114	50' x 120'	6,000	\$47,500	\$51,000	93.1%
Lavon		109	60' x 120'	7,200	\$54,900	\$58,000	94.7%
Massey Meadows, Ph. 1	May-19	186	70' x 120'	8,400	\$70,000	\$77,000	90.9%
Midlothian							
Ventana, Ph. 2	May-20	62	50' x 120'	6,000	\$60,000	\$66,250	90.6%
Fort Worth							
Inspiration, Ph. 9	Mar-20	125	50' x 120'	6,000	\$76,125	\$79,170	96.1%
St. Paul							
The Highlands	Feb-21	34	50' x 140'	7,000	\$109,000	\$115,000	94.8%
Rockwall, Texas							
LakePointe, Phase 2	Dec-21	118	50' x 120'	6,000	\$48,825	\$52,500	93.0%
Lavon, Texas		142	60' x 120'	7,200	\$56,265	\$60,500	93.0%

Source: Developers 2019-2021

Thus, when consideration is given to the subject's projected marketing periods of 21.2± months (50' - 55' lots) and 9.8± months (60' - 65' lots), a net to gross sales price ratio (average bulk sale value per lot/average retail sales price per lot) of 85% for the 50' - 55' frontage lots and 95% for the 60' - 65' frontage lots is deemed appropriate for the subject, as proposed.

Net/Gross Value Conclusion

Based upon the preceding, it is our opinion that the net/gross market value for the subject is \$8,140,000, or an overall average of \$49,036/lot (R).

Net/Gross Ratio Market Value Summary			
	50' - 55' Lots	60' - 65' Lots	Totals
Average Lot Value	\$53,649	\$63,385	\$9,285,450
Total Lots	127	39	166
N/G Ratio %	85%	95%	
Total Market Value (R)	\$5,790,000	\$2,350,000	\$8,140,000
Average/Lot	\$45,591	\$60,256	\$49,036

Subdivision Development Approach (As Complete)

Having completed the retail valuation section of the assignment, we will now provide an opinion of the market value of the property to a single purchaser, as of this date. Obviously, this value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based on our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

The various assumptions necessary to complete our Discounted Cash Flow Analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Absorption

As discussed in detail in the "Single-Family Analysis" section of our analysis, we have projected the overall absorption for the subject's 166 lots to be 21.2± months (50' lots) and 9.8± months (60' lots).

Our quarterly absorption projection is summarized as follows:

Projected Absorption Summary									Total Aborp. Period	
Lot Type	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Lots	(Months±)
50'/55' Lots	18	18	18	18	18	18	18	1	127	21.2
60'/65' Lots	12	12	12	3	0	0	0	0	39	9.8
Totals	30	30	30	21	18	18	18	1	166	

Price/Value Increases Over the Sellout Period

An ongoing spike in home sales has reduced home inventories in North Texas to record lows. At the same time, the strong residential price gains that metro Dallas witnessed during the latter half of 2020 has persisted into 2021 - 2022. The pandemic is encouraging potential buyers to move from urban apartments to suburban homes with demand driven by strong job creation over the past decade, demographic trends, and significant in-migration from out-of-state buyers. The annual inflation rate for the United States is 8.3% for the 12 months ended April 2022 after rising 8.5% previously, according to U.S. Labor Department data published May 11, 2022. The inflation rate is expected to ease further over the rest of the year but will likely end 2022 at a still high rate of about 6.3%. The average fixed rate on a 30-year mortgage reached 5.27% in early May, the highest level in more than a decade. Higher mortgage rates will inevitably pull home sales down in the coming months and slow home price appreciation.

Trends in National Inflation and Interest Rates

Year	U.S. Prime Rate	Increase in U.S. CPI	Real Rate of Return
2010	3.25%	1.50%	1.75%
2011	3.25%	3.00%	0.25%
2012	3.25%	1.70%	1.55%
2013	3.25%	1.50%	1.75%
2014	3.25%	1.30%	1.95%
2015	3.50%	0.70%	2.80%
2016	3.75%	1.40%	2.35%
2017	4.25%	2.11%	2.14%
2018	5.50%	1.95%	3.55%
2019	4.75%	2.29%	2.46%
2020	3.25%	0.13%	3.12%
2021	3.25%	0.07%	3.18%
06/22	5.50%	6.28%	-0.78%

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

All increases are compared to the previous December figures

As shown in the preceding table, CPI increases ranged from 0.70% to 6.28% from 2010 through June 2022 with 3.25% to 5.50% prime rates resulting in real annual rates of returns ranging from -0.78% - 3.55% (with the most current real rate of return at -0.78% with a 5.50% prime rate). Thus, the real rates of return are substantially affected with fluctuations in the prime rates and the increases/decreases in the consumer price index. (The increase is calculated relative to the previous year-to-year December index rates).

Historically, in the sales contracts of the volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the prime rate (5.50%) to the prime rate, plus one percent (annually) up to 8.0%. Thus, for valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the subject lots. This is considered reasonable given the supply of available housing product in the area and the historical collection of interest carry/appreciation by developers within the Dallas/Fort Worth and surrounding market areas.

Expenses

Cost of Sales has been estimated at 2.5% of gross sales proceeds for various closing costs and title policies.

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the premise that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. Based upon our experience and information gathered from numerous reputable builders/developers and taxing authorities, this methodology and percentage estimate (2.0%) is well founded. Rollback taxes are not deducted herein.

Marketing expense is not included in this analysis as all of the subject lots are contracted to one volume homebuilder who traditionally provides for marketing.

HOA Dues – In a newly constructed subdivision, the developer controls the property until a certain percentage of lots are sold, then the fees are turned over to the HOA. As such, new home buyers pay HOA, but not the developers. There may be minimal maintenance fees over the absorption period, but this would not significantly affect value.

Management Expense/Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only.

Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0% of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Based upon these items, an expense of 1.0% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate

According to the Dictionary of Real Estate Appraisal, 7th Addition, Discount Rate is defined as “a rate of return on capital used to convert future payments or receipts into present value.” The discount rate may or may not be the same as the internal rate of return (IRR), or yield rate, depending on how it is extracted from the market and/or used in the analysis. Furthermore, Internal Rate of Return (IRR) is defined as “the annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership.” The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate. In other words, it is a rate of profit (or loss) or a measure of performance. It is literally, an interest rate. The effective interest rate on a real estate investment is the equity investor's IRR. The yield to maturity on a bond is the bond holder's IRR, when the bond is held for its full term. The IRR is the rate of return on capital expressed as a ratio per unit of time; for example, 10% per annum. The discount rate utilized herein is essentially an anticipated IRR for the subject property, as estimated from investment performance realized by market participants. Although the investment vehicle being analyzed herein is real property, competition for investment dollars in other investment media is intense, and the prudent investment manager must carefully consider all options. Because of the element of risk involved in real estate investment versus alternative investment vehicles, the prudent investment manager must compare rates of return. The performance of real estate is dependent upon and could fluctuate with the degree of quality of management, unexpected competition, disasters, or economic cycles, particularly in the subject's market area. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Following is a summary of yield comparisons as of April 1, 2022, provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers in Second Quarter 2022.

YIELD COMPARISON

April 1, 2022

	2017 AVERAGE	2018 AVERAGE	2019 AVERAGE	2020 AVERAGE	2021 AVERAGE	2022 JANUARY	2022 APRIL
PwC Yield Indicator (PYI) ^a	7.65%	7.58%	7.47%	7.56%	7.51%	7.37%	7.36%
Long-Term Mortgages ^b	4.59%	4.95%	4.71%	3.95%	4.53%	4.76%	5.13%
10-Year Treasuries ^c	2.37%	2.79%	2.21%	0.97%	1.40%	1.63%	2.39%
Consumer Price Index Change ^d	2.03%	2.50%	1.76%	1.19%	6.09%	6.59%	11.33%
SPREAD TO PYI (Basis Points)							
Long-Term Mortgages	306	263	276	361	298	261	223
10-Year Treasuries	528	479	526	659	611	574	497
Consumer Price Index Change	562	508	571	755	142	78	(397)

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).

b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.

c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.

d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.

The subject's discount rate should be less than a typical land project, as the value to be determined is for a fully developed project that is available for immediate resale, and which will ultimately possess less risk than that of the total development process. Therefore, a "risk-adjusted discount rate" is deemed appropriate herein.

RealtyRates.com in their most recent Second Quarter 2022 "Developer Survey" with First Quarter 2022 data summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and Planned Development Districts (PUDs) in the State of Texas. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision rates do include provisions for developer's profit, i.e., profit is not treated as a line-item expense.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2022 ¹						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	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%
Manufactured Housing	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%
Business Parks	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%
Industrial Parks	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%

¹1st Quarter 2022 Data

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As shown above, 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 13.70%.

The 7th 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”.⁴ Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has a purchaser of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is slightly below the minimum rates provided by the RealtyRates “Developer Survey” for Texas of 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 13.70% is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of 12% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 1.0% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 13% for the subject. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly. With each of the required elements now identified, we are able to analyze the subject in the DCF analysis as shown on the following page.

Development Approach Conclusion – Kaufman Public Improvement District No. 1, Phase #2

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value upon completion for the subject property is \$8,230,000, or an overall average of \$49,578/lot.

⁴ The Dictionary of Real Estate Appraisal, 7th Edition, the Appraisal Institute, Chicago, Illinois

Kaufman Public Improvement District No. 1, Phase #2

Kadman PID No. 1, Phase #2		S. Sivakumar	
Kadman, Texas		Number of Units: 166	
Scenario:			
As Complete		Period 1	
Cash Flows Beginning Inventory		Period 2	
Average/50' - 55' Lots		Period 3	
Average/60' - 65' Lots		Period 4	
Apportionation-->		Period 5	
Revenues		Period 6	
Expenses		Period 7	
TAXES ON 50' - 55' LOTS		Period 8	
TAXES ON 60' - 65' LOTS		Project Totals	
COST OF SALES 2.3%		No.	
MARKETING 0.0%		Unit Sales	
REMUNERATION 1.0%		No.	
Total Expenses		Unit Sales	
Net Income		No.	
Annual Discount Rate: 12.00%		Unit Sales	
Discounted Value		No.	
Net Present Value		Unit Sales	
Rounded		No.	



Reconciliation and Conclusion of Prospective Value

Kaufman Public Improvement District No. 1, Phase #2

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach.

In the previous sections, we have provided an opinion of the market value of the fee simple interest in the subject property using three approaches. Following is a summary of the values indicated by these approaches.

The first approach used was the Sales Comparison Approach to value the subject property by developed lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

The third approach used was the Net/Gross Ratio Approach to value. This is also sometimes known as a Sales Ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the Subdivision Development Approach (Discounted Cash Flow method) utilizing a projection of the future individual lot sales, historical absorption data upon the development, and deducting taxes on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the Development Approach is considered to provide a generally good indication of value for the subject.

Reconciliation of Prospective Opinion of Value

Kaufman Public Improvement District No. 1, Phase #2

The values indicated by our analyses are as follows:

Summary of Prospective Market Value at Completion Indications	
Net/Gross Ratio Market Value	\$8,140,000
Subdivision Development Approach	\$8,230,000
Final Opinion of Prospective Value	\$8,230,000

Conclusion of Prospective Value

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our prospective value opinion follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2023	\$8,230,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an 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.

1. All information relative to the subject property (Kaufman Public Improvement District No. 1, Phase #2) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Dowdey, Anderson, & Associates, Inc. (engineering/surveyors), Georgetown KF, Ltd. (owner/developer), the city of Kaufman, and the Kaufman Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2023, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 - 9 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 - 9 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Shelley Sivakumar and Ernest Gatewood made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI, has not inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an 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.

1. All information relative to the subject property (Kaufman Public Improvement District No. 1, Phase #2) including land areas, lot totals, lot sizes, and other pertinent data that was provided by Dowdey, Anderson, & Associates, Inc. (engineering/surveyors), Georgetown KF, Ltd. (owner/developer), the city of Kaufman, and the Kaufman Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2023, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 35 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson's experience includes consultation and valuation of a wide array of property types including apartment developments, industrial facilities, retail developments, office buildings, single-family subdivisions, single-family residences, condominiums, hotels, golf courses, mixed-use developments, special-use projects and vacant land. In addition to typical real estate valuations and consultations, Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments which includes land acquisition & development, ground-up office build-to-suit development, garden apartment development, student housing development, and single-family lot development.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work with National Jewish Hospital in Denver. Mr. Jackson currently serves as a national trustee for the hospital which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson currently serves on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years. Mr. Jackson and his wife Cheryl Harman Jackson (1984/Finance COBA/Texas Tech University) reside in Plano, Texas and are active members of Parkway Hills Baptist Church in Plano, Texas.

jh.jackson@irr.com - (972) 725-7724

Kaufman Public Improvement District No. 1, Phase #2

Integra Realty Resources

Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T (972) 881-7191

F (972) 733-1403

Integra Realty Resources

Lubbock/West Texas

6309 Indiana Avenue, Suite D
Lubbock, TX 79413

T (806) 656-3058

Integra Realty Resources

Oklahoma City

14 NE 13th Street
Oklahoma City, Oklahoma, 73104

T (405) 422-0718

irr.com



Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services:

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of All Property Types including The Following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort / Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

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Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2022
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2023
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2023

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

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Shelley M. Sivakumar

Experience

Shelley Sivakumar, Director with the Dallas office of Integra Realty Resources - Dallas, has over 23 years of experience as a commercial appraiser. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since 1998, she has specialized in appraising master-planned residential developments and subdivisions including Public Improvement Districts in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'N Hell Hundred" bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

Licenses

Licensed Residential Real Estate Appraiser (Certificate No. TX 1333354-L)

Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978

University of North Texas, Denton, Texas 1977

Marshall University, Huntington, West Virginia: A.S. Degree 1974

Appraisal Institute Courses

A Review of Disciplinary Cases	Market Analysis/STDB
Workfile Documentation for Appraisers	USPAP
Basic Appraisal Procedures	Expert Witness for Commercial Appraisers
General Appraiser Market Analysis Highest and Best Use	General Appraiser Site Valuation & Cost Approach
General Appraiser Sales Comparison Approach	Commercial Appraisal Review
General Report Writing and Case Studies	Fair Housing
A Review of Disciplinary Cases	Market Analysis/STDB
Workfile Documentation for Appraisers	USPAP
Appraising Residential Properties	Environmental Issues
Income Property Appraisal	Texas Real Estate Contracts
Real Estate Appraisal	Texas Real Estate Agency
Basic Income Capitalization	Modern Real Estate Practice in Texas
	Statistics, Modeling and Finance
	General Appraiser Income Approach
Appraisal Math & Statistics	
Owner-Occupied Commercial Properties	
Residential Report Writing	
Modern Green Building Concepts	
Ad Valorem Tax Consultation	
The Dirty Dozen	
Essential Elements of Disclosure & Disclaimer	
Land & Site Valuation	
Commercial Clients Want Appraisers to Know	

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Ernest Gatewood

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources Dallas, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for almost 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and, single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2022

Texas, Licensed Real Estate Salesman, 277705-32, Expires December 2021

Education

Richland Junior College, Dallas, Texas

The University of North Texas, Denton, Texas

Miscellaneous

An affiliate of the Appraisal Institute

Integra Realty Resources

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Certified General Real Estate Appraiser


Appraiser: Ernest Elva Gatewood III

License #: TX 1324355 G

License Expires: 12/31/2022

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! The members of this team are listed below. You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Integra Regional Quality Managers		
Region	Regional Quality Manager	Title
Northeast Region	William Kimball, MAI	Senior Managing Director
Southeast Region	Leslie North, MAI, AI-GRS	Managing Director
Central Region	Gary Wright, MAI, SRA	Senior Managing Director
Southwest Region	Rusty Rich, MAI, MRICS	Senior Managing Director
West Region	Larry Close, MAI	Senior Managing Director
Corporate	Rob McPherson, MAI, CCIM	Director of Product Development and Quality

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives (may also be known as worth). (IVS).

Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.

7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: 12 C.F.R. Part 34.42[g]; 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D

Property Information

Tax Data

Map



Property Details

Account	
Property ID:	5239
Legal Description:	D FALCON, 43.035 ACRES
Geographic ID:	99.0151.0000.0050.00.03.03
Agent:	
Type:	Real
Location	
Address:	HWY 34 BYPASS KAUFMAN, TX 75142
Map ID:	G3-D-4
Neighborhood CD:	22-002
Owner	
Owner ID:	218112
Name:	GEORGETOWN KF LTD
Mailing Address:	C/O JUNCTION PROPERTY MANAGEMENT 5900 S LAKE FOREST DR STE 295 MC KINNEY, TX 75070
% Ownership:	100.0%

Exemptions:	For privacy reasons not all exemptions are shown online.
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Property Values

Improvement Homesite Value:	\$0
Improvement Non-Homesite Value:	\$0
Land Homesite Value:	\$0
Land Non-Homesite Value:	\$1,271,765
Agricultural Market Valuation:	\$0
Market Value:	\$1,271,765
Ag Use Value:	\$0
Appraised Value:	\$1,271,765
Homestead Cap Loss: 	\$0
Assessed Value:	\$1,271,765

VALUES DISPLAYED ARE 2022 CERTIFIED VALUES.

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Property Taxing Jurisdiction

Entity	Description	Tax Rate	Market Value	Taxable Value
CAD	KAUFMAN CAD	0.000000	\$1,271,765	\$1,271,765
CK	CITY OF KAUFMAN	0.799976	\$1,271,765	\$1,271,765
KC	KAUFMAN COUNTY	0.379985	\$1,271,765	\$1,271,765
KPID1	CITY OF KAUFMAN PID 1	0.000000	\$1,271,765	\$1,271,765
P1	PRECINCT 1	0.000000	\$1,271,765	\$1,271,765
RB	ROAD & BRIDGE	0.081186	\$1,271,765	\$1,271,765
SK	KAUFMAN ISD	1.287600	\$1,271,765	\$1,271,765
TV	TRINITY VALLEY CC	0.136050	\$1,271,765	\$1,271,765

Total Tax Rate: 2.684797

Property Land

Type	Description	Acreage	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
ZC	NATIVE PASTURE	29.035	1,264,764.60	0.00	0.00	\$1,264,765	\$0
ZC	NATIVE PASTURE	14	609,840.00	0.00	0.00	\$7,000	\$0

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$0	\$1,271,765	\$0	\$1,271,765	\$0	\$1,271,765
2021	\$0	\$949,073	\$0	\$949,073	\$0	\$949,073
2020	\$0	\$1,405,950	\$0	\$1,405,950	\$0	\$1,405,950
2019	\$0	\$800,000	\$0	\$800,000	\$0	\$800,000
2018	\$0	\$1,038,300	\$5,880	\$5,880	\$0	\$5,880
2017	\$0	\$1,038,300	\$5,880	\$5,880	\$0	\$5,880
2016	\$0	\$1,038,300	\$5,880	\$5,880	\$0	\$5,880
2015	\$0	\$1,038,300	\$5,880	\$5,880	\$0	\$5,880
2014	\$0	\$2,434,330	\$9,500	\$9,500	\$0	\$9,500
2013	\$0	\$2,434,330	\$10,060	\$10,060	\$0	\$10,060
2012	\$0	\$894,150	\$10,060	\$10,060	\$0	\$10,060
2011	\$0	\$894,150	\$10,060	\$10,060	\$0	\$10,060

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
10/5/2018	SWD	SPECIAL WARRANTY DEED	JWS LAND LTD	GEORGETOWN KF LTD	5852	104	27679
11/5/2012	SWD	SPECIAL WARRANTY DEED	TEXAS OPPORTUNITIES L P	JWS LAND LTD	4238	325	20419
2/12/2002	Deed	Deed	ADAMS, ROD	TEXAS OPPORTUNITIES L P	1952	03	3167

Map



Property Details

Account	
Property ID:	5240
Legal Description:	D FALCON, TRACT 55.00; 14.043 ACRES
Geographic ID:	99.0151.0000.0055.00.03.03
Agent:	
Type:	Real
Location	
Address:	TABOR PKWY KAUFMAN, TX 75142
Map ID:	G3-D-4
Neighborhood CD:	22-002
Owner	
Owner ID:	218112
Name:	GEORGETOWN KF LTD
Mailing Address:	C/O JUNCTION PROPERTY MANAGEMENT 5900 S LAKE FOREST DR STE 295 MC KINNEY, TX 75070
% Ownership:	100.0%

Exemptions:	For privacy reasons not all exemptions are shown online.
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Property Values

Improvement Homesite Value:	\$0
Improvement Non-Homesite Value:	\$0
Land Homesite Value:	\$0
Land Non-Homesite Value:	\$611,713
Agricultural Market Valuation:	\$0
Market Value:	\$611,713
Ag Use Value:	\$0
Appraised Value:	\$611,713
Homestead Cap Loss: ⓘ	\$0
Assessed Value:	\$611,713

VALUES DISPLAYED ARE 2022 CERTIFIED VALUES.

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Property Taxing Jurisdiction

Entity	Description	Tax Rate	Market Value	Taxable Value
CAD	KAUFMAN CAD	0.000000	\$611,713	\$611,713
CK	CITY OF KAUFMAN	0.799976	\$611,713	\$611,713
KC	KAUFMAN COUNTY	0.379985	\$611,713	\$611,713
KPID1	CITY OF KAUFMAN PID 1	0.000000	\$611,713	\$611,713
P1	PRECINCT 1	0.000000	\$611,713	\$611,713
RB	ROAD & BRIDGE	0.081186	\$611,713	\$611,713
SK	KAUFMAN ISD	1.287600	\$611,713	\$611,713
TV	TRINITY VALLEY CC	0.136050	\$611,713	\$611,713

Total Tax Rate: 2.684797

Property Land

Type	Description	Acreage	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
ZC	NATIVE PASTURE	14.043	611,713.08	0.00	0.00	\$611,713	\$0

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$0	\$611,713	\$0	\$611,713	\$0	\$611,713
2021	\$0	\$947,430	\$0	\$947,430	\$0	\$947,430
2020	\$0	\$947,430	\$0	\$947,430	\$0	\$947,430
2019	\$0	\$458,000	\$0	\$458,000	\$0	\$458,000
2018	\$0	\$458,000	\$2,590	\$2,590	\$0	\$2,590
2017	\$0	\$458,000	\$2,590	\$2,590	\$0	\$2,590
2016	\$0	\$458,000	\$2,590	\$2,590	\$0	\$2,590
2015	\$0	\$458,000	\$2,590	\$2,590	\$0	\$2,590
2014	\$0	\$908,230	\$3,550	\$3,550	\$0	\$3,550
2013	\$0	\$908,230	\$3,750	\$3,750	\$0	\$3,750
2012	\$0	\$333,600	\$3,750	\$3,750	\$0	\$3,750
2011	\$0	\$333,600	\$3,750	\$3,750	\$0	\$3,750

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
10/5/2018	SWD	SPECIAL WARRANTY DEED	JWS LAND LTD	GEORGETOWN KF LTD	5852	104	27679
11/5/2012	SWD	SPECIAL WARRANTY DEED	TEXAS OPPORTUNITIES L P	JWS LAND LTD	4238	325	20419
2/12/2002	Deed	Deed	ADAMS, ROD	TEXAS OPPORTUNITIES L P	1952	03	3167

Legal Descriptions

WHEREAS GEORGETOWN KF, LTD., is the owner of a tract of land in the DIONISIO FALCON SURVEY, ABSTRACT NO. 151, Kaufman County, Texas and being part of that tract of land conveyed in Deed to Georgetown KF, LTD., according to the document of record filed in Document Number 2018-0027679, Official Public Records, Kaufman County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found in the north line of Lot 42, Block C, GEORGETOWN AT KINGS FORT, PHASE ONE, an Addition to the City of Kaufman, Kaufman County, Texas, according to the Plat of record filed in Document Number 2019-0004225, Official Public Records, Kaufman County, Texas, for the southeast corner of Lot 4, Block C, GEORGETOWN AT KINGS FORT, PHASE ONE B, an Addition to the City of Kaufman, Kaufman County, Texas, according to the Plat of record filed in Document Number 2021-0014280, Official Public Records, Kaufman County, Texas;

THENCE N 00° 31' 05" W, along the east line of said Lot 4, a distance of 120.00 feet to a 1/2" iron rod found for the northeast corner of said Lot 4;

THENCE S 89° 28' 55" W, along the north line of said Lot 4, a distance of 6.84 feet to a 1/2" iron rod found for an interior ell corner of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition;

THENCE N 01° 15' 49" W, leaving the north line of said Lot 4, along the east line of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition, a distance of 487.42 feet to a 1/2" iron rod found for the northeast corner of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition;

THENCE S 88° 44' 11" W, along the north line of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition, a distance of 50.00 feet to a 1/2" iron rod found for the northeast corner of Lot 12, Block I, of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition;

THENCE Leaving the north line of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition, over and across said Georgetown KF, LTD. tract, the following courses and distances:

N 01° 15' 49" W, a distance of 290.00 feet to a 1/2" iron rod set;

N 88° 44' 11" E, a distance of 870.00 feet to a 1/2" iron rod set;

N 01° 15' 49" W, a distance of 294.08 feet to a 1/2" iron rod found in the north line of said Georgetown KF, LTD. tract, for the southeast corner of that tract of land conveyed in Deed to Kaufman175, LLC, according to the document of record filed in Document Number 2019-0004039, Official Public Records, Kaufman County, Texas;

THENCE N 88° 28' 55" E, along the north line of said Georgetown KF, LTD. tract, a distance of 161.45 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the northeast corner of said Georgetown KF, LTD. tract;

THENCE S 30° 52' 50" E, along the east line of said Georgetown KF, LTD. tract, a distance of 1,165.92 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found in the northwest right of way line of State Highway 34, a 140' right-of-way, for the southeast corner of said Georgetown KF, LTD. tract and being on a curve to the right having a central angle of 26° 03' 56", a radius of 1,590.00 feet and a chord bearing and distance of S 45° 31' 49" W, 717.11 feet;

THENCE Along the common southeast line of said Georgetown KF, LTD. tract and the northwest right of way line of said State Highway 34 and said curve to the right, an arc distance of 723.34 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the southeast corner of the above mentioned GEORGETOWN AT KINGS FORT, PHASE ONE Addition, at the east end of a corner clip;

THENCE N 70° 47' 09" W, along said corner clip, a distance of 32.00 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the west end of said corner clip at the beginning of a non-tangent curve to the right having a central angle of 16° 48' 35", a radius of 220.00 feet and a chord bearing and distance of N 08° 55' 22" W, 64.31 feet;

THENCE Along the east line of said GEORGETOWN AT KINGS FORT, PHASE ONE Addition, and along said curve to the right, an arc distance of 64.55 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found in the east right of way line of Kingsboro Lane, a 60' right-of-way;

THENCE N 00° 31' 05" W, along the east right of way line of said Kingsboro Lane, a distance of 157.61 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the northeast corner of Block C of said GEORGETOWN AT KINGS FORT, PHASE ONE Addition;

THENCE Along the north line of said GEORGETOWN AT KINGS FORT, PHASE ONE Addition, the following courses and distances:

S 89° 28' 55" W, a distance of 70.00 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 2X and Lot 24;

N 88° 09' 14" W, a distance of 400.34 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 31 and Lot 32;

N 86° 42' 38" W, a distance of 50.11 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 32 and Lot 33;

N 83° 18' 16" W, a distance of 50.40 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 33 and Lot 34;

N 81° 26' 02" W, a distance of 202.54 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 37 and Lot 38;

N 82° 31' 24" W, a distance of 50.49 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 38 and Lot 39;

N 88° 39' 41" W, a distance of 50.03 feet to a 1/2" iron rod with a yellow cap stamped 'DAA' found for the common corner of Lot 39 and Lot 40;

S 89° 28' 55" W, a distance of 124.11 feet to the POINT OF BEGINNING, and containing 33.225 acres of land, more or less.

WHEREAS GEORGETOWN KF, LTD., is the owner of a tract of land in the DIONISION FALCON SURVEY, ABSTRACT NO. 151, Kaufman County, Texas and being part of the tract of land conveyed in Deed to Georgetown KF, LTD., according to the document of record file in Document Number 2018-0027679, Official Public Records, Kaufman County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found for the northeast corner of Lot 12, Block I, GEORGETOWN AT KINGS FORT, PHASE ONE B, an Addition to the City of Kaufman, Kaufman County, Texas, according to the Plat of record filed in Document Number 2021-0014280, Official Public Records, Kaufman County, Texas;

THENCE S 88° 44' 11" W, along the north line of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition, a distance of 630.00 feet to a 1/2" iron rod found for the most northerly northwest corner of said GEORGETOWN AT KINGS FORT, PHASE ONE B Addition;

THENCE Over and across said Georgetown KF, LTD. tract, the following courses and distances:

N 01° 15' 49" W, a distance of 320.00 feet to a 1/2" iron rod set at the beginning of a curve to the left having a central angle of 16° 15' 37", a radius of 215.00 feet and a chord bearing and distance of N 09° 23' 37" W, 60.81 feet;

Along said curve to the left, an arc distance of 61.02 feet to a 1/2" iron rod set at the beginning of a reverse curve to the right having a central angle of 16° 15' 37", a radius of 285.00 feet and a chord bearing and distance of N 09° 23' 37" W, 80.61 feet;

Along said curve to the right, an arc distance of 80.88 feet to a 1/2" iron rod set;

N 01° 15' 49" W, a distance of 120.00 feet to a 1/2" iron rod set in the common north line of the above mentioned Georgetown KF, LTD. tract and the south line of that tract of land conveyed in Deed to Kaufman175, LLC, according to the document of record filed in Document Number 2019-0004039, Official Public Records, Kaufman County, Texas;

THENCE N 88° 44' 11" E, along the common north line of said Georgetown KF, LTD. tract and the south line of said Kaufman175, LLC. tract, a distance of 602.36 feet to a 3/8" iron rod found;

THENCE N 88° 28' 55" E, continuing along the common line of said Georgetown KF, LTD. tract and said Kaufman175, LLC. tract, a distance of 917.65 feet to a 1/2" iron rod found for the southeast corner of said Kaufman175, LLC. tract;

THENCE Leaving the north line of said Georgetown KF, LTD. tract, over and across said Georgetown KF, LTD. tract, the following courses and distances:

S 01° 15' 49" E, a distance of 294.08 feet to a 1/2" iron rod set;

S 88° 44' 11" W, a distance of 870.00 feet to a 1/2" iron rod set;

S 01° 15' 49" E, a distance of 290.00 feet to the POINT OF BEGINNING, and containing 14.312 acres of land, more or less.

Addendum E



Land Sales – 50' – 55' Frontage Lots



Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Cartwright Ranch, Phase 1 - 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: Northeast quadrant of US-175 and FM-148

City/State/Zip: Crandall ETJ, TX 75114

County: Kaufman

Submarket: Crandall

Market Orientation: Suburban



IRR Event ID: 2495016

Sale Information

Sale Price: \$43,000

Effective Sale Price: \$43,000

Sale Date: 07/29/2022

Sale Status: Closed

\$/Acre(Gross): \$340,459

\$/Land SF(Gross): \$7.82

\$/Acre(Usable): \$340,459

\$/Land SF(Usable): \$7.82

\$/Unit: \$860 /Unit

Grantor/Seller: Centurion American Acquisitions, LLC

Grantee/Buyer: DRHI, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: This is the base lot price at \$860/FF with an annual 6% escalation. Substantial completion is expected by July 2022.

Document Type: Warranty Deed

Recording No.: N/A

Rent Controlled: No

Verified By: Shelley Sivakumar

Verification Date: 08/28/2020

Confirmation Source: Centurion American Group

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Total PID, Phases1A/1B/1C and Excess Land

Acres(Usable/Gross): 0.13/0.13

Land-SF(Usable/Gross): 5,500/5,500

Usable/Gross Ratio: 1.00

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Corner Lot: No

Frontage Feet: 50

Frontage Desc.: 50' x 110'

Frontage Type: 1 way, 2 lanes

Traffic Control at Entry: None

Traffic Flow: High

Visibility Rating: Average

Zoning Code: Development Agreement

Zoning Desc.: Development Agreement

Utilities: Water Public, Sewer

Source of Land Info.: Engineering Report

Cartwright Ranch, Phase 1 - 50' Lots



Comments

A total of 270 lots are contracted to D.R. Horton and 177 lots to Lennar Homes. There is an additional \$1,500/lot amenity fee and \$500/lot marketing fee. Lots to Lennar are contracted with an annual escalation at 5.0%. The development is within the Crandall ISD and is within a Public Improvement District.

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Heartland, Phase 19 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	East and southwest sides of FM-741, south of IH-20
City/State/Zip:	Forney, TX 75126
County:	Kaufman
Submarket:	Forney
Market Orientation:	Suburban
Property Location:	3416 Western Trail
IRR Event ID:	2902020



Sale Information

Sale Price:	\$57,500
Effective Sale Price:	\$57,500
Sale Date:	12/30/2021
Sale Status:	Closed
\$/Acre(Gross):	\$417,574
\$/Land SF(Gross):	\$9.58
\$/Unit:	\$1,150 /Unit
Grantor/Seller:	HW Heartland LP
Grantee/Buyer:	Bloomfield Homes LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$57,500/lot or \$1,150/FF for substantial completion in 12/21 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	Volume 7407, Page 88, #1
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Don Dykstra - Bloomfield Homes
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Heartland, Phase 19, Block 5 Lot 13/Tax ID 219879
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	None - Unincorporated
Zoning Desc.:	None - Unincorporated
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this master-planned development are located in the Crandall ISD. Home prices are ranging from \$315,000 to \$425,000 for 50' frontage lots.

Heartland, Phase 19 - 50' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Shaw Creek Ranch, Phase 2 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	South side of FM-664 at Shaw Creek Ranch Boulevard
City/State/Zip:	Ferris, TX 75125
County:	Ellis
Submarket:	Ferris
Market Orientation:	Suburban
Property Location:	252 Tidwell Drive
IRR Event ID:	2901997



Sale Information

Sale Price:	\$46,750
Effective Sale Price:	\$46,750
Sale Date:	05/31/2022
Sale Status:	Closed
\$/Acre(Gross):	\$370,150
\$/Land SF(Gross):	\$8.50
\$/Acre(Usable):	\$370,150
\$/Land SF(Usable):	\$8.50
\$/Unit:	\$935 /Unit
Grantor/Seller:	HSM Shaw Creek Ranch II LLC
Grantee/Buyer:	LGI Homes Texas LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$42,500/lot in 4Q20 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	2223680
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Steve Donosky
Verification Type:	Confirmed-Seller

Improvement and Site Data

MSA:	Dallas-Fort Worth-Arlington, TX
Legal/Tax/Parcel ID:	Shaw Creek Ranch, Phase 2, Lot 34, Block H/Tax ID 277384
Acres(Usable/Gross):	0.13/0.13
Land-SF(Usable/Gross):	5,500/5,500
Usable/Gross Ratio:	1.00
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	50' x 110'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	PD-10
Zoning Desc.:	Planned Development 10
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Ferris ISD.

Shaw Creek Ranch, Phase 2 - 50' Lots



Comments (Cont'd)

Home prices are ranging from \$323,000 to \$350,000.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: The Villages of Bluffview - Proposed 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: North side of W. Ennis Avenue (US-287) at Nesuda Road

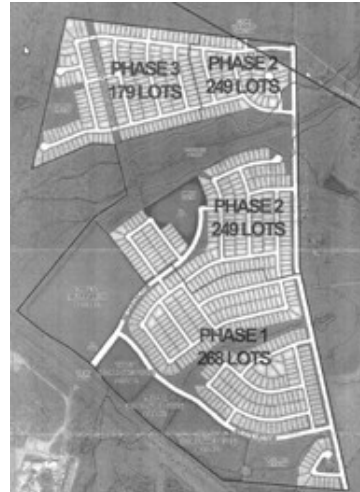
City/State/Zip: Ennis, TX 75119

County: Ellis

Submarket: Ennis

Market Orientation: Suburban

IRR Event ID: 2660972



Sale Information

Sale Price: \$50,000

Effective Sale Price: \$50,000

Sale Date: 06/01/2023

Sale Status: In-Contract

\$/Acre(Gross): \$363,108

\$/Land SF(Gross): \$8.33

\$/Unit: \$1,000 /Unit

Grantor/Seller: MMJM MH Holdings LLC (Centurion American Developers)

Grantee/Buyer: D.R. Horton Homes

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: This is a proposed development. The base lot price was set at \$50,000/lot (\$1,000/FF) for substantial completion expected by June 1, 2023.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 06/02/2021

Confirmation Source: Jason (D.R. Horton Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Proposed subdivision - H. H. Swisher Survey, Abstract No. 955/Tax ID 202299, 190303, 195927

Acres(Gross): 0.14

Land-SF(Gross): 6,000

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 120'

Zoning Code: Development Agreement

Zoning Desc.: Development Agreement

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Manager

Comments

This is a future development which is currently in the entitlement stage. The development will be located in the Ennis ISD with home prices projected to range from \$250,000 to \$350,000.

The Villages of Bluffview - Proposed 50' Lots



Comments (Cont'd)

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Georgetown at Kings Fort, Phase 1B - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	North side of Three Forks Road, north of SH-34 Bypass
City/State/Zip:	Kaufman, TX 75142
County:	Kaufman
Submarket:	Kaufman
Market Orientation:	Suburban
Property Location:	3011 Holly Springs Lane
IRR Event ID:	2902049



Sale Information

Sale Price:	\$41,200
Effective Sale Price:	\$41,200
Sale Date:	03/15/2022
Sale Status:	Closed
\$/Acre(Gross):	\$299,201
\$/Land SF(Gross):	\$6.87
\$/Unit:	\$824 /Unit
Grantor/Seller:	Georgetown KF LTD
Grantee/Buyer:	Bloomfield Homes LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$40,000/lot at substantial completion in 4Q21 with an annual 6% escalation.

Document Type:	Deed
Recording No.:	10754
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Bloomfield Homes contract
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Georgetown at Kings Fort, Phase 1B, Block D, Lot 5/Tax ID 218052
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD-R
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Kaufman ISD. Home prices are ranging from \$347,000 to \$523,000. The development is within the Kaufman Public Improvement District No. 1.

Georgetown at Kings Fort, Phase 1B - 50' Lots



Land Sales – 60' – 65' Frontage Lots

Sale No. 1

Property Name:	Georgetown at Kings Fort, Phase 1 - 60' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	North side of Three Forks Road, north of SH-34 Bypass
City/State/Zip:	Kaufman, TX 75142
County:	Kaufman
Submarket:	Kaufman
Market Orientation:	Suburban
Property Location:	4027 Three Forks Road
IRR Event ID:	2902116



Sale Price:	\$50,880
Effective Sale Price:	\$50,880
Sale Date:	10/21/2020
Sale Status:	Closed
\$/Acre(Gross):	\$307,804
\$/Land SF(Gross):	\$7.07
\$/Unit:	\$848 /Unit
Grantor/Seller:	Georgetown KF LTD
Grantee/Buyer:	Bloomfield Homes LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$48,000/lot for substantial completion in 4Q2019 with an annual 6% escalation.

Document Type:	Deed
Recording No.:	350
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Bloomfield Homes - contract
Verification Type:	Confirmed-Buyer

Legal/Tax/Parcel ID:	Georgetown at Kings Fort, Phase 1, Block C, Lot 46/Tax ID 202816
Acres(Gross):	0.17
Land-SF(Gross):	7,200
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD-R
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Lots in this development are located in the Kaufman ISD. Home prices are ranging from \$347,000 to \$523,000. The development is located within the Kaufman Public Improvement District, No. 1.



Sale No. 2

Property Name:	Devonshire Village 9 - 65' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	East side of Centerbury Lane, east of Ravenhill Road
City/State/Zip:	Dallas ETJ, TX 75126
County:	Kaufman
Submarket:	Forney
Market Orientation:	Suburban
Property Location:	Canterbury Lane
IRR Event ID:	2885205



Sale Price:	\$75,240
Effective Sale Price:	\$75,240
Sale Date:	12/29/2021
Sale Status:	Closed
\$/Acre(Gross):	\$420,101
\$/Land SF(Gross):	\$9.65
\$/Unit:	\$1,158 /Unit
Grantor/Seller:	Devonshire Dallas ASLI VIII, LLC
Grantee/Buyer:	Highland Homes Dallas, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$66,000/lot in 3Q19 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	2021-11
Verified By:	Shelley Sivakumar
Verification Date:	06/17/2022
Confirmation Source:	Highland Homes
Verification Type:	Confirmed-Buyer

Legal/Tax/Parcel ID:	Devonshire Village 9, Block W, Lot 17/Tax ID 207181
Acres(Gross):	0.18
Land-SF(Gross):	7,800
No. of Units (Potential):	65
Shape:	Rectangular
Topography:	Level
Frontage Feet:	65
Frontage Desc.:	65' x 120'
Zoning Code:	Kaufman County MUD District #3
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	Kaufman County MUD #3
Source of Land Info.:	Public Records

Lots in this master-planned development are located in the Forney ISD.

Devonshire Village 9 - 65' Lots



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Shaw Creek Ranch, Phase 2 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	South side of FM-664 at Shaw Creek Ranch Boulevard
City/State/Zip:	Ferris, TX 75125
County:	Ellis
Submarket:	Ferris
Market Orientation:	Suburban
Property Location:	252 Tidwell Drive
IRR Event ID:	2901997



Sale Information

Sale Price:	\$46,750
Effective Sale Price:	\$46,750
Sale Date:	05/31/2022
Sale Status:	Closed
\$/Acre(Gross):	\$370,150
\$/Land SF(Gross):	\$8.50
\$/Acre(Usable):	\$370,150
\$/Land SF(Usable):	\$8.50
\$/Unit:	\$935 /Unit
Grantor/Seller:	HSM Shaw Creek Ranch II LLC
Grantee/Buyer:	LGI Homes Texas LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$42,500/lot in 4Q20 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	2223680
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Steve Donosky
Verification Type:	Confirmed-Seller

Improvement and Site Data

MSA:	Dallas-Fort Worth-Arlington, TX
Legal/Tax/Parcel ID:	Shaw Creek Ranch, Phase 2, Lot 34, Block H/Tax ID 277384
Acres(Usable/Gross):	0.13/0.13
Land-SF(Usable/Gross):	5,500/5,500
Usable/Gross Ratio:	1.00
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	50' x 110'
Frontage Type:	2 way, 1 lane each way
Zoning Code:	PD-10
Zoning Desc.:	Planned Development 10
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Ferris ISD.

Shaw Creek Ranch, Phase 2 - 50' Lots



Comments (Cont'd)

Home prices are ranging from \$323,000 to \$350,000.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: The Villages of Bluffview - Proposed 50' Lots

Sub-Property Type: Residential, Single Family Lot

Address: North side of W. Ennis Avenue (US-287) at Nesuda Road

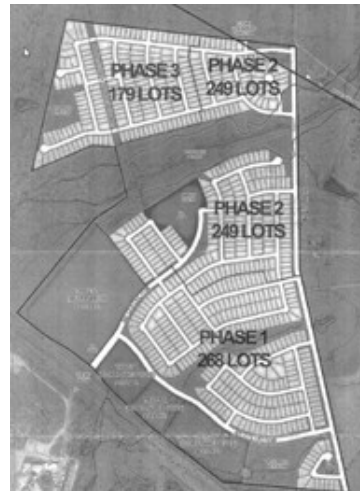
City/State/Zip: Ennis, TX 75119

County: Ellis

Submarket: Ennis

Market Orientation: Suburban

IRR Event ID: 2660972



Sale Information

Sale Price: \$50,000

Effective Sale Price: \$50,000

Sale Date: 06/01/2023

Sale Status: In-Contract

\$/Acre(Gross): \$363,108

\$/Land SF(Gross): \$8.33

\$/Unit: \$1,000 /Unit

Grantor/Seller: MMJM MH Holdings LLC (Centurion American Developers)

Grantee/Buyer: D.R. Horton Homes

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: This is a proposed development. The base lot price was set at \$50,000/lot (\$1,000/FF) for substantial completion expected by June 1, 2023.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 06/02/2021

Confirmation Source: Jason (D.R. Horton Homes)

Verification Type: Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID: Proposed subdivision - H. H. Swisher Survey, Abstract No. 955/Tax ID 202299, 190303, 195927

Acres(Gross): 0.14

Land-SF(Gross): 6,000

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 120'

Zoning Code: Development Agreement

Zoning Desc.: Development Agreement

Flood Plain: No

Utilities: Water Public, Sewer

Source of Land Info.: Manager

Comments

This is a future development which is currently in the entitlement stage. The development will be located in the Ennis ISD with home prices projected to range from \$250,000 to \$350,000.

The Villages of Bluffview - Proposed 50' Lots



Comments (Cont'd)

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Heartland, Phase 19 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	East and southwest sides of FM-741, south of IH-20
City/State/Zip:	Forney, TX 75126
County:	Kaufman
Submarket:	Forney
Market Orientation:	Suburban
Property Location:	3416 Western Trail
IRR Event ID:	2902020



Sale Information

Sale Price:	\$57,500
Effective Sale Price:	\$57,500
Sale Date:	12/30/2021
Sale Status:	Closed
\$/Acre(Gross):	\$417,574
\$/Land SF(Gross):	\$9.58
\$/Unit:	\$1,150 /Unit
Grantor/Seller:	HW Heartland LP
Grantee/Buyer:	Bloomfield Homes LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$57,500/lot or \$1,150/FF for substantial completion in 12/21 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	Volume 7407, Page 88, #1
Verified By:	Shelley Sivakumar
Verification Date:	08/04/2022
Confirmation Source:	Don Dykstra - Bloomfield Homes
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Heartland, Phase 19, Block 5 Lot 13/Tax ID 219879
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	None - Unincorporated
Zoning Desc.:	None - Unincorporated
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this master-planned development are located in the Crandall ISD. Home prices are ranging from \$315,000 to \$425,000 for 50' frontage lots.

Heartland, Phase 19 - 50' Lots



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APPENDIX F

FORM OF CONSTRUCTION, FUNDING AND ACQUISITION AGREEMENT

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**KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B
CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

THIS KAUFMAN PUBLIC IMPROVEMENT DISTRICT NO. 1 PHASES #2A-2B CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this “Agreement”), dated as of _____, 2022, is by and among the **CITY OF KAUFMAN, TEXAS**, a home-rule municipality of the State of Texas (the “City”), and **GEORGETOWN KF, LTD**, a Texas limited partnership (the “Developer”).

**ARTICLE I
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Service and Assessment Plan (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Phases #2A-2B Improvements actually paid or incurred for the design, construction and installation of the Phases #2A-2B Improvements.

“**Administrator**” means, initially, MuniCap, Inc, or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan.

“**Bond Ordinance**” means the ordinance adopted by the City Council on _____, 2022 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated "City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases #2A-2B Project)".

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Phases #2A-2B Improvements as shown in Exhibit B of the Service and Assessment Plan.

“**Certification for Payment**” means a certificate, substantially in the form of **Exhibit B** hereto or otherwise agreed to by the Developer, the Administrator, and the City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, provided no more frequently than once per each month to the City Representative and the Trustee, specifying the amount of work performed

and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of the Phases #2A-2B Improvements.

“City Inspector” means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

“City Manager” means the City Manager of the City, or its designee.

“City Representative” means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit A** hereto or otherwise mutually agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the operation of the District and the costs of issuance of the Bonds.

“Construction Contracts” means the contracts for the construction of an Phases #2A-2B Improvement. **“Construction Contract”** means any one of the Construction Contracts.

“Cost” means the Budgeted Costs or the cost of a Phases #2A-2B Improvement as reflected in a Construction Contract, if greater than the Budgeted Costs.

“Cost of Issuance Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Cost Overrun” means, with respect to each Phases #2A-2B Improvement, the Actual Cost, as appropriate, of such Phases #2A-2B Improvement in excess of the Budgeted Cost.

“Development Agreement” means that certain Georgetown at Kings Fort Development Agreement executed by and between the Developer and the City effective November 13, 2018, as the same may be amended from time to time.

“District” shall mean the Kaufman Public Improvement District No. 1 created by the City on November 13, 2018.

“Final Completion” means completion of a Phases #2A-2B Improvement in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

“Force Majeure” means (A) any act that (constitutes a force majeure or a right to extend the time for completion under the terms of a construction agreement between the Developer and a General Contractor (except for change orders unrelated to (a)-(z) below, which shall not constitute force majeure events) or (B) any act that (i) materially and adversely affects the affected Party’s

ability to perform the relevant obligations under this Agreement or delays such affected Party's ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party's fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts, including the expenditure of any reasonable sum of money and, subject to the satisfaction of the conditions set forth in (B) (i) through (iv) above, "Force Majeure" shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority or in the exercise of its governmental functions) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Governmental Rule; and (g) epidemic or pandemic that is not in effect as of the date of this Agreement pursuant to which a Governmental Authority has issued a stop work order for residential or commercial development applicable to the Project; (h) failure of the other Party to perform any of its obligations under this Agreement within the time or by the date required pursuant to the terms of this Agreement for the performance thereof; provided, however, that under no circumstances shall Force Majeure under Clause B include any of the following events: (u) economic hardship; (v) changes in market condition; (w) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (x) weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (y) the occurrence of any manpower, material or equipment shortages other than regional or nationwide shortages that are not in effect as of the date of this Agreement; or (z) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Phases #2A-2B Improvements.

"Governmental Authority" means any Federal, state or local governmental entity (including a local government corporation, whether formed under Section 431 of the Subchapter D of the Texas Transportation Code or otherwise), authority (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Governmental Rule, pursuant to the terms of this Agreement or by agreement of the Parties.

"Governmental Rule" means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority. Governmental Rules shall include, but not be limited to, the City codes and ordinances.

"Indenture" means that certain Indenture of Trust between Wilmington Trust, National Association, as trustee, dated as of November 15, 2022 relating to the Bonds.

"Phases #2A-2B" shall have the meaning set forth in the Service and Assessment Plan.

“Phases #2A-2B Improvements” shall have the meaning set forth in the Service and Assessment Plan.

“Phases #2A-2B Improvements Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Plans” means the plans, specifications, schedules and related construction contracts for the Phases #2A-2B Improvements, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, as applicable, the Development Agreement, and any other applicable governmental entity.

“Project Fund” means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

“Service and Assessment Plan” means the Kaufman Public Improvement District No. 1 Amended and Restated Service and Assessment Plan, adopted by the City Council on _____, 2022, as the same may be updated, amended, or supplemented, for the purpose of assessing allocated cost(s) against the property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Developer and the City, as required by this Agreement and in accordance with the PID Act.

“Substantial Completion” means the time at which the construction of a Phases #2A-2B Improvement (or specified segment, section or part thereof) Phases #2A-2B Improvement is sufficiently complete in accordance with the Construction Contracts related thereto including (i) the City has designated such improvement to be substantially complete, (ii) the City has received a waiver of liens, and the constructing party has received a certificate of occupancy or such similar document for the improvement so that such Phases #2A-2B Improvement (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended.

ARTICLE II RECITALS

Section 2.01. The District and the Phases #2A-2B Improvements.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Phases #2A-2B Improvements.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance all or a portion of the Phases #2A-2B Improvements in accordance with the terms

and limitations of the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Phases #2A-2B Improvements are eligible to be financed with proceeds of the Bonds to the extent specified herein.

(d) Proceeds, if any, from the issuance and sale of the Bonds and funds received from the Developer at the time of the issuance of the Bonds shall be deposited in accordance with the Indenture.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Phases #2A-2B Improvements for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be financed with a portion of the proceeds of the Bonds are the Phases #2A-2B Improvements. The payment of costs from the proceeds of the Bonds for the Phases #2A-2B Improvements shall be made from the Phases #2A-2B Improvements Account of the Project Fund established under the Indenture. Money on deposit in the Phases #2A-2B Account of the Project Fund shall only be used to pay Actual Costs of Phases #2A-2B Improvements, except as provided in the Indenture.

(c) The City's obligation with respect to the payment of the Phases #2A-2B Improvements shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Phases #2A-2B Improvements, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for

liquidation of an investment. The obligation of the Developer to pay Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Actual Costs of the Phases #2A-2B Improvements.

(e) The Developer acknowledges that, in accordance with Section 3.01 of this Agreement, some funds in the Phases #2A-2B Improvements Account may not be available for the reimbursement of the Actual Costs of the Phases #2A-2B Improvements that the Developer has submitted and would otherwise be approved and that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Actual Costs of the Phases #2A-2B Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Phases #2A-2B Improvements required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

Section 3.02 Accounts. All disbursements from the Phases #2A-2B Improvements Account of the Project Fund shall be made by the City in accordance with provisions, including provisions governing the timing and sequencing of withdrawals from the respective accounts of the Project Fund, of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture.

ARTICLE IV CONSTRUCTION OF PHASES #2A-2B IMPROVEMENTS

Section 4.01. Duty of Developer to Construct.

(a) All Phases #2A-2B Improvements shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Phases #2A-2B Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Phases #2A-2B Improvements to be acquired and accepted by the City, from the Developer as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Phases #2A-2B Improvement and, upon completion, inspection, and acceptance, shall convey each such Phases #2A-2B Improvement to the City, where applicable, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under

any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Phases #2A-2B Improvements required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Phases #2A-2B Improvements shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Phases #2A-2B Improvements.

Section 4.04. Remaining Funds After Completion of a Phases #2A-2B Improvement. Upon the Final Completion of a Phases #2A-2B Improvement and payment of all outstanding invoices for such Phases #2A-2B Improvement, if the Actual Cost of such Phases #2A-2B Improvement is less than the Budgeted Cost (a “Cost Underrun”), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Phases #2A-2B Improvement with the approval of the Administrator and the City. The elimination of a category of Phases #2A-2B Improvements from the Service and Assessment Plan will require an amendment to the Service and Assessment Plan. The City shall promptly confirm to the Administrator when such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such monies to secure the payment and performance of the work for other Phases #2A-2B Improvements. Any Cost Underrun for any Phases #2A-2B Improvement is available to pay Cost Overruns on any other Phases #2A-2B Improvement with the approval of the City.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Phases #2A-2B Improvements. The Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of a Phases #2A-2B Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the change order.

ARTICLE V

ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive the disbursement from the Cost of Issuance Account of the Project Fund and/or from the Phases

#2A-2B Improvements Account of the Project Fund at closing of the Bonds related to costs of issuance of the Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit A** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City and the Administrator no less than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Disbursements for Costs of Issuance shall be made by the Trustee at closing pursuant to a closing memorandum prepared by the City's financial advisor. In order to receive the disbursement for a Phases #2A-2B Improvement from the Phases #2A-2B Improvements Account of the Project Fund, the Developer shall execute a Certification for Payment, substantially in the form of **Exhibit B** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Cost of Issuance Account of the Project Fund or the Phases #2A-2B Improvements Account of the Project Fund, as applicable, and in accordance with the provisions hereof and in the provisions of the Indenture.

Section 5.02. Certification for Payment for a Phases #2A-2B Improvement.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on a Phases #2A-2B Improvement until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit B** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector (for a City owned Phases #2A-2B Improvement) shall conduct a review in order to confirm that such request is complete, that the work with respect to such Phases #2A-2B Improvement identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the "Developer Compliance Requirements"). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conduct each such review.

(b) Within fifteen (15) business days of receipt of any completed and verified Certification for Payment including review by the City Inspector, the City Representative shall either (i) approve and execute the Certification for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification

for Payment, give written notification to the Developer of the City Representative's disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the City Representative denies the Certification for Payment, the denial must be in writing, stating the reason(s) for denial. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certification for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the Trustee shall make such payment from the Project Fund in accordance with Section 5.03 below.

Section 5.03. Payment for the Phases #2A-2B Improvements.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Phases #2A-2B Improvements Account of the Project Fund as designated in the Certification for Payment pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Phases #2A-2B Improvement (or its completed segment), unless a Cost Overrun amount has been approved for a particular Phases #2A-2B Improvement. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Certifications for Payment shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made, the Trustee shall make payment as set forth in the Certification for Payment. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Phases #2A-2B Improvement identified in such request for payment being paid, then Trustee shall hold the payment until work with respect to that Phases #2A-2B Improvement has been completed and accepted by the City.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Phases #2A-2B Improvements to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Phases #2A-2B Improvements is contested, the Developer shall either (i) clear such lien or (ii) post or cause delivery of a surety bond in the amount determined by the City or, alternatively, the City may decline to accept the Phases #2A-2B Improvements until such mechanics or materialman's lien and/or judgment is satisfied, and no such payment for such Phases #2A-2B Improvement shall be made pursuant to the Indenture until (i) such lien is released or (ii) the City accepts the surety bond and the Phases #2A-2B Improvement for ownership.

ARTICLE VI

OWNERSHIP AND TRANSFER OF THE PHASES #2A-2B IMPROVEMENTS

Section 6.01. Phases #2A-2B Improvements to be Owned by the City – Title Evidence. If required by the City, the Developer shall furnish to the City, a preliminary title report for land with respect to a Phases #2A-2B Improvement to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) calendar days prior to the transfer of title of a Phases #2A-2B Improvement to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Phases #2A-2B Improvement until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Phases #2A-2B Improvements Constructed on City Land or Developer Land. If the Phases #2A-2B Improvement is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Phases #2A-2B Improvement. If the Phases #2A-2B Improvement is on land owned by the Developer, the Developer hereby grants to the City an easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Phases #2A-2B Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Phases #2A-2B Improvement as required by the Development Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Phases #2A-2B Improvement. The provisions for inspection and acceptance of such Phases #2A-2B Improvement otherwise provided herein shall apply.

ARTICLE VII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer consists of limited liability companies duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Phases #2A-2B Improvements in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Phases #2A-2B Improvements.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund for the acquisition construction or installation of any improvements that are not part of the costs associated with the Phases #2A-2B Improvements, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Phases #2A-2B Improvements, the Developer covenants to maintain proper books of record and account for the construction of the Phases #2A-2B Improvements and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Phases #2A-2B Improvements have been or will be constructed in full

compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Phases #2A-2B Improvements to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of Phases #2A-2B Improvements within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "Tax Certificate") containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, "Bond Proceeds").

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Phases #2A-2B Improvements) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS

OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE PHASES #2A-2B IMPROVEMENTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE PHASES #2A-2B IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE PHASES #2A-2B IMPROVEMENTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE PHASES #2A-2B IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE PHASES #2A-2B IMPROVEMENTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION

UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund, except as set forth in the Indenture, and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Phases #2A-2B Improvements not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of a Phases #2A-2B Improvement hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such event described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet

and confer with the City Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Phases #2A-2B Improvements. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or to mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work pursuant to an approved Certificate for Payment and accepted by the City related to a Phases #2A-2B Improvement only as provided for under the terms of the Indenture and this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Phases #2A-2B Improvements, provided that the Developer shall receive payment of the Actual Costs of any Phases #2A-2B Improvements that were the subject of an approved Certificate for Payment and were accepted by the City at the time of the occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Phases #2A-2B Improvements not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Phases #2A-2B Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer. The City shall have no obligation to perform any work related to a Phases #2A-2B Improvement or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination. This Agreement will terminate automatically and with no further action by the City or the Developer upon (i) the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to fund the Bonds) issued under the Indenture, and (ii) completion of all of the Phases #2A-2B Improvements, acceptance by the City and payment thereof pursuant to the Indenture and Service and Assessment Plan.

Section 8.04. Construction of the Phases #2A-2B Improvements Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination

of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Phases #2A-2B Improvements in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is by a party hereunder, that performance may be extended by Force Majeure.

ARTICLE IX MISCELLANEOUS

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City's obligations to make any payments hereunder are restricted entirely to the monies, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Phases #2A-2B Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by email or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:	Attn: City Manager City of Kaufman 209 S. Washington Street Kaufman, TX 75142
With a copy to:	Attn: Patricia Adams Messer, Fort & McDonald PLLC 6371 Preston Road, Suite 200 Frisco, Texas 75034
And to:	Attn: Julie Partain Bracewell LLP 1445 Ross Avenue Suite 3800

Dallas, Texas 75202

To the Developer: Attn: Kelly Cannell
Georgetown KF, Ltd
PO Box 6621
McKinney, Texas 75071

With a copy to: Attn: Robert Miklos
Miklos Cinclair, PLLC
1755 Wittington Pl, Suite 305
Farmers Branch, Texas 75234

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The City shall not be required to execute any document or make any representations with respect to such assignment. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for the Developer for a Phases #2A-2B Improvement, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Phases #2A-2B Improvement. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee’s express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such

assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Notwithstanding, any completed and accepted Phases #2A-2B Improvements for which a Certificate for Payment has been approved at the time of termination of the Agreement shall be paid.

Section 9.12. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be the lesser of (i) thirty (30) years, (ii) upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture, and (iii) completion of the Phases #2A-2B Improvements and acceptance by the City and payment of reimbursement of costs as set forth in the Indenture and Service and Assessment Plan up to the amount on deposit for such purposes in the Project Fund, or (iv) default by the Developer pursuant to this Agreement or the Development Agreement, pursuant to which the City has terminated this Agreement. If the Developer defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate with respect to the costs of the Phases #2A-2B Improvements that have been approved by the City pursuant to a Certification for Payment prior to the date of default.

Section 9.13 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.14. No Boycott Israel. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott

Israel during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel,’ a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 9.15. Not a Listed Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.16. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a

company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.17. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive

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

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

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

[Execution pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 2022.

CITY OF KAUFMAN, TEXAS

By: _____
Name: Jeff Jordan, Mayor

ATTEST:

Jessie Hanks, City Secretary

APPROVED AS TO FORM

Patricia A. Adams, City Attorney

DEVELOPER:

GEORGETOWN KF, LTD,
a Texas limited partnership

By: Seascope GP, LLC,
a Texas limited liability company
Its General Partner

By: _____
Printed Name: Kelly Cannell
Title: President

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Phase 2A and 2B 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 Kaufman Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

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 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 with the establishment of the District 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:

- 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.

_____.

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 2A and 2B Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF KAUFMAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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 _____ (the “Indenture”) relating to the “City of Kaufman, Texas, Special Assessment Revenue Bonds, Series 2022 (Kaufman Public Improvement District No. 1 Phases 2A - 2B 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 _____, a Texas limited partnership (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Phase 2A and 2B 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 2A and 2B Improvements providing a special benefit to property within the Kaufman Public Improvement District No. 1.

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 2A and 2B 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 2A and 2B Improvements below is a true and accurate representation of the Phase 2A and 2B Improvements associated with the creation, acquisition, or construction of said Phase 2A and 2B 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 2A and 2B 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, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Phase 2A and 2B Assessments it owes or an entity the Developer controls owes, located in the Kaufman Public Improvement District No. 1 and has no outstanding delinquencies for such Phase 2A and 2B 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 2A and 2B Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Phase 2A and 2B 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 P Phase 2A and 2B Improvements identified may be paid until the work with respect to such Phase 2A and 2B Improvements (or segment) has been completed and the City has accepted such Phase 2A and 2B Improvements (or segment).

10. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) _____ does not exceed an amount that would leave \$ _____ remaining in the Phase 2A and 2B Improvement Account of the Project Fund or (ii) _____ the Developer hereby certifies the following:

(1) All of the Phase 2A and 2B Improvements have been construction or installed and accepted by the City;

45 building permits have been issued by the City for Phase 2A and 2B.

Payments requested are as follows:

Payee / Description of Phase 2A and 2B Improvement	Total Cost of Phase 2A and 2B Improvement	Budgeted Cost of Phase 2A and 2B Improvement	Amount requested be paid from the Phase 2A and 2B Improvement Account

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 2A and 2B 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:

- 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.

_____, a Texas limited
partnership

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 Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Phase 2A and 2B Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Phase 2A and 2B Improvement Account
\$ _____	\$ _____

CITY OF KAUFMAN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX G

PHOTOGRAPHS OF COMPLETED DEVELOPMENT IN THE DISTRICT

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Entryway Monument



G-1



Development in Phases #1A-1B of the District





Development in Phases #1A-1B of the District





Development in Phases #1A-1B of the District





Development in Phases #1A-1B of the District





Development in Phases #1A-1B of the District





Development in the District





Development in the District



