

## NEW ISSUE

NOT RATED

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

*In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described herein. See “TAX MATTERS — Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*

**\$3,228,000\*****BASTROP COUNTY, TEXAS****(a political subdivision of the State of Texas)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023****(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)****Dated Date: Closing Date (as defined below)****Due: September 1, as shown on the inside cover****Interest to Accrue from Closing Date**

The Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) (the “Bonds”) are being issued by Bastrop County, Texas (the “County”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover hereof, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2023\* until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by BOKF, NA, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the County pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an order expected to be adopted by the County Commissioners Court (the “Commissioners Court”) on May 22, 2023, and an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), entered into by and between the County and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the Double Eagle Ranch Public Improvement District (the “District”), and (v) paying the costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B — Form of Indenture.”

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

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

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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 County and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the County by the County Attorney, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by the Regional Counsel of Meritage Homes Corporation, and by its special counsel, Cinclair Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about June 20, 2023 (the “Closing Date”).

**FMSbonds, Inc.**

\* Preliminary; subject to change.

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

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

\$3,228,000\*  
BASTROP COUNTY, TEXAS  
(a political subdivision of the State of Texas)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$[ ] % Term Bonds, Due September 1, 20 \_\_, Priced to Yield %; CUSIP No. \_\_ <sup>(a) (b) (c)</sup>

\$[ ] % Term Bonds, Due September 1, 20 \_\_, Priced to Yield %; CUSIP No. \_\_ <sup>(a) (b) (c)</sup>

- 
- (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 Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the County, the County's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the County, on any date on or after September 1, 20 \_\_, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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\* Preliminary; subject to change.

## **BASTROP COUNTY, TEXAS**

### **County Officials**

#### **Commissioners Court**

<u>Name</u>	<u>Position</u>	<u>Term Expires (December)</u>
Gregory Klaus	County Judge	2026
Mel Hamner	Commissioner, Precinct 1	2024
Clara Beckett	Commissioner, Precinct 2	2026
Mark Meuth	Commissioner, Precinct 3	2024
David Glass	Commissioner, Precinct 4	2026

#### **Other County Officials**

Jennifer Pacheco	County Auditor
Krista Bartsch	County Clerk
Brittney Ross	County Treasurer
Ellen Owens	County Tax-Assessor Collector

#### **PID ADMINISTRATOR**

P3Works, LLC

#### **FINANCIAL ADVISOR TO THE COUNTY**

PFM Financial Advisors LLC

#### **BOND COUNSEL**

Norton Rose Fulbright US LLP

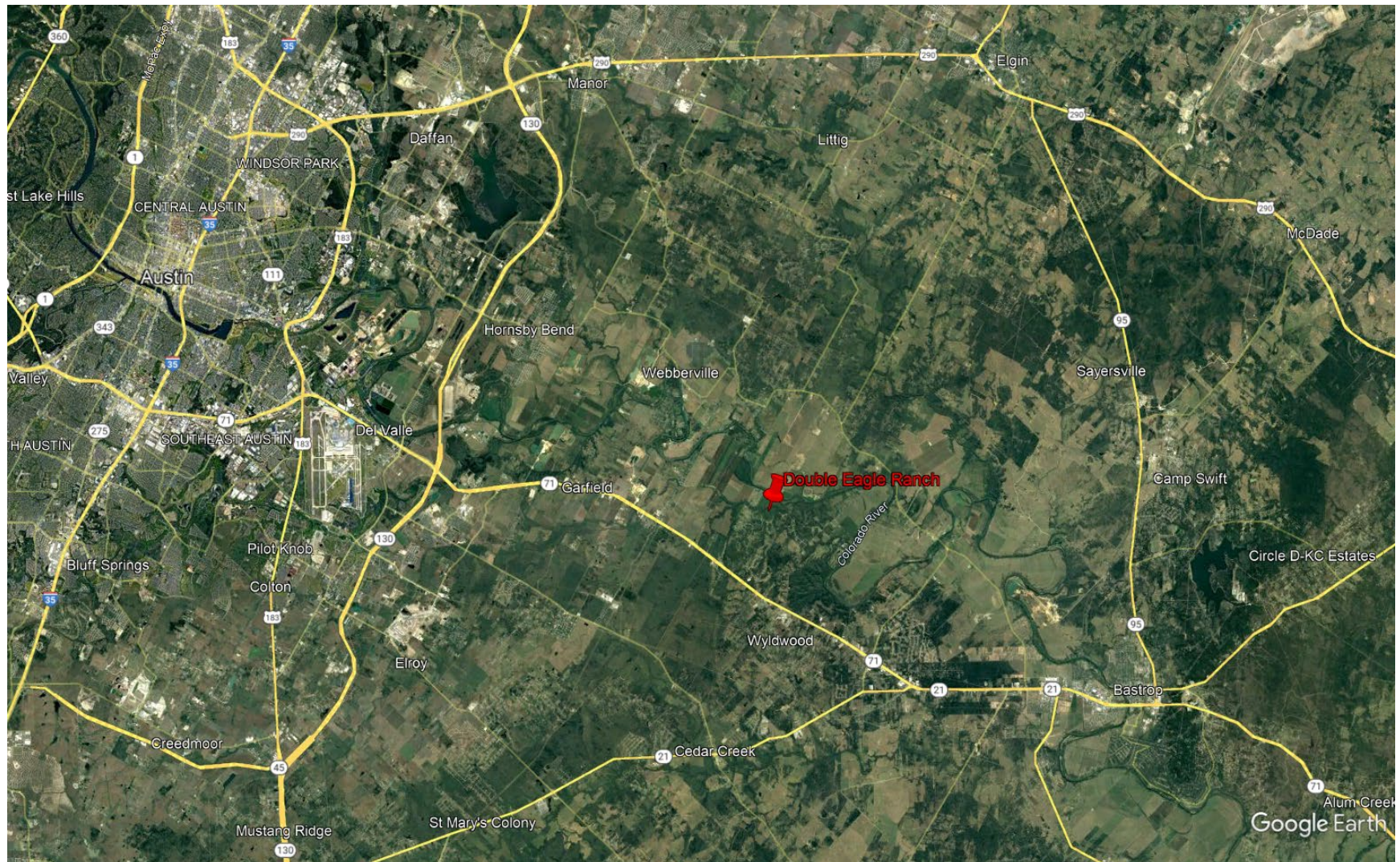
For additional information regarding the County, please contact:

Jennifer Pacheco  
County Auditor  
Bastrop County  
804 Pecan Street  
Bastrop, Texas 78602  
(512) 332-7222

Blake Roberts  
Director  
PFM Financial Advisors LLC  
111 Congress Ave., Suite 2150  
Austin, TX 78701  
(512) 614-5324



## REGIONAL LOCATION MAP OF THE DISTRICT





AREA LOCATION MAP OF THE DISTRICT

Double Eagle Ranch



Project Location Map



# MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT

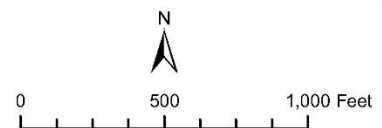
## Double Eagle Ranch Improvement Areas 1 and 2



Project Detail Map



Carlson, Brigrance & Doering, Inc.  
Civil Engineering ♦ Surveying



# MAP SHOWING CONCEPT PLAN FOR IMPROVEMENT AREA #1





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

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

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

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE COUNTY AND OBTAINED FROM SOURCES, INCLUDING THE DEVELOPER, WHICH ARE BELIEVED BY THE COUNTY 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 COUNTY OR THE DEVELOPER SINCE THE DATE HEREOF.

NEITHER THE COUNTY NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT

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 COUNTY 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.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED OFFERING MEMORANDUM FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

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## **PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$3,228,000\***

**BASTROP COUNTY, TEXAS**

**(a political subdivision of the State of Texas)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

**(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 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 Bastrop County, Texas (the “County”), of its \$3,228,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the County pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the order authorizing the issuance of the Bonds expected to be adopted by the County Commissioners Court (the “Commissioners Court”) on May 22, 2023 (the “Bond Order”), and an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), entered into by and between the County and BOKF, NA, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the “Assessments”) to be levied against assessed parcels (the “Assessed Property”) located within Improvement Area #1 (as defined herein) of the Double Eagle Ranch Public Improvement District (the “District”), pursuant to a separate order expected to be adopted by the Commissioners Court on May 22, 2023 (the “Assessment Order”), all to the extent and upon the conditions described in the Indenture.

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

Set forth herein are brief descriptions of the County, the District, the Assessment Order, the Bond Order, the Service and Assessment Plan (as defined herein), the Development Agreement (as defined herein), the Financing Agreement (as defined herein), the Developer (as defined herein) and the PID Administrator (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B — Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C — Form of Service and Assessment Plan.” The information

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\* Preliminary; subject to change.



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

## **PLAN OF FINANCE**

### **Development Plan**

Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”), is developing the approximately 195.879 acres of land within the District as a master planned, single-family residential development marketed as Riverbend at Double Eagle (the “Development”). The Developer’s development plans for the District consist of the initial construction of the street, drainage, erosion control and trail improvements (the “Improvement Area #1 Improvements”) necessary to serve the land within the first phase of the District (“Improvement Area #1”) followed by the construction of the street, drainage, erosion control, trail and bridge improvements (the “Improvement Area #2 Improvements” and, together with the Improvement Area #1 Improvements, the “Authorized Improvements”) necessary to serve the land within the second phase of the District (“Improvement Area #2”). Improvement Area #1 consists of approximately 55.05 acres and Improvement Area #2 consists of approximately 140.83 acres. See “THE IMPROVEMENT AREA #1 PROJECTS” for a more detailed description of the Improvement Area #1 Improvements. See “MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT” and “MAP SHOWING CONCEPT PLAN FOR IMPROVEMENT AREA #1” on pages v and vi and “THE DEVELOPMENT.”

The total costs of all of the Improvement Area #1 Projects (as defined herein) are expected to be approximately \$3,228,000\*, all of which are expected to be financed with proceeds of the Bonds. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements. The County and the Developer entered into the Double Eagle Ranch Public Improvement District Financing Agreement, dated as of February 28, 2022 (the “Financing Agreement”), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the Actual Costs of the Improvement Area #1 Projects. The Developer agrees to pay, without a right to reimbursement, any Actual Costs of the Improvement Area #1 Improvements set forth in the Service and Assessment Plan that are not funded by Bond proceeds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX G — Financing Agreement.”

In addition to the Authorized Improvements, the Developer expects to construct certain internal water and wastewater improvements necessary to serve the District (the “Water and Wastewater Improvements”), as further described under “THE DEVELOPMENT — Water and Wastewater Improvements,” and the Amenity Center, as defined and described under “THE DEVELOPMENT — Amenities.” The total costs of the Water and Wastewater Improvements and the Amenity Center are expected to be approximately \$1,487,000 and \$1,626,000, respectively, all of which has been or will be financed by the Developer without reimbursement by the County.

The Developer commenced construction of the Improvement Area #1 Improvements in the second quarter of 2022 and has completed all of the Improvement Area #1 Improvements, with the exception of the trail improvements, which are expected to be complete by the second quarter of 2024. Concurrently with the Improvement Area #1 Improvements, the Developer commenced construction of the Water and Wastewater Improvements necessary to serve Improvement Area #1 (the “Improvement Area #1 Water and Wastewater Improvements”), which have also been completed. The Developer expects to commence construction of the Improvement Area #2 Improvements and the Water and Wastewater Improvements necessary to serve Improvement Area #2 (the “Improvement Area #2 Water and Wastewater Improvements”) in the second quarter of 2023 and complete such construction in the fourth quarter of 2025. The Developer expects to commence construction of the Amenity Center in the fourth quarter of 2023 and complete such construction by the third quarter of 2024. See “THE IMPROVEMENT AREA #1 PROJECTS” and “THE DEVELOPMENT — Development Plan and Status of Development,” “— Water and Wastewater Improvements” and “— Amenities.”

The Development is expected to include approximately 482 50’ single-family residential lots. Improvement Area #1 is expected to include approximately 105 lots and Improvement Area #2 is expected to include approximately 377 lots. The Developer is and expects to be the only homebuilder in the District. As of April 1, 2023, 27 homes in Improvement Area #1 are under construction. See “THE DEVELOPMENT.”

## **The Bonds**

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds (collectively, and as more fully described under “THE IMPROVEMENT AREA #1 PROJECTS,” the “Improvement Area #1 Projects”). See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B — Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Assessments expected to be levied against Assessed Property within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

**The Bonds shall never constitute an indebtedness or general obligation of the County, 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 County payable solely from the Trust Estate as provided in the Indenture. Neither the full faith and credit nor the taxing power of the County, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

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

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

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute the investment letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the County, The Improvement Area #1 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable

in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the County in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the County, its Commissioners Court, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the County.

6. The Investor acknowledges that the obligations of the County under the Indenture are special, limited obligations payable solely from amounts paid by the County pursuant to the terms of the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County 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 County, 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 County, 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 County and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

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

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

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the “Closing Date”) 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 1 and September 1, commencing September 1, 2023\* (each an “Interest Payment Date”), until maturity or prior redemption. BOKF, NA, Houston, Texas 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 \$100,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption) (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### **Redemption Provisions**

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

*Extraordinary Optional Redemption.* The County reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, and in an amount specified in a County Certificate, on any

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\* Preliminary; subject to change.



date, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

**Mandatory Sinking Fund Redemption.** The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

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

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__†	

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† Stated maturity.

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

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 1, 20__	\$
September 1, 20__	
September 1, 20__	
September 1, 20__†	

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† Stated maturity.

At least 45 days prior to each mandatory sinking fund redemption date and subject to any prior reduction authorized by the Indenture, the Trustee shall select a principal amount of Bonds of such maturity equal to the Sinking Fund Installment of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and will give notice of such redemption, as provided in the Indenture.

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

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

**Partial Redemption.** If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of the Bonds 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 principal amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

In selecting the Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions, the Trustee may select Bonds in any method that results in a random selection.

In selecting the Bonds to be redeemed pursuant to the optional redemption provisions, the Trustee may conclusively rely on the directions in a County Certificate.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

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

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

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

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

### **BOOK-ENTRY-ONLY SYSTEM**

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

*The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described*

*in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' 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 County 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 County 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 County, 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 County, 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 County 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 County 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 County believes to be reliable, but none of the County, the County's Financial Advisor or the Underwriter take any responsibility for the accuracy thereof.

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

#### **SECURITY FOR THE BONDS SIMILARLY SECURED**

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

## General

THE BONDS SIMILARLY SECURED ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "APPENDIX B — FORM OF INDENTURE."

The principal of, premium, if any, and interest on the Bonds Similarly Secured are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments expected to be levied against the Assessed Property and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, on May 22, 2023, the Commissioners Court expects to approve and adopt a Service and Assessment Plan (as may be updated and amended from time to time, the "Service and Assessment Plan"), which will describe the special benefit received by the property within Improvement Area #1, provide the basis and justification for the determination of special benefit on such property, establish the methodology for the levy of the Assessments and provide for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

The County is authorized by the PID Act, the Assessment Order and other provisions of applicable law to finance the Improvement Area #1 Projects by levying Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of Assessments levied in the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

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

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

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

"Additional Obligations" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act.

"Annual Installment" means, with respect to each Assessed Property, each annual payment of the Assessment, including both principal of and interest on the Assessments, as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit F and related to the Improvement Area #1 Improvements; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs; (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the County may pledge to the payment of Bonds.

“Quarter in Interest” means as of any particular date of calculation, the Owners of no less than 25% of the principal amount of the then Outstanding Bonds Similarly Secured so affected. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Bonds Similarly Secured so affected (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement

### **Assessments Payable in Annual Installments**

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

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

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

### **Unconditional Levy of Assessments**

The County will impose Assessments on the Assessed Property to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Order. 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 Order, interest on the Assessments for each lot within Improvement Area #1 will begin to accrue on the date specified in the Service and Assessment Plan and, prior to issuance of the Bonds, is calculated at a rate specified in the Assessment Order. After issuance of the Bonds, Additional Interest on the Assessments for each lot within Improvement Area #1 will accrue at the rate of 0.50% as specified in the Assessment Order. The rate of Additional Interest may not exceed a rate that is 0.50% higher than the actual interest rate of the Bonds, pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on or about November 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.



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

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Order until the Assessments are paid (or otherwise discharged) and is enforceable by the Commissioners Court in the same manner that an ad valorem property tax levied against real property may be enforced by the Commissioners Court. See “ASSESSMENT PROCEDURES” herein. The Assessment Lien is superior to any homestead rights of a property owner that are properly claimed after the adoption of the Assessment Order. 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 Order (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS — Assessment Limitations.”

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

### **Collection of Assessments and Enforcement of Lien**

For so long as any Bonds Similarly Secured are Outstanding, and/or amounts are due to the Developer to reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements, the County covenants, agrees and warrants 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.

The County will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County 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 County shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property. Furthermore, nothing shall obligate the County, the County Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the County and its appropriate collections enforcement designees.

### **Perfected Security Interest**

The lien on and pledge of the Trust Estate will be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the County under the Indenture, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while the Bonds Similarly Secured are Outstanding such that the pledge of the Trust Estate granted by the County under the Indenture is to be subject to the filing

requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

### **Pledged Revenue Fund**

On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited all Pledged Revenues into the Pledged Revenue Fund and the Trustee shall apply the Pledged Revenues in the following order of priority: (i) *first*, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year; (ii) *second*, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement; (iii) *third*, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected in accordance with the Indenture; (iv) *fourth*, to pay other Actual Costs of the Improvement Area #1 Improvements; and (v) *fifth*, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues to the Pledged Revenue Fund, the County shall provide a County Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.

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

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Additional Interest 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, and second, to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

Notwithstanding the above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

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

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in an Account of the Reserve Fund, the County may direct the Trustee by County Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be applied.

### **Bond Fund**

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and

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

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

<u>Date</u>	<u>Amount</u>
September 1, 2023	\$

Any amounts on deposit to the Capitalized Interest Account after the foregoing payments shall be transferred to the Improvement Area #1 Projects Account of the Project Fund, or if the Improvement Area #1 Projects Account of the Project Fund has been closed, then such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

### **Project Fund**

Money on deposit in the Project Fund shall be used for the purposes specified below.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more County Certificates, containing a properly executed and completed Closing Disbursement Request.

Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of one or more County Certificates, in the form attached to the Indenture as Exhibit B, containing a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a County Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a County Certificate shall be made from the Improvement Area #1 Projects Account.

If the County Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Improvements, such that, in the opinion of the County Representative, it is unlikely that the amounts in the Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Projects Account of the Project Fund, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Projects Account of the Project Fund. If such County Certificate is so filed, the amounts on deposit in the Improvement Area #1 Projects Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

Upon the filing of a County Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to either a Certification for Payment or written direction from the County or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Bond Fund and (ii) the Improvement Area #1 Projects Account of the Project Fund shall be closed. If the Improvement Area #1 Projects Account of the Project Fund has been closed pursuant to the provisions of the Indenture and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of the Indenture, then the Project Fund shall be closed.

Not later than six months following the Closing Date, or upon a determination by the County Representative that all costs of issuance of an applicable Series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Projects Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements, or, if the Improvement Area #1 Projects Account of the Project Fund is closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the County in a County Certificate filed with the Trustee, and following such transfer, the Costs of Issuance Account shall be closed.

The aggregate amount of funds that the Trustee may disburse from the Improvement Area #1 Projects Account of the Project Fund shall not exceed \$[\_\_\_\_\_] (the “Unrestricted Amount”) except and until the Release Restriction (as defined below) has been satisfied. The Trustee may make disbursements from the Improvement Area #1 Projects Account of the Project Fund that exceed the Unrestricted Amount only when the Developer provides written certification to the Trustee and the County in a Certification for Payment that the Release Restriction has been satisfied. The first Certification for Payment that requests funds in excess of the Unrestricted Amount from the Improvement Area #1 Projects Account of the Project Fund and which evidences satisfaction of the Release Restriction shall be submitted to the County, the Trustee, and the PID Administrator for review and confirmation. Moneys may be disbursed from the Improvement Area #1 Projects Account of the Project Fund in excess of the Unrestricted Amount only if the Developer has sold and closed at least 12 homes within Improvement Area #1 to end-users (the “Release Restriction”), as evidenced by a certificate of the Developer, including a list of closed properties’ addresses and respective closing dates and copies of the recorded special warranty deeds attached, delivered to the Trustee and the PID Administrator. The County may not approve a Certification for Payment from the Improvement Area #1 Projects Account of the Project Fund for any amounts that exceed the Unrestricted Amount until the Release Restriction has been satisfied.

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

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund for the benefit of the Bonds and held by the Trustee. The Reserve Account of the Reserve Fund will be initially funded with a deposit of \$\_\_\_\_\_ from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The County agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits described under “— Pledged Revenue Fund”, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement except to the extent such deficiency is due to the application of the immediately succeeding paragraph. All amounts deposited in the 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 as provided in the Indenture. Pursuant to the Indenture, the “Reserve Account Requirement” for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$\_\_\_\_\_ which is an amount equal to [Maximum Annual Debt Service] on the Bonds as of the Closing Date.

Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds Similarly Secured to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds Similarly Secured to be redeemed, as identified in a County Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under the provision in this paragraph, the Trustee shall transfer an amount equal to the shortfall, and/or any

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\* Preliminary; subject to change.

additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless within 30 days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund pursuant to the Indenture, (ii) to the Improvement Area #1 Projects Account of the Project Fund, if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such County Certificate if the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

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

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

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

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

#### **Additional Interest Reserve Account of the Reserve Fund**

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the County shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment. The Additional Interest Reserve Requirement is 5.5% of the principal amount of the Outstanding Bonds Similarly Secured. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the County of such transfer in writing. In transferring the amounts pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a County Certificate directing that a different amount be used.

Whenever a transfer is made from an account of the Additional Interest Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the County, specifying the amount withdrawn and the source of said funds.

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

### **Administrative Fund**

The County has created under the Indenture an Administrative Fund held by the Trustee. On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered under the Indenture and used as directed by a County Certificate solely for the purposes set forth in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

### **THE ADMINISTRATIVE FUND IS NOT A PLEDGED FUND AND SHALL NOT BE SECURITY FOR THE BONDS SIMILARLY SECURED.**

### **Defeasance**

All Outstanding Bonds Similarly Secured 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 Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on such 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 for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured 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 County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture 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 Similarly Secured. 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 County maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the “PFIA”); and that at the time made are included in and authorized by the County’s official investment policy as approved by the Commissioners Court from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the County 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 County 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 Similarly Secured. Because the Indenture does not contractually limit such investments, Owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

### **Events of Default**

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

- (i) The failure of the County to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the County to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the County to make any such payments; and
- (iv) Default in the performance or observance of any covenant, agreement or obligation of the County under the Indenture and the continuation thereof for a period of 90 days after written notice to the County by the Trustee, or by the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

Upon the happening and continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory to it shall, proceed against the County 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 in the Indenture, or injunction; provided, however, that no action for money damages against the County may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under the Indenture, the County shall determine, in its absolute discretion, and shall instruct the Trustee by County 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 County shall fail to deliver to the Trustee such County 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 County by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.



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 County, 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 County 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 under the Indenture, 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 at least a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted under 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 90 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured 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 therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Owners of all Bonds Similarly Secured 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 County, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the County to pay each Bond Similarly Secured issued under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds Similarly Secured.

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 County, 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 other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of 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 during the continuance of an Event of Default, be

applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Bonds Similarly secured, as follows:

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

(ii) SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured 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 Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

Within ten 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 the Indenture.

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

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

### **Investment of Funds**

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the County pursuant to a County Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the 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) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds Similarly Secured, unless and until the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the event the County does not provide written investment directions, the Trustee is instructed to invest funds into the Goldman Sachs Financial Square Treasury Instruments (CUSIP No. 38142B609).

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

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

The County reserves the right to issue Additional Obligations under other indentures, assessment orders, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from any portion of the Trust Estate.

Other than bonds issued to refund any Outstanding Bonds ("Refunding Bonds"), the County will not create or voluntarily permit to be created any debt, lien, or charge on any portion of 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.

Additionally, the County has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

No Refunding Bonds, Additional Obligations or subordinate obligations described above may be issued by the County unless: (1) the principal (including any principal amounts to be redeemed pursuant to mandatory sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 of the years in which interest is scheduled to be paid.

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## SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:<sup>(1)</sup>

### Sources of Funds:

Principal Amount	\$
<b>TOTAL SOURCES</b>	<b>\$</b>

### Use of Funds:

Deposit to Improvement Area #1 Projects Account of the Project Fund <sup>(2)</sup>	\$
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to the Administrative Fund	
Underwriter's Discount <sup>(3)</sup>	
<b>TOTAL USES</b>	<b>\$</b>

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

<sup>(2)</sup> At closing, the Developer will only have access to funds held in the Improvement Area #1 Projects Account of the Project Fund in the amount of \$\_\_\_\_\_. The remaining funds in the Improvement Area #1 Projects Account will be held until the Developer has sold and closed at least 12 homes within Improvement Area #1 to end-users, as evidenced by a certificate of the Developer, a list of the closed properties' addresses and respective closing dates, and copies of the recorded special warranty deeds, delivered to the Trustee and the PID Administrator. See "SECURITY FOR THE BONDS SIMILARLY SECURED — Project Fund."

<sup>(3)</sup> Includes Underwriter's Counsel's fee of \$\_\_\_\_\_.

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\* Preliminary; subject to change.

## DEBT SERVICE REQUIREMENTS

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

<b><u>Year Ending</u></b> <b><u>(September 30)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2023 <sup>(2)</sup>	\$	\$	\$
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			
2053			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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

<sup>(2)</sup> Interest due in 2023 will be paid from amounts on deposit in the Capitalized Interest Account.

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## OVERLAPPING TAXES AND DEBT

### Overlapping Taxes

The land within Improvement Area #1 has been, and is expected to continue to be, subject to taxes imposed by taxing entities other than the County. Such taxes are payable in addition to the Assessments. Bastrop Independent School District (“Bastrop ISD”) and Bastrop County Emergency Services District #1 may each levy ad valorem taxes upon all of the land in Improvement Area #1 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The County has no control over the level of ad valorem taxes levied by such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1.

#### Overlapping Taxes in Improvement Area #1

<u>Taxing Entity</u>	<u>Tax Year 2022 Ad Valorem Tax Rate<sup>(1)</sup></u>
The County	\$0.32940
The County Special Road Tax	0.07520
Bastrop ISD	1.25560
Bastrop County Emergency Services District #1	<u>0.08005</u>
<b>Total Current Tax Rate</b>	<b><u>\$1.74025</u></b>
Estimated Average Annual Installment of Assessment as an Equivalent Tax Rate <sup>(2)</sup>	<u>\$0.74486</u>
<b>Estimated Total Tax Rate and Average Annual Installment of Assessment as an Equivalent Tax Rate</b>	<b><u>\$2.48511</u></b>

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

<sup>(2)</sup> Derived from information in the Service and Assessment Plan.

Source: Bastrop County Appraisal District and the Service and Assessment Plan.

### Overlapping Debt

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

#### Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of May 5, 2023</u>	<u>Estimated % Applicable<sup>(1)</sup></u>	<u>Estimated Overlapping Debt<sup>(1)</sup></u>
The County (Assessments - The Bonds)	\$ 3,228,000 <sup>(2)</sup>	100.0000%	\$3,228,000 <sup>(2)</sup>
The County (Ad Valorem Taxes)	51,089,000 <sup>(3)</sup>	0.0684%	34,945
Bastrop ISD <sup>(4)</sup>	<u>276,090,132</u>	0.1063%	<u>293,484</u>
<b>Total<sup>(5)</sup></b>	<b><u>\$330,407,132</u></b>		<b><u>\$3,556,429</u></b>

<sup>(1)</sup> Based on the Appraisal (as defined herein) for Improvement Area #1 and on certified valuations for the Tax Year 2022 for the taxing entities.

<sup>(2)</sup> Preliminary; subject to change.

<sup>(3)</sup> Outstanding tax-supported debt of the County includes \$8,815,000 of tax-supported debt obligations expected to be issued on May 18, 2023.

<sup>(4)</sup> Bastrop ISD has called a bond election on May 6, 2023, in the amount of \$321,500,000.

<sup>(5)</sup> Bastrop County Emergency Services District #1 does not have any outstanding general obligation debt.

Sources: Bastrop County Appraisal District and Municipal Advisory Council of Texas.

### Homeowners' Association

In addition to the Assessments described above, the Developer anticipates that each single-family residential lot owner in Improvement Area #1 will pay an annual maintenance and operation fee and/or a property owner's association fee to a homeowners' association (the “HOA”) formed by the Developer. The HOA fees are expected to be approximately \$113 per month.

## **ASSESSMENT PROCEDURES**

### **General**

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. As required by the PID Act, when the County determines to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within the District to be subject to Assessments to pay the costs therefor. The County has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll shows the Assessed Property within Improvement Area #1, 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 County Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding the same with Assessments. The County expects to levy the Assessments and adopt the Assessment Order on May 22, 2023, after which the Assessments will become legal, valid, and binding liens upon the Assessed Property.

Under the PID Act, the costs of the Improvement Area #1 Projects to be defrayed through Assessments may be assessed by the County against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects 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 Improvement Area #1 is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan.”

### **Assessment Methodology**

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

As set forth in the Service and Assessment Plan, the benefits received by the Improvement Area #1 Projects shall initially be allocated entirely to the Assessed Property. See “APPENDIX C — Form of Service and Assessment Plan.” As the Assessed Property is subsequently divided, the benefits received by the Improvement Area #1 Projects and the related Assessments will be apportioned pro rata according to the Estimated Buildout Value of the newly created Parcels. See “— Assessment Amounts – Method of Apportionment of Assessments” below.

The County has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefitted within Improvement Area #1. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1. See “APPENDIX C — Form of Service and Assessment Plan.”



The table below provides the estimated value to lien analysis based on Lot Type in Improvement Area #1.

**Estimated Value to Lien Analysis in Improvement Area #1<sup>(1)</sup>**

<u>Lot Type</u>	<u>Planned Number of Lots</u>	<u>Estimated Finished Lot Value per Lot<sup>(2)</sup></u>	<u>Estimated Buildout Value per Lot<sup>(3)</sup></u>	<u>Estimated Buildout Value per Lot Type<sup>(3)</sup></u>	<u>Maximum Assessment per Lot<sup>(4)</sup></u>	<u>Estimated Ratio of Finished Lot Value to Maximum Assessment</u>	<u>Estimated Ratio of Buildout Value to Maximum Assessment</u>
50'	105	\$80,500	\$380,500	\$39,952,500	\$30,742.86	2.62 : 1	12.38 : 1

<sup>(1)</sup> Preliminary; subject to change. The actual unit counts and estimated buildout value may vary from that shown above. Additionally, the Assessment allocation for each Lot Type may vary, subject to the terms of the Service and Assessment Plan, the PID Act, and other documents associated with the Bonds, and will be finalized for each Parcel at the time such Parcel is platted.

<sup>(2)</sup> The estimated finished lot value represents the “as-is” retail market value, as set forth in the Appraisal. See “APPRAISAL” and “APPENDIX F — Appraisal.”

<sup>(3)</sup> Provided by the Developer.

<sup>(4)</sup> Pursuant to the Service and Assessment Plan, the Assessment per Lot Type may not exceed the Maximum Assessment (as defined herein). See “— Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C — Form of Service and Assessment Plan.”

**Collection and Enforcement of Assessment Amounts**

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the County. The Assessments may be enforced by the County 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.

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

The County covenants, agrees and warrants in the Indenture that, for so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Developer under the Financing Agreement to reimburse it for funds that it has contributed to pay the costs of the Improvement Area #1 Projects, 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. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Collection of Assessments and Enforcement of Lien.”

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of the County, to the affected property owners on the same statement or such other mechanism that is used by the County, 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 County.

The County will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County 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 County will not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding property. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Collection of Assessments and Enforcement of Lien.”

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

The County will 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 County or its agent. Annual Installments are due when billed on or about November 1 each year and become delinquent on February 1. 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 increases 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 amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel within Improvement Area #1. The Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property, as indicated on the Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

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

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the Commissioners Court has determined that the Assessments shall be initially allocated 100% to the Assessed Property. Upon the division of any Assessed Property without the recording of a subdivision plat, the PID Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meaning:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the PID Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type

D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding  
Non-Benefitted Property

E = the number of newly subdivided Lots with the same Lot Type

The sum of the Assessment for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the Commissioners Court. See “APPENDIX C — Form of Service and Assessment Plan.”

The Assessment for any resulting Lot may not exceed the “Maximum Assessment” for such Lot Type. The term “Maximum Assessment” means, for each Lot Type within Improvement Area #1, the amount shown in Exhibit H to the Service and Assessment Plan, which amount will be reduced annually by principal payments made as part of the Annual Installments. See “APPENDIX C — Form of Service and Assessment Plan.” The following table provides the expected allocation of Assessments based on Lot Type.

**Assessment Allocation by Lot Type in Improvement Area #1<sup>(1)</sup>**

<u>Lot Type</u>	<u>Planned Number of Lots</u>	<u>Estimated Buildout Value per Lot<sup>(2)</sup></u>	<u>Maximum Assessment per Lot<sup>(3)</sup></u>	<u>Total Assessments per Lot Type<sup>(3)</sup></u>	<u>Estimated Average Annual Installment per Lot<sup>(4)</sup></u>	<u>Equivalent Tax Rate per \$100 Assessed Value<sup>(4)</sup></u>
50'	105	\$380,500	\$30,742.86	\$3,228,000	\$2,834.20	\$0.74486

<sup>(1)</sup> Preliminary; subject to change. The actual unit counts and estimated buildout value may vary from that shown above.

<sup>(2)</sup> Provided by the Developer.

<sup>(3)</sup> Pursuant to the Service and Assessment Plan, the Assessment per Lot Type may not exceed the Maximum Assessment, as shown in the table above. See “APPENDIX C — Form of Service and Assessment Plan.”

<sup>(4)</sup> Based on Annual Installments due from 2024 to 2053. Shown for illustrative purposes only.

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

### **Prepayment of Assessments**

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

**Mandatory Prepayments.** If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the County or the PID Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If the owner of the Assessed Property causes the

Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

*True-Up of Assessments if Maximum Assessment Exceeded.* Prior to the County approving a final subdivision plat, the PID Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the PID Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the County the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the County approving the final plat. The County's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in the preceding sentence.

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "Remaining Property") following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment and Annual Installments applicable to the Remaining Property after any required Prepayment as set forth below. The owner will remain liable to pay in Annual Installments, or payable as otherwise provided by the Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Annual Installments applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment and Annual Installments applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the County receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property. In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

Notwithstanding the preceding paragraphs under this subcaption, if the owner of the Taken Property notifies the County and the PID Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the preceding paragraphs under this subcaption, the Assessment shall not, however, be reduced to an amount less than the outstanding Bonds.

*Reduction of Assessments.* If, as a result of cost savings or Improvement Area #1 Improvements not being constructed, the Actual Costs of completed Improvement Area #1 Improvements are less than the Assessments, the Trustee shall apply amounts on deposit in the Project Fund that are not expected to be used for purposes of the Project Fund to redeem outstanding Bonds. The Assessments shall not, however, be reduced to an amount less than the related outstanding Bonds.

The PID Administrator shall update (and submit to the Commissioners Court for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

### **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 Order until the Assessment is paid and may be enforced by the County in the same manner as an ad valorem tax levied against real property may be enforced by the County. The owner of any Assessed Property may pay the entire Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. See "ASSESSMENT PROCEDURES — Prepayment of Assessments."

### **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 County 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 County 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 County is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

The County will covenant in the Indenture to take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the County 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 County and distributed in accordance with the Indenture. See "APPENDIX B — Form of Indenture." See also "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer" for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

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

## **THE COUNTY**

The County came into existence in 1836, covering 895 square miles of Central Texas. The County is bounded on the northwest by Travis County in which Austin, the State Capital, is located, on the northeast by Lee County, on the southeast by Fayette County, and on the southwest by Caldwell County. The County's 2020 census population

was 97,219. The County's economy is primarily based on agriculture, light manufacturing and tourism. The major agricultural products include beef, hay, cotton, sorghums, pecans, peanuts and pine, cedar, mesquite and oak timbers. Principal mineral production includes ceramic clay for use in brick making, petroleum, natural gas, and gravel. Dun & Bradstreet rates 120 business establishments in the County.

Policy making and supervisory functions are the responsibility of, and vested in, a five-member County Court of Commissioners. Commissioners serve four year overlapping terms. Each of the four Commissioners is elected from a precinct in the County, and the County Judge is elected at large.

The current members of the Commissioners Court and their respective expiration of terms of office and the principal officials of the County are shown on page ii hereof. General information regarding the County and the surrounding area can be found in "APPENDIX A — General Information Regarding the County."

## **THE DISTRICT**

### **General**

The PID Act authorizes the County to create public improvement districts within its boundaries and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the County in accordance with the PID Act by a resolution adopted by the Commissioners Court on May 10, 2021 in accordance with the PID Act (the "Creation Resolution"), for the purpose of undertaking and financing, in phases, the cost of certain Authorized Improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the Commissioners Court that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is governed by the Commissioners Court. A map of the property within the District is included on page v hereof.

### **Powers and Authority of the County**

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

Pursuant to the PID Act and the Creation Resolution, the County has the power to undertake, or reimburse a property owner for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Improvements. See "THE IMPROVEMENT AREA #1 PROJECTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the County has determined to undertake the construction, acquisition, or purchase of certain street, drainage, erosion control, and trail improvements comprising the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The County has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

## **THE IMPROVEMENT AREA #1 PROJECTS**

### **General**

The Improvement Area #1 Projects consist of the (i) Improvement Area #1 Improvements, (ii) Bond Issuance Costs and (iii) First Year Annual Collection Costs, each as defined and described below. A portion of the costs of the Improvement Area #1 Projects will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects will be paid by the Developer under the terms of the Financing Agreement and the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan" and "APPENDIX G — Financing Agreement."

## **Improvement Area #1 Projects**

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

**Street Improvements.** Improvements include subgrade preparation (including excavation and drainage), stabilized subgrade, aggregate base course and asphalt roadway with concrete curb and gutter. Intersections and signage are included. These roadway improvements will provide street access to each Lot. Residential streets will be constructed to local street standards (50' row/29' pavement) and Red Tailed Hawk Lane will be constructed to local street standards utilizing a 60' row and 29' pavement. Residential streets typical sections will include 2" H.M.A.C and 12" of crushed limestone base over 8" moisture conditioned subgrade. Red Tailed Hawk Lane paving section will include 3" H.M.A.C and 12" of crushed limestone base over a geogrid and 8" moisture conditioned subgrade. The constructed improvements provide improved access to each lot and the project includes an emergency access point to the adjoining subdivision which provides for community benefit. Sidewalks will be constructed on both sides of the road on all streets within Improvement Area #1. They will be used as public pedestrian pathways to provide accessible routes throughout the development.

**Drainage Improvements.** Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, headwalls and open channels/swales. These improvements will allow the developed conditions stormwater to be collected and outfall within the limits of Improvement Area #1. Rainfall runoff will be collected and conveyed subsurface into Moss Branch, Dry Creek and the Colorado River. Detention structures are not proposed. The limits of the floodplain are contained within lots that will be dedicated as drainage easements. No portion of the FEMA 100-year floodplain encroaches on any single family lots within this subdivision. The development has been designed so that the post developed 100-year floodplain does not encroach on any single family lots within this subdivision and does not adversely affect any upstream property owners.

**Erosion Control Improvements.** Improvements include silt fence, rock berms, construction entrances, inlet protection, topsoil and revegetation, and irrigation sleeves for the limits of Improvement Area #1.

**Trails.** Includes construction of recreational trails within and throughout many of the open space lots to provide as a public amenity within the limits of Improvement Area #1.

**Soft Costs.** Includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, County permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, and contingency.

**Improvement Area #1's Allocable Share of District Formation Expenses.** Improvement Area #1's allocable share of the costs incurred in creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments (collectively, the "District Formation Expenses").

**Bond Issuance Costs.** The Improvement Area #1 Projects also consist of the following "Bond Issuance Costs": the costs associated with issuing the Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, reserve fund requirements, capitalized interest, underwriter discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the Bonds.

**First Year Annual Collection Costs.** The Improvement Area #1 Projects also include the estimated costs of the first year Annual Collection Costs.



## Costs of Improvement Area #1 Projects

The following table reflects the expected total costs of the Improvement Area #1 Projects. A portion of the costs of the Improvement Area #1 Projects are expected to be financed with proceeds of the Bonds.

<b><u>Estimated Improvement Area #1 Project Costs<sup>(1)</sup></u></b>	
<b><u>Type of Improvement Area #1 Project</u></b>	<b><u>Total Cost</u></b>
<i>Improvement Area #1 Improvements</i>	
Streets	\$1,397,063
Drainage	466,881
Erosion Control	75,549
Trails	104,770
Soft Costs	388,410
District Formation Expenses <sup>(2)</sup>	<u>108,921</u>
Subtotal	\$2,541,594
<i>Bond Issuance Costs</i>	
Deposit to Reserve Account	\$240,680
Capitalized Interest	64,560
Underwriter Discount	104,560
Costs of Issuance	<u>236,606</u>
Subtotal	\$ 646,406
<i>First Year's Annual Collection Costs</i>	<u>\$ 40,000</u>
<b>Total<sup>(3)</sup></b>	<b><u>\$3,228,000</u></b>

<sup>(1)</sup> Preliminary; subject to change. Derived from information in the Service and Assessment Plan. Does not include costs of the Water and Wastewater Improvements, which are estimated to be approximately \$1,487,000, are not considered Authorized Improvements and may not be reimbursed with Bond proceeds. See "THE DEVELOPMENT— Water and Wastewater Improvements."

<sup>(2)</sup> District Formation Expenses are estimated to total \$500,000 for the entire District and are allocated between Improvement Area #1 and Improvement Area #2 on a pro rata basis based on the Estimated Buildout Value as shown on Exhibit L of the Service and Assessment Plan.

<sup>(3)</sup> Totals may not add due to rounding.

The costs of the Improvement Area #1 Improvements are based on information provided by the Developer and its engineer and reviewed by the County staff and by third-party consultants retained by the County and were approved by the Commissioners Court. The total costs of all of the Improvement Area #1 Projects are expected to be approximately \$3,228,000\*, all of which are expected to be paid with proceeds of the Bonds. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements, which are complete.

The Appraisal estimates that the retail market value of the property within Improvement Area #1 under certain conditions, including the completion of all the Improvement Area #1 Improvements and the Improvement Area #1 Water and Wastewater Improvements, is \$8,452,500. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the County and the Underwriter. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value. Investors should not assume that the disposition of the lots in Improvement Area #1 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth in the Appraisal. See "APPRAISAL" for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions, and qualifications.

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\* Preliminary; subject to change.

## **Ownership and Maintenance of Improvement Area #1 Improvements**

The Improvement Area #1 Improvements, except for the trail improvements, will be dedicated to the County and will constitute a portion of the County's infrastructure improvements. The County will provide for the ongoing maintenance and repair of such Improvement Area #1 Improvements, except for the sidewalks and any drainage system improvements outside of the closed drainage system, which will be maintained by the HOA pursuant to a maintenance agreement between the County and the HOA. The trail improvements will be dedicated to and maintained by the HOA on behalf of the County. The HOA will grant a public access easement to the County with respect to the trail improvements.

## **THE DEVELOPMENT**

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

### **Overview**

The Development is a master-planned single-family residential development within the County and the extraterritorial jurisdiction of the City of Bastrop, Texas (the "City"). The Development is comprised of 195.879 acres and is located approximately 20 miles southeast of Austin, Texas, and approximately 13 miles northwest of the City. The Development is located off Double Eagle Ranch Drive approximately two miles north of Highway 71.

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

The Developer's development plans for the District consist of the initial construction of the Improvement Area #1 Improvements and Improvement Area #1 Water and Wastewater Improvements necessary to serve the lots within Improvement Area #1 followed by the construction of the Improvement Area #2 Improvements and Improvement Area #2 Water and Wastewater Improvements necessary to serve the lots within Improvement Area #2.

The Developer commenced construction of the Improvement Area #1 Improvements in second quarter of 2022 and has completed all of the Improvement Area #1 Improvements, with the exception of the trail improvements, which are expected to be complete by the second quarter of 2024. Concurrently with the Improvement Area #1 Improvements, the Developer commenced construction of the Improvement Area #1 Water and Wastewater Improvements, which have also been completed. The Developer expects to commence construction of the Improvement Area #2 Improvements and the Improvement Area #2 Water and Wastewater Improvements in the second quarter of 2023 and complete such construction in the fourth quarter of 2025. The Development is also expected to include 70 acres of parkland and open space and the Amenity Center. See "— Water and Wastewater Improvements" and "— Amenities."

### **Single-Family Development**

The Development is expected to include approximately 482 50' single-family residential lots. Improvement Area #1 is expected to include approximately 105 lots and Improvement Area #2 is expected to include approximately 377 lots. The Developer expects to construct all planned residential homes on all 482 lots within the District and does not expect to contract with any merchant homebuilders. As of April 1, 2023, 27 homes are under construction in Improvement Area #1. The Developer expects to have two furnished model homes available by mid-May 2023.

The Developer's homes are designed to exceed ENERGY STAR® guidelines and include the following energy-saving features: (i) Spray Foam Insulation; (ii) Indoor AirPLUS Certification; (iii) Fresh Air Management System; (iv) Dual-Actuated Toilets; (v) Low-To-Zero VOC Materials, Paints, Stains & Adhesives; (vi) M.Connected Home Automation Suite; (vii) MERV 13 HVAC Filtration; and (viii) LED Lighting.

The Developer's current expectations regarding buildout of the single-family lots and homes within the District are shown in the following table.

**Expected Buildout of Single-Family Lots within the District<sup>(1)</sup>**

Improvement	Lot	Number	Actual/Expected	Actual/Expected	Expected Initial	Expected Home
<u>Area</u>	<u>Size</u>	<u>of Lots</u>	<u>Infrastructure</u>	<u>Home Construction</u>	<u>Sale Date of</u>	<u>Construction</u>
			<u>Completion Date</u>	<u>Commencement Date</u>	<u>Homes to</u>	<u>Completion Date</u>
					<u>Homeowners<sup>(3)</sup></u>	
1	50'	105	Q1 2023 <sup>(2)</sup>	Q1 2023	Q3 2023	Q1 2025
2	50'	377	Q4 2025	Q2 2024	Q3 2024	Q4 2028
<b>Total</b>		<b>482</b>				

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

<sup>(2)</sup> Date does not include completion of the trail improvements within Improvement Area #1. The Developer expects to complete such improvements by the second quarter of 2024.

<sup>(3)</sup> Sale date represents the actual closing date of a home to a homeowner.

The anticipated schedule for sale of single-family lots to homeowners in the District is shown in the following table.

**Expected Sale of Single-Family Homes to Homeowners in the District<sup>(1)</sup>**

<u>Expected Sale Date<sup>(2)</sup></u>	<u>Improvement Area #1</u>	<u>Improvement Area #2</u>
2023	38	-
2024	67	5
2025	-	108
2026	-	108
2027	-	108
2028	-	48
<b>Total</b>	<b>105</b>	<b>377</b>

<sup>(1)</sup> These projections regarding expected absorption were provided by the Developer. Absorption projections in the Appraisal may vary. Numbers include model homes.

<sup>(2)</sup> Sale date represents date that the Developer expects homes to be under contract with homeowners. Therefore, a home may be "sold" to a homeowner while it is still under construction.

**Photographs**

The following are photographs of the current construction within the District.





The following are depictions of the product types to be offered in Improvement Area #1.







### **Water and Wastewater Improvements**

The Water and Wastewater Utility Construction, Conveyance and Service Agreement between Double Eagle Villages, LLC and Corix Utilities (Texas), Inc. (“Corix”), as assigned to the Developer (the “Utility Agreement”), sets forth the procedures and agreements between the Developer and Corix in connection with the water and wastewater service to be provided to the District. In the Utility Agreement, (a) Corix agreed to (i) provide retail water and wastewater services to the District, subject to certain terms described below, and (ii) design, construct or cause the construction of, as well as finance, all Major Facilities (as defined below) required for the provision of retail water and wastewater service to the customers within the District and (b) the Developer agreed to (i) construct and finance the construction of the Water and Wastewater Improvements, (ii) pay the Reservation Fees (as defined below) to Corix and (iii) convey the Interests to be Acquired (as defined below) to Corix. Upon completion, the Water and Wastewater Improvements will be owned, operated, and maintained by Corix.

For purposes of this subcaption, the following terms are assigned the following definitions:

“Fee Tracts” means the real property on which the Major Facilities will be located.

“Initial Reservation Fee Payment” means the sum of \$596,400 to be paid by Developer to Corix as a condition for commencement of design by Corix of the Major Facilities required to serve Improvement Area #1.

“Interests to be Acquired” means: (i) the Water and Wastewater Improvements to be conveyed by Developer to Corix along with the associated real property rights; (ii) the Fee Tracts; and (iii) all easements within the District required to provide Corix access to and from the Fee Tracts from a public roadway.

“Major Facilities” means the major water and wastewater infrastructure improvements to be funded and constructed by Corix for the provision of water and wastewater service to customers within the District, which shall include all infrastructure improvements required for the provision of retail water and wastewater service excluding the Water and Wastewater Improvements, including, but not limited to, the Wastewater Treatment Plant, elevated water storage tank facilities and pump station improvements.

“Reservation Fee” means the sum of \$7,000 to be paid by or on behalf of Developer to Corix for the reservation of capacity for each lot within the District and as a contribution in aid of construction of Corix’s costs of design and construction of the Major Facilities.

“Wastewater Treatment Plant” means the wastewater treatment plant facility and related disposal facilities and appurtenances to be constructed by Corix for the treatment and disposal of wastewater effluent generated within the District.

“Water and Wastewater Improvements” means the internal water and wastewater subdivision infrastructure to be constructed by or on behalf of Developer and subsequently conveyed to Corix for providing retail water and wastewater service to customers within each phase of development within the District. The Water and Wastewater Improvements do not include the Major Facilities, but shall include the facilities required to extend to and connect the internal subdivision water and wastewater improvements to the Major Facilities.

“Wholesale Water Agreement” means the Wholesale Service Agreement between Aqua Water Supply Corporation (“Aqua”) and Corix for the provision of retail and wholesale water service by Corix to the District.

Under the Utility Agreement,

(i) Corix shall make retail water and wastewater service available to Improvement Area #1 not later than 12 months after satisfaction of all of the following conditions precedent: (a) receipt of all required approvals; (b) receipt of the Initial Reservation Fee Payment from Developer in full; and (c) receipt of conveyance from Developer of fee title to the Fee Parcels and all easements required for Corix to access the Fee Parcels from a public roadway (“Improvement Area #1 Conditions”). Additionally, before service can be provided, the Developer must have completed the Improvement Area #1 Water and Wastewater Improvements. *The Developer has completed all of the Improvement Area #1 Conditions and has finished construction of the Improvement Area #1 Water and Wastewater Improvements.*

(ii) The Wholesale Water Agreement shall be the initial source of water supply to Improvement Area #1 until the Major Facilities necessary to provide retail water service have been completed. *The water storage tank is currently under construction by Corix with an expected completion date of May 24, 2023. The water storage tank is not necessary to supply water to Improvement Area #1, as retail water service will initially be provided under the Wholesale Water Agreement.*

(iii) The initial source of wastewater treatment and disposal services for the District shall be the Wastewater Treatment Plant. Corix may secure or develop alternative sources of wastewater treatment and disposal services for the District in its sole and absolute discretion. *The Developer has completed construction of its portion of the lift station. Corix will construct the remaining improvements to the lift station in conjunction with the first phase of construction of the Wastewater Treatment Plant. The Wastewater Treatment Plant is being constructed in the following two phases, according to Corix: Phase 1 - 80,000 gpd, which is expected to be substantially complete by July 2023; Phases 2 and 3 – construction timing will depend on flows and number of homes connected. Phase 1 will accommodate approximately 300 homes before beginning an expansion. It will require approximately 6 months to add the next increment of treatment. Corix will provide pump and haul until substantial completion of the Wastewater Treatment Plant or until the minimum number of homes are connected to the wastewater system so that flows are sufficient to operate the Wastewater Treatment Plant. Corix expects there will need to be approximately 20 homes connected before it can begin operating the plant.*

(iv) The Developer shall pay, or cause to be paid, to Corix the Reservation Fee for each lot sold within the District. The Reservation Fee shall be tendered by or on behalf of Developer to Corix in accordance with the following timeframes: (a) \$1,200 of the Reservation Fee for the full Service Commitment (497 living unit equivalents (“LUEs”)), representing the Initial Reservation Fee Payment, shall be prepaid by Developer to Corix at such time as Developer desires Corix to proceed with commencement of design of the Major Facilities; and (ii) the remaining balance of the Reservation Fee (\$5,800 per LUE) shall be paid by Developer to Corix upon application to Corix for a water meter to a lot (including for construction purposes). *The Developer paid the Initial Reservation Fee on August 31, 2021. The Developer expects to request the meters in phases, and in April 2023 began to request and install meters for the initial 26 permits approved by the County.*

Pursuant to the Wholesale Water Agreement,

(i) As of August 17, 2022, Aqua held the certificate of convenience and necessity (“CCN”) to provide retail water to the District. Aqua agreed to assist Corix in transferring Aqua’s CCN to Corix. *Corix is now the holder of the CCN to provide retail water to the District.*

(ii) Aqua agreed to provide temporary water service to Improvement Area #1 for a period of three years or until the Major Facilities required to provide water service to Improvement Area #1 have been completed. In consideration of providing such service, Corix was required to pay a “Capacity Reservation Fee” in the amount of \$600 for all 497 LUEs and a “System Development Fee” in the amount of \$3,500 for 200 LUEs. *In May of 2022, the Developer paid both fees.*

(iii) As of the effective date of the Wholesale Water Agreement, Aqua had an existing waterline sufficient to provide temporary capacity to Improvement Area #1, but certain construction was required to provide water service to the rest of the District. Corix agreed to pay the costs to construct such improvements. Aqua agreed to provide wholesale water service to the District once such improvements are completed. *Corix completed such improvements in February 2023.*

### **Financing Agreement**

The County and the Developer entered into the Financing Agreement, which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the Actual Costs of the Improvement Area #1 Projects. In the Financing Agreement, the Developer agreed to pay the costs of constructing the Improvement Area #1 Improvements that are not paid from proceeds of the Bonds or the Assessments without reimbursement by the County. The Financing Agreement anticipated that the initial tax equivalent assessment rate will be no more than \$0.75 per \$100 of assessed value. Additionally, the Financing Agreement provides that (i) the maximum aggregate principal amount of bonds for the District (“PID Bonds”) that may be issued is \$20,000,000, (ii) the final maturity for any PID Bonds may not be later than 35 years from the effective date of the Financing Agreement, (iii) the value to lien ratio will be equal to or greater than 3:1 for the applicable series of PID Bonds and (iv) that PID Bonds may not be issued for a particular improvement area until the Authorized Improvements in such improvement area have been completed. The County has agreed to waive the value to lien ratio requirement in connection with the Bonds. In lieu of such requirement, the Indenture establishes a holdback of funds within the Project Fund until the value to lien ratio within Improvement Area #1 has reached at least a 3:1. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Project Fund.”

Pursuant to the Financing Agreement, the Developer agreed to pay to the County a fee equal to 10% of the net proceeds of the applicable series of PID Bonds (the “County Community Benefit Fee”) at the closing of the applicable series of PID Bonds. The Developer agrees and acknowledges that the County Community Benefit Fee cannot be paid from PID Bond proceeds. The “net proceeds” of PID Bonds means the par amount of the PID Bonds less funds deposited in a reserve fund, funds allocated to capitalized interest, the underwriter discount, and costs of issuance of the PID Bonds.

### **Amenities**

In accordance with the Development Agreement, the Development will include approximately 70 acres of parkland and open space, which will be included in both Improvement Area #1 and Improvement Area #2, and the Amenity Center, which will be located within Improvement Area #1. The Developer expects to construct the trail improvements, which are considered an Improvement Area #1 Improvement for which the Developer expects to be reimbursed with proceeds of the Bonds, within the 70 acres of parkland. The Developer expects to construct the trail improvements within Improvement Area #1 beginning in October of 2023 and complete such construction by the second quarter of 2024. The Developer anticipates that the trail improvements within Improvement Area #2 will be complete by the fourth quarter of 2025.

The Developer will also construct an amenity center to include a pool, clubhouse/cabana and passive and active open space, as well as parking facilities (collectively, the “Amenity Center”), which will be owned, operated



and maintained by the HOA. The Developer expects to begin construction in the fourth quarter of 2023 and complete construction in the third quarter of 2024. The anticipated cost to complete the Amenity Center is \$1,626,103, which the Developer will finance on a cash basis through corporate funding without reimbursement by the County.

### **Zoning/Permitting**

The development of the property within the District will be governed by the County's Code of Ordinances, the Double Eagle Development Agreement between the County and DE Development, Inc., as assigned to the Developer (the "Development Agreement"), and the Interlocal Agreement for Subdivision Plat Regulation in Bastrop County and the City of Bastrop's Extraterritorial Jurisdiction between the County and the City.

### **Education**

The District is located within Bastrop ISD. Bastrop ISD operates six elementary school, two intermediate schools, two middle schools and five high schools. Bluebonnet Elementary School, which is approximately 6.5 miles from the District, Cedar Creek Intermediate and Cedar Creek Middle School, which are approximately 10 miles from the District, and Cedar Creek High School, which is approximately 3.2 miles from the District, are expected to serve residents within the District.

GreatSchools.org rated Bluebonnet Elementary School, Cedar Creek Intermediate, Cedar Creek Middle School and Cedar Creek High School "below average." According to the Texas Education Agency annual school report cards, Bastrop ISD, Cedar Creek Middle School and Cedar Creek High School were rated "C" and Bluebonnet Elementary School and Cedar Creek Intermediate were rated "Not Rated" for 2021-2022. The categories for public school districts and public schools for the 2021-2022 school are A, B, C, D or Not Rated. A Not Rated label is used when the overall scaled score is less than 70.

### **Mineral Rights**

There are certain mineral rights reservations of prior owners of real property within the District, including Improvement Area #1 (the "Mineral Owners"), pursuant to one or more deeds in the chain of title for the property in the District. While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. The Developer's title policy for the land within the District includes a minerals and surface damage endorsement, which insures against loss that is sustained by reason of damage to permanent buildings located within the District resulting from the future exercise of any right to use the surface of the land for the extraction or development of coal, lignite, oil, gas or other minerals; provided, however, it does not insure against the loss resulting from subsidence.

Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #1 to pay Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Exercise of Mineral Rights."

### **Geotechnical Exploration**

A Geotechnical exploration (a "Geotech") was performed for the District by MLA Geotechnical on February 10, 2022. The Geotech was undertaken for the purpose evaluating the general subsurface conditions relative to the establishment and design of pavement thickness sections, lift stations, wastewater treatment plants and bridge foundations. The Developer has and will continue to follow all recommendations contained in the Geotech.

## Environmental

According to the Texas Parks & Wildlife, the following endangered species are known or believed to occur in the County: Houston toad, whooping crane and Navasota ladies'-tresses. The Developer is not aware of any endangered or threatened species located on District property.

## Utilities

Water and Wastewater. Corix is a retail public utility and the owner of multiple water and wastewater systems that it operates to provide retail water and sewer services to its customers. Corix holds the CCNs for both retail water and wastewater service to the District and will provide such service to the District in accordance with the Utility Agreement. In accordance with the Wholesale Water Agreement, Aqua will provide (i) temporary retail water service to Improvement Area #1 until the Major Facilities necessary to provide retail water service have been completed and (ii) wholesale water to Corix for the District. Aqua and Corix currently have sufficient capacity to provide water and wastewater service to Improvement Area #1. See "THE DEVELOPMENT — Water and Wastewater Improvements" above.

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Gas	Texas Gas
Cable/Phone/Data	AT&T
Electric	Bluebonnet Electric

## THE DEVELOPER

*The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the County, the County's Financial Advisor and the Underwriter, and none of the County, the County's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information.*

## General

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

The Developer is a wholly-owned subsidiary of Meritage Homes Corporation ("Meritage"). Meritage stock trades on the New York Stock Exchange under the symbol MTH. Meritage is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for Meritage is No.1-9977. Such reports, proxy statements, and other information filed by Meritage can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 11 Wall Street, New York, New York 10005. All documents subsequently filed by

Meritage pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

In addition, Meritage makes available on its web site <http://www.meritagehomes.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on Meritage’s website, available by hyperlink from Meritage’s website or on the SEC’s website, is not incorporated into this Limited Offering Memorandum.**

Meritage is a leading designer and builder of single-family homes. Meritage primarily build in historically high-growth regions of the United States and offer a variety of entry-level and first move-up homes. Meritage has homebuilding operations in three regions: West, Central and East, which are comprised of nine states: Arizona, California, Colorado, Texas, Florida, Georgia, North Carolina, South Carolina, and Tennessee. Meritage also operates a financial service reporting segment, offering title and escrow, mortgage, and insurance services.

Meritage homebuilding activities are conducted under the name of Meritage in each of its homebuilding markets. As of December 31, 2022, Meritage affiliates were actively selling homes in 303 communities and closed 14,106 homes across nine states with an average sales price of \$440,000.

The Developer was created by Meritage for the purpose of acquiring, owning, holding, managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State, including developing, managing and ultimately conveying property to third parties. The Developer currently owns and is developing multiple projects in Texas.

A snapshot of some of the communities the principals of the Developer have developed is presented below.

<u>Name of Community</u>	<u>City</u>	<u>Number of Lots</u>	<u>Status of Development</u>
Shadow Glen <sup>(1)</sup>	Manor, TX	1,200+	Ongoing
Butler Farms <sup>(2)</sup>	Liberty Hill, TX	493	Ongoing
Cross Creek <sup>(2)</sup>	Hutto, TX	496	Ongoing
Wildridge <sup>(1)</sup>	Dripping Springs, TX	861	Entitlements
Limestone Creek <sup>(3)</sup>	Kyle, TX	682	Ongoing
Turners Crossing <sup>(2)</sup>	City of Austin ETJ/Travis Co, TX	1,328	Ongoing
Homestead <sup>(1)</sup>	Round Rock, TX	613	Ongoing

<sup>(1)</sup> Development is funded partly through a municipal utility district.

<sup>(2)</sup> Development is funded partly through a public improvement district.

<sup>(3)</sup> Development is funded partly through a public improvement district and tax increment reinvestment zone.

## Executive Biography of Principals of the Developer

Justin Belmore is the Division Vice President of Land Acquisition for the Developer and has been with the company since 2022. He’s worked in the homebuilding industry since 2016, primarily in land, finance, and management roles. He received a Bachelor of Science in Quantitative Economics from the United States Naval Academy in 2009.

Tara Thomason, Senior Project Manager for the Developer, has delivered thousands of single-family lots during the course of her 13-year career in land development across the Central Texas region. Prior to the Developer she served as Vice President of Market Research at JPI and served as the Director of Strategic Planning and Marketing at Centex Homes (now Pulte). She holds a mediation certification from University of Texas School of Law, Center for Public Policy and Dispute Resolution and a bachelor’s degree with concentrations in geographic information systems, geology, and economic geography from the University of North Texas.

## History and Financing of the District

On May 27, 2021, DE Development, Inc. sold the property within the District to Kerby Ventures, LLC (“Kerby Ventures”), who subsequently sold the property to the Developer on the same day. The Developer’s acquisition was made on a cash basis through corporate funding, and no third-party financing was used to acquire or has been used to subsequently develop the property within the District. Thus, there are currently no liens on the property within the District which were incurred by the Developer, and the Developer does not currently anticipate incurring any liens on the property within the District for as long as the Developer owns such property (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

Kerby Ventures incurred certain soft costs as part of creating the District, such as fees for consultants and engineering. The Developer has agreed to pay Kerby Ventures directly for those costs incurred by Kerby Ventures. The Developer may request reimbursement from the proceeds of the Bonds for these costs.

The total expected costs to construct the Improvement Area #1 Improvements, the Improvement Area #1 Water and Wastewater Improvements and the Amenity Center are \$2,541,594, \$1,487,000, and \$1,626,000, respectively. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements, which are complete, and \$1,476,081 on constructing the Improvement Area #1 Water and Wastewater Improvements. The Developer expects to be reimbursed for all of the costs to construct the Improvement Area #1 Improvements with proceeds of the Bonds. The Developer has financed or will finance the total costs to complete the Improvement Area #1 Water and Wastewater Improvements and the Amenity Center on a cash basis through corporate funding without reimbursement from the County.

### THE PID ADMINISTRATOR

*The following information has been provided by the PID Administrator. Certain of the following information is beyond the direct knowledge of the County, the County’s Financial Advisor and the Underwriter, and none of the County, the County’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information.*

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

The PID Administrator’s duties will include:

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

## APPRAISAL

### The Appraisal

General. Barletta & Associates, Inc. (the “Appraiser”) prepared an appraisal report for the County dated March 16, 2023, based upon a physical inspection of the District conducted on March 15, 2023 (the “Appraisal”). The Appraisal was prepared at the request of the County. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX F — Appraisal.”

Value Estimates. The Appraiser estimated the “as-is” retail market value of the fee simple interest in the various tracts within Improvement Area #1 under certain hypothetical conditions. The Appraisal Report does reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumptions that all of the Improvement Area #1 Improvements and the Improvement Area #1 Water and Wastewater Improvements have been completed as of the date of valuation set forth below. See “THE IMPROVEMENT AREA #1 PROJECTS,” “THE DEVELOPMENT — Development Plan and Status of Development,” “— Water and Wastewater Improvements” and “APPENDIX F — Appraisal.”

The cumulative value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of March 15, 2023, is \$8,452,500. None of the County, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the County, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions.

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

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

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

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

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

## **BONDHOLDERS' RISKS**

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

**THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY 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 COUNTY 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 COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.**

The ability of the County to pay debt service on the Bonds as due is subject to various factors that are beyond the County's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 to pay Assessments levied by the County, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within Improvement Area #1, it being understood that poor economic conditions within the County, State and region may slow the assumed pace of sales of such property.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1. 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 County, or the County'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.

### **Infectious Disease Outbreak**

In March 2020, the World Health Organization and the President of the United States (the "President") separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency (the "Pandemic"). On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by

the Governor may not continue for more than 30 days unless renewed. The Governor had historically renewed his declaration monthly, most recently on February 14, 2023; however, the Governor has not renewed this declaration as of March 16, 2023 and therefore it has expired by operation of law. Additionally, on April 10, 2023, the President signed a resolution terminating the national emergency related to the Pandemic.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. The City has not experienced any decrease in property values or unusual tax delinquencies as a result of COVID-19; however, the City, the Financial Advisor, the Underwriter or the Developer cannot predict the long-term economic effect of COVID-19 or a similar virus, the financial and operating condition of the Developer, the projected buildout schedule, home prices and buildout values or an investment in the Bonds, should there be a reversal of economic activity or re-imposition of restrictions.

### **Assessment Limitations**

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

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

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

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of



the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Order, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the County.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the County 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 County to make full or punctual payments of debt service on the Bonds.

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

### **Recent Changes in State Law Regarding Public Improvement Districts**

The 87<sup>th</sup> 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 of purchase and sale. If the Developer does not provide the required notice and prospective purchasers of property within Improvement Area #1 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 should be paid. 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, if the Developer does 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 forms of notice to be provided to homebuyers are attached as Appendix N to the Service and Assessment Plan. See "Appendix C — Form of Service and Assessment Plan."

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

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88<sup>th</sup> Legislative Session of the State began on January 10, 2023 and will end on May 29, 2023, pending any special legislative sessions. It is impossible to predict what bills may be introduced during legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

### **General Risks of Real Estate Investment and Development**

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined "true-up" agreement has been entered into between the County and Developer, nor is there a requirement that future developers or landowners enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for

development that the necessary revisions to the Service and Assessment Plan will be made, or if made will provide the necessary assessment revenues required to service debt on the Bonds. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

The ability of the Developer to develop lots and sell single-family residential homes within the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District, and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents.

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

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

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

### **Risks Related to the Current Residential Real Estate Market**

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable-rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot and home sales within the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

## Risks Related to Recent Increase in Costs of Building Materials

As a result of the Pandemic, and low supply and high demand, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. The Developer is responsible for the construction of the Authorized Improvements and the Water and Wastewater Improvements. The Developer expects to finance a portion of the costs of the Improvement Area #1 Improvements from proceeds of the Bonds. If the costs of the Authorized Improvements and the Water and Wastewater Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Authorized Improvements and the Water and Wastewater Improvements or pay the Assessments when due. Additionally, if the costs of material continue to increase, it may affect the ability of the Developer to construct homes within the District. 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 the District.

## Competition

The housing industry in the Austin-San Marcos MSA area is very competitive, and none of the Developer, the County, the County's Financial Advisor, or the Underwriter can give any assurance that the building programs of the single-family residential development within the District which are planned will ever be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or 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. Competitive projects in the area include:<sup>(1)</sup>

<u>Project Name</u>	<u>Lots<sup>(2)</sup></u>	<u>Developer</u>	<u>City</u>	<u>Purchase Price per Lot</u>	<u>Average Home Price</u>
West Bastrop Village (marketed as Adelton), Section 1	9 (40' lots)	West Bastrop Village, Ltd.	Bastrop	\$ 62,000	\$355,990 - \$442,990
The Colony 1C, Section 6	11 (50' lots)	Hunt Communities	Bastrop ETJ	\$ 85,000	\$374,900 - \$599,900
The Colony 1C, Section 7	12 (50' lots)	Hunt Communities	Bastrop ETJ	\$ 85,000	\$359,900 - \$424,900
6 Creeks, Phase 1, Section 7	10 (55' lots)	HMBRR Development, Inc.	Kyle ETJ	\$110,000	\$450,000 - \$600,000

<sup>(1)</sup> Derived from information in the Appraisal. Represents the comparable takedown lot sales that have been used in the Appraisal for the establishment of the District's typical or base builder retail lot value conclusion.

<sup>(2)</sup> Represents the number and type of lots analyzed by the Appraiser.

There can be no assurances that other similar single-family residential projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

## Lien Foreclosure and Bankruptcy

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

## Direct and Overlapping Indebtedness, Assessments and Taxes

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

## **Depletion of Reserve Account of the Reserve Fund**

Failure of the owners of property within Improvement Area #1 to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture will provide that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED — Reserve Account of the Reserve Fund” herein.

## **Hazardous Substances**

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

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

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

## **Regulation**

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

## **100-Year Flood Plain**

Approximately 13 acres within the District are located within an official FEMA 100-year flood plain (the “Flood Plain”). The limits of the Flood Plain are contained within lots that will be dedicated as drainage easements. No portion of the Flood Plain encroaches on any single family lots within the District.

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

## **Risk from Weather Events**

All of the State, including the County, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, hurricanes, tropical storms, 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 County, including land within the District.

## **Exercise of Mineral Rights**

As described herein under “THE DEVELOPMENT — Mineral Rights,” there are certain mineral rights reservations located within the District that are 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 the County.

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

## **Bondholders’ Remedies and Bankruptcy of Property Owner**

In the event of default in the payment of principal or of interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the County’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the County. In this regard, should the County file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the County 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 — Chapter 9 Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the County 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.

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

### **Judicial Foreclosures**

Judicial foreclosure proceedings are not mandatory; however, the County has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the County 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 County 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 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 Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Acceleration**

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

### **Limited Secondary Market for the Bonds**

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

### **No Credit Rating**

The County 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.

## **Chapter 9 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 County. The County is authorized under State law to voluntarily proceed under Chapter 9 of

the Federal Bankruptcy Code, 11 U.S.C. 901-946. The County may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to affect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the County decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the County 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 County is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the County's debt. The City cannot predict a Bankruptcy Court's treatment of the Bond holders' creditor claim and whether a Bond holder would be repaid in full.

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

The Indenture contains covenants by the County 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," 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 County 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.

As further described in "TAX MATTERS" below, failure of the County 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. In the past, the IRS has announced audit efforts focused 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 County 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 County legitimately disagrees 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 County may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

### **Management and Ownership**

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that



such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

### **Availability of Utilities**

The progress of development within the District is also dependent upon Corix and Aqua providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If such parties fail to supply water and wastewater services to the property within the District, the development of the land in the District could be adversely affected. See “THE DEVELOPMENT — Water and Wastewater Improvements” and “— Utilities.”

### **Dependence Upon Developer**

The Developer, as the owner of the Assessed Property in Improvement Area #1, currently has the obligation for payment of 100% of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the County 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 County to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds. See “THE DEVELOPER — Description of the Developer.”

## **TAX MATTERS**

### **Tax Exemption**

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

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the County made in a certificate dated the Closing Date pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the County with the provisions of the Indenture subsequent to the issuance of the Bonds. The Indenture contain covenants by the County with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

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

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

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

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

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

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

Norton Rose Fulbright US LLP serves as Bond Counsel to the County. Orrick, Herrington & Sutcliffe LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

### **Legal Opinions**

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions “PLAN OF FINANCE — The Bonds,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS SIMILARLY SECURED,” “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings” (except for the final paragraph thereof), “LEGAL MATTERS — Legal Opinions” (except for the final paragraph thereof), “CONTINUING

DISCLOSURE — The County,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “APPENDIX B” and “APPENDIX D” and such firm is of the opinion that the information relating to the Bonds, the Bond Order, the Assessment Order 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 Order, the Assessment Order 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 County**

At the time of delivery and payment for the Bonds, the County 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, to its knowledge, overtly threatened against the County 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 the Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Order, the Indenture, any action of the County contemplated by any of the said documents, or the collection or application of the Trust Estate, 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 County or its authority with respect to the Bonds or any action of the County contemplated by any documents relating to the Bonds.

### **Litigation — The Developer**

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Order, the Service and Assessment Plan, the Development Agreement, the Financing Agreement, the Utility Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Meritage and its affiliates, including the Developer, have been and are parties to pending and threatened litigation related to their real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

## **SUITABILITY FOR INVESTMENT**

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the County 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 County 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 of Property Owner.” 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 County would have been successful in obtaining an investment grade rating for the Bonds had application been made.

## **CONTINUING DISCLOSURE**

### **The County**

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

The County has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The County 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 County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

### **The County Compliance with Prior Undertakings**

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

### **The Developer**

The Developer, the PID Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Developer, certain information regarding the Development and the Improvement Area #1 Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of the Developer.” Under certain

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

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

### **The Developer's Compliance With Prior Undertakings**

The Developer has complied with its prior undertakings, except as described below. In connection with the Public Finance Authority, Public Improvement Revenue Bonds (Cross Creek Public Improvement District Project), Series 2019 (the "Cross Creek Bonds"), the Developer entered into a continuing disclosure agreement (the "Cross Creek CDA") whereby it agreed to file quarterly reports on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). The Developer provided the quarterly report with respect to the Cross Creek Bonds for the period ending on December 31, 2019 to the dissemination agent under the Cross Creek CDA (the "Cross Creek Dissemination Agent") on a timely basis, however, such quarterly report was not timely filed on EMMA due to an error by the Cross Creek Dissemination Agent in filing the incorrect quarterly report for the Cross Creek Bonds. The Developer has since filed on EMMA a notice of failure to file, along with the related quarterly report. Additionally, in connection with the City of Hutto, Texas Special Assessment Revenue Bonds, Series 2021 (Durango Farms Public Improvement District) (the "Durango Bonds"), the Developer entered into a continuing disclosure agreement (the "Durango CDA") whereby it agreed to file quarterly reports on EMMA. The Developer did not timely file the quarterly reports with respect to the Durango Bonds for the periods ending on December 31, 2021 and March 31, 2022. The Developer has since filed on EMMA notices of failure to file, along with the related quarterly reports. The Developer has implemented procedures to ensure that in the future it fully complies with its continuing disclosure undertakings.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the County at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds, less an underwriting discount 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 County 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 of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County 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 County 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

Under State law, the County is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the County selects from a list the governing body or designated investment committee of the County adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the County 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 County’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 County appoints as the County’s custodian of the banking deposits issued for the County’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for County deposits, or (ii) certificates of deposits where (a) the funds are invested by the County through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the County, (b) the broker or the depository institution selected by the County 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 County, (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 County

appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the County or cash held by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the County and deposited with the County or a third party selected and approved by the County.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The County 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 County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

Under State law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County 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 County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the County's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the County's investment officers must submit an investment report to the Commissioners Court detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest County funds without express written authority from the Commissioners Court.

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

#### **INFORMATION RELATING TO THE TRUSTEE**

The County has appointed BOKF, NA, 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 County 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 County. 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.bokfinancial.com](http://www.bokfinancial.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 County'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 County 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.

### **Developer**

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects generally and, in particular, the information included in the maps in the Limited Offering Memorandum and in the sections captioned "PLAN OF FINANCE — Development Plan," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," and "THE DEVELOPER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects and the Development), "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings," "APPENDIX E-2" and "APPENDIX G" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the County and the Underwriter.

### **Experts**

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

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Barletta & Associates, Inc. and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. The Appraiser has consented to the inclusion of the Appraisal herein.

## **Updating of Limited Offering Memorandum**

If, subsequent to the date of the Limited Offering Memorandum, the County 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 County 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 County to so amend or supplement the Limited Offering Memorandum will terminate when the County delivers the Bonds to the Underwriter, unless the Underwriter notifies the County on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the County's obligations hereunder will extend for an additional period of time (but not more than ninety (90) days after the date the County delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

## **FORWARD-LOOKING STATEMENTS**

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY 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 Commissioners Court has approved the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

BASTROP COUNTY, TEXAS

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County Judge

ATTEST:

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County Clerk

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE COUNTY

The following information has been provided for informational purposes only.

#### General Information

The County came into existence in 1836, covering 895 square miles of Central Texas. The County is bounded on the northwest by Travis County in which Austin, the State Capital, is located, on the northeast by Lee County, on the southeast by Fayette County, and on the southwest by Caldwell County. The County's 2020 census population was 97,219. The County's economy is primarily based on agriculture, light manufacturing, and tourism. The major agricultural products include beef, hay, cotton, sorghums, pecans, peanuts, and pine, cedar, mesquite, and oak timbers. Principal mineral production includes ceramic clay for use in brick making, petroleum, natural gas, and gravel. Dun & Bradstreet rates 120 business establishments in the County.

#### Historical Employment in the County

	Average Annual				
	2023 <sup>(1)</sup>	2022	2021 <sup>(2)</sup>	2020 <sup>(2)</sup>	2019
Civilian Labor Force	49,189	48,156	45,101	42,433	42,185
Total Employed	47,267	46,546	43,084	39,877	40,894
Total Unemployed	1,922	1,610	2,017	2,556	1,291
Unemployment Rate	3.9%	3.3%	4.5%	6.0%	3.1%

<sup>(1)</sup> Data through February of 2023.

<sup>(2)</sup> The COVID-19 Pandemic has negatively affected travel, commerce, employment rates and financial markets globally. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Source: Texas Labor Market Information.

#### Ten Largest Employers in the County (2022)

The ten largest employers in the County are set forth in the table below.

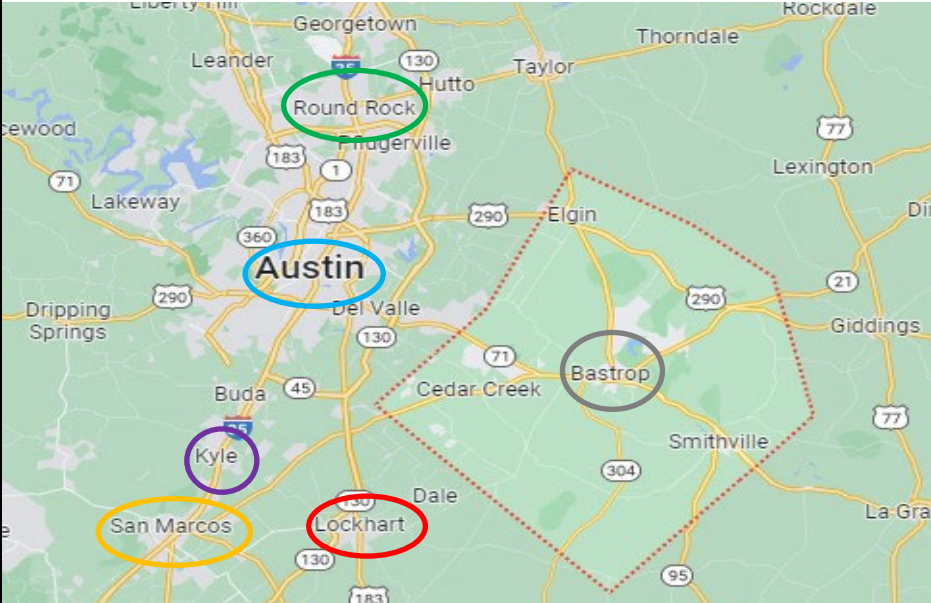
<u>Employer</u>	<u>Employees</u>
Bastrop ISD	1,824
Elgin ISD	926
HEB Food Store Bastrop	824
Hyatt Regency Lost Pines Resort	640
Bastrop County	570
Walmart Bastrop	272
Walmart Elgin	260
Smithville ISD	214
Bastrop FCI	199
MD Anderson Cancer Center	155

Source: County's fiscal year 2022 audited financial statements.

## Surrounding Economic Activity

The major employers of municipalities within or surrounding the County are set forth in the table below.

City of Bastrop TX		City of Lockhart, TX		City of Austin, TX		City of Kyle, TX	
Within the County		Approximately 30 Miles from the County		Approximately 36 Miles from the County		Approximately 40 Miles from the County	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Bastrop ISD	1,824	Lockhart ISD	661	State Government	39,306	Hays County ISD	2,383
HEB Food Stores	607	Serta/Dormae Products	174	University of Texas at Austin	29,597	Seton Medical Center Hays	610
Hyatt Regency Lost Pines Resort	600	The GEO Group, Inc.	159	HEB	20,749	City of Kyle	251
Bastrop County	517	Pegasus	151	City of Austin	15,548	HEB Plus	208
Agilent/Stratagene	306	HE Butt Grocery	147	Federal Government	15,000	Legend Oaks Healthcare	116
Walmart	261	City of Lockhart	143	Dell Computer Corporation	13,000	Lowes	108
Bastrop FCI	247	Wal-Mart	117	Ascension Seton	12,086	Warm Springs Rehab Hospital	100
Buc-ee's	169	Golden Age Home	110	Amazon.com LLC	11,000	Home Depot	100
Bluebonnet Electric Co-Op	168	Chisolm Trail Rehab Center	76	St. David's Healthcare Partnership	10,854	Austin Community College Hays	80
MD Anderson Cancer Center	151	Livengood Feed	64	IBM Corporation	10,565	RSI, Inc.	58

City of San Marcos TX	
Approximately 45 Miles from the County	
Employer	Employees
Amazon	5,000
Texas State University	3,730
San Marcos Premium Outlets	1,600
Tanger Factory Outlets	1,540
San Marcos CISD	1,400
Hays County	885
City of San Marcos	818
HEB Distribution Center	750
Central TX Medical Center	675
CFAN	500

City of Round Rock, TX	
Approximately 50 Miles from the County	
Employer	Employees
Dell Technologies	12,000
Round Rock ISD	6,604
St. David's Round Rock Medical Center	1,200
City of Round Rock	1,130
Baylor Scott & White Healthcare	911
Ascension Seton Medical Center Williamson	750
Kalahari Resorts and Convention	700
Amazon Round Rock Delivery Station	650
Emerson Automation Solutions	600
Airco Mechanical	550

Source: The individual City's 2022 CAFR.

APPENDIX B  
FORM OF INDENTURE

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**INDENTURE OF TRUST**

By and Between

**BASTROP COUNTY, TEXAS**

and

**BOKF, NA,**

**as Trustee**

**DATED AS OF JUNE 1, 2023**

**SECURING**

**\$ \_\_\_\_\_**  
**BASTROP COUNTY, TEXAS**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES**  
**2023 (DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT**  
**DISTRICT IMPROVEMENT AREA #1 PROJECT)**

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## INDENTURE OF TRUST

THIS INDENTURE, dated as of June 1, 2023 is by and between BASTROP COUNTY, TEXAS (the "County"), and BOKF, NA, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the County Clerk of Bastrop County (the "County Clerk") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the County and the extraterritorial jurisdiction of the City of Bastrop, Texas (the "City") to be known as the Double Eagle Ranch Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Bastrop Central Appraisal District, and the signature of the property owner who owns taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, notice of the public hearing for creation of the District was published in the *Elgin Courier* on April 21, 2021, as required by Section 372.009(c) of the PID Act; and

WHEREAS, on May 10, 2021, after due notice, the Commissioners Court of the County (the "Commissioners Court") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on May 10, 2021, the Commissioners Court made the findings required by Section 372.009(b) of the PID Act and, by a resolution adopted by a majority of the members of the Commissioners Court, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on June 2, 2021 the County published notice of its authorization of the creation of the District in the *Elgin Courier*, a newspaper of general circulation in the County and in the extraterritorial jurisdiction of the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the County Clerk within 20 days after June 2, 2021; and

WHEREAS, the District is within the extraterritorial jurisdiction of the City, and no objection was made by the City to the establishment of the District within 30 days of the County's action to approve the District; and

WHEREAS, on April 24, 2023 the Commissioners Court by resolution made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and proposed assessment roll, called a public hearing for May 22, 2023, and directed County staff to (i) file the proposed assessment roll with the County Clerk and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice of the May 22, 2023 public hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on \_\_\_\_\_, 2023, the Commissioners Court, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Elgin Courier*, a newspaper of general circulation in the County and the extraterritorial jurisdiction of the City, to consider the proposed Service and Assessment Plan and the Assessment Roll and the levy of the Assessments on the property within Improvement Area #1 of the District; and

WHEREAS, the Commissioners Court, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the Assessments on property within Improvement Area #1 of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the Commissioners Court opened and convened the hearing on May 22, 2023, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the purposes of the Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the County Clerk in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the Assessment Roll, and the levy of the Assessments; and

WHEREAS, the Commissioners Court closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the County, the Commissioners Court approved and accepted the Assessment Order, which levied the Assessments and approved and accepted the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, the Commissioners Court found and determined that the Assessments should be levied as provided in the Service and Assessment Plan; and

WHEREAS, the County Clerk filed a copy of the Assessment Order and the Service and Assessment Plan as an exhibit to the Assessment Order, not later than the seventh day after the date the Commissioners Court approved the Assessment Order and the Service and Assessment Plan with the County; and

WHEREAS, the Commissioners Court is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds; and

WHEREAS, the Commissioners Court now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1

Project)” (the “Bonds”), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

NOW, THEREFORE, the County, 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 of the Bonds Similarly Secured, including the Bonds, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

#### FIRST GRANTING CLAUSE

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

#### 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 County or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

#### THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

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 Similarly Secured from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds Similarly Secured 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 Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any rights of the Trustee and the Owners, as provided in this Indenture, to request the County to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the Owners with respect to such property shall terminate;

PROVIDED, FURTHER, HOWEVER, if the County 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 Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, 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 Similarly Secured are special obligations of the County payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds Similarly Secured do not give rise to a charge against the general credit or taxing powers of the County and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners shall never have the right to demand payment thereof out of any funds of the County other than the Trust Estate. The County shall have no legal or moral obligation to pay for the Bonds Similarly Secured out of any funds of the County other than the Trust Estate.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds Similarly Secured 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 County 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 Similarly Secured as follows:

## **ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION**

### **Section 1.1. Definitions.**

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

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

“Actual Costs” mean, with respect to the Improvement Area #1 Improvements, the actual costs paid or incurred by or on behalf of the Developer of the District: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the County; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

“Additional Interest” means the amount collected by application of the Additional Interest Rate.

"Additional Interest Rate" means the 0.50% additional interest rate charged on the

Assessments pursuant to Section 372.018 of the PID Act.

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

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

"Additional Obligations" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds Similarly Secured, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

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

"Administrator" means the County or the person or independent firm designated by the County who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the Commissioners Court related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

"Annual Collection Costs" mean the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and County staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the County; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds Similarly Secured in such Bond Year, assuming that the Outstanding Bonds Similarly Secured are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds Similarly Secured due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, with respect to each Assessed Property, each annual payment of the Assessment, including both principal of and interest on the Assessments, as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit F and related to the Improvement Area #1 Improvements; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and

Assessment Plan or in any Annual Service Plan Update.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan and as approved by the Commissioners Court.

"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 County and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"Assessed Property" means any Parcel within Improvement Area #1 of the District that benefits from the Improvement Area #1 Projects and on which an Assessment is levied, pursuant to the Assessment Order and as shown on the Assessment Roll attached thereto, and which includes any and all Parcels within Improvement Area #1 of the District other than Non-Benefited Property.

"Assessment Order" means the order adopted by the Commissioners Court on May 22, 2023, that levied the Assessments on the Assessed Property.

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

"Assessment Roll" means the assessment roll attached as Exhibit F to the Service and Assessment Plan or any other assessment roll for the District in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments levied against the Assessed Property, and/or the portion of the total Assessment levied against each Assessed Property, related to the Bonds and the Improvement Area #1 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Assessments" means the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Property, as shown on the Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

"Authorized Denomination" means \$100,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

"Authorized Improvements" mean the improvements authorized by Section 372.003 of the PID Act including those listed in Section III and depicted on Exhibit C of the Service and Assessment Plan.

"Bond" or "Bonds" means the County's bonds authorized to be issued by Section 3.1 of

this Indenture entitled “Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)”.

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

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

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

“Bond Issuance Costs” mean the costs associated with issuing the Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the Bonds.

“Bond Order” means the order adopted by the Commissioners Court on May 22, 2023, authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bonds Similarly Secured” or “Bond Similarly Secured” means all bonds or any bond authorized by a bond order and issued in accordance with this Indenture, including the Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

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

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

“Certification for Payment” means a certificate substantially in the form of Exhibit F attached to the Financing Agreement or otherwise approved by the Developer and a County Representative, executed by the Developer and approved by a County Representative, delivered to a County Representative and the Trustee specifying the amount of work performed related to the Improvement Area #1 Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Improvement Area #1 Projects Account of the Project Fund, as further described in the Financing Agreement and Section 6.5 herein.

“Closing Date” means the date of the initial delivery of and payment for applicable Series of Bonds Similarly Secured.

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

“Continuing Disclosure Agreements” or “Continuing Disclosure Agreement” means both,

or either of, the Continuing Disclosure Agreements, with respect to the Bonds, by and among the County, the Administrator and the Dissemination Agent, and by and among the Developer, the Administrator, and the Dissemination Agent, as the case may be.

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

“County Certificate” means a certificate signed by a County Representative and delivered to the Trustee, certifying that the Trustee is authorized to take the action specified in the County Certificate, and a form of County Certificate is included as Exhibit B to this Indenture.

“County Representative” means any official or agent of the County authorized by the Commissioners Court to undertake the action referenced herein.

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

“Delinquent Collection Costs” means for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Houston, 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 County and such successor.

“Developer” means Meritage Homes of Texas, LLC, an Arizona limited liability company, and its successors and assigns.

“Development Agreement” means the “Double Eagle Ranch Development Agreement” between the County and DE Development, Inc., a Texas corporation, effective as of May 24, 2021, which provides for the development of property within the District, the creation of the District, the construction and financing of the Authorized Improvements, and other matters related thereto; as assigned to the Developer on May 27, 2021, and as such agreement may be further amended from time to time.

“Dissemination Agent” means BOKF, NA, solely in its capacity of dissemination agent, and its successors.

“District” means the Double Eagle Ranch Public Improvement District.

“District Formation Expenses” mean costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

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

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

“Financing Agreement” means the “Double Eagle Ranch Public Improvement District Financing Agreement” between the County and the Developer relating to the Bonds, dated as of February 28, 2022, 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 the Bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of such Improvement Area #1 Improvements and other matters related thereto.

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

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

“Improvement Area #1” means the approximately 55.051 acres within the District, as described legally by metes and bounds on Exhibit A-2 and as depicted by the map on Exhibit B-2 of the Service and Assessment Plan.

“Improvement Area #1 Improvements” mean those certain Authorized Improvements that only benefit Improvement Area #1 and Improvement Area #1’s allocable share of the District Formation Expenses, specifically described in Section III.A and depicted on Exhibit I of the Service and Assessment Plan.

“Improvement Area #1 Projects” mean the Improvement Area #1 Improvements, Bond Issuance Costs, and first year Annual Collection Costs.

“Improvement Area #1 Projects Account” means the Account of such name established pursuant to Section 6.1.

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

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

“Initial Bond” means the Initial Bond as set forth in Exhibit A to this Indenture.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being

on March 1 and September 1 of each year, commencing March 1, 2024.

“Investment Securities” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and provided further, such investments are, at the time made, included in and authorized by the County’s official investment policy as approved by the Commissioners Court from time to time.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds Similarly Secured.

“Outstanding” means, as of any particular date when used with reference to the Bonds Similarly Secured, all Bonds Similarly Secured authenticated and delivered under this Indenture except (i) any Bond Similarly Secured that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond Similarly Secured for which the payment of the principal or Redemption Price of and interest on such Bond Similarly Secured shall have been made as provided in Article IV, and (iii) any Bond Similarly Secured in lieu of or in substitution for which a new Bond Similarly Secured shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond Similarly Secured or Bonds Similarly Secured, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds Similarly Secured are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Parcel” means a property within the boundaries of the District, identified by either a tax map identification number assigned by the Bastrop Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the County Commissioners Court.

“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.

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

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

“Pledged Revenue Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.3 herein.

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the County may pledge to the payment of Bonds Similarly Secured.

“Prepayment” means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

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

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

“Purchaser” means with respect to a Series of Bonds Similarly Secured, the initial underwriter of such Bonds Similarly Secured.

“Quarter in Interest” means as of any particular date of calculation, the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds Similarly Secured so affected. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Bonds Similarly Secured so affected (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations. “Rebate Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

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

“Redemption Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

“Redemption Price” means, when used with respect to any Bond Similarly Secured or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption.

“Refunding Bonds” means Bonds Similarly Secured, which are secured by a parity lien with the then Outstanding Bonds Similarly Secured, issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each, as amended) to refund all or any portion of the then Outstanding Bonds Similarly Secured.

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

“Release Restriction” shall have the meaning assigned to such term in Section 6.5(h) hereof.

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds, (ii) 125% of average Annual Debt Service on the Bonds, or (iii) 10% of the lesser of the



principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$\_\_\_\_\_ [which is an amount equal to the Maximum Annual Debt Service on the Bonds] as of the Closing Date.

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

“Series” means any designated series of Bonds Similarly Secured issued under this Indenture or a Supplemental Indenture.

“Service and Assessment Plan” means the “Double Eagle Ranch Public Improvement District Service and Assessment Plan” dated May 22, 2023, including the Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, which is attached as Exhibit A to the Assessment Order.

“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 Similarly Secured, or any portion of the Bonds Similarly Secured, 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 County Representative pursuant to an order adopted by the Commissioners Court and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

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

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

“Trustee” means BOKF, NA, Houston, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, with a corporate trust office in Houston, Texas, serving in its capacity as trustee, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds Similarly Secured.

“Unrestricted Amount” means \$\_\_\_\_\_.

Section 1.2. Findings.

The declarations, determinations, and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated, and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof

and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

## **ARTICLE II THE BONDS**

Section 2.1. Security for the Bonds Similarly Secured.

The Bonds Similarly Secured, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date for the applicable Series of Bonds Similarly Secured each issued under this Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate granted by the County under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds Similarly Secured are Outstanding such that the pledge of the Trust Estate granted by the County 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 Similarly Secured the perfection of the security interest in such pledge, the County 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 such pledge to occur.

Section 2.2. Limited Obligations.

The Bonds Similarly Secured are special and limited obligations of the County, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds Similarly Secured shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the County.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the County to the Trustee have been duly authorized by official action of the Commissioners Court of

the County. The County 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 Similarly Secured 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 Similarly Secured and to prescribe the rights of the Owners, and the rights and duties of the County and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds Similarly Secured 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 County with the Owners, and shall be deemed to be and shall constitute a contract among the County, the Owners, and the Trustee.

**ARTICLE III  
AUTHORIZATION; GENERAL TERMS AND PROVISIONS  
REGARDING THE BONDS**

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds.

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

(a) The Bonds shall be dated June 20, 2023 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2024, computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate (%)</u>
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20____	_____	_____
***	***	***
20____	_____	_____
***	***	***
20____	_____	_____

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

**Section 3.3. Conditions Precedent to Delivery of the Bonds.**

The Bonds shall be executed by the County 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 County, but only upon delivery to the Trustee of:

- (i) a copy of the executed Assessment Order;
- (ii) a copy of the executed Bond Order;
- (iii) a copy of the executed Development Agreement;
- (iv) a copy of the executed Financing Agreement;
- (v) a copy of this Indenture executed by the Trustee and the County;
- (vi) a County Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the County;
- (vii) a copy of the executed opinion of Bond Counsel;
- (viii) a copy of the executed Continuing Disclosure Agreements; and
- (ix) the 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 Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds Similarly Secured 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 or more thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the County. 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 Similarly Secured 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 Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond Similarly Secured shall be paid to the Owner of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured 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 Similarly Secured shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds Similarly Secured 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 Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, shall be paid to the County to be used for any lawful purpose. Thereafter, none of the County, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State of Texas.

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

(a) The Bonds Similarly Secured shall be executed on behalf of the County by the County Judge of the County and countersigned by the and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds Similarly Secured shall have the same effect as if each of the Bonds Similarly Secured had been signed manually and in person by each of such officers, and such facsimile seal on the Bonds Similarly Secured shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds Similarly Secured.

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

(d) On each Closing Date for each Series of Bonds Similarly Secured, one Initial Bond representing the entire principal amount of such Series of Bonds Similarly Secured, payable in stated installments to the purchase of such Series of Bonds Similarly Secured, or its designee, executed with the manual or facsimile signatures of the County Judge and the County Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser of such Bonds Similarly Secured or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of such Purchaser one registered definitive bond for each year of maturity of such Series of the Bonds Similarly Secured, in the aggregate principal amount of bonds for such maturity of such Series of the Bonds Similarly Secured, registered in the name of Cede & Co., as nominee of DTC.

#### Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the County shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The County reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds Similarly Secured and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the County reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 1 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the County, the Refunding Bonds of a Series issued under this Section 3.6 shall be issued and shall be delivered to the purchasers or owners thereof,

but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 13.2(d)(ii) below.

Section 3.7. Ownership.

(a) The County, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond Similarly Secured is registered as the absolute owner of such Bond Similarly Secured for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond Similarly Secured is registered on the relevant Record Date) and for all other purposes, whether or not such Bond Similarly Secured is overdue, and neither the County 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 Similarly Secured shall be valid and effectual and shall discharge the liability of the County, the Trustee and the Paying Agent/Registrar upon such Bond Similarly Secured to the extent of the sums paid.

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured remains Outstanding, the County 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 Similarly Secured in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the County, 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 Similarly Secured shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond Similarly Secured shall be effective until entered in the Register.

(c) The Bonds Similarly Secured shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and bearing the same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond Similarly Secured presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured transferred or exchanged for other Bonds Similarly Secured in accordance with this Section. A new Bond Similarly Secured or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond Similarly Secured 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 Similarly Secured delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond Similarly Secured or Bonds Similarly Secured in lieu of which such transferred Bond Similarly Secured is delivered.

(e) Each exchange Bond Similarly Secured delivered in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond Similarly Secured or Bonds

Similarly Secured in lieu of which such exchange Bond Similarly Secured 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 Similarly Secured. 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 Similarly Secured.

(g) Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond Similarly Secured 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 Similarly Secured redeemed in part.

Section 3.9. Cancellation.

All Bonds Similarly Secured paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds Similarly Secured in lieu of which exchange Bonds Similarly Secured or replacement Bonds Similarly Secured 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 Similarly Secured in accordance with the records retention requirements of the Trustee.

Section 3.10. Temporary Bonds Similarly Secured.

(a) Following the delivery and registration of the Initial Bond of a given Series of Bonds Similarly Secured and pending the preparation of definitive bonds for such Series of Bonds Similarly Secured, the proper officers of the County may execute and, upon the County's request, the Trustee shall authenticate and deliver, one or more temporary bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County 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 County, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds Similarly Secured in definitive form; thereupon, upon the presentation and surrender of the Bond Similarly Secured or Bonds Similarly Secured in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds Similarly Secured in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond Similarly Secured or Bonds Similarly Secured in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.11. 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 County or the Paying Agent/Registrar may require the Owner of such Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond Similarly Secured of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond Similarly Secured;

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

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the County and the Trustee.

(c) After the delivery of such replacement Bond Similarly Secured, if a bona fide purchaser of the original Bond Similarly Secured in lieu of which such replacement Bond Similarly Secured was issued presents for payment such original Bond Similarly Secured, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Bond Similarly Secured 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 County, 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 Similarly Secured has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond Similarly Secured, may pay such Bond Similarly Secured if it has become due and payable or may pay such Bond Similarly Secured when it becomes due and payable.

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

#### Section 3.12. Book-Entry Only System.

The Bonds Similarly Secured 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 County to DTC. On the Closing Date for the applicable Series of Bonds Similarly Secured, the definitive Bonds Similarly Secured shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the

name of Cede & Co., as nominee for DTC.

With respect to Bonds Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the County 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 Similarly Secured. Without limiting the immediately preceding sentence, the County 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 Similarly Secured, (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 Similarly Secured, 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 Similarly Secured. Notwithstanding any other provision of this Indenture to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond Similarly Secured is registered in the Register as the absolute owner of such Bond Similarly Secured for the purpose of payment of principal of, premium, if any, and interest on Bonds Similarly Secured, for the purpose of giving notices of redemption and other matters with respect to such Bond Similarly Secured, for the purpose of registering transfer with respect to such Bond Similarly Secured, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds Similarly Secured 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 County's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds Similarly Secured to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the County 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 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.**

In the event that the County determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the County to DTC, the County shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, and notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

**Section 3.14. 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 County to DTC.

#### **ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY**

**Section 4.1.     Limitation on Redemption.**

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds Similarly Secured, other than the Bonds, shall be subject to mandatory sinking fund redemption and optional redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds Similarly Secured.

**Section 4.2.     Mandatory Sinking Fund Redemption.**

(a) The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

**Term Bonds Maturing September 1, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__ *	_____
* maturity	

**Term Bonds Maturing September 1, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__ *	_____
* maturity	

(b) At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the County, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the County at a price not exceeding the principal amount of such

Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

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

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the County reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part and in an amount specified in a County Certificate, on any date, at the Redemption Price of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to this Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The County will provide the Trustee a County Certificate directing the Bonds Similarly Secured to be redeemed pursuant to this Section 4.4, and in accordance with the provisions Section 4.5 hereof.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds Similarly Secured are to be redeemed pursuant to Section 4.2, 4.3, or 4.4, as applicable, Bonds Similarly Secured shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by \$1,000. No redemption shall result in a Bond Similarly Secured in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond Similarly Secured is less than an Authorized Denomination after giving effect to such partial redemption, a Bond Similarly Secured in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

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

(d) Notwithstanding the above provisions relating to the Bonds Similarly Secured, if less than all of the Bonds Similarly Secured are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds Similarly Secured or portion of a Bond Similarly Secured, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured.

(e) Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond Similarly Secured or Bonds Similarly Secured in an aggregate principal amount equal to the unredeemed portion of the Bond Similarly Secured 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 Similarly Secured by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds Similarly Secured are in book-entry-only form and held by DTC as security depository, references to Owner in this Indenture means Cede & Co., as nominee for DTC.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Bonds Similarly Secured Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds Similarly Secured 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 Similarly Secured 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 County has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds Similarly Secured 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 County and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds Similarly Secured being redeemed.

(b) Upon presentation and surrender of any Bond Similarly Secured called for

redemption at the Designated Payment/Transfer Office of the Trustee (initially, Houston, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond Similarly Secured to the date of redemption from the moneys set aside for such purpose.

**Section 4.8. Effect of Redemption.**

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds Similarly Secured 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 Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

**ARTICLE V  
FORM OF THE BONDS SIMILARLY SECURED**

**Section 5.1. Form Generally.**

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds Similarly Secured, (i) shall be, with respect to the Bonds, 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, with respect to any Refunding Bonds, substantially in the form set forth in an exhibit to a Supplemental 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 County or by the officers executing such Bonds Similarly Secured, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds Similarly Secured may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds Similarly Secured.

(c) The definitive Bonds Similarly Secured 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 Similarly Secured, as evidenced by their execution thereof.

(d) The Initial Bond of each Series of Bonds Similarly Secured submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

**Section 5.2. CUSIP Registration.**

The County may secure identification numbers through the CUSIP Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof; and none of the County, the Trustee, nor the attorneys approving the Bonds Similarly Secured as to legality

are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds Similarly Secured have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds Similarly Secured and that neither the County 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 Similarly Secured over the certification of the County Clerk of the County, which may be executed in facsimile.

**ARTICLE VI  
FUNDS AND ACCOUNTS**

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Accounts are hereby created and established under the Bond Fund:

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

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

- (A) Improvement Area #1 Projects Account; and
- (B) Costs of Issuance Account.

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

- (A) Reserve Account; and

(B) Additional Interest Reserve Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the County. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds Similarly Secured.

(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.

(e) The Trustee may, from time to time, upon written direction from the County pursuant to a County Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Assessment Revenues to account properly for the payment of the Actual Costs of the Improvement Area #1 Projects or to facilitate the payment or redemption for the Bonds Similarly Secured.

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Capitalized Interest Account of the Bond Fund: \$\_\_\_\_\_;
- (ii) to the Improvement Area #1 Projects Account of the Project Fund: \$\_\_\_\_\_;
- (iii) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_;
- (iv) to the Reserve Account of the Reserve Fund: \$\_\_\_\_\_; and
- (v) to the Administrative Fund: \$\_\_\_\_\_.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund pursuant to this Section 6.3(a) and the Trustee shall apply the Pledged Revenues in the following order of priority: (i) first, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay other Actual Costs of the Improvement Area #1 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues to the Pledged Revenue Fund, the County shall provide a County Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.



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

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first, to the payment of interest and, second, to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured, as described in Section 11.4(a) hereof.

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

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

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in an Account of the Reserve Fund, the County may direct the Trustee by County Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

#### Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

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

<u>Date</u>	<u>Amount (\$)</u>
September 1, 2023	_____

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 to the Improvement Area #1 Projects Account of the Project Fund, or if the Improvement Area #1 Projects Account of the Project Fund has been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

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

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more County Certificates, containing a properly executed and completed Certification for Payment.

(c) Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of one or more County Certificates, in the form attached hereto as Exhibit B, containing a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a County Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a County Certificate shall be made from the Improvement Area #1 Projects Account. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) If the County Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Improvements, such that, in the opinion of the County Representative, it is unlikely that the amounts in the Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Projects Account of the Project Fund, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such County Certificate is so filed, the amounts on deposit in the Improvement Area #1 Projects Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

(f) Upon the filing of a County Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to either a Certification for Payment or written direction from the County or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Bond Fund and the Improvement Area #1 Projects Account of the Project Fund shall be closed. If the Improvement Area #1 Projects Account of the Project Fund has been closed pursuant to the provisions of this Section and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(g), then the Project Fund shall be closed.

(g) Not later than six months following the Closing Date, or upon a determination by the County Representative that all costs of issuance of the applicable Series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Projects Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements, or if the Improvement Area #1 Projects Account of the Project Fund is closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the County in a County Certificate filed with the Trustee, and following such transfer, the Costs of Issuance Account shall be closed.

(h) The aggregate amount of funds that the Trustee may disburse from the Improvement Area #1 Projects Account of the Project Fund shall not exceed the Unrestricted Amount except and until the Release Restriction (as defined below) has been satisfied. The Trustee may make disbursements from the Improvement Area #1 Projects Account of the Project Fund that exceed the Unrestricted Amount only when the Developer provides written certification to the Trustee and the County in a Certification for Payment in the form attached to the Financing Agreement that the Release Restriction has been satisfied. The first Certification for Payment that requests funds in excess of the Unrestricted Amount from the Improvement Area #1 Projects Account of the Project Fund and which evidences satisfaction of the Release Restriction shall be submitted to the County, the Trustee, and the Administrator for review and confirmation. Moneys may be disbursed from the Improvement Area #1 Projects Account of the Project Fund in excess of the Unrestricted Amount only if the Developer has sold and closed at least 12 homes within Improvement Area #1 to end-users, as evidenced by a certificate of the Developer, including a list of the closed properties' addresses and respective closing dates, and copies of the recorded special warranty deeds attached, delivered to the Trustee and the Administrator (the "Release Restriction"). The County may not approve a Certification for Payment from the Improvement Area #1 Projects Account of the Project Fund for any amounts that exceed the Unrestricted Amount until the Release Restriction has been satisfied.

#### Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by a County Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account of the Reserve Fund will be initially funded with a deposit of \$\_\_\_\_\_ from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The County agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account 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, as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the County shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the County of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a County Certificate directing that a different amount be used.

(c) Whenever a transfer is made from an Account of the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the County, specifying the amount withdrawn and the source of such funds.

(d) Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds Similarly Secured to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds Similarly Secured to be redeemed, as identified in a County Certificate as a result of such Prepayments and as a result of the transfer

from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within thirty days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Improvement Area #1 Projects Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such County Certificate if the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds Similarly Secured due on such date, the Trustee shall transfer first, from the Additional Interest Reserve Account of the Reserve Fund to the Bond Fund and second, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

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

#### Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the County to be designated "Bastrop County, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds Similarly Secured due the United States Government in accordance with the Code.

(b) In order to assure that Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance

with the Code and the Tax Certificate.

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

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

Section 6.9. Administrative Fund.

(a) On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds are Outstanding, the County shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a County Certificate solely for the purposes set forth in the Service and Assessment Plan.

(c) The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

Section 6.10 Investment of Funds.

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

sold to prevent any default. In the event the County does not provide written investment directions, the Trustee is instructed to invest funds into the Goldman Sachs Financial Square Treasury Instruments (CUSIP No. 38142B609).

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the County 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, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any County Certificate and to ensure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The parties hereto acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(f) The Trustee may conclusively rely on any County Certificate and shall not be required to make any investigation in connection therewith.

**Section 6.11. Security of Funds.**

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

**ARTICLE VII  
COVENANTS**

**Section 7.1. Confirmation of Assessments.**

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding, and/or amounts are due to the Developer to reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements, the County covenants, agrees and warrants 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.

(b) The County will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County 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 County shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property. Furthermore, nothing shall obligate the County, the County Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the County and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, or liens created in connection with indebtedness issued in compliance with Section 13.2 hereof, the County shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the County shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, except for other indebtedness incurred in compliance with Section 13.2 of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The County hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to reimburse it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds Similarly Secured or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the County by the Trustee or duly authorized representative, as applicable. The County shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the County's regular business hours and on a mutually agreeable date not later than thirty days after the County receives such request.



Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the County or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

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

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

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

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the County shall not take or omit to take

any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

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

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

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

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the County shall not, at any time prior to

the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

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

## **ARTICLE VIII LIABILITY OF COUNTY**

The County shall not incur any responsibility in respect of the Bonds Similarly Secured or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds Similarly Secured assigned to or imposed upon it. The County 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 County 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 Similarly Secured, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the County 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 County and conforming to the requirements of this Indenture. The County 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 Similarly Secured, the Assessment Order, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (the "Bond Documents"), shall require the County to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the County there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the County or any of its officers, officials, agents, or employees for damages suffered as a result of the County'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 County, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate, the funds available for such payment in any of the Pledged Funds, if any, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the County 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 Similarly Secured by mandamus or other proceeding at law or

in equity.

The County 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 County 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 County 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 County, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector, the County Administrator, or other person designated by the Commissioners Court to so act on behalf of the County, and such certificate shall be full warrant to the County for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the County 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 County may employ such persons or entities as it deems necessary or advisable. The County shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

## **ARTICLE IX THE TRUSTEE**

### **Section 9.1. Trustee as Paying Agent/Registrar.**

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

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

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its sole and exclusive judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the County and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds Similarly Secured 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 Similarly Secured 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 County or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture, or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the County pursuant to this Indenture. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct, both before and after default by the County. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Improvements.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the County or by the Owners of at least fifty-one percent (51%) of the aggregate principal amount of Bonds Similarly Secured then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its own negligence and willful misconduct.

Section 9.4. Trustee Joining in Supplemental Indentures; Supplemental Indentures Part of Indenture.

The Trustee is authorized to join with the County in the execution of any such Supplemental Indentures and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed accordance with the provisions of this Section shall thereafter form a part of this Indenture, and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall

be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of any Bonds Similarly Secured issued thereafter, if deemed necessary or desirable by the Trustee or the County.

Upon execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the County and the Trustee and all Owners of Outstanding Bonds Similarly Secured shall thereafter be determined exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 9.5. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.6. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a County Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such County Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the County to the Trustee shall be sufficiently executed if executed in the name of the County by the County Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.14 herein.

Section 9.7. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as 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 specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the County shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund.

Section 9.8. 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 Similarly Secured and may join in any action that any Owner of Bonds Similarly Secured 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 County or any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds Similarly Secured or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds Similarly Secured.

Section 9.9. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the County and each Owner of any Outstanding Bond Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.11 and the acceptance of such appointment by such successor.

Section 9.10. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured 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 County, or (ii) so long as the County is not in default under this Indenture, the County. Copies of each such instrument shall be delivered by the County 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 County or the Owners of not less than 10% of the aggregate Outstanding principal of the Bonds Similarly Secured.

Section 9.11. Successor Trustee.

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

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least a Quarter in Interest of the Bonds Similarly Secured 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 County.

Until such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the County shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the County providing for any such appointment shall be delivered by the County to the Trustee so appointed. The County shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the County immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds Similarly Secured.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.9 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured 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 County 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 Similarly Secured, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds Similarly Secured and each of the Owners of the Bonds Similarly Secured.

Section 9.12. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.11 shall execute, acknowledge, and deliver to its predecessor and the County 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 County or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the County 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 County.

Section 9.13. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.11, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.14. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The County shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds Similarly Secured) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the County's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the County, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.15. 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 County, and the Owner or Owners of not less than 10% in principal amount of any Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 9.16. 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 Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

## **ARTICLE X MODIFICATION OR AMENDMENT OF THIS INDENTURE**

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the County and of the Owners of the Bonds Similarly Secured 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 Similarly Secured so affected by such modification or amendment, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding and so affected by such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the County to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, (ii) permit the creation by the

County of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) reduce the percentage of Owners of Bonds Similarly Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the County and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the County 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 County;
- (ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the County 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 Similarly Secured in any material respect;
- (iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 herein; and
- (v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured.

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

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the County first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

**Section 10.2. Owners' Meetings.**

The County may at any time call a meeting of the Owners of the Bonds Similarly Secured. In such event the County is authorized to fix the time and place of such meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of the meeting.

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

The County and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their

consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the County or Bond Counsel, acting on the County's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured 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 Similarly Secured shall have filed their consents to the Supplemental Indenture, the County 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 Similarly Secured and will be effective as provided in this Section (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the County and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

#### Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the County, the Trustee, and all Owners of Bonds Similarly Secured Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.

The County may determine that Bonds Similarly Secured issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the County, as to such action. In that case, upon demand of the Owner of any Outstanding Bond Similarly Secured at such effective date and presentation of his Bond Similarly Secured for that purpose at the designated office of the Trustee or at such other office as the County may select and designate for that purpose, a suitable notation shall be made on such Bond Similarly Secured. The County may determine that new Bonds Similarly Secured, so modified as in the opinion of the County 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 Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds Similarly Secured held by such Owner, provided that due notation thereof is made on such Bonds Similarly Secured.

Section 10.7. Waiver of Default.

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

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the County stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

## **ARTICLE XI DEFAULT AND REMEDIES**

Section 11.1. Events of Default.

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

(i) The failure of the County to deposit the Pledged Revenues to the Pledged Revenue Fund;

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

(iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made

only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the County to make any such payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the County under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the County by the Trustee, or by the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default, with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory, shall proceed against the County 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 County may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under this Article, the County shall determine, in its absolute discretion, and shall instruct the Trustee by County 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 County shall fail to deliver to the Trustee such County 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 County by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the County, 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 County shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

**Section 11.3. Restriction on Owner's Action.**

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the County to pay each Bond Similarly Secured 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 Similarly Secured.

(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 County, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 11.4. Application of Revenues and Other Moneys After Default.**

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the County, to the payment of interest and

principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured 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 Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

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

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the County to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds Similarly Secured.

(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 Similarly Secured 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 Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such



execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured 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 Similarly Secured shall bind all future Owners of the same Bonds Similarly Secured in respect of anything done or suffered to be done by the County or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured owned or held by or for the account of the County will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds Similarly Secured provided for in this Indenture, and the County shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

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

Section 11.11. Direction of Owners.

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

## ARTICLE XII

## **GENERAL COVENANTS AND REPRESENTATIONS**

### **Section 12.1. Representations as to Trust Estate.**

(a) The County represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The County shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The County will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured 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 County, to the affected property owners on the same statement or such other mechanism that is used by the County, 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 County.

### **Section 12.2. Accounts, Periodic Reports and Certificates.**

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the County and the Owner or Owners of not less than 10% in principal amount of any Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

### **Section 12.3. General.**

The County 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 County under the provisions of this Indenture.

## **ARTICLE XIII SPECIAL COVENANTS**

### **Section 13.1. Further Assurances; Due Performance.**

(a) At any and all times the County 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 County will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this

Indenture.

Section 13.2. Additional Obligations or Other Liens; Refunding Bonds.

(a) The County reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment orders, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from any portion of the Trust Estate.

(b) Other than Refunding Bonds, the County will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not do or omit to do or suffer to be 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.

(c) Additionally, the County has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

(d) The County reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must (i) be scheduled to be paid, (ii) be subject to mandatory sinking fund redemption or (iii) mature, on September 1 of the years in which such principal (i) is scheduled to be paid, (ii) is subject to mandatory sinking fund redemption or (iii) matures. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the County, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the County Clerk of the County, of the order or orders of the County authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 13.3. Books of Record.

(a) The County 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 County, which relate to the Trust Estate and the Bonds Similarly Secured.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such

information or a default based on such contents and has no duty to verify the accuracy of such information.

#### **ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE**

**Section 14.1. Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured which are secured hereby are fully paid or provision is made for their payment as provided in this Article.

**Section 14.2. Satisfaction of Indenture.**

If the County 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 Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the County to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the County copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the County 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 County.

**Section 14.3. Bonds Similarly Secured Deemed Paid.**

All Outstanding Bonds Similarly Secured 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 Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on such 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 for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured 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 County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. 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 Similarly Secured. 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 County maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance

Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

## **ARTICLE XV MISCELLANEOUS**

### **Section 15.1. Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the County, 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 County shall be for the sole and exclusive benefit of the Owners and the Trustee.

### **Section 15.2. Successor is Deemed Included in All References to Predecessor.**

Whenever in this Indenture or any Supplemental Indenture either the County 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 County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

### **Section 15.3. Execution of Documents and Proof of Ownership by Owners.**

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured 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 Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

### **Section 15.4. Waiver of Personal Liability.**

No member, officer, agent, or employee of the County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

### **Section 15.5. Notices to and Demands on County and Trustee.**

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any County Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the County: Bastrop County, Texas  
804 Pecan Street  
Bastrop, Texas 78602  
Attn: County Judge

With a copy to: P3Works, LLC  
Attn: Mary V. Petty, Managing Partner  
9284 Huntington Square  
North Richland Hills, Texas 76182  
Email: Admin@P3-Works.com  
Telephone: 817.393.0353

If to the Trustee  
or the Paying Agent/Registrar: BOKF, NA  
Attn: Rachel Roy  
1401 McKinney Street, Suite 1000  
Houston, Texas 77010  
Fax No.: 713-354-0279  
Email: [rachel.roy@bankoftexas.com](mailto:rachel.roy@bankoftexas.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 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 Similarly Secured notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Similarly Secured Outstanding.

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

#### Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any

reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The County 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 Similarly Secured pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

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

Section 15.10. No Boycott of Israel.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to enable the County to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

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

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

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

The foregoing representation is made solely to enable the County 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 an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 15.12. No Discrimination Against Fossil Fuel Companies.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. The foregoing verification is made solely to enable the County 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. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

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

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

(b) The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

*[Remainder of Page Intentionally Left Blank]*

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

BASTROP COUNTY, TEXAS

By: \_\_\_\_\_  
County Judge

ATTEST:

\_\_\_\_\_  
County Clerk

[COUNTY SEAL]

BOKF, NA,  
as Trustee

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

**EXHIBIT A  
FORM OF BOND**

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING  
POWER OF THE STATE OF TEXAS, BASTROP COUNTY, THE  
CITY OF BASTROP, OR ANY OTHER POLITICAL  
CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS  
PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR  
INTEREST ON THIS BOND.

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

REGISTERED  
\$ \_\_\_\_\_

United States of  
America State of Texas

BASTROP COUNTY, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023 (DOUBLE  
EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	_____	_____

Bastrop County, Texas (the "County"), for value received, hereby promises to pay, solely  
from the Trust Estate, to

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2024, 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 Houston, Texas (the "Designated Payment/Transfer Office"), of BOKF, NA, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days or more 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 County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the County having the designation specified in its title (herein referred to as the "Bonds"), dated June 20, 2023, issued in the aggregate principal amount of \$\_\_\_\_\_ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of June 1, 2023 (the "Indenture"), by and between the County 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 County, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds.

The Bonds Similarly Secured, including the Bonds, are special, limited obligations of the County 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 County, the Trustee and the Owners. The Owner of this Bond Similarly Secured, 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 County to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their Stated Maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**Term Bonds Maturing September 1, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__ *	_____
* maturity	

**Term Bonds Maturing September 1, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__	_____
September 1, 20__ *	_____
* maturity	

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

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

The County reserves the right and option to redeem Bonds maturing on or after September 1, 20\_\_ before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20\_\_, such redemption date or dates to be fixed by the County, at the Redemption Price.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

If less than all of the Bonds are to be redeemed pursuant to Section 4.2, 4.3, or 4.4 of the Indenture, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

In selecting the Bonds to be redeemed pursuant to Section 4.3 of the Indenture, the Trustee may rely on the directions provided in a County Certificate.

If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 of the Indenture, the Bonds or portion of a Bond, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of 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.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The County has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 of the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same

manner notice of redemption was originally provided.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the County 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 County with certain past defaults under the Bond Order or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the County nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The County, 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 County nor the Trustee shall be affected by notice to the contrary.

The County has reserved the right to issue Refunding Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF BASTROP 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 County, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the Commissioners Court of the County has caused this Bond to be executed under the official seal of the County.

\_\_\_\_\_  
County Judge, Bastrop County, Texas

\_\_\_\_\_  
County Clerk, Bastrop County, Texas

[County Seal]



(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER§  
OF PUBLIC ACCOUNTS §

REGISTER NO. \_\_\_\_\_

THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office 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.

The following Certificate of Trustee shall appear on all bonds except the Initial Bond:

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.

BOKF, NA, Houston, Texas, as Trustee

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

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

Signature Guaranteed By:

\_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

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

(Information to be inserted from Section 3.2(c) hereof); and

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

**EXHIBIT B**  
**FORM OF COUNTY CERTIFICATE**

[County Letterhead]

BOKF, NA  
Attn: Rachel Roy  
1401 McKinney Street, Suite 1000  
Houston, Texas 77010  
Fax No.: 713-354-0279  
Email: [rachel.roy@bankoftexas.com](mailto:rachel.roy@bankoftexas.com)

Re: Bastrop County, Texas Special Assessment Revenue Bonds (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)

Reference is made to the Indenture of Trust (the “Indenture”) by and between Bastrop County, Texas (the “County”) and BOKF, NA (the “Trustee”), regarding the above-described transaction. In accordance with the Indenture, we hereby instruct you as follows:

[insert instructions]

This County Certificate, as executed by the County Representative (as defined in the Indenture) below, is provided in accordance with and complies with the provisions of the Indenture. The Trustee is hereby authorized to rely upon this County Certificate and to take the foregoing action(s). By submission of this County Certificate, the County hereby affirms that it remains in compliance with the covenants as set forth in the Indenture and all supplements related thereto.

Very truly yours,

BASTROP COUNTY, TEXAS

By: \_\_\_\_\_ /s/  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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# Double Eagle Ranch Public Improvement District

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PRELIMINARY SERVICE AND ASSESSMENT PLAN

APRIL 24, 2023



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## INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section” or an “Exhibit” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit attached to and made a part of this Service and Assessment Plan for all purposes.

On May 10, 2021, the County passed and approved a Resolution authorizing the creation of the Double Eagle Ranch Public Improvement District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act.

On \_\_\_\_, \_\_\_\_, the County adopted Order No. \_\_\_\_\_ approving this Service and Assessment Plan and the Assessment Roll for the Double Eagle Ranch Public Improvement District. The Assessment Order also levied the Improvement Area #1 Assessments against benefited properties within Improvement Area #1 and established a lien on such properties.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on property within the District. The District contains approximately 195.879 acres located within the limits of the County, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

The PID Act requires a service plan that covers a period of at least five years, defines the annual indebtedness and projected cost of the Authorized Improvements and includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the form of notice is attached as **Exhibit N**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the County. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is contained in **Exhibit F**.

## SECTION I: DEFINITIONS

**“Actual Costs”** mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner of the District: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the County; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4) and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

**“Additional Interest Rate”** means the 0.50% additional interest rate charged on an Assessment as authorized by Section 372.018 of the PID Act.

**“Administrator”** means the County or the person or independent firm designated by the County who shall have the responsibility provided in this Service and Assessment Plan, the Indenture, or any other agreement or document approved by the County Commissioners Court related to the duties and responsibility of the administration of the District.

**“Annual Collection Costs”** means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and County staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the County; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

**“Annual Installment”** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the County Commissioners Court, that may include: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

**“Annual Service Plan Update”** means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the County Commissioners Court, in accordance with the PID Act.

**“Assessed Property”** means any Parcel within the District that benefits from the Authorized Improvements and on which an Assessment is levied as shown on the Assessment Roll and which includes any and all Parcels within the District other than Non-Benefited Property.

**“Assessment”** means an assessment levied against a Parcel and imposed pursuant to an Assessment Order 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 Order”** means the order adopted by the County Commissioners Court in accordance with the PID Act that approves the Service and Assessment Plan and levies the Assessment on Assessed Property within the District, as shown on any Assessment Roll.

**“Assessment Plan”** means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, as more specifically described in **Section V**.

**“Assessment Roll”** means the assessment roll for the Assessed Property within the District, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds, or in connection with any Annual Service Plan Update.

**“Authorized Improvements”** means the improvements authorized by Section 372.003 of the PID Act, including, but not limited to, the Improvement Area #1 Improvements, Bond Issuance Costs, and first year Annual Collections Costs, as more specifically described in **Section III** and depicted on **Exhibit C**.

**“Bond Issuance Costs”** mean the costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs,

publication costs, County costs, reserve fund requirements, capitalized interest, underwriter discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

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

**“Delinquent Collection Costs”** mean, for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including costs and expenses to foreclose liens.

**“District”** means the Double Eagle Ranch Public Improvement District, consisting of approximately 195.879 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**.

**“District Formation Expenses”** mean costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

**“Estimated Buildout Value”** means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the County Commissioners Court by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

**“Improvement Area”** means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the District that is specifically defined and designated as a phase of development.

**“Improvement Area #1”** means the approximately 55.05 acres within the District, as described legally by metes and bounds on **Exhibit A-2** and as depicted by the map on **Exhibit B-2**.

**“Improvement Area #1 Annual Installment”** means the annual installment payment on the Improvement Area #1 Assessment as calculated by the Administrator and approved by the County Commissioners Court that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

**“Improvement Area #1 Assessed Property”** means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

**“Improvement Area #1 Assessment”** means an Assessment levied against a Parcel within Improvement Area #1 and imposed pursuant to an Assessment Order and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**“Improvement Area #1 Assessment Roll”** means the Assessment Roll for the Improvement Area #1 Assessed Property within the District and included in this Service and Assessment Plan as **Exhibit F**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

**“Improvement Area #1 Bonds”** means those certain “Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)”, that are secured by Improvement Area #1 Assessments.

**“Improvement Area #1 Improvements”** mean those certain Authorized Improvements that only benefit Improvement Area #1 and Improvement Area #1’s allocable share of the District Formation Expenses, as described in **Section III** and as depicted on **Exhibit I**.

**“Improvement Area #1 Projects”** means the Improvement Area #1 Improvements, first year Annual Collection Costs, and Bond Issuance Costs relating to the Improvement Area #1 Bonds.

**“Improvement Area #2”** means the approximately 140.83 acres within the District, as described legally by metes and bounds on **Exhibit A-3** and as depicted by the map on **Exhibit B-3**.

**“Indenture”** means an indenture of trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the County and the Trustee setting forth terms and conditions related to the PID Bonds.

**“Lot”** means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed and approved by the County Commissioners Court. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout

Value of the Lot as calculated by the Administrator and confirmed and approved by the County Commissioners Court.

**“Lot Type 1”** means a Lot within Improvement Area #1 designated as a 50’ residential lot by the Owner, as shown on the map attached as **Exhibit J**.

**“Maximum Assessment”** means the amount shown for each Lot Type on **Exhibit H**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements as determined by the County Commissioners Court.

**“Owner”** means Meritage Homes of Texas, LLC and any successor owner of property within the District, or any portion thereof.

**“Parcel(s)”** means a property within the boundaries of the District, identified by either a tax map identification number assigned by the Bastrop Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the County Commissioners Court.

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

**“PID Bonds”** means any bonds issued by the County in accordance with the PID Act, that are secured by Assessments levied on Assessed Property within the District, including, but not limited to, the Improvement Area #1 Bonds.

**“Prepayment”** means the payment of all or a portion of an Assessment before the due date of the final installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of Assessment are not to be considered a Prepayment, but rather are to be treated as a payment of the regularly scheduled Annual Installment.

**“Prepayment Costs”** means interest, including Additional Interest (if applicable), and Annual Collection Costs incurred up to the date of Prepayment.

**“Service and Assessment Plan”** means this Service and Assessment Plan, as it may be modified, amended, supplemented and updated from time to time.

**“Service Plan”** covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

**“Trustee”** means the trustee (or successor trustee) under an Indenture.

**“Water and Wastewater Improvements”** means the water and wastewater improvements to be constructed by the Owner that are necessary to deliver finished lots to end-users. The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

## SECTION II: THE DISTRICT

The District includes approximately 195.879 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**. Development of the District is anticipated to include 482 single-family homes.

Improvement Area #1 includes approximately 55.05 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-2** and as depicted by the map on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to include 105 single-family homes.

## SECTION III: AUTHORIZED IMPROVEMENTS

The County, based on information provided by the Owner and its engineer and review by the County staff and by third-party consultants retained by the County, determined that the Authorized Improvements confer a special benefit on the Assessed Property. Improvement Area #1 Improvements will be designed and constructed in accordance with County standards and specifications and will be owned and operated by the County once accepted unless specifically stated below. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C**.

### A. Improvement Area #1 Improvements

#### ▪ *Street Improvements*

Improvements include subgrade preparation (including excavation and drainage), stabilized subgrade, aggregate base course and asphalt roadway with concrete curb and gutter. Intersections and signage are included. These roadway improvements will provide street access to each Lot. Residential streets will be constructed to local street standards (50' row/29' pavement) and Red Tailed Hawk Lane will be constructed to local street standards utilizing a 60' row and 29' pavement. Residential streets typical sections will include 2" H.M.A.C and 12" of crushed limestone base over 8" moisture conditioned subgrade. Red Tailed Hawk Lane paving section will include 3" H.M.A.C and 12" of crushed limestone base over a geogrid and 8" moisture conditioned subgrade. The constructed improvements provide improved access to each lot and the project includes an emergency access point to the adjoining subdivision which provides for community benefit. Sidewalks will be constructed on both sides of the road on all streets within Improvement Areas #1. They will be used as public pedestrian pathways to provide accessible routes throughout the development.



- *Drainage Improvements*

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, headwalls and open channels/swales. These improvements will allow the developed conditions stormwater to be collected and outfall within the limits of Improvement Area #1. Rainfall runoff will be collected and conveyed subsurface into Moss Branch, Dry Creek and the Colorado River. Detention structures are not proposed. The limits of the floodplain are contained within lots that will be dedicated as drainage easements. No portion of the FEMA 100-year floodplain encroaches on any single family lots within this subdivision. The development has been designed so that the post developed 100-year floodplain does not encroach on any single family lots within this subdivision and does not adversely affect any upstream property owners.

- *Erosion Control Improvements*

Improvements include silt fence, rock berms, construction entrances, inlet protection, topsoil and revegetation, and irrigation sleeves for the limits of Improvement Area #1.

- *Trails*

Includes construction of recreational trails within and throughout many of the open space lots to provide as a public amenity within the limits of Improvement Area #1.

- *Soft Costs*

Includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, County permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, and contingency.

- *Improvement Area #1's Allocable Share of District Formation Expenses*

Improvement Area #1's allocable share of the costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

## **B. Bond Issuance Costs**

- *Debt Service Reserve Requirement*

Equals the amount required to fund a reserve under the Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*  
Equals a percentage of the par amount of a particular series of PID Bonds, and includes a fee for underwriter's counsel.
- *Cost of Issuance*  
Costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

#### **C. District Formation Expenses**

Costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

#### **D. First year Annual Collection Costs**

Estimated cost of the first year Annual Collections Costs.

### **SECTION IV: SERVICE PLAN**

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the projected costs and annual indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan shall be updated at least annually in each Annual Service Plan Update. **Exhibit D** summarizes the Service Plan for the District. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The buyer disclosures are attached hereto as **Exhibit N**.

**Exhibit E** summarizes the sources and uses of funds required to construct certain Authorized Improvements, as well as the amounts required to pay the Bond Issuance Costs, District Formation Expenses and first year Annual Collection Costs. The sources and uses of funds shown on **Exhibit E** shall be updated in each Annual Service Plan Update.

### **SECTION V: ASSESSMENT PLAN**

The PID Act requires the County to apportion the Actual Costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the County, with or without regard to improvements constructed on the property; or (3) in any other manner

approved by the County that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the County Commissioners Court may establish by order reasonable classifications and formulas for the apportionment of the cost between the County and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied on the Assessed Property for such Authorized Improvements.

The determination by the County of the assessment methodologies set forth below is the result of the discretionary exercise by the County Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

#### **A. Assessment Methodology**

The County Commissioners Court, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the County staff and by third-party consultants retained by the County, determined that the costs of the Improvement Area #1 Projects shall be allocated entirely to the Improvement Area #1 Assessed Property and that the District Formation Expenses shall be allocated between the Improvement Area #1 Assessed Property and Improvement Area #2 Assessed Property pro rata based on Estimated Buildout Value as shown on **Exhibit L**.

#### **B. Assessments**

Improvement Area #1 Assessments are levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for each Lot Type is shown on **Exhibit H**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

#### **C. Findings of Special Benefit**

The County Commissioners Court, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the County staff and by third-party consultants retained by the County, has found and determined:

- The cost of the Improvement Area #1 Projects equals \$3,228,000 as shown on **Exhibit C**; and

- The Improvement Area #1 Assessed Property receives special benefit equal to or greater than the Improvement Area #1 Projects; and
- The Improvement Area #1 Assessed Property was allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Projects, which equals \$3,228,000 as shown on **Exhibit F**; and
- The special benefit ( $\geq$  \$3,228,000) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects is greater than or equal to the amount of Improvement Area #1 Assessments (\$3,228,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Projects; and
- At the time the County Commissioners Court approved the Assessment Order, the Owner owned 100% of the Improvement Area #1 Assessed Property. In a landowner consent certificate executed by the Owner and filed with the County Clerk of the County, the Owner acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the County Commissioners Court as to the special benefits described herein and in the Assessment Order, (2) the Service and Assessment Plan and the Assessment Order, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

#### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

#### **E. Additional Interest**

The interest rate on Assessments levied on the Assessed Property may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

## SECTION VI: TERMS OF THE ASSESSMENTS

### A. Reallocation of Assessments

#### 1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update to this Service and Assessment Plan approved by the County Commissioners Court.

#### 2. *Upon Subdivision by a Recorded Subdivision Plat*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type

D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding Non-Benefited Property

E= the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the County an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the County Commissioners Court.

### *3. Upon Consolidation*

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the County Commissioners Court in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B**.

#### **B. True-up of Assessments if Maximum Assessment Exceeded**

Prior to the County approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the County the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the County approving the final plat. The County's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in (ii) in the immediately preceding sentence.

#### **C. Mandatory Prepayment of Assessments**

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the County or the Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to

the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

#### **D. Reduction of Assessments**

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the County Commissioners Court shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the County Commissioners Court for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

#### **E. Prepayment of Assessments**

The owner of any Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is pre-paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the County Commissioners Court as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the County shall provide the owner with a recordable "Notice of PID Assessment Termination," a form of which is attached as **Exhibit M**.

If an Assessment is pre-paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the County Commissioners Court as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

## **F. Prepayment as a result of Eminent Domain Proceeding or Taking**

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a **"Taking"**), the portion of the Assessed Property that was taken or transferred (the **"Taken Property"**) shall be reclassified as Non-Benefited Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property (the **"Remaining Property"**)), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the County receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a



Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection (F), if the owner of the Taken Property notifies the County and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection (F), the Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

#### **G. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G** shows the projected Annual Installments for the District. In no case will the Assessment for any Lot Type exceed the Maximum Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the County Commissioners Court for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Properties for which the Assessments remain unpaid in proportion to the amount of the Annual Installments for the Assessed Property. Annual Installments shall be collected by the County in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the County. The County Commissioners Court may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The County reserves the right to refund PID Bonds in accordance with the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual

Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. Failure of an owner of Assessed Property to receive an invoice for an Annual Installment on the property tax bill or otherwise shall not relieve the owner of Assessed Property of the obligation to pay the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

## **SECTION VII: ASSESSMENT ROLL**

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the County Commissioners Court for review and approval, proposed revisions to the Assessment Rolls and Annual Installments for each Parcel within the Assessed Property as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of an Assessed Property claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the sole and exclusive remedy of the owner of Assessed Property shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year following County Commissioners Court approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the County Commissioners Court and the owner within 30 days of such referral. The County Commissioners Court shall consider the owner's notice of error and the Administrator's response at a public meeting, and within 30 days after adjourning such meeting, the County Commissioners Court shall make a final determination as to whether an error has been made. If the County Commissioners Court determines that an error has been made, the County Commissioners Court shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Order, or the applicable Indenture, or is otherwise authorized by the discretionary power of the County Commissioners Court. The determination by the County Commissioners Court as to whether an error has been made, and any corrective action taken by the County Commissioners Court, shall be final and binding on the owner and the Administrator.

## **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the County Commissioners Court in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

## **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the County Commissioners Court; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the County Commissioners Court by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the County Commissioners Court after providing an opportunity for all interested parties to be heard at a public meeting of the County Commissioners Court. Decisions by the County Commissioners Court shall be final and binding on the owners and developers and their successors and assigns.

## **D. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

## **E. Termination of Assessments**

Each Assessment shall terminate on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After termination of an Assessment, the County shall provide the owner of the affected Parcel a recordable "Notice of PID Assessment Termination" a form of which is attached as **Exhibit M**.

## **F. Form of Buyer Disclosure**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto in **Exhibit N**. Within seven days of approval by the County Commissioners Court, the County shall file and record in the real property records of the County the executed order approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed order, including any attachments, approving this Service and

Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in its entirety.

## **LIST OF EXHIBITS**

<b>Exhibit A-1</b>	District Legal Description
<b>Exhibit A-2</b>	Improvement Area #1 Legal Description
<b>Exhibit A-3</b>	Improvement Area #2 Legal Description
<b>Exhibit B-1</b>	District Boundary Map
<b>Exhibit B-2</b>	Improvement Area #1 Boundary Map
<b>Exhibit B-3</b>	Improvement Area #2 Boundary Map
<b>Exhibit C</b>	Authorized Improvements
<b>Exhibit D</b>	Service Plan – Five Year Plan
<b>Exhibit E</b>	Service Plan – Sources and Uses
<b>Exhibit F</b>	Assessment Roll
<b>Exhibit G</b>	Annual Installments
<b>Exhibit H</b>	Maximum Assessment per Lot Type
<b>Exhibit I</b>	Maps of Improvement Area #1 Improvements
<b>Exhibit J</b>	Lot Type Classification Map
<b>Exhibit K</b>	Improvement Area #1 Final Plat
<b>Exhibit L</b>	Estimated Buildout Value of Improvement Area #1 and Improvement Area #2
<b>Exhibit M</b>	Notice of PID Assessment Termination
<b>Exhibit N</b>	Lot Type 1 Buyer Disclosure

## EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

### APPENDIX 11

195.879 ACRES  
JOSE ANTONIO NAVARRO SURVEY  
ABSTRACT NUMBER 53  
BASTROP COUNTY, TX

#### FIELD NOTES

BEING ALL OF THAT CERTAIN 195.879 ACRE TRACT OR PARCEL OF LAND OUT OF THE JOSE ANTONIO NAVARRO SURVEY, ABSTRACT NUMBER 53, SITUATED IN BASTROP COUNTY, TEXAS, BEING A PORTION OF A CALLED 300.357 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 AND BEING ALSO A PORTION OF A CALLED 382.755 ACRE TRACT OF LAND DESCRIBED AS TRACT 2, BOTH CONVEYED TO DE DEVELOPMENT, INC., IN DOCUMENT NUMBER 201704468 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS (O.P.R.B.C.TX.), SAID 195.879 ACRE TRACT OF LAND BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left, being the northeast corner of Lot 35, Block F of Double Eagle Ranch, Section 3, Phase A, a subdivision recorded in Cabinet 7, Page 24A, 24B and 25A, of the Plat Records of Bastrop County, Texas (P.R.B.C.TX.), for the **POINT OF BEGINNING** of the herein described tract,

**THENCE**, with the common boundary line of said 382.755 acre tract, said 300.357 acre tract and said Double Eagle Ranch, Section 3, Phase A, the following eight (8) courses and distances, numbered 1 through 8,

1. with said curve to the left, having a radius of 400.00 feet, an arc length of 295.83 feet, and whose chord bears S86°57'33"W, a distance of 289.13 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
2. S65°46'19"W, a distance of 53.03 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left,
3. with said curve to the left, having a radius of 15.00 feet, an arc length of 22.42 feet, and whose chord bears S22°57'33"W, a distance of 20.39 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
4. S62°24'06"W, a distance of 60.62 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE" for the northeasterly corner of Block H,
5. S54°38'02"W, a distance of 325.30 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
6. S34°14'05"W, a distance of 300.41 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
7. N73°24'22"W, a distance of 232.46 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", and
8. N68°17'01"W, a distance of 98.43 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", being a northern corner of Lot 35, Block H of said Double Eagle Ranch, Section 3, Phase A,

**THENCE**, crossing said 300.357 acre tract, the following thirteen (13) courses and distances, numbered 1 through 13,

1. N28°42'06"W, a distance of 164.27 feet to a calculated point,
2. N63°09'25"W, a distance of 466.96 feet to a calculated point,
3. N15°46'42"E, a distance of 244.01 feet to a calculated point,
4. N45°50'49"W, a distance of 253.06 feet to a calculated point,
5. N71°13'59"W, a distance of 219.08 feet to a calculated point,
6. N61°16'55"W, a distance of 259.66 feet to a calculated point,
7. N35°34'41"W, a distance of 132.43 feet to a calculated point,
8. N35°51'01"W, a distance of 112.87 feet to a calculated point,

9. N29°33'58"W, a distance of 249.03 feet to a calculated point,
10. S81°56'10"W, a distance of 182.75 feet to a calculated point,
11. S59°57'14"W, a distance of 299.19 feet to a calculated point,
12. N81°03'29"W, a distance of 283.93 feet to a calculated point, and
13. N27°46'27"W, a distance of 10.43 feet to a calculated point, being a point on the westerly boundary line of said 300.357 acre tract and being also a point on the easterly boundary line of the called 4.63 acre tract of land described as Reserve "F" Nature Trail, as dedicated in River Crossing Section 2, a subdivision recorded in Cabinet 3, Slide 109A (P.R.B.C.TX.) from which a 1/2-inch iron rod found for an angle point of said Reserve "F" bears S64°22'53"W, a distance of 215.35 feet,

**THENCE**, with the common boundary line of said 300.357 acre tract and said River Crossing Section 2, the following five (5) courses and distances, numbered 1 through 5,

1. N64°22'53"E, a distance of 139.17 feet to a calculated point,
2. N88°18'14"E, a distance of 52.94 feet to a calculated point,
3. N41°10'20"E, a distance of 372.24 feet to a calculated point,
4. N32°16'32"E, a distance of 510.39 feet to a calculated point, and
5. N28°17'23"E, at a distance of 2,044.95 feet pass a capped ½" iron rod found in line, continuing a total distance of 2,080.49 feet to a calculated point, being the northwest corner of said 300.357 acre tract, same being the northeast corner of said 4.63 acre Reserve "F" Nature Trail, and being also a point on the southerly Low Bank of the Colorado River,

**THENCE**, with the common boundary line of said 300.357 acre tract and with the approximate meanders of said southerly Low Bank of the Colorado River, the following five (5) courses and distances, numbered 1 through 5,

1. S66°39'19"E, a distance of 412.18 feet to a calculated point,
2. S72°56'50"E, a distance of 838.46 feet to a calculated point,
3. S54°37'21"E, a distance of 583.24 feet to a calculated point,
4. S29°54'40"E, a distance of 125.90 feet to a calculated point, and
5. S46°33'38"E, a distance of 413.00 feet to a calculated point, being a northerly corner of said 300.357 acre tract, same being a point on the said southerly Low Bank of the Colorado River, and being also a westerly corner of a called 18.928 acre tract of land conveyed to J.J. Collins Family LTD., in Volume 2190, Page 461 (O.P.R.B.C.TX.),

**THENCE**, with the common boundary line of said 300.357 acre tract and said 18.928 acre tract, the following three (3) courses and distances, numbered 1 through 3,

1. S05°41'11"E, a distance of 172.80 feet to a calculated point in Dry Creek,
2. S33°05'25"E, a distance of 647.82 feet to a calculated point in Dry Creek, and
3. S45°04'38"E, a distance of 267.16 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southernmost corner of said 18.928 acre tract and being also the westernmost corner of a called 17.000 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500777 (O.P.R.B.C.TX.) from which a 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found for the southwesterly corner of the called 0.456 acre tract conveyed unto J.J. Collins Family LTD in Document No. 201500776 (O.P.R.B.C.TX.) bears N46°40'04"E, a distance of 103.92 feet,



**THENCE**, with the common boundary line of said 300.357 acre tract and said 17.000 acre tract, the following four (4) courses and distances, numbered 1 through 4,

1. S87°27'33"E, a distance of 107.40 feet to a calculated point in Dry Creek,
2. S57°45'37"E, a distance of 135.80 feet to a calculated point in Dry Creek,
3. S48°33'46"E, a distance of 109.44 feet to a calculated point in Dry Creek, and
4. S15°48'51"E, a distance of 224.58 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southwest corner of said 17.000 acre tract, same being the northwest corner of a called 4.487 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500776 (O.P.R.B.C.TX.) from which found 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found on the common lines of said 17.000 acre tract and said 4.487 acre tract bears S82°01'48"E, a distance of 150.85 feet ,

**THENCE**, with the common boundary line of said 300.357 acre tract and said 4.487 acre tract, S05°00'54"E, a distance of 83.90 feet to a calculated point in Dry Creek for an angle point of the herein described tract, from which the southwest corner of said 4.487 acre tract bears S05°00'54"E, a distance of 46.10 feet,

**THENCE**, crossing said 300.357 acre tract and said 382.755 acre tract, the following four (4) courses and distances, numbered 1 through 4,

1. S69°23'20"W, a distance of 301.09 feet to a calculated point,
2. N65°50'06"W, a distance of 1,322.26 feet to a calculated point,
3. S00°25'15"W, a distance of 769.06 feet to a calculated point, and
4. S04°12'39"E, a distance of 617.98 feet to the **POINT OF BEGINNING** and containing 195.879 acres of land.

Surveyed by:

 11/04/2020  
Marvin L. Mardock, R.P.L.S. NO. 5008  
**Carlson, Brigrance and Doering, Inc.**  
**T.B.P.E.L.S. Land Surveyor Firm Reg. # 10024900**  
5501 West William Cannon  
Austin, TX 78749  
Ph: 512-280-5160 Fax: 512-280-5165  
[m.mardock@cbdeng.com](mailto:m.mardock@cbdeng.com)



Note: field notes to accompany sketch 195.879 AC DE SEC 5 SEC 6 REV.1.dwg  
Dated 11/04/2020

BEARING BASIS: THE NORTHERLY LINE OF BLOCK "H", DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG. 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS.



## EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

55.051 ACRES  
JOSE ANTONIO NAVARRO SURVEY  
ABSTRACT NUMBER 53  
BASTROP COUNTY, TX

### FIELD NOTES

BEING ALL OF THAT CERTAIN 55.051 ACRE TRACT OR PARCEL OF LAND OUT OF THE JOSE ANTONIO NAVARRO SURVEY, ABSTRACT NUMBER 53, SITUATED IN BASTROP COUNTY, TEXAS, BEING A PORTION OF A CALLED 195.879 ACRE TRACT OF LAND CONVEYED TO MERITAGE HOMES OF TEXAS, LLC., IN DOCUMENT NUMBER 202110987 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS (O.P.R.B.C.TX.), SAID 55.051 ACRE TRACT OF LAND BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at a capped 1/2" iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left, being the northeast corner of Lot 35, Block F of Double Eagle Ranch, Section 3, Phase A, a subdivision recorded in Cabinet 7, Page 24A, 24B and 25A, of the Plat Records of Bastrop County, Texas (P.R.B.C.TX.), for the POINT OF BEGINNING of the herein described tract,

THENCE, with the common boundary line of said 195.879 acre tract and said Double Eagle Ranch, Section 3, Phase A, the following eight (8) courses and distances, numbered 1 through 8:

1. With said curve to the left, having a radius of 400.00 feet, an arc length of 295.83 feet, and whose chord bears S86°57'33"W, a distance of 289.13 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
2. S65°46'19"W, a distance of 53.03 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left,
3. With said curve to the left, having a radius of 15.00 feet, an arc length of 22.42 feet, and whose chord bears S22°57'33"W, a distance of 20.39 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
4. S62°24'06"W, a distance of 60.62 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE" for the northeasterly corner of Block H,
5. S54°38'02"W, a distance of 325.30 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
6. S34°14'05"W, a distance of 300.41 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
7. N73°24'22"W, a distance of 232.46 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", and
8. N68°17'01"W, a distance of 98.43 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", being a northern corner of Lot 35, Block H of said Double Eagle Ranch, Section 3, Phase A,

THENCE, crossing said 195.879 acre tract, the following twenty-one (21) courses and distances, numbered 1 through 21:

1. N28°42'06"W, a distance of 164.27 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
2. N63°09'25"W, a distance of 466.96 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
3. N15°46'42"E, a distance of 244.01 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
4. N45°50'49"W, a distance of 253.06 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
5. N71°13'59"W, a distance of 219.08 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
6. N61°16'55"W, a distance of 259.66 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
7. N75°45'38"E, a distance of 289.28 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
8. N53°19'22"E, a distance of 274.42 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
9. N69°37'56"E, a distance of 236.40 feet to a 1/2" iron rod set stamped "CBD SETSTONE",

J: 5081\SURVEY\FIELD NOTES\FN – 195.879 AC DE SEC 5 SEC 6 Rev.1.doc

10. N25°42'55"E, a distance of 104.17 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
11. N31°20'33"E, a distance of 245.94 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
12. S19°53'11"E, a distance of 344.42 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
13. N70°08'14"E a distance of 60.00 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
14. N19°53'11"W, a distance of 345.48 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
15. N56°39'49"E, a distance of 74.64 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
16. N90°00'00"E, a distance of 105.23 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
17. S79°05'23"E, a distance of 198.96 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
18. N83°28'22"E, a distance of 153.34 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
19. N90°00'00"E, a distance of 112.80 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
20. N69°21'52"E, a distance of 108.49 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
21. N39°25'56"E, a distance of 196.58 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
22. N69°27'34"E, a distance of 130.83 feet to a 1/2" iron rod set stamped "CBD SETSTONE",  
AND
23. S75°39'25"E, a distance of 232.37 feet to a capped 1/2 inch iron rod set stamped "CBD SETSTONE"

**THENCE**, along the common boundary line of said 195.879 acre tract and a called 382.755 acre tract described as Tract 2, conveyed to DE Development, Inc. in Document Number 201704468, O.P.R.B.C.TX., the following two (2) courses and distances, numbered 1 and 2:

1. S00°25'15"W, a distance of 769.06 feet to a calculated point, and
2. S04°12'39"E, a distance of 617.98 feet to the **POINT OF BEGINNING** and containing 55.051 acres of land.

Surveyed by:



2/14/2023

AARON V. THOMASON, R.P.L.S. NO. 6214

*Carlson, Brigrance and Doering, Inc.*

5501 West William Cannon

Austin, TX 78749

Phone: 512-280-5160 Fax: 512-280-5165

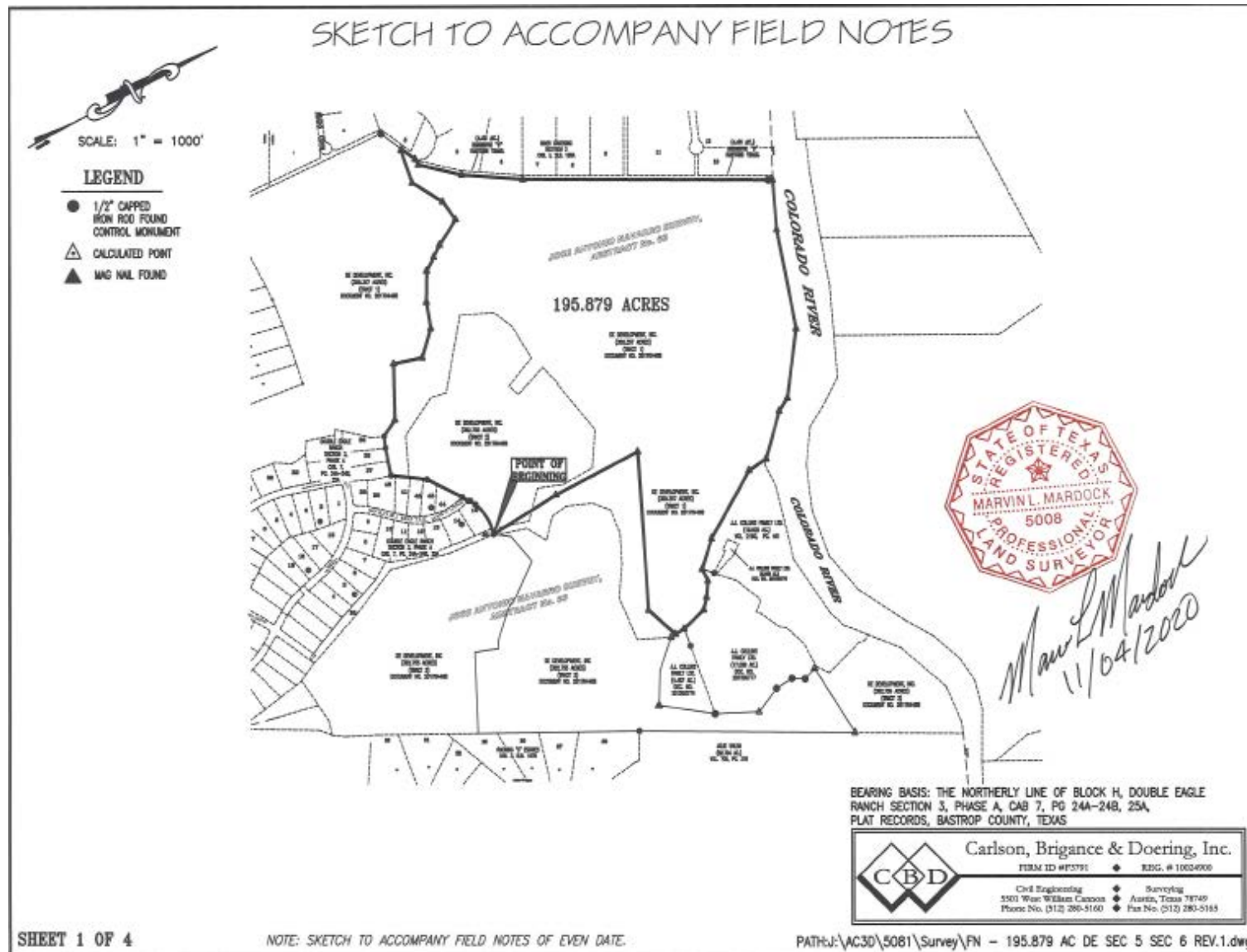


**BEARING BASIS:** THE NORTHERLY LINE OF BLOCK "H", DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG. 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS.

### **EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION**

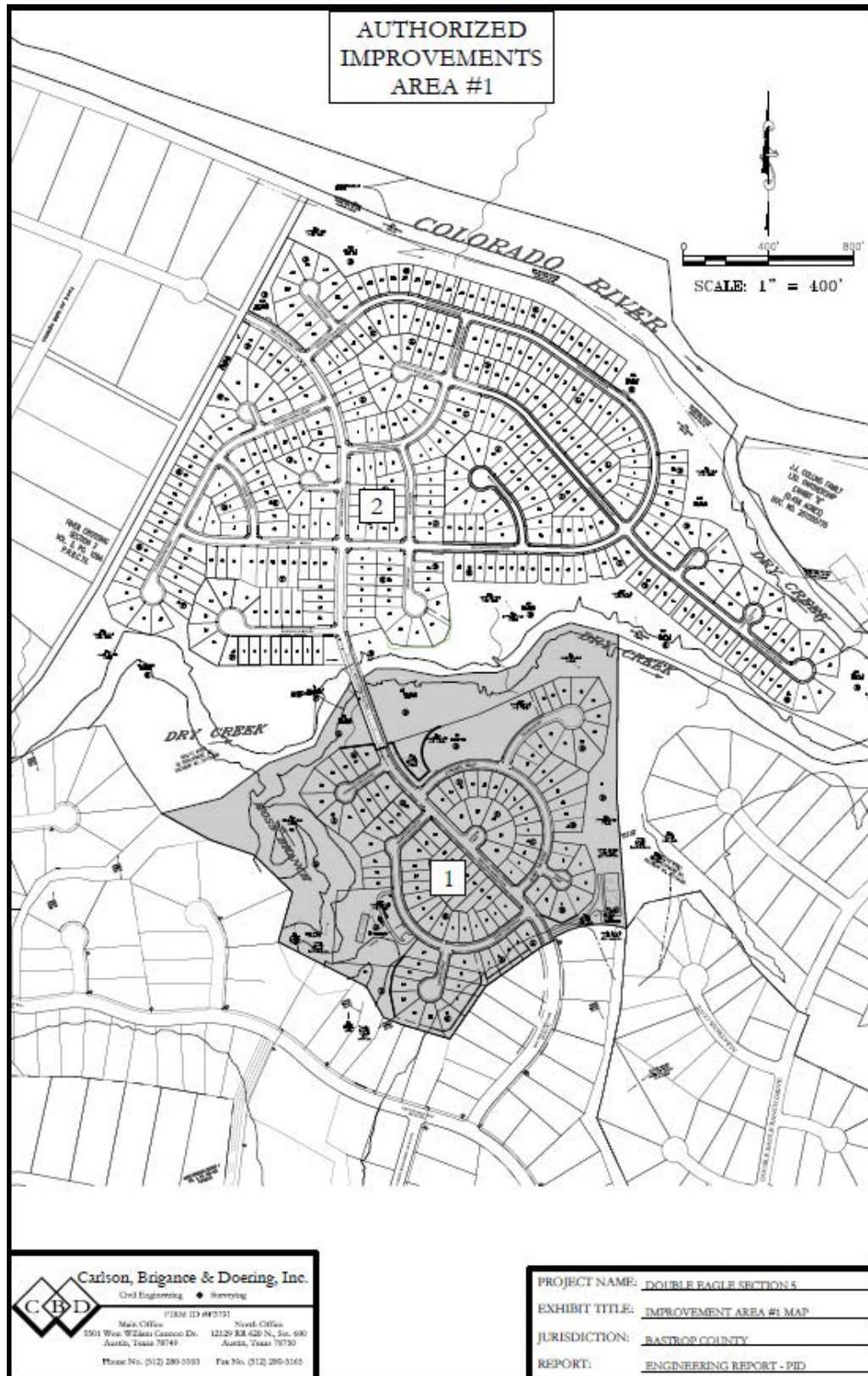
140.83 acres of land within the District consisting of all land within the District save and except the land within Improvement Area #1.

## EXHIBIT B-1 – DISTRICT BOUNDARY MAP

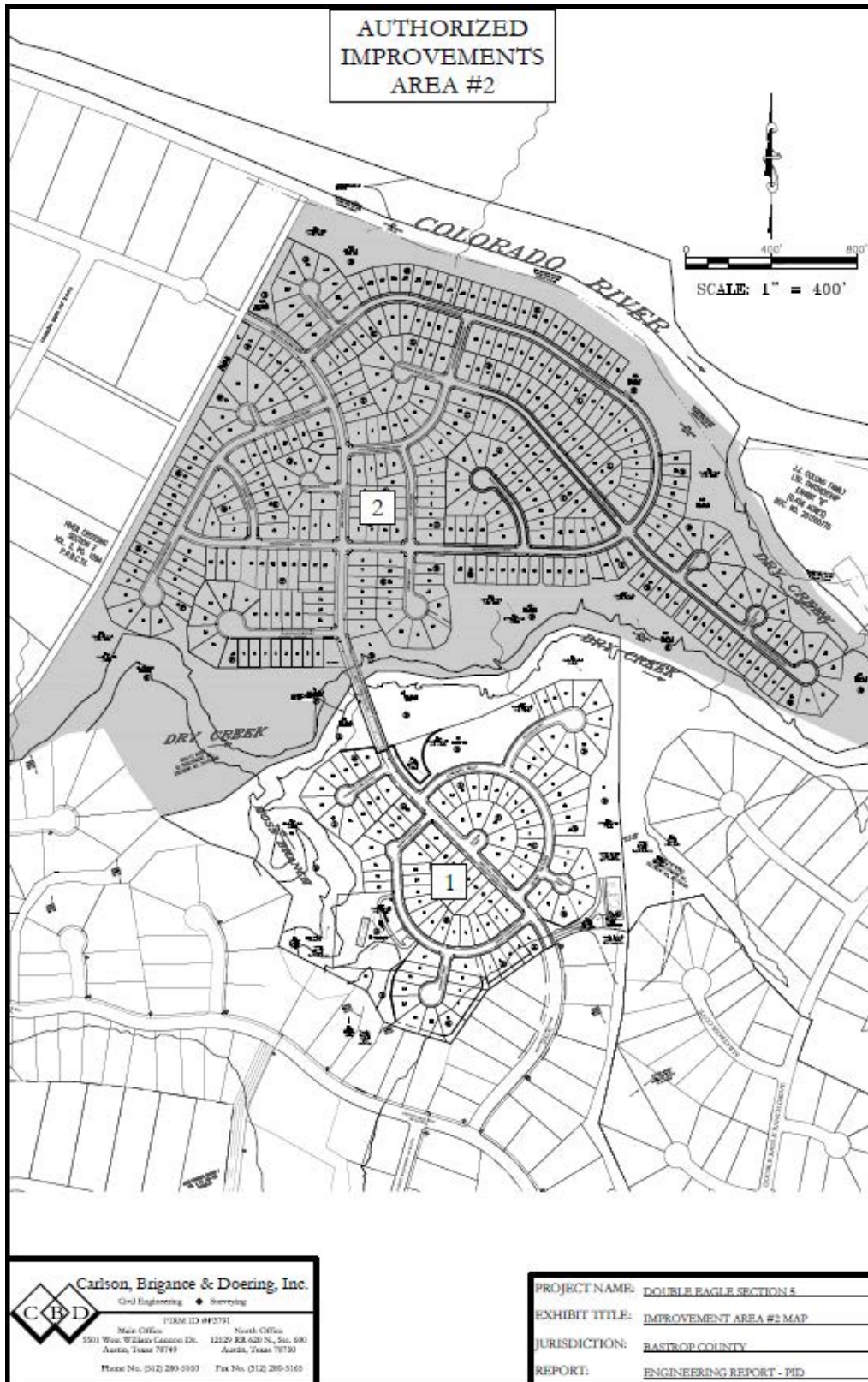




## EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP



## EXHIBIT B-3 – IMPROVEMENT AREA #2 BOUNDARY MAP



## EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs
<i>Improvement Area #1 Improvements [a]</i>	
Street Improvements [b]	\$ 1,397,063
Drainage Improvements	466,881
Erosion Control Improvements	75,549
Trails	104,770
Soft Costs	388,410
District Formation Expenses [c]	108,921
	\$ 2,541,594
 <i>Bond Issuance Costs</i>	
Debt Service Reserve Fund	\$ 240,680
Capitalized Interest	64,560
Underwriter's Discount	104,560
Cost of Issuance	236,606
	\$ 646,406
 <i>First Year Annual Collection Costs</i>	
	\$ 40,000
	\$ 40,000
 <b>Authorized Improvements Total</b>	<b>\$ 3,228,000</b>
 <i>Water and Wastewater Improvements [d]</i>	
	\$ 1,487,000
	\$ 1,487,000

[a] Per the Engineer's Report prepared by Carlson, Brigance & Doering, Inc. dated January 11, 2023.

[b] Includes Street Excavation and Grading.

[c] District Formation Expenses are estimated to total \$500,000 for the entire District and are allocated between Improvement Area #1 and Improvement Area #2 on a pro rata basis based on Estimated Buildout Value as shown on **Exhibit L**.

[d] The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

## EXHIBIT D – SERVICE PLAN – FIVE YEAR PLAN

Double Eagle Public Improvement District						
Annual Installments [a]		1/31/2023 [b]	1/31/2024	1/31/2025	1/31/2026	1/31/2027
Principal		\$ -	\$ 47,000.00	\$ 49,000.00	\$ 52,000.00	\$ 54,000.00
Interest		\$ 64,560.00	\$ 193,680.00	\$ 190,860.00	\$ 187,920.00	\$ 184,800.00
Capitalized Interest		\$ (64,560.00)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 240,680.00	\$ 239,860.00	\$ 239,920.00	\$ 238,800.00
Additional Interest	(2)	\$ -	\$ 16,140.00	\$ 15,905.00	\$ 15,660.00	\$ 15,400.00
Annual Collection Costs	(3)	\$ -	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 297,620.00	\$ 297,381.00	\$ 298,028.32	\$ 297,497.29

### Footnotes:

[a] Preliminary, subject to change.

[b] For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.



## EXHIBIT E – SERVICE PLAN – SOURCES AND USES

Sources of Funds		
Improvement Area #1 PID Bonds	\$	3,228,000
Owner Contribution [a]		1,487,000
<b>Total Sources</b>	<b>\$</b>	<b>4,715,000</b>
Uses of Funds		
Improvement Area #1 Improvements	\$	2,541,594
	\$	2,541,594
Water and Wastewater Improvements [b]	\$	1,487,000
	\$	1,487,000
<i>Bond Issuance Costs</i>		
Debt Service Reserve Fund	\$	240,680
Capitalized Interest		64,560
Underwriter's Discount		104,560
Cost of Issuance		236,606
	\$	646,406
First Year Annual Collection Costs	\$	40,000
	\$	40,000
<b>Total Uses</b>	<b>\$</b>	<b>4,715,000</b>

### Footnotes:

[a] Not subject to reimbursement to Owner. Includes the costs to fund the Water and Wastewater Improvements.

[b] The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

## EXHIBIT F – ASSESSMENT ROLL

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727820	Double Eagle Ranch Section 5A BLK A LOT 18	Non-Benefited Property	\$ -	\$ -
8727821	Double Eagle Ranch Section 5A BLK A LOT 19	Non-Benefited Property	\$ -	\$ -
8727885	Double Eagle Ranch Section 5A BLK D LOT 1	Non-Benefited Property	\$ -	\$ -
8727914	Double Eagle Ranch Section 5A BLK D LOT 30	Non-Benefited Property	\$ -	\$ -
8727894	Double Eagle Ranch Section 5A BLK D LOT 10	Non-Benefited Property	\$ -	\$ -
8727803	Double Eagle Ranch Section 5A BLK A LOT 1	Non-Benefited Property	\$ -	\$ -
8727841	Double Eagle Ranch Section 5A BLK A LOT 39	Non-Benefited Property	\$ -	\$ -
8727842	Double Eagle Ranch Section 5A BLK B LOT 1	1	\$ 30,742.86	\$ 2,834.48
8727843	Double Eagle Ranch Section 5A BLK B LOT 2	1	\$ 30,742.86	\$ 2,834.48
8727844	Double Eagle Ranch Section 5A BLK B LOT 3	1	\$ 30,742.86	\$ 2,834.48
8727845	Double Eagle Ranch Section 5A BLK B LOT 4	1	\$ 30,742.86	\$ 2,834.48
8727846	Double Eagle Ranch Section 5A BLK B LOT 5	1	\$ 30,742.86	\$ 2,834.48
8727847	Double Eagle Ranch Section 5A BLK B LOT 6	1	\$ 30,742.86	\$ 2,834.48
8727848	Double Eagle Ranch Section 5A BLK B LOT 7	1	\$ 30,742.86	\$ 2,834.48
8727849	Double Eagle Ranch Section 5A BLK B LOT 8	1	\$ 30,742.86	\$ 2,834.48
8727850	Double Eagle Ranch Section 5A BLK B LOT 9	1	\$ 30,742.86	\$ 2,834.48
8727851	Double Eagle Ranch Section 5A BLK B LOT 10	1	\$ 30,742.86	\$ 2,834.48
8727852	Double Eagle Ranch Section 5A BLK B LOT 11	1	\$ 30,742.86	\$ 2,834.48
8727853	Double Eagle Ranch Section 5A BLK B LOT 12	1	\$ 30,742.86	\$ 2,834.48
8727854	Double Eagle Ranch Section 5A BLK B LOT 13	1	\$ 30,742.86	\$ 2,834.48
8727855	Double Eagle Ranch Section 5A BLK B LOT 14	1	\$ 30,742.86	\$ 2,834.48
8727856	Double Eagle Ranch Section 5A BLK B LOT 15	1	\$ 30,742.86	\$ 2,834.48
8727857	Double Eagle Ranch Section 5A BLK B LOT 16	1	\$ 30,742.86	\$ 2,834.48
8727858	Double Eagle Ranch Section 5A BLK B LOT 17	1	\$ 30,742.86	\$ 2,834.48
8727859	Double Eagle Ranch Section 5A BLK B LOT 18	1	\$ 30,742.86	\$ 2,834.48
8727860	Double Eagle Ranch Section 5A BLK B LOT 19	1	\$ 30,742.86	\$ 2,834.48
8727861	Double Eagle Ranch Section 5A BLK B LOT 20	1	\$ 30,742.86	\$ 2,834.48
8727862	Double Eagle Ranch Section 5A BLK B LOT 21	1	\$ 30,742.86	\$ 2,834.48
8727863	Double Eagle Ranch Section 5A BLK B LOT 22	1	\$ 30,742.86	\$ 2,834.48
8727864	Double Eagle Ranch Section 5A BLK B LOT 23	1	\$ 30,742.86	\$ 2,834.48
8727865	Double Eagle Ranch Section 5A BLK C LOT 1	1	\$ 30,742.86	\$ 2,834.48
8727866	Double Eagle Ranch Section 5A BLK C LOT 2	1	\$ 30,742.86	\$ 2,834.48
8727867	Double Eagle Ranch Section 5A BLK C LOT 3	1	\$ 30,742.86	\$ 2,834.48
8727868	Double Eagle Ranch Section 5A BLK C LOT 4	1	\$ 30,742.86	\$ 2,834.48
8727869	Double Eagle Ranch Section 5A BLK C LOT 5	1	\$ 30,742.86	\$ 2,834.48
8727870	Double Eagle Ranch Section 5A BLK C LOT 6	1	\$ 30,742.86	\$ 2,834.48
8727871	Double Eagle Ranch Section 5A BLK C LOT 7	1	\$ 30,742.86	\$ 2,834.48
8727872	Double Eagle Ranch Section 5A BLK C LOT 8	1	\$ 30,742.86	\$ 2,834.48
8727873	Double Eagle Ranch Section 5A BLK C LOT 9	1	\$ 30,742.86	\$ 2,834.48
8727874	Double Eagle Ranch Section 5A BLK C LOT 10	1	\$ 30,742.86	\$ 2,834.48
8727875	Double Eagle Ranch Section 5A BLK C LOT 11	1	\$ 30,742.86	\$ 2,834.48
8727876	Double Eagle Ranch Section 5A BLK C LOT 12	1	\$ 30,742.86	\$ 2,834.48
8727877	Double Eagle Ranch Section 5A BLK C LOT 13	1	\$ 30,742.86	\$ 2,834.48
8727878	Double Eagle Ranch Section 5A BLK C LOT 14	1	\$ 30,742.86	\$ 2,834.48
8727879	Double Eagle Ranch Section 5A BLK C LOT 15	1	\$ 30,742.86	\$ 2,834.48

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727880	Double Eagle Ranch Section 5A BLK C LOT 16	1	\$ 30,742.86	\$ 2,834.48
8727881	Double Eagle Ranch Section 5A BLK C LOT 17	1	\$ 30,742.86	\$ 2,834.48
8727882	Double Eagle Ranch Section 5A BLK C LOT 18	1	\$ 30,742.86	\$ 2,834.48
8727883	Double Eagle Ranch Section 5A BLK C LOT 19	1	\$ 30,742.86	\$ 2,834.48
8727884	Double Eagle Ranch Section 5A BLK C LOT 20	1	\$ 30,742.86	\$ 2,834.48
8727804	Double Eagle Ranch Section 5A BLK A LOT 2	1	\$ 30,742.86	\$ 2,834.48
8727805	Double Eagle Ranch Section 5A BLK A LOT 3	1	\$ 30,742.86	\$ 2,834.48
8727806	Double Eagle Ranch Section 5A BLK A LOT 4	1	\$ 30,742.86	\$ 2,834.48
8727807	Double Eagle Ranch Section 5A BLK A LOT 5	1	\$ 30,742.86	\$ 2,834.48
8727808	Double Eagle Ranch Section 5A BLK A LOT 6	1	\$ 30,742.86	\$ 2,834.48
8727809	Double Eagle Ranch Section 5A BLK A LOT 7	1	\$ 30,742.86	\$ 2,834.48
8727810	Double Eagle Ranch Section 5A BLK A LOT 8	1	\$ 30,742.86	\$ 2,834.48
8727811	Double Eagle Ranch Section 5A BLK A LOT 9	1	\$ 30,742.86	\$ 2,834.48
8727812	Double Eagle Ranch Section 5A BLK A LOT 10	1	\$ 30,742.86	\$ 2,834.48
8727813	Double Eagle Ranch Section 5A BLK A LOT 11	1	\$ 30,742.86	\$ 2,834.48
8727814	Double Eagle Ranch Section 5A BLK A LOT 12	1	\$ 30,742.86	\$ 2,834.48
8727815	Double Eagle Ranch Section 5A BLK A LOT 13	1	\$ 30,742.86	\$ 2,834.48
8727816	Double Eagle Ranch Section 5A BLK A LOT 14	1	\$ 30,742.86	\$ 2,834.48
8727817	Double Eagle Ranch Section 5A BLK A LOT 15	1	\$ 30,742.86	\$ 2,834.48
8727818	Double Eagle Ranch Section 5A BLK A LOT 16	1	\$ 30,742.86	\$ 2,834.48
8727819	Double Eagle Ranch Section 5A BLK A LOT 17	1	\$ 30,742.86	\$ 2,834.48
8727822	Double Eagle Ranch Section 5A BLK A LOT 20	1	\$ 30,742.86	\$ 2,834.48
8727823	Double Eagle Ranch Section 5A BLK A LOT 21	1	\$ 30,742.86	\$ 2,834.48
8727824	Double Eagle Ranch Section 5A BLK A LOT 22	1	\$ 30,742.86	\$ 2,834.48
8727825	Double Eagle Ranch Section 5A BLK A LOT 23	1	\$ 30,742.86	\$ 2,834.48
8727826	Double Eagle Ranch Section 5A BLK A LOT 24	1	\$ 30,742.86	\$ 2,834.48
8727827	Double Eagle Ranch Section 5A BLK A LOT 25	1	\$ 30,742.86	\$ 2,834.48
8727828	Double Eagle Ranch Section 5A BLK A LOT 26	1	\$ 30,742.86	\$ 2,834.48
8727829	Double Eagle Ranch Section 5A BLK A LOT 27	1	\$ 30,742.86	\$ 2,834.48
8727830	Double Eagle Ranch Section 5A BLK A LOT 28	1	\$ 30,742.86	\$ 2,834.48
8727831	Double Eagle Ranch Section 5A BLK A LOT 29	1	\$ 30,742.86	\$ 2,834.48
8727832	Double Eagle Ranch Section 5A BLK A LOT 30	1	\$ 30,742.86	\$ 2,834.48
8727833	Double Eagle Ranch Section 5A BLK A LOT 31	1	\$ 30,742.86	\$ 2,834.48
8727834	Double Eagle Ranch Section 5A BLK A LOT 32	1	\$ 30,742.86	\$ 2,834.48
8727835	Double Eagle Ranch Section 5A BLK A LOT 33	1	\$ 30,742.86	\$ 2,834.48
8727836	Double Eagle Ranch Section 5A BLK A LOT 34	1	\$ 30,742.86	\$ 2,834.48
8727837	Double Eagle Ranch Section 5A BLK A LOT 35	1	\$ 30,742.86	\$ 2,834.48
8727838	Double Eagle Ranch Section 5A BLK A LOT 36	1	\$ 30,742.86	\$ 2,834.48
8727839	Double Eagle Ranch Section 5A BLK A LOT 37	1	\$ 30,742.86	\$ 2,834.48
8727840	Double Eagle Ranch Section 5A BLK A LOT 38	1	\$ 30,742.86	\$ 2,834.48
8727895	Double Eagle Ranch Section 5A BLK D LOT 11	1	\$ 30,742.86	\$ 2,834.48
8727896	Double Eagle Ranch Section 5A BLK D LOT 12	1	\$ 30,742.86	\$ 2,834.48
8727897	Double Eagle Ranch Section 5A BLK D LOT 13	1	\$ 30,742.86	\$ 2,834.48
8727898	Double Eagle Ranch Section 5A BLK D LOT 14	1	\$ 30,742.86	\$ 2,834.48
8727899	Double Eagle Ranch Section 5A BLK D LOT 15	1	\$ 30,742.86	\$ 2,834.48

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727900	Double Eagle Ranch Section 5A BLK D LOT 16	1	\$ 30,742.86	\$ 2,834.48
8727901	Double Eagle Ranch Section 5A BLK D LOT 17	1	\$ 30,742.86	\$ 2,834.48
8727902	Double Eagle Ranch Section 5A BLK D LOT 18	1	\$ 30,742.86	\$ 2,834.48
8727903	Double Eagle Ranch Section 5A BLK D LOT 19	1	\$ 30,742.86	\$ 2,834.48
8727904	Double Eagle Ranch Section 5A BLK D LOT 20	1	\$ 30,742.86	\$ 2,834.48
8727905	Double Eagle Ranch Section 5A BLK D LOT 21	1	\$ 30,742.86	\$ 2,834.48
8727906	Double Eagle Ranch Section 5A BLK D LOT 22	1	\$ 30,742.86	\$ 2,834.48
8727907	Double Eagle Ranch Section 5A BLK D LOT 23	1	\$ 30,742.86	\$ 2,834.48
8727908	Double Eagle Ranch Section 5A BLK D LOT 24	1	\$ 30,742.86	\$ 2,834.48
8727909	Double Eagle Ranch Section 5A BLK D LOT 25	1	\$ 30,742.86	\$ 2,834.48
8727910	Double Eagle Ranch Section 5A BLK D LOT 26	1	\$ 30,742.86	\$ 2,834.48
8727911	Double Eagle Ranch Section 5A BLK D LOT 27	1	\$ 30,742.86	\$ 2,834.48
8727912	Double Eagle Ranch Section 5A BLK D LOT 28	1	\$ 30,742.86	\$ 2,834.48
8727913	Double Eagle Ranch Section 5A BLK D LOT 29	1	\$ 30,742.86	\$ 2,834.48
8727886	Double Eagle Ranch Section 5A BLK D LOT 2	1	\$ 30,742.86	\$ 2,834.48
8727887	Double Eagle Ranch Section 5A BLK D LOT 3	1	\$ 30,742.86	\$ 2,834.48
8727888	Double Eagle Ranch Section 5A BLK D LOT 4	1	\$ 30,742.86	\$ 2,834.48
8727889	Double Eagle Ranch Section 5A BLK D LOT 5	1	\$ 30,742.86	\$ 2,834.48
8727890	Double Eagle Ranch Section 5A BLK D LOT 6	1	\$ 30,742.86	\$ 2,834.48
8727891	Double Eagle Ranch Section 5A BLK D LOT 7	1	\$ 30,742.86	\$ 2,834.48
8727892	Double Eagle Ranch Section 5A BLK D LOT 8	1	\$ 30,742.86	\$ 2,834.48
8727893	Double Eagle Ranch Section 5A BLK D LOT 9	1	\$ 30,742.86	\$ 2,834.48
<b>Total</b>			<b>\$ 3,228,000.00</b>	<b>\$ 297,620.00</b>

*Note: Totals may not sum due to rounding.*

## EXHIBIT G – ANNUAL INSTALLMENTS

District Total Annual Installments						
Annual Installments Due 1/31	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	Total Annual Installment <sup>3</sup>
2023 <sup>4</sup>	\$ -	\$ 64,560	\$ (64,560)	\$ -	\$ -	\$ -
2024	47,000	193,680	-	16,140	40,800	297,620
2025	49,000	190,860	-	15,905	41,616	297,381
2026	52,000	187,920	-	15,660	42,448	298,028
2027	54,000	184,800	-	15,400	43,297	297,497
2028	57,000	181,560	-	15,130	44,163	297,853
2029	60,000	178,140	-	14,845	45,046	298,031
2030	62,000	174,540	-	14,545	45,947	297,032
2031	66,000	170,820	-	14,235	46,866	297,921
2032	69,000	166,860	-	13,905	47,804	297,569
2033	73,000	162,720	-	13,560	48,760	298,040
2034	76,000	158,340	-	13,195	49,735	297,270
2035	80,000	153,780	-	12,815	50,730	297,325
2036	84,000	148,980	-	12,415	51,744	297,139
2037	89,000	143,940	-	11,995	52,779	297,714
2038	93,000	138,600	-	11,550	53,835	296,985
2039	99,000	133,020	-	11,085	54,911	298,016
2040	104,000	127,080	-	10,590	56,010	297,680
2041	110,000	120,840	-	10,070	57,130	298,040
2042	115,000	114,240	-	9,520	58,272	297,032
2043	122,000	107,340	-	8,945	59,438	297,723
2044	129,000	100,020	-	8,335	60,627	297,982
2045	136,000	92,280	-	7,690	61,839	297,809
2046	143,000	84,120	-	7,010	63,076	297,206
2047	151,000	75,540	-	6,295	64,337	297,172
2048	160,000	66,480	-	5,540	65,624	297,644
2049	169,000	56,880	-	4,740	66,937	297,557
2050	179,000	46,740	-	3,895	68,275	297,910
2051	189,000	36,000	-	3,000	69,641	297,641
2052	200,000	24,660	-	2,055	71,034	297,749
2053	211,000	12,660	-	1,055	72,454	297,169
<b>Total</b>	<b>\$ 3,228,000</b>	<b>\$ 3,798,000</b>	<b>\$ (64,560)</b>	<b>\$ 311,120</b>	<b>\$ 1,655,178</b>	<b>\$ 8,927,738</b>

**Footnotes:**

- 1) The interest rate is shown at a 6.00% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.
- 4) For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.

## EXHIBIT H – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Improvement Area	Maximum Assessment <sup>1</sup>
Lot Type 1	Improvement Area #1	\$ 30,742.86

<sup>1</sup> The Maximum Assessment will be reduced annually by the principal portion of the Annual Installment.

## EXHIBIT I – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS





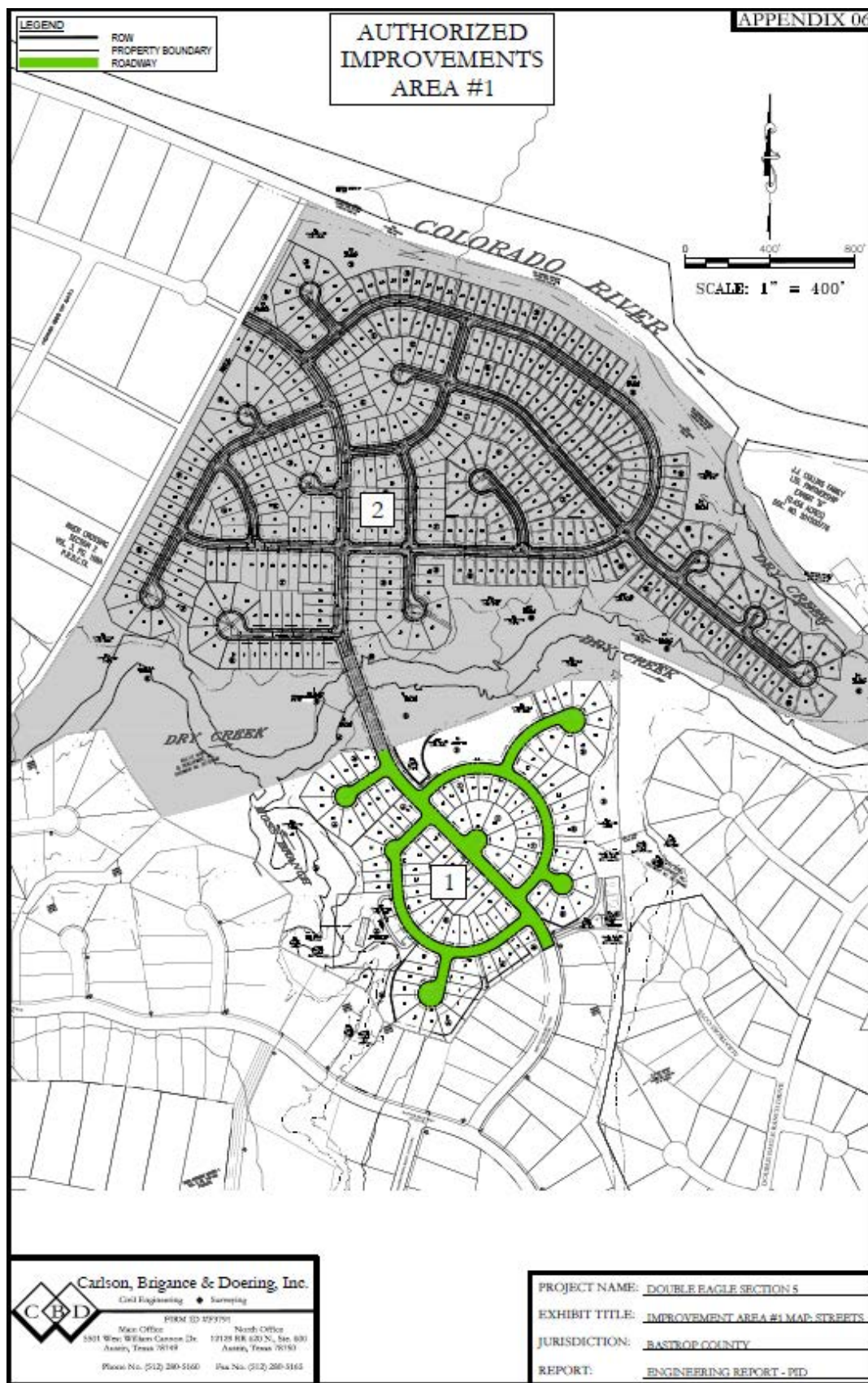






EXHIBIT J – LOT TYPE CLASSIFICATION MAP





## EXHIBIT K – IMPROVEMENT AREA #1 FINAL PLAT





**EXHIBIT L – ESTIMATED BUILDOUT VALUE OF IMPROVEMENT AREA #1 AND  
IMPROVEMENT AREA #2**

Lot Size	Units	Estimated Buildout Value Per Unit	Estimated Buildout Value	% of District
<b>Improvement Area #1</b>				
50'	105	\$ 380,500	\$ 39,952,500	
<b>Total</b>			<b>\$ 39,952,500</b>	<b>21.78%</b>
<b>Improvement Area #2</b>				
50'	377	\$ 380,500	\$143,448,500	
<b>Total</b>			<b>\$143,448,500</b>	<b>78.22%</b>

## EXHIBIT M – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC  
9824 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[Date]

Bastrop County Clerk's Office  
Honorable [County Clerk Name]  
Bastrop County Clerk  
803 Pine Street  
Bastrop, TX 78602

**Re: County of Bastrop Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the County of Bastrop is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

County of Bastrop  
Attn: [County Secretary]  
804 Pecan Street  
Bastrop, TX 78602

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

Jon Snyder  
P: (817) 393-0353  
admin@p3-works.com

**AFTER RECORDING RETURN TO:**

[County Secretary Name]  
804 Pecan Street  
Bastrop, TX 78602

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BASTROP	§	

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN** (this "Full Release") is executed and delivered as of the Effective Date by the County of Bastrop, Texas.

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the "County Commissioners Court") of Bastrop County, Texas (hereinafter referred to as the "County"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the County; and

**WHEREAS**, on or about May 10, 2021, the County Commissioners Court for the County, approved a resolution, creating the Double Eagle Ranch Public Improvement District; and

**WHEREAS**, the Double Eagle Ranch Public Improvement District consists of approximately 195.879 contiguous acres located within the County; and

**WHEREAS**, on or about \_\_\_\_, \_\_\_\_, the County Commissioners Court, approved Order No. \_\_\_\_, (hereinafter referred to as the "Assessment Order") approving a service and assessment plan and assessment roll for the Property within the Double Eagle Ranch Public Improvement District; and

**WHEREAS**, the Assessment Order imposed an assessment in the amount of \$\_\_\_\_ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Bastrop County, Texas, according to the map or plat of record in Document/Instrument No. \_\_\_\_\_ of the Plat Records of Bastrop County, Texas (hereinafter referred to as the "Property"); and

**WHEREAS**, the property owners of the Property have paid unto the County the Lien Amount.

**RELEASE**

**NOW THEREFORE**, the County, the owner and holder of the Lien, Instrument No. \_\_\_\_\_, in the Real Property Records of Bastrop County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

**EXECUTED** to be **EFFECTIVE** this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BASTROP COUNTY, TEXAS,**

By: \_\_\_\_\_  
[County Official Name], County Official Title

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], County Clerk

<b>STATE OF TEXAS</b>	<b>§</b>
	<b>§</b>
<b>COUNTY OF BASTROP</b>	<b>§</b>

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [County Official Name], [County Official Title] for the County of Bastrop, Texas, on behalf of said County.

\_\_\_\_\_  
Notary Public, State of Texas



## **EXHIBIT N – LOT TYPE 1 BUYER DISCLOSURE**

### **NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
BASTROP COUNTY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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PROPERTY ADDRESS

**LOT TYPE 1 PRINCIPAL ASSESSMENT: \$30,742.86**

As the purchaser of the real property described above, you are obligated to pay assessments to the County of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Double Eagle Ranch Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the County of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop County Commissioners Court 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 County of Bastrop.

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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop 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 BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - LOT TYPE 1

Lot Type 1 Annual Installments						
Annual Installments Due 1/31	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	Total Annual Installment <sup>3</sup>
2023 <sup>4</sup>	\$ -	\$ 614.86	\$ (614.86)	\$ -	\$ -	\$ -
2024	447.62	1,844.57	-	153.71	388.57	2,834.48
2025	466.67	1,817.71	-	151.48	396.34	2,832.20
2026	495.24	1,789.71	-	149.14	404.27	2,838.36
2027	514.29	1,760.00	-	146.67	412.36	2,833.31
2028	542.86	1,729.14	-	144.10	420.60	2,836.70
2029	571.43	1,696.57	-	141.38	429.01	2,838.40
2030	590.48	1,662.29	-	138.52	437.59	2,828.88
2031	628.57	1,626.86	-	135.57	446.35	2,837.35
2032	657.14	1,589.14	-	132.43	455.27	2,833.99
2033	695.24	1,549.71	-	129.14	464.38	2,838.47
2034	723.81	1,508.00	-	125.67	473.67	2,831.14
2035	761.90	1,464.57	-	122.05	483.14	2,831.66
2036	800.00	1,418.86	-	118.24	492.80	2,829.90
2037	847.62	1,370.86	-	114.24	502.66	2,835.37
2038	885.71	1,320.00	-	110.00	512.71	2,828.43
2039	942.86	1,266.86	-	105.57	522.97	2,838.25
2040	990.48	1,210.29	-	100.86	533.43	2,835.04
2041	1,047.62	1,150.86	-	95.90	544.09	2,838.47
2042	1,095.24	1,088.00	-	90.67	554.98	2,828.88
2043	1,161.90	1,022.29	-	85.19	566.08	2,835.46
2044	1,228.57	952.57	-	79.38	577.40	2,837.92
2045	1,295.24	878.86	-	73.24	588.94	2,836.28
2046	1,361.90	801.14	-	66.76	600.72	2,830.53
2047	1,438.10	719.43	-	59.95	612.74	2,830.21
2048	1,523.81	633.14	-	52.76	624.99	2,834.71
2049	1,609.52	541.71	-	45.14	637.49	2,833.87
2050	1,704.76	445.14	-	37.10	650.24	2,837.24
2051	1,800.00	342.86	-	28.57	663.25	2,834.68
2052	1,904.76	234.86	-	19.57	676.51	2,835.70
2053	2,009.52	120.57	-	10.05	690.04	2,830.19
<b>Total</b>	<b>\$ 30,742.86</b>	<b>\$ 36,171.43</b>	<b>\$ (614.86)</b>	<b>\$ 2,963.05</b>	<b>\$ 15,763.60</b>	<b>\$ 85,026.07</b>

### Footnotes:

- 1) The interest rate is shown at a 6.00% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.
- 4) For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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DRAFT

IN REGARD to the authorization and issuance of the “Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”), dated June 20, 2023, in the principal amount of \$\_\_\_\_\_, we have examined the legality and validity of the issuance thereof by Bastrop County, Texas (the “County”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the County, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the County and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature, unless redeemed prior to maturity in accordance with the terms stated on the Bonds, on September 1 in each of the years specified in the Bonds, all in accordance with the Indenture of Trust (the “Indenture”), dated as of June 1, 2023, between the County and BOKF, NA, as trustee (the “Trustee”), approved by the Commissioners Court of the County pursuant to an order (the “Order”) adopted by the Commissioners Court of the County on May 22, 2023 authorizing the issuance of the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Order and an examination of the initial Bond executed and delivered by the County (which we found to be in due form and properly executed); (ii) certifications of officers of the County relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the County and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com).

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the County in accordance with their terms payable solely from a first and prior lien on the Trust Estate, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the County with the provisions of the Indenture and in reliance upon representations and certifications of the County made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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**BASTROP COUNTY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of June 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and among Bastrop County, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and BOKF, NA, Houston, Texas, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of June 1, 2023, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act.

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

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

“Annual Collections Report” shall mean any Annual Collection Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“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.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Filing Date is currently March 31.

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

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

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

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean, Meritage Homes of Texas, LLC, an Arizona limited liability company, including its affiliates, successors and assigns.

“Disclosure Agreement of Developer” shall mean the Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of the Developer dated as of June 1, 2023 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the County Auditor 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 BOKF, NA, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Double Eagle Ranch Public Improvement District.

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

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

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

“Listed Events” shall mean any of the events listed in Section 6(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 continuing disclosure reports pursuant to the Rule.

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

“Owner(s)” shall mean the registered owner(s) of any Bonds, as shown in the register maintained by the Trustee.

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

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

“Prepayment” shall mean the payment of all or a portion of an Assessment before the due date of the final installment thereof.

“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.

“SAP Update” shall have the meaning assigned to such term in Section 4(a)(iii) of this Disclosure Agreement.

“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.

“Tax Year” means the calendar year or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

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

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2023, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which complies with the requirements specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report, if audited financial statements are not available by that date; provided, however, if the audited financial statements are not complete within such period, then the Issuer shall provide unaudited financial statements within such period. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. The Issuer is providing the audited financial statement in connection with the requirements of this Disclosure Agreement and the Rule; notwithstanding such requirements, the Bonds are special obligations of the Issuer and 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. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5<sup>th</sup>) day before the Annual Issuer Report Filing Date, the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent



shall file a notice of failure to file no later than on the last Business Day prior to the Annual Issuer Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Issuer Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Issuer Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Issuer Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Issuer Report Filing Date.

- (b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:
  - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and
  - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual 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, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

- (a) *Annual Financial Information.* 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, the aggregate principal amount Outstanding and the total interest amount due on aggregate principal amount Outstanding;
    - (B) the amounts in the funds and accounts securing the Bonds and a description of the related investments; and
    - (C) the assets and liabilities of the Trust Estate.
  - (ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(i) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year.

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a “SAP Update”).

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) *Audited Financial Statements.* 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 and that have been audited by an independent certified public accountant. If the audited financial statements of the Issuer are not available by the Annual Issuer Report Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Annual Issuer Report Filing Date and audited financial statements as described in the preceding sentence when and if available.

(c) A form for submitting the information set forth in Section 4(a) above is attached as Exhibit B hereto. 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.

The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

## SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5<sup>th</sup>) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an

electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1<sup>st</sup>) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the City shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

#### SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of Owners, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The sale by the Developer of real property within Improvement Area #1 will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

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

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. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

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

**SECTION 7. Termination of Reporting Obligations.** The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator 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 Administrator and Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

**SECTION 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be BOKF, NA, Houston, Texas. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

**SECTION 9. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the 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(a), 4, 5 or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. 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, Annual Collections 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, Annual Collections 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, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

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. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with Section 3(a) or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

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

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.



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

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT 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. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Anti-Boycott Verification. The Dissemination Agent and Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and Administrator, 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 enable the Issuer to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

SECTION 20. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent and the Administrator, each respectively, represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

SECTION 21. No Discrimination Against Fossil-Fuel Companies. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is

required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and Administrator, 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 22. No Discrimination Against Firearm Entities and Firearm Trade Associations.**  
To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination and Administrator, 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,

(a) “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,

(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 23. Affiliate. As used in Sections 19 through 22, the Dissemination Agent and Administrator, each respectively, understand “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 24. 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. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 25. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 26. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[Signature pages follow]*

BASTROP COUNTY, TEXAS  
(as Issuer)

By: \_\_\_\_\_  
County Judge

BOKF, NA  
(as Dissemination Agent)

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

P3WORKS, LLC  
(as Administrator)

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

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: Bastrop County, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023  
(Double Eagle Ranch Public Improvement District Improvement  
Area #1 Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that Bastrop County, Texas, has not provided [Annual Financial Information][[audited][unaudited] financial statements][the Annual Collections Report] for fiscal year ended \_\_\_\_\_ with respect to the Bonds as required by the Continuing Disclosure Agreement of the Issuer dated as of June 1, 2023, by and among the Issuer, P3Works, LLC, as the “Administrator,” and BOKF, NA, as “Dissemination Agent.” The Issuer anticipates that [the Annual Financial Information][[audited][unaudited] financial statements][the Annual Collections Report] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

BOKF, NA,  
on behalf of Bastrop County, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: Bastrop County, Texas



## EXHIBIT B

**BASTROP COUNTY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL FINANCIAL INFORMATION<sup>1</sup>**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOSs: [insert CUSIP NOSs.]

**DISSEMINATION AGENT**

Name: BOKF, NA  
Address: [\_\_\_\_\_]   
City: [\_\_\_\_\_, Texas \_\_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

**Section 4(a)(i)(A)**

**BONDS OUTSTANDING**

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

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<sup>1</sup> Excluding audited financial statements of the Issuer.

**Section 4(a)(i)(B)****INVESTMENTS**

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

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

Cash Position of Trust Estate for statements dated September 30, 20[ ]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
<b>Net Position of Trust Estate and Outstanding Bonds and Assessments</b>		A-B+C

September 30, 20[ ] Trust Statements:    ☐ Audited                      ☐ Unaudited

Accounting Type:                      ☐ Cash                      ☐ Accrual                      ☐ Modified Accrual

**Section 4(a)(ii)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR**

**Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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**Top [Five] Assessment Payers in Improvement Area #1<sup>(1)</sup>**

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Assessments</u>	<u>Percentage of Total Assessments</u>
-----------------------	----------------------------	---------------------------------------	------------------------------------	--

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the land in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Bastrop Central Appraisal District.

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied<sup>(1)</sup></u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected<sup>(2)</sup></u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

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

**Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due**

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

**History of Prepayment of Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
20__				
20__				
20__				
20__				
20__				

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[insert any necessary footnotes]

**ITEMS REQUIRED BY SECTIONS 4(a)(iii) – (iv) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO BASTROP COUNTY, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**[Insert a line item for each applicable listing]**

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**EXHIBIT C**

**BASTROP COUNTY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL COLLECTIONS REPORT**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOS: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: BOKF, NA  
Address: [\_\_\_\_\_]   
City: [\_\_\_\_\_, Texas \_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO  
COLLECTION OF THE ASSESSMENTS COVERING THE PERIOD BEGINNING WITH  
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL  
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN  
COMPLIANCE WITH SECTION 5(A) OF THE CONTINUING DISCLOSURE  
AGREEMENT OF THE ISSUER RELATING TO BASTROP COUNTY, TEXAS SPECIAL  
ASSESSMENT REVENUE BONDS, SERIES 2023 (DOUBLE EAGLE RANCH PUBLIC  
IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**Foreclosure History Related To The Annual Installments<sup>(1)</sup>**

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	Foreclosure <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$		\$		\$

(i) Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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**Collection and Delinquency Annual Installments<sup>(1)</sup>**

<u>Succeeding Fiscal Year</u> 20__	<u>Total Annual Installment Levied</u> \$	<u>Parcels Levied</u> <sup>(2)</sup>	<u>Delinquent Amount as of 3/1</u> \$	<u>Delinquent % as of 3/1</u> %	<u>Total Annual Installments Collected</u> <sup>(3)</sup> \$
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<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

<sup>(2)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments<sup>(1)</sup>**

<u>Succeeding Fiscal Year</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
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<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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## EXHIBIT D

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

<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	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, 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

Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. **If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.**

Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.

At this point, 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 County 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**

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Bastrop County Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

**foreclosure, in accordance with the Bastrop County Tax Assessor-Collector's procedures<sup>2</sup>.**

**If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Bastrop County Tax Assessor-Collector procedures<sup>2</sup>.**

March 15

43/44

Trustee pays Bond interest payments to Owners.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

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

**Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.**

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Bastrop County Tax Assessor-Collector procedures<sup>2</sup>.

**Preliminary Foreclosure activity commences, in accordance with the Bastrop County/Tax Assessor Collector procedures<sup>2</sup>, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.**

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

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<sup>2</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.



If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

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

**Foreclosure action to be filed with the court, in accordance with the Bastrop County Tax Assessor-Collector procedures<sup>3</sup>.**

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

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

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the County Auditor to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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<sup>3</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

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**BASTROP COUNTY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER**

This Continuing Disclosure Agreement of the Developer dated as of June 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and among Meritage Homes of Texas, LLC (as more fully defined herein, the “Developer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and BOKF, NA, Houston, Texas, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the “Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 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 June 1, 2023, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Amenities” shall mean the amenities to be constructed by the Developer within the District, including, but not limited to, an amenity center, pool, clubhouse/cabana and passive and active open space, as well as parking facilities, and other similar related projects.

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

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

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

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

“Assessment Roll” 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 have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Meritage Homes of Texas, LLC, an Arizona limited liability company, including its respective affiliates, successors and assigns.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of the Issuer dated as of June 1, 2023 executed and delivered by the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean BOKF, NA, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Double Eagle Ranch Public Improvement District.

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

“Homebuilder(s)” shall mean any merchant homebuilder who enters into a Purchase Agreement with the Developer and/or another merchant homebuilder, and the affiliates and/or successors and assigns of such homebuilder under such Purchase Agreement.

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

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

“Improvement Area #1 Water and Wastewater Improvements” shall mean those internal water and wastewater improvements necessary to serve lots within Improvement Area #1 to be constructed or cause to be constructed by the Developer.

“Issuer” shall mean Bastrop County, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) and 4(b) of this Disclosure Agreement.

“Major Water and Wastewater Improvements” shall mean the major water and wastewater infrastructure improvements to be funded and constructed by Corix Utilities (Texas), Inc. for the provision of water and wastewater service to customers within Improvement Area #1, which shall include all infrastructure improvements required for the provision of retail water and wastewater service excluding the Improvement Area #1 Water and Wastewater Improvements, including, but not limited to, the wastewater treatment plant, elevated water storage tank facilities and pump station improvements.

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

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

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

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

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

“Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1, any purchase agreement between one or more Homebuilders and/or the Developer to purchase lots or to purchase land intended for single family residential development and use, including detached or attached single family homes or townhomes.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 2023.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilders who have acknowledged and assumed reporting obligations in accordance with Section 5 of this Disclosure Agreement.

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

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

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

“Significant Homebuilder” shall mean a Homebuilder, including any affiliates of such Homebuilder, that then owns ten (10) or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

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

### SECTION 3. Quarterly Reports.

(a) The Developer with respect to Improvement Area #1 and all real property in Improvement Area #1 (except as provided in the last sentence of this subsection (a)), and any Significant Homebuilder, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with June 30, 2023, the information required for the preparation of the Quarterly Report (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party 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, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated to provide the Quarterly Information with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 5 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) provide to the Reporting Parties each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. Each Reporting Party shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report. Notwithstanding anything to the contrary in this Disclosure Agreement, the Developer shall use commercially reasonable efforts to cause to be provided any information required by this Section 3 regarding and in the possession of a Homebuilder that is not a Reporting Party. Without limiting the generality of the immediately preceding sentence, commercially reasonable efforts in such regard shall include, but not be limited to, ensuring that each Purchase Agreement that is executed with a Homebuilder after the date hereof contains a provision obligating the applicable Homebuilder to provide the Developer the information required by this Section 3 as and when required for the Developer to comply with its obligations hereunder.



(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in this Section 3, the Certification Letter(s) provided by each Reporting Party, and written direction to the Dissemination Agent to file such documents with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s) with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party 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 shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent or any other Reporting Party who provided complete information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information provided by each Reporting Party to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to that as Table 3(d)(i) in Exhibit A attached hereto, the composition of the property within Improvement Area #1 subject to the Assessments, including:

A. The total number of proposed single family residential lots within Improvement Area #1, broken out by lot size, as of the Quarterly Ending Date and as identified in the prior Quarterly Report;

B. The number of platted single family residential lots within Improvement Area #1, broken out by lot size, as of the Quarterly Ending Date and as identified in the prior Quarterly Report; and

C. An explanation as to any change to the total number of proposed single family residential lots within Improvement Area #1 from the prior Quarterly Report.

(ii) In a form similar to that as Table 3(d)(ii) in Exhibit A attached hereto, the landowner composition of Improvement Area #1, including:

A. The number of Assessed Properties and/or lots owned by the Developer, each Homebuilder, and homeowners (end-users); and

B. Based on the information in the Annual Service Plan Update most recently approved by the Issuer, the percentage of Annual Installments of Assessments relative to the total Annual Installments of Assessments for the Developer, each Homebuilder, and homeowners (end-users), as of the Quarterly Ending Date.

(iii) In a form similar to that as Table 3(d)(iii) in Exhibit A attached hereto, for each Assessed Property within Improvement Area #1, lot absorption statistics by lot type, on a quarter over quarter and cumulative total basis, as applicable, including:

A. The number of single family lots platted in Improvement Area #1 during the applicable quarter, broken down by landowner;

B. The number of single family lots in Improvement Area #1 owned by the Developer not closed or under contract with a Homebuilder, as of the Quarterly Ending Date;

C. The number of single family lots in Improvement Area #1 owned by the Developer under contract (but not closed) with a Homebuilder, as of the Quarterly Ending Date and broken down by Homebuilder; and

D. The number of single family lots in Improvement Area #1 closed with a Homebuilder during the applicable quarter and on a cumulative total basis, broken down by Homebuilder.

(iv) In a form similar to that as Table 3(d)(iv) in Exhibit A attached hereto, for each Assessed Property within Improvement Area #1 and for the Developer and each Homebuilder, if applicable, broken down by lot type, on a quarter over quarter and cumulative total basis, as applicable:

A. The number of lots owned by the Developer or Homebuilder in Improvement Area #1 without a completed or under construction home, as of the Quarterly Ending Date;

B. The number of homes under construction and not under contract with homeowners (end-users) in Improvement Area #1, as of the Quarterly Ending Date;

C. The number of homes under construction and under contract with homeowners (end-users) in Improvement Area #1, as of the Quarterly Ending Date;

D. The number of completed homes not under contract with homeowners (end-users) in Improvement Area #1, as of the Quarterly Ending Date;

E. The number of homes closed with (delivered to) homeowners (end-users) in Improvement Area #1, as of the Quarterly Ending Date;

F. The average sales price of homes closed with homeowners (end-users) during the applicable quarter; and

G. The estimated date of completion of all homes to be constructed by the Developer or Homebuilder, as applicable.

(v) In a form similar to that as Table 3(d)(v) in Exhibit A attached hereto, materially adverse changes or determinations to permits/approvals for the development of Improvement Area #1 which necessitates changes to the land use plans of the Developer.

(vi) In a form similar to that as Table 3(d)(vi) in Exhibit A attached hereto, information on any existing, new or modified mortgage debt on the land within Improvement Area #1 owned by the Developer, including the original principal amount, loan balance, existence of deeds of trust or other similar encumbrances against the property within Improvement Area #1, interest rate and terms of repayment.

(e) In a form similar to that as Table 3(e)(i)-(iii) in Exhibit A attached hereto, with respect to the Major Water and Wastewater Improvements and the Amenities, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Construction timeline for the Major Water and Wastewater Improvements, including:

A. Actual or expected date of commencement of construction of the Major Water and Wastewater Improvements;

B. Actual or expected construction completion date of the Major Water and Wastewater Improvements, and if there is a delay from the date previously reported, an explanation of the delay; and

C. Actual acceptance date of the Major Water and Wastewater Improvements by the applicable entity, if accepted.

(ii) Construction budget and timeline for the Amenities, including:

A. Total budgeted costs of all Amenities;

B. Total actual costs of all Amenities, as of the Quarterly Ending Date;

C. Actual or expected date of commencement of construction;

D. Actual or expected construction completion date, and if there is a delay from the date previously reported, an explanation of the delay; and

E. Actual acceptance date by the Issuer or other applicable entity, if accepted.

(iii) Narrative update on construction milestones for the Major Water and Wastewater Improvements and Amenities since the date of the prior Quarterly Report.

#### SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on an Assessed Property owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements in Improvement Area #1, including the Improvement Area #1 Improvements, Water and Wastewater Improvements and the Amenities;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the, acquisition, development or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's affiliates;

(iv) Material default by the Developer or any of the Developer's affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's affiliates;

(v) The bankruptcy, insolvency or similar filing of the Developer or any of the Developer's affiliates or any determination that the Developer or any of the Developer's affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages, in excess of \$1,000,000 against the Developer or any of the Developer's affiliates that may adversely affect the completion of the development of Improvement Area #1 or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's affiliates;

(viii) Any material change in the legal structure, chief executive officer or controlling ownership of the Developer;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 herein; and

(x) Early termination of or material default by a Homebuilder under a Purchase Agreement.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds;

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or Assessed Property owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any material change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party 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 such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if

such Reporting Party is providing Quarterly Information on behalf of any other Significant Homebuilder.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party 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 applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party 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 applicable Reporting Party 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 Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsection (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

#### SECTION 5. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Sections 3(d)(iii) and (iv) and Section 4(b) hereof, with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 6 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (a)(i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit E (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of written acknowledgement of assumption of the 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. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 5(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall use commercially reasonable efforts to require that any Significant Homebuilder comply with obligations of this Section 5 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a "Significant Homebuilder" in the future, including the requirement, pursuant to Section 4(b)(vi) above, to direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(e) above.

## SECTION 6. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer, including its respective affiliates and/or successors and assigns, no longer owns ten (10) or more of the single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property owned by the Developer, including its respective affiliates and/or successors and assigns. Notwithstanding the foregoing, if the Developer is reporting on behalf of a Significant Homebuilder, the Developer's reporting obligations, with respect to the property owned by the Significant Homebuilder, terminates in accordance with subsection (b) below.

(b) The reporting obligations of a Significant Homebuilder that is a Reporting Party, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when such Significant Homebuilder, including its respective affiliates and/or successors and assigns, no longer owns ten (10) or more of the single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property owned by such Significant Homebuilder, including its respective affiliates and/or successors and assigns.

(c) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) or (b), as applicable, of this Section 6, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) and (b) of this Section 6 and any Termination Notice required by subsection (c) of this Section 6 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 7. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be BOKF, NA, Houston, Texas. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Reporting Parties in carrying out their 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. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each then-existing Reporting Party of any change in the identity of the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

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 in writing 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 any Reporting Party, 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 of financial information or operating data being presented by the Reporting Parties. 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, the Dissemination Agent and the Participating Underwriter.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Reporting Party 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 any Reporting Party 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, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 10. Content of Disclosures. In all cases, the applicable Reporting Party 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 a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Reporting Party, Dissemination Agent 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, Dissemination Agent or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Issuer, and a default under the Disclosure Agreement of Issuer shall not be deemed a default under this Disclosure Agreement. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

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 by a Reporting Party and/or the Administrator 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 indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur

arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If any Reporting Party or the Administrator does not provide the information required by Sections 3(a) or (b) in a timely manner or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Information or Quarterly Report to the MSRB. 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, THE DEVELOPER OR ANY OTHER REPORTING PARTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT OR A REPORTING PARTY, 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 a Reporting Party, 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 Reporting Party, 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 Reporting Parties, 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 Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses 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 Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, 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.

*[Signature pages follow.]*

BOKF, NA, Houston, Texas  
(as Dissemination Agent)

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

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Division Vice President

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

**EXHIBIT A**

**BASTROP COUNTY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**QUARTERLY REPORT**  
*[INSERT QUARTERLY ENDING DATE]*

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [Insert CUSIP Numbers]

**DISSEMINATION AGENT**

Name: BOKF, NA  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

[Remainder of page intentionally left blank]



**TABLE 3(d)(i)**

IMPROVEMENT AREA #1 OVERVIEW (as of <i>[Insert Quarterly Ending Date]</i> )			
NUMBER OF PROPOSED AND PLATTED SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 SUBJECT TO ASSESSMENTS:			
	As of <i>[Insert Quarterly Ending Date]</i>	As of <i>[Insert Prior Quarterly Ending Date]</i>	Explanation as to any change to the total number of proposed single family lots or non-single family acres from the prior Quarterly Report
Total Proposed SF Lots			
50' Lot			
[Future SF] <sup>(1)</sup>			
Total Platted SF Lots			
50' Lot			N/A
[Future SF] <sup>(1)</sup>			N/A

<sup>(1)</sup> Future SF only to be included if additional lot types are added in Improvement Area #1.

**TABLE 3(d)(ii)**

LANDOWNER COMPOSITION (as of <i>[Insert Quarterly Ending Date]</i> ) OF IMPROVEMENT AREA #1			
Landowner Composition	Lot Type	Number of Lots Owned	% of Annual Installments of Assessments <sup>(1)</sup>
<b>Developer Owned</b>	50'		
<b>Homebuilder Owned<sup>(2)</sup></b>			
[_____]			
	50'		
[_____]			
	50'		
[_____]			
	50'		
<b>Homeowner (End-User) Owned<sup>(3)</sup></b>			
	50'		
<b>Total:</b>			

<sup>(1)</sup> Derived from information in the Assessment Roll approved by the Issuer on \_\_\_\_\_, 20\_\_ as part of the Annual Service Plan Update. Does not take into consideration any prepayments of Assessments made between the date of such Annual Service Plan Update and the date of this Quarterly Report.

<sup>(2)</sup> Add lines for each Homebuilder, if applicable.

<sup>(3)</sup> Information for homeowner (end-user) owned is reported as the total aggregate amount for all homeowners within Improvement Area #1.

FOR EACH ASSESSED PROPERTY DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

**TABLE 3(d)(iii)**

LOT ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1 <sup>(1)</sup>											
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	TOTAL
# of platted SF lots:											
• [Developer/Homebuilder]											
○ 50'											
<b>Subtotal</b>											
• [Developer/Homebuilder]											
○ 50'											
<b>Subtotal</b>											
<b>TOTAL</b>											
# of SF lots not under contract with Homebuilders:											N/A
• 50'											
<b>TOTAL</b>											
# of SF lots under contract (but not closed) with Homebuilders:											N/A
• [Homebuilder]											
○ 50'											
<b>Subtotal</b>											
• [Homebuilder]											
○ 50'											
<b>Subtotal</b>											N/A
<b>TOTAL</b>											
# of SF lots closed with Homebuilders:											
• [Homebuilder]											
○ 50'											
<b>Subtotal</b>											
• [Homebuilder]											
○ 50'											
<b>Subtotal</b>											
<b>TOTAL</b>											

<sup>(1)</sup> Add information for each Homebuilder and add rows if additional lot types are added in Improvement Area #1.

OR

[The Developer is the only homebuilder within Improvement Area #1 and, therefore, this table is not currently applicable.]

[Remainder of page intentionally left blank]

**TABLE 3(d)(iv)**

[Homebuilder][Developer] ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 <sup>(1)</sup>								
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	TOTAL
# of lots without a completed or under construction SF home: • 50' <b>TOTAL</b>								N/A
# of SF homes under construction and NOT under contract with end-users: • 50' <b>TOTAL</b>								N/A
# of SF homes under construction and under contract with end-users: • 50' <b>TOTAL</b>								N/A
# of completed SF homes NOT under contract with end-user: • 50' <b>TOTAL</b>								N/A
# of SF homes closed on (delivered to) end-users: • 50' <b>TOTAL</b>								
Average sales price of homes delivered to end-users: • 50' <b>AVERAGE</b>								

<sup>(1)</sup> Additional tables to be added for each Homebuilder, if applicable. Add rows if additional lot types are added in Improvement Area #1.

The estimated date of completion of all homes to be constructed by [the Developer] is \_\_\_\_\_, \_\_\_\_.

[The estimated date of completion of all homes to be constructed by [Homebuilder] is \_\_\_\_\_, \_\_\_\_.]

#### 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)**

INFORMATION ON EXISTING, NEW OR MODIFIED MORTGAGE DEBT						
Borrower	Lender	Amount	Loan Balance	Existence of Deeds of Trust	Interest Rate	Terms

**STATUS OF MAJOR WATER AND WASTEWATER IMPROVEMENTS AND AMENITIES:**

**TABLES 3(e)(i)-(iii)**

MAJOR WATER AND WASTEWATER IMPROVEMENTS TIMELINE OVERVIEW			
Major Water and Wastewater Improvements <sup>1</sup>	Actual/ Expected Construction Commencement Date	Actual/ Expected Completion Date	Actual Acceptance Date
<ul style="list-style-type: none"> <li>Wastewater Treatment Plant</li> <li>Elevated Storage Tank</li> <li>Pump Station</li> <li>Other Related Improvements</li> </ul>	<hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/>

If there is a delay in the expected completion date for any Major Water and Wastewater Improvement from that previously reported, an explanation of such delay:

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[Remainder of page intentionally left blank]

<sup>1</sup> Timeline dates for Major Water and Wastewater Improvements are provided by Corix, Inc. and are not independently verified by Developer.

AMENITIES BUDGET AND TIMELINE OVERVIEW					
Amenities	Budgeted Costs	Actual Costs spent as of [ <i>Insert Quarterly Ending Date</i> ]	Actual/ Expected Construction Commencement Date	Actual/ Expected Completion Date	Actual Acceptance Date
<ul style="list-style-type: none"> <li>Clubhouse/Cabana</li> <li>Pool</li> <li>Active Open Space</li> <li>Passive Open Space</li> <li>Parking Facilities</li> <li>[<i>Other Amenity</i>]</li> </ul>	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____	\$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____

If there is a delay in the expected completion date for any Amenity from that previously reported, an explanation of such delay:

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Narrative update on construction milestones for Major Water and Wastewater Improvements and Amenities since last Quarterly Report:

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**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: Bastrop County, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023 (Double Eagle  
Ranch Public Improvement District Improvement Area #1 Project)  
(the “Bonds”)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a  
\_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) has not provided the  
[Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending  
Date*] with respect to the Bonds as required by the Continuing Disclosure Agreement of the  
Developer dated as of June 1, 2023, by and among Meritage Homes of Texas, LLC (the  
“Developer”), P3Works, LLC (the “Administrator”) and BOKF, NA (the “Dissemination  
Agent”). [Developer] [Significant Homebuilder] anticipates that the [Quarterly  
Information][Quarterly Report] will be [provided][filed] by \_\_\_\_\_.

Dated: \_\_\_\_\_

BOKF, NA,  
on behalf of the [Developer] [Significant  
Homebuilder]  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: Bastrop County, Texas

## EXHIBIT C

### TERMINATION NOTICE

[DATE]

Name of Issuer: Bastrop County, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Meritage Homes of Texas, LLC  
8920 Business Park Dr., Suite 350  
Austin, TX 78759

Bastrop County, Texas  
804 Pecan Street  
Bastrop, Texas 78602

[Insert Significant Homebuilder  
Contact Information]

BOKF, NA  
1401 McKinney Street, Suite 1000  
Houston, Texas 77010

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of the Developer dated as of June 1, 2023, by and among Meritage Homes of Texas, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and BOKF, NA (the “Dissemination Agent”).

Dated: \_\_\_\_\_

P3Works, LLC  
on behalf of the [Developer] [Significant  
Homebuilder]  
(as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
**CERTIFICATION LETTER**

[DATE]

Name of Issuer: Bastrop County, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)  
CUSIP Nos. [insert CUSIP Nos.]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Double Eagle Ranch Public Improvement District Improvement Area #1 Project

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of the Developer dated as of June 1, 2023, by and among Meritage Homes of Texas, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and BOKF, NA (the “Dissemination Agent”), this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer] [\_\_\_\_\_, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer] [Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by [Developer] [Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer] [Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Division Vice President

OR

[SIGNIFICANT HOMEBUILDER  
(as Significant Homebuilder)

By: \_\_\_\_\_  
Title: \_\_\_\_\_]



## EXHIBIT E

### FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS

[DATE]

Bastrop County, Texas  
15 N. Old Spanish Trail  
Uhland, Texas 78640

P3Works, LLC  
3901 S. Lamar Blvd., Suite 440  
Austin, Texas 78704

BOKF, NA  
1401 McKinney Street, Suite 1000  
Houston, Texas 77010

**Re: Double Eagle Ranch Public Improvement District Improvement Area #1 Project – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 202\_\_, you own \_\_\_\_ single family residential lots within Improvement Area #1 of the Double Eagle Ranch Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of the Developer (the “Disclosure Agreement”) dated as of June 1, 2023, by and among, Meritage Homes of Texas, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and BOKF, NA (the “Dissemination Agent”), with respect to the “Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)” any entity that owns ten (10) or more of the single family residential lots within Improvement Area #1 is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 5 of the Disclosure Agreement, you acknowledge and assume the reporting obligations under Sections 3(d)(iii) and (iv) and Section 4(b) of the Disclosure Agreement for the property which is owned as detailed in the Disclosure Agreement, which is included herewith.

Sincerely,

MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company  
(as Developer)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: Division Vice President

Acknowledged by:

[INSERT SIGNIFICANT HOMEBUILDER NAME]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

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APPENDIX F  
APPRAISAL

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**AN APPRAISAL REPORT**  
**OF**  
**DOUBLE EAGLE RANCH –**  
**PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA No. 1**

**BEING 105 FINISHED DETACHED SFR LOTS, OUT OF A 55.051-ACRE, 105-LOT SECTION 5A,  
LOCATED ALONG THE NORTH AND SOUTH LINES OF RED TAIL HAWK LANE,  
NORTH OF S.H. 71, AND WEST OF S.H. 95,  
IN BASTROP, BASTROP COUNTY, TEXAS 78612**

**FOR**

**MR. R.R. "TRIPP" DAVENPORT, III**  
**UNDERWRITER**  
**FMSBONDS, INC.**  
**5 COWBOYS WAY, SUITE 300-25**  
**FRISCO, TEXAS 75034**

**BY**

**BARLETTA & ASSOCIATES, INC.**  
**1313 CAMPBELL ROAD, BUILDING C**  
**HOUSTON, TEXAS 77055-6429**

**B&A FILE NUMBER: C8283-01**

**As Of**

**DATE OF APPRAISAL TRANSMITTAL:**  
**DATE OF SITE VISIT:**

**MARCH 16, 2023**  
**MARCH 15, 2023**

# BARLETTA & ASSOCIATES, INC.

REAL ESTATE APPRAISERS • CONSULTANTS

March 16, 2023

Mr. R.R. "Tripp" Davenport, III  
Underwriter  
FMSbonds, Inc.  
5 Cowboy Way, Suite 300-25  
Frisco, Texas 75034

Phone: 877-899-2220

Email: tdavenport@fmsbonds.com

**RE: An Appraisal Report of Double Eagle Ranch, Section 5A, being 105 finished detached single-family lots out of a 55.051-acre, 105-lot section,** located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612. The subject lots have a typical lot size of 50' x 135' or 6,750 SF.

## B&A File No. C8283-01

Dear Mr. Davenport:

At your request, we have personally visited and prepared an appraisal of the above-captioned subject property, gathered comparable market data, and conducted a study of the market area for the purpose of providing our opinion of the **hypothetical "As Is" Bulk Market Value** of the subject lots in compliance with FMSbonds, Inc.'s Appraisal Instructions, the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Code of Professional Ethics.

To conclude, it is our opinion that the **hypothetical "As Is" Bulk Market Value** of the fee simple interest in the subject lots, as of the indicated date, is as follows:

Double Eagle Ranch Public Improvement District Improvement Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value	105	50'	<b>\$7,000,000</b>	3/15/2023

**The Bulk Market Value above is derived from a Sum of Retail Revenue of \$8,452,500, or \$80,500 per 50' lot for Double Eagle Ranch, Section 5A.**

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject lots at the above concluded hypothetical "As Is" Bulk Market Value is estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that Meritage Homes or comparable production builder/s, will build upon the finished subject lots, detached single-family units with a projected price of \$349,990 to \$482,990.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 1.) In Section 5A, 10+ lots have commenced vertical construction and range from pre-slab (wood forms) to framed units. For purposes of this appraisal, and per the client's request, these lots are considered hypothetically vacant for this valuation.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

As referenced herein, **Market Value** is defined by FIRREA, as follows:

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby 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.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

It has been a pleasure serving you. Please call if we may be of further assistance.


Sincerely,

Mr. R.R. "Tripp" Davenport  
March 16, 2023  
Page 3

**BARLETTA & ASSOCIATES, INC.**



Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G



## **CERTIFICATION**

We certify, to the best of our knowledge and belief, the following:

### **USPAP Certifications**

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 my 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 we have no personal interest with respect to the parties involved.
4. We have provided no real estate services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this Appraisal Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. David M. Baehr, MAI, SRA, AI-GRS made an unaccompanied visit to the subject site on March 15, 2023. Phillip F. Barletta, MAI, SRA did not inspect property, but is very familiar with the market area and the subject subdivision.
10. No one provided significant real property appraisal assistance to the signers of this appraisal report.
11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. The appraisers have extensive experience in appraising subdivisions, subdivision lots, base master floor plans, and master-planned residential subdivisions, and are State General Certified; thus, they are well-qualified to appraise the subject property and fully satisfy the Competency Rule of the Uniform Standards of Professional Appraisal Practice.
13. Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS are State Certified General Real Estate Appraisers by the Texas Appraiser Licensing and Certification Board for the State of Texas.

### **AI Certifications**

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS have completed the continuing education program for Designated Members of the Appraisal Institute.

The appraisers hereby certify regulatory compliance, and after completing a detailed and thorough analysis of all the relevant market data, the concluded fee simple estate **hypothetical “As Is” Bulk Market Value**, as of the noted effective date, is as follows:

Double Eagle Ranch Public Improvement District Improvement Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value	105	50'	<b>\$7,000,000</b>	3/15/2023

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject lots at the above concluded hypothetical “As Is” Bulk Market Value is estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

### **Extraordinary Assumptions:**

- 1.) This appraisal assumes that Meritage Homes or comparable production builder/s, will build upon the finished subject lots, detached single-family units with a projected price of \$349,990 to \$482,990.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

### **Hypothetical Conditions:**

- 1.) In Section 5A, 10+ lots have commenced vertical construction and range from pre-slab (wood forms) to framed units. For purposes of this appraisal, and per the client's request, these lots are considered hypothetically vacant for this valuation.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**BARLETTA & ASSOCIATES, INC.**

Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G

### **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead contamination, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraisers.
19. Texas is a non-disclosure state. It is important that the intended user of the appraisal understand that, in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. In Texas, deeds typically do not contain information about the transaction other than the legal description, the parties involved in the transaction and minimum consideration of \$10.00. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data in the market, of which the appraisers are unaware. Our sources provide the data typically available to appraisers in the ordinary course of business.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that Meritage Homes or comparable production builder/s, will build upon the finished subject lots, detached single-family units with a projected price of \$349,990 to \$482,990.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 3.) In Section 5A, 10+ lots have commenced vertical construction and range from pre-slab (wood forms) to framed units. For purposes of this appraisal, and per the client's request, these lots are considered hypothetically vacant for this valuation.
- 4.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

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### **SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Property Name: **Double Eagle Ranch – Public Improvement District Improvement Area No. 1**

Type of Property: The subject consists of Double Eagle Ranch, Section 5A, being 105 finished detached single-family lots out of a 55.051-acre, 105-lot section, located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612. The subject lots have a typical lot size of 50' x 135' or 6,750 SF.

Mapsco Reference: Bastrop County

Postal Address: Bastrop, Texas 78612

Location: Located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612.

Tract Sizes: 55.051 acres (105 lots)

Density: 1.91 lots per acre

Subject Lot Mix:

<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>Avg. FF</u></b>	<b><u>Avg. Size</u></b>
105	Finished	50	6,750 SF

**Appraisal Dates:**

- Date of Report Transmittal: March 16, 2023

- Date of Site Visit: March 15, 2023

Purpose of the Appraisal: To provide an opinion of the hypothetical "As Is" Bulk Market Value per the U.S.P.A.P., FMSbonds, Inc.'s Appraisal Guidelines, and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Zoning: None

Restrictions: None adverse known



## Utilities/Services:

Utilities/Services	
Electricity:	Bluebonnet Electric
Water/Sanitary Sewer:	Corix Utilities Texas
Gas:	Texas Gas Service
Phone:	AT&T & others
Police Protection:	Bastrop County Sheriff's Dept.
Fire Protection:	Bastrop County ESD #1
School District:	Bastrop ISD

## Floodplain:

FEMA Flood Map	
Flood Map No.:	48021C0190F
Flood Map Date:	1/6/2016
Flood Map Designation:	Zone X500

## Environmental:

No adverse influences noted or known, such as endangered species, habitats, or wetlands.

## Builders:

Meritage Homes will be the exclusive builder in Section 5A.

## New Home Price Range:

Detached single-family units with a projected price of \$349,990 to \$482,990.

**Highest & Best Use of Lots:**

Construction of lower move-up detached single-family residential homes, as demand and market conditions warrant in the \$349,990 to \$482,990 price range.

**CONCLUSIONS:**

To conclude, it is our opinion that the fee simple estate **hypothetical "As Is" Bulk Market Value** of the fee simple interest in the subject lots, as of the indicated date, is as follows:

Double Eagle Ranch Public Improvement District Improvement Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value	105	50'	<b>\$7,000,000</b>	3/15/2023

### **IDENTIFICATION OF THE SUBJECT PROPERTY**

The subject of this appraisal consists of Double Eagle Ranch, Section 5A, being 105 finished detached single-family lots out of a 55.051-acre, 105-lot section, located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612. The subject lots have a typical lot size of 50' x 135' or 6,750 SF. The subject can be legally identified as noted below:

All 105 lots in Double Eagle Ranch, Section 5A, Bastrop County, Texas.

### **HISTORY OF THE SUBJECT PROPERTY**

Per the requirements of the Appraisal Institute's Standards of Professional Practice and the U.S.P.A.P., the following are comments pertaining to the three-year sales history of the subject.

The land for Section 5A was purchased by Meritage Homes of Texas, LLC in May 2021 for an undisclosed amount. Details of the purchase were requested but were not provided. Meritage Homes is developing the acreage into lots and will be the exclusive homebuilder in the community; therefore, there is no lot purchase contract for the subject lots to analyze herein.

The appraisers are not aware of any other sales, listings for sale, contracts, or offers to purchase the subject existing lots in the three years prior to the effective date of this appraisal.

### **INTENDED USE/USER OF THE APPRAISAL**

This appraisal is intended to offer our opinion of the **hypothetical “As Is” Bulk Market Value of the 105 finished lots in Section 5A**, to the client, FMSbonds, Inc., for the underwriting of the County’s Double Eagle Ranch (Public Improvement District #1) Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III and Mr. Robert Rivera (c/o FMSbonds, Inc.), or Bastrop County is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

### **SCOPE OF WORK OF THE APPRAISAL**

The scope of work of the appraisal is the process to support our opinion of the hypothetical “As Is” Bulk Market Value of the 105 finished 50’ lots, that comprise Double Eagle Ranch, Section 5A employing all applicable approaches to value in a comprehensive appraisal process and presented in this Appraisal Report. In preparing this appraisal, the appraisers:

- visited the subject property and surrounding market area, unaccompanied;
- contacted Mr. Zach Crawford (512-965-9671) with DPFG, who provided physical, financial and historical data for this valuation analysis;
- contacted Mr. Brandon Hammann (512-610-4816) with Meritage Homes, who provided physical, financial and historical data for this valuation analysis
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;
- gathered relevant available information on current comparable builder takedown lot sales and lot absorption data, referencing such publications as the ABOR MLS, the Zonda Austin Metrostudy and the appraisers’ extensive database;
- referenced other publications and services such as MapPro, CoStar, Google Earth, Realty Rates.com, the Texas A & M Real Estate Research Center, the Texas Comptroller of Public Accounts – Capital Region Texas Regional Snapshot, the Bastrop County Appraisal District, and the Bastrop County Clerk’s Office, among other services;

- confirmed and analyzed the data and applied the most applicable approaches to value; i.e. the Sales Comparison Approach-Retail Lot Sales; and the Income Approach-DCF Analysis;
- The Cost Approach does not apply to the valuation of finished lots wherein the costs are no longer relevant. The absence of the Cost Approach does not affect the credibility of the Market Value conclusion in this appraisal;
- concluded the Bulk Value of all 105 existing lots in Section 5A to a single purchaser and, as such, our report conforms to the reporting guidelines of the Appraisal Institute, the Texas Appraiser Licensing and Certification Board, the Appraisal Foundation's U.S.P.A.P., and Regulation 12 CFR Part 564; and
- concluded the hypothetical "As Is" Bulk Market Value of the 105 existing lots in Section 5A, as of the stated effective date for a reasonable exposure period.

### **PROPERTY RIGHTS APPRAISED**

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 73, as follows:

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.

### **DEFINITION OF MARKET VALUE**

As referred to herein, ***Market Value*** is defined by FIRREA, as follows:

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 each 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.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

#### **DEFINITION OF “SUM OF THE RETAIL VALUES”**

As referred to herein, ***Sum of Retail Values*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 185, as follows:

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. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

#### **DEFINITION OF “AS IS” MARKET VALUE ON APPRAISAL DATE**

As referred to herein, ***“As Is” Market Value*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 10, as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

#### **DEFINITION OF “BULK VALUE”**

As referred to herein, ***“Bulk Value”*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, revised 2022, by the Appraisal Institute, Page 22, as follows:

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

#### **DATES OF THE APPRAISAL**

The date of the site visit was March 15, 2023. The date of transmittal of the report is March 16, 2023.

### **ZONING & RESTRICTIONS**

The subject lots are located in the ETJ of Bastrop and are not subject to a zoning ordinance. The subject lots are assumed to be deed restricted, and we are unaware of any adverse deed restrictions which would preclude development to the subject's highest and best use.

### **AD VALOREM TAX DATA**

All properties in the State of Texas are taxed at 100% of their assessed value, which are determined for all taxing jurisdictions within a county by a central county appraisal district, in this case, the Bastrop County Appraisal District (BCAD). The existing subject lots have individual account numbers; however, they have not been individually assessed by the BCAD. The 2022 assessed value of the parent site (195.8790 acres) is \$2,948,355. Bastrop County records indicate that the current owner of the site is the developer, Meritage Homes of Texas, LLC.

The property does not carry an agricultural exemption; thus, 3-years of back taxes are not applicable.

In most cases, the taxing entities typically assess lots at around 15% to 100% of the retail value. Within the discounted cash flow section of this report, the appraisers will utilize an average **36%** assessment-to-retail value ratio, which was derived from tax comparables from the subject's competitive market area, see table below:

<b>Property Tax Comps for Double Eagle Ranch</b>				
<b>BCAD Property ID</b>	<b>Street Address</b>	<b>Type</b>	<b>2022 Lot Value</b>	<b>% Tax Assessment</b>
8724965	TBD - Lot 64, Block B, The Colony Section 5	Interior	\$34,441	42.78%
141157	134 Loysoya St.	Interior	\$23,048	28.63%
Average Tax Assessment-to-Total Value Ratio				35.71%
<b>Rounded</b>				<b>36%</b>

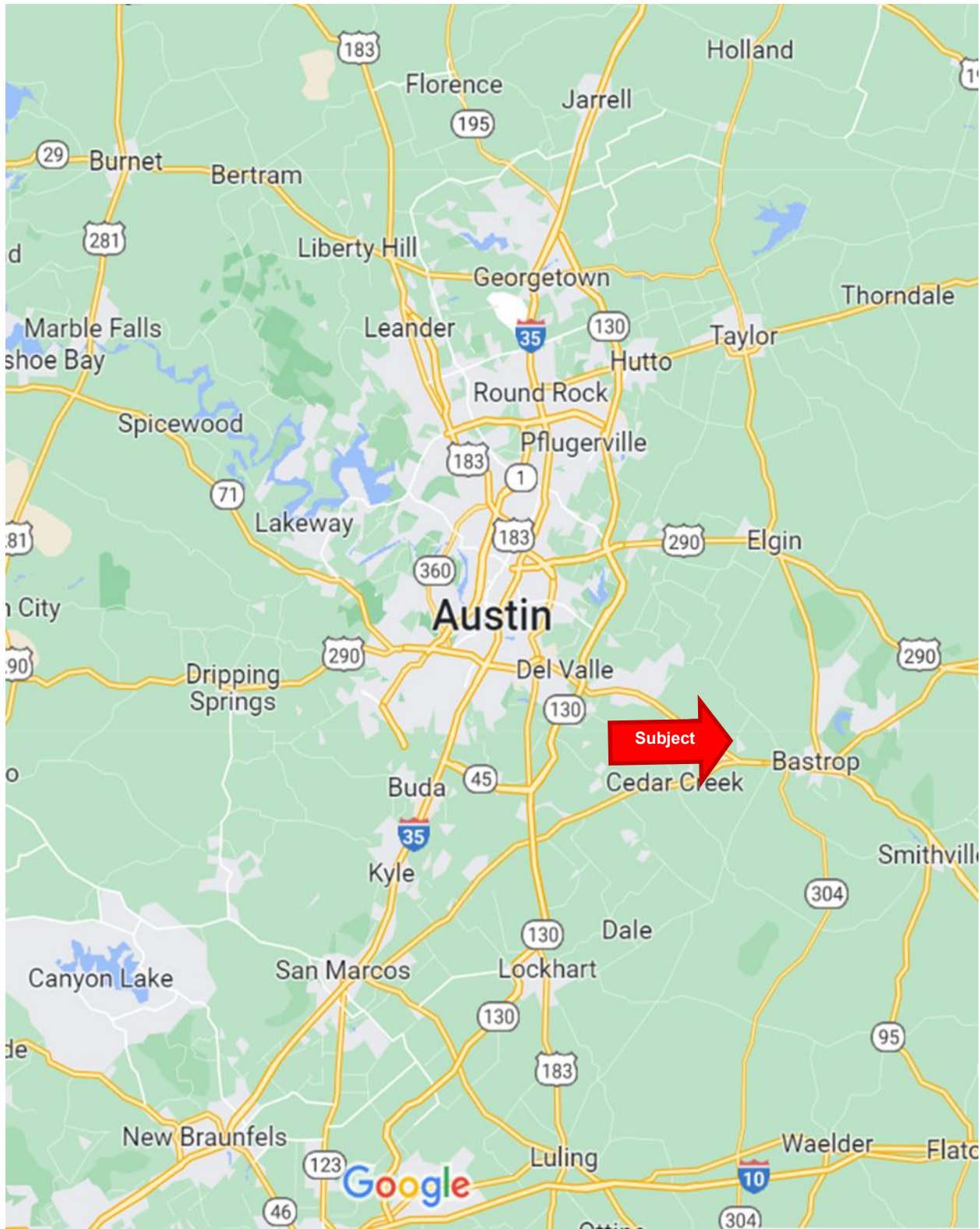
**2022 Tax Rates:** The 2022 property tax rates per \$100, applicable to the subject, are summarized in the following table:

<b>Taxing Authorities and 2022 Rates per \$100</b>	
Bastrop County ESD #1	\$0.0801
Bastrop County	\$0.3294
County Road	\$0.0752
Bastrop ISD	\$1.2556
<b>2022 Cumulative Tax Rate per \$100:</b>	<b>\$1.7403</b>

**GREATER AUSTIN AREA DATA**

(Please refer to the Addenda of this appraisal for an Austin MSA summary analysis.)



**AUSTIN AREA MAP**

## **MARKET AREA ANALYSIS**

**Market Area Defined:** According to The Dictionary of Real Estate Appraisal, Seventh Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

**Boundaries:** In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The subject market area takes in the western portion of Bastrop County, and is situated immediately west of the City of Bastrop, which is the county seat. Bastrop County contains an area of 896 square miles, with a population of 88,723, per the 2019 Census. The market area boundaries are generally delineated as follows:

Colorado River to the north;  
S.H. 71/S.H. 21 to the south;  
Travis County/Bastrop County line to the west; and  
S.H. 95 to the east

The subject market area is located about 20 miles southeast of downtown Austin, Texas, in far west Bastrop County. This is a growing suburban area that is directly in the path of Austin’s southeasterly expansion.

**Major Streets:** The subject market area is approximately 45% built-up, comprised of predominantly rural residential and agricultural interests, with supporting commercial development along the major arteries. The primary access into and through the market area is S.H. 71 and S.H. 21, which form the southern boundary. Both of these state highways provide direct access to S.H. 130, which is a recently constructed toll road that is now complete between I.H. 10 in Seguin and I.H. 35, north of Georgetown, and generally parallels I.H. 35. S.H. 130 is intended to alleviate congestion along I.H. 35. Both of state highways also provide direct access I.H. 35, which is the primary north/south corridor for the Austin/San Antonio corridor.

Major north/south roadways include S.H. 95, F.M. 969, F.M. 1209, F.M. 535/Pearce Lane, and F.M. 812. Austin-Bergstrom International Airport is situated approximately 3 miles west of the subject market area, with primary access from S.H. 71. This is a heavily traveled thoroughfare, with the highest concentrations of commercial developments in the market area.

**Services/Utilities:** Police protection is provided by the City of Bastrop and the Bastrop County Sheriffs' Department, and a variety of volunteer fire departments and various fire/EMS districts provide emergency medical services and fire protection. St. David's Emergency Center and Seton Diagnostic Center are located nearby in the City of Bastrop, for medical services.

Water and wastewater for the subject market area is provided by Aqua Water Supply Corporation, as well as WCIDs, MUDs, or private well and septic systems. This is typical of the more recent estate-lot subdivisions now being developed in the market area. Electricity to the area is by Bluebonnet Electric Cooperative, and typically AT&T or Verizon provides telephone service. Natural gas is provided by Texas Gas Services, Atmos Energy, CenterPoint Energy, or several local propane gas companies.

**Education:** The market area is served by the 450 square mile Bastrop Independent School District, which is the largest employer in the Bastrop area. In 2022, enrollment was reported at 12,000 students, and the district maintains two high schools, an early college prep school, two middle schools (grades 7 & 8), two intermediate schools (grades 5 & 6), and six elementary schools. Austin Community College, Southwestern University, St. Edwards University and The University of Texas are all conveniently located to the subject market area.

**Residential:** The appraisers have referenced the Zonda Austin Metrostudy, 4th Quarter 2022. The subject is located within the Bastrop Submarket and is located within the Southeast Market Area of the overall Austin region. The following chart summarizes the vital statistics for the Bastrop Submarket, the Southeast Market Area, and the overall Austin region.

Zonda Austin Metrostudy 4Q 2022								% Change
Submarket/ Market Area		4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	Yrly. Rates/ Supply	12 Month
Bastrop Submarket	Starts	212	182	189	276	143	790	-32.55%
	Closings	123	219	156	311	133	819	8.13%
	Housing Inv.	665	628	661	626	636	9.3 mos.	-4.36%
	VDL Inv.	2,646	2,682	2,644	2,505	2,565	39.0 mos.	-3.06%
Southeast Market Area	Starts	542	551	642	627	247	2,067	-54.43%
	Closings	481	415	413	703	481	2,012	0.00%
	Housing Inv.	1,593	1,729	1,958	1,882	1,648	9.8 mos.	3.45%
	VDL Inv.	3,853	3,956	4,188	3,846	4,323	25.1 mos.	12.20%
Austin Total	Starts	6,618	5,623	7,278	6,638	2,760	26,116	-58.30%
	Closings	4,594	4,684	5,168	6,555	5,367	21,774	16.83%
	Housing Inv.	17,912	18,851	20,961	21,044	18,437	10.2 mos.	2.93%
	VDL Inv.	25,600	26,888	26,574	28,879	31,294	16.8 mos.	22.24%

For the 4<sup>th</sup> Quarter 2022, the Bastrop Submarket had 143 housing starts and 133 closings. The submarket ended the quarter with a new home inventory of 636 units or a 9.3-month oversupply, which is superior to the 9.8-month supply for the Southeast Market Area new home market. The Bastrop Submarket concluded the 4<sup>th</sup> Quarter 2022 with 2,565 vacant developed lots in inventory. This lot inventory equates to a 39.0-month **oversupply**, which is inferior to the 25.1-month slight oversupply for the Southeast Market Area. A 20 to 24-month supply of lots is considered to be a market in equilibrium. It is noteworthy that estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

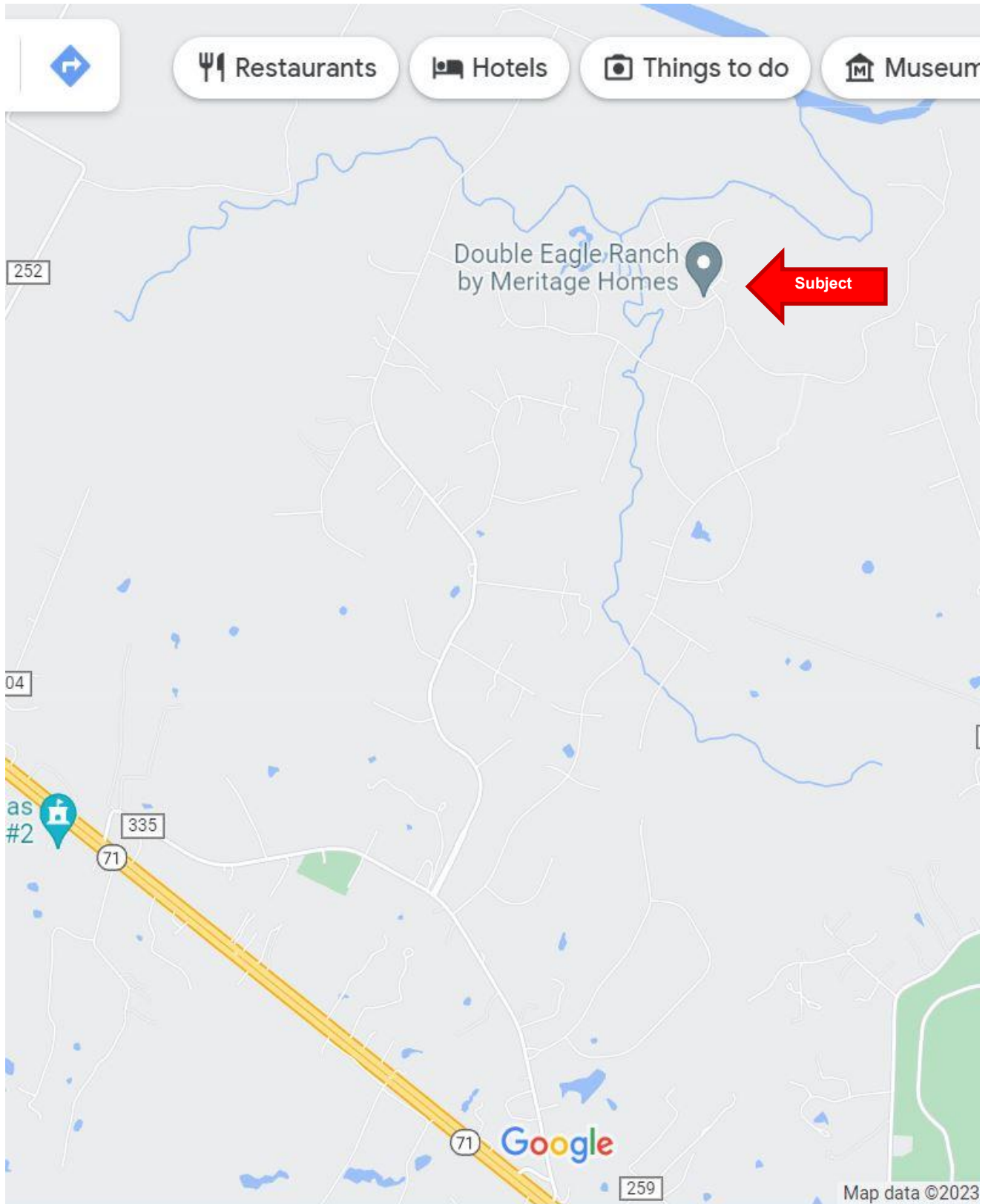
For the 4<sup>th</sup> Quarter 2022, the overall Southeast Market Area had 247 starts and 481 closings. The result is a stable new home inventory of 1,648 units or a 9.8-month supply, which is superior to the 10.2-month supply for the overall Austin new home market. At the time of this Zonda Austin Metrostudy report, there was a total existing inventory of 4,323 vacant developed lots in the Southeast Market Area. This equates to a 25.1-month **slight oversupply**, which is inferior compared to the 16.8-month undersupply for the overall Austin region. Again, a 20 to 24-month supply of lots is considered to be a market in equilibrium.

**CONCLUSION:** The subject market area is in the direct path of Austin's growth patterns to the southeast, as well as other areas. The area is very desirable due to its suburban

locale, and proximity to the City of Austin. Ongoing upgrades to S.H. 71 will greatly enhance access and is expected to further stimulate demand in the residential and commercial real estate markets. The Bastrop I.S.D. is also a positive draw for this market area.

The overall economic outlook of the market area has recently improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$70 - \$90 +/- per barrel oil. The overall attitude and expectations of most market area participants is that of continued rapid population growth over the foreseeable future.

Inflation during 2022 has been at its highest level since 1982, but is declining and currently at 6.5%, causing the Federal Reserve to rapidly increase interest rates during May through January 2023. The overall impact to the local residential market is to be determined, but most experts expect slower activity throughout 2023.

**MARKET AREA MAP**



**LOCATION MAP**

### **SITE ANALYSES**

The subject consists of Double Eagle Ranch, Section 5A, being 105 finished detached single-family lots out of a 55.051-acre, 105-lot section, located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612. The subject lots have a typical lot size of 50' x 135' or 6,750 SF.

Mapsco Reference: Bastrop County

Postal Address: Bastrop, Texas 78612

Location: Located along the north and south lines of Red Tail Hawk Lane, north of S.H. 71, and west of S.H. 95, in Bastrop, Bastrop County, Texas 78612.

Tract Sizes: 55.051 acres (105 lots)

Density: 1.91 lots per acre

Subject Lot Mix:

<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>Avg. FF</u></b>	<b><u>Avg. Size</u></b>
105	Finished	50	6,750 SF

Zoning: None

Restrictions: None adverse known

Shape: The subject existing detached lots are generally rectangular-shaped.

Topography: The topography of the subject residential lots is generally level.

Subdivision Improvements: Improvements include water and sanitary sewer lines by a water supply company (Corix), electrical lines, natural gas lines, cable/telephone lines, storm drainage and detention.

Easements: The appraisers know of no easements that would adversely affect development of the subject site to its highest and best use.



**Soil/Subsoil Conditions:**

A soil and subsoil report has not been provided to the appraisers; however, as evidenced by the existing and surrounding development, the soil conditions appear to be adequate in all respects for most types of construction.

**Environmental:**

Upon physical inspection of the subject, no obvious environmental hazards or endangered species were observed. The appraisers are not environmental engineers, and are not qualified to detect environmental hazards or endangered species. For a conclusive analysis of the lots, a study by qualified environmental experts would be necessary.

**Utilities/Services:**

<b>Utilities/Services</b>	
Electricity:	Bluebonnet Electric
Water/Sanitary Sewer:	Corix Utilities Texas
Gas:	Texas Gas Service
Phone:	AT&T & others
Police Protection:	Bastrop County Sheriff's Dept.
Fire Protection:	Bastrop County ESD #1
School District:	Bastrop ISD

**Floodplain:**

<b>FEMA Flood Map</b>	
Flood Map No.:	48021C0190F
Flood Map Date:	1/6/2016
Flood Map Designation:	Zone X500

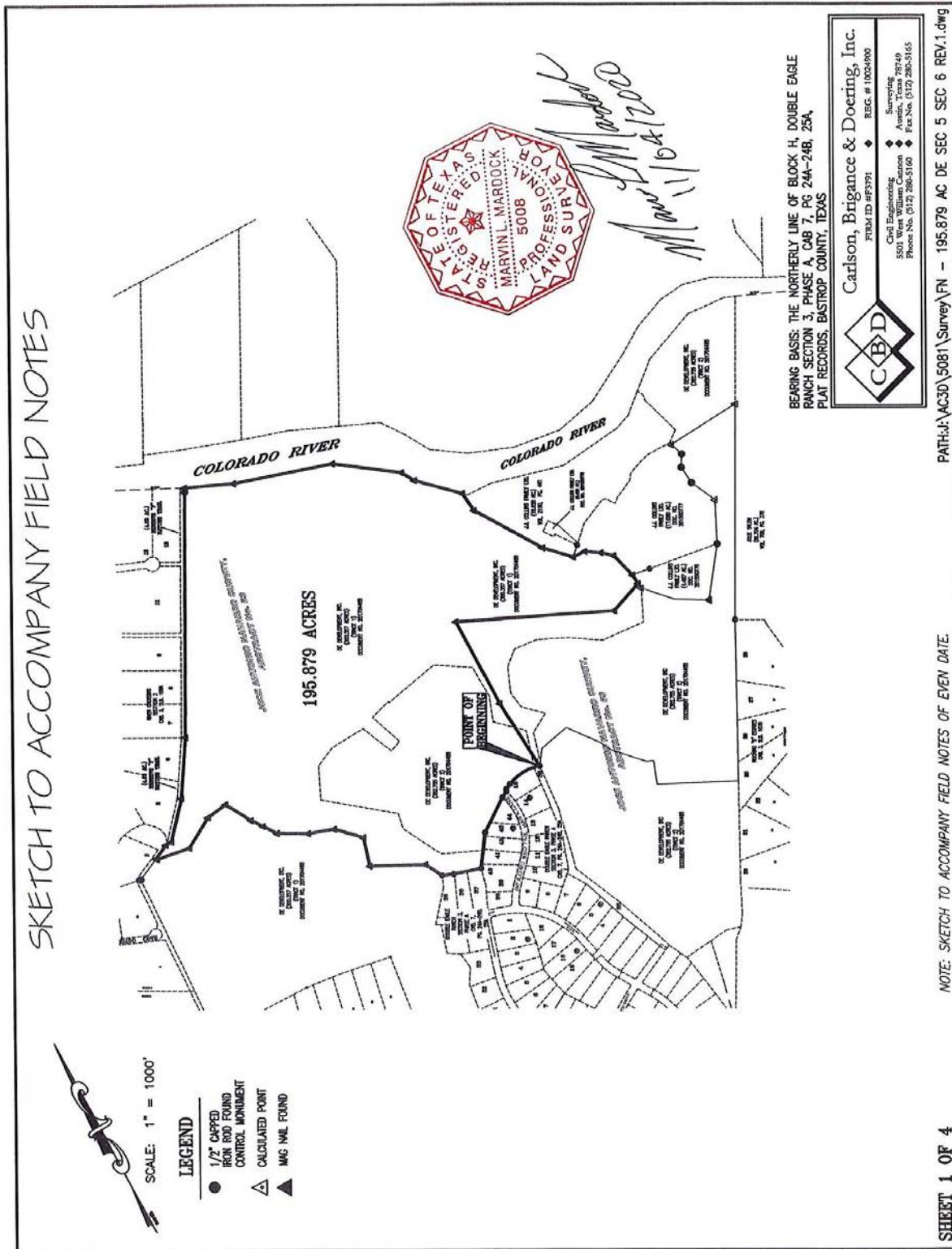
**Builders:**

Meritage Homes is the exclusive builder in Section 5A.

**New Home Price Range:**

Detached single-family units with a projected price of \$349,990 to \$482,990.

**Conclusion:** All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for new residential construction in the \$349,990 to \$482,990 price range for the detached product by Meritage Homes or comparable builder/s.

SURVEY



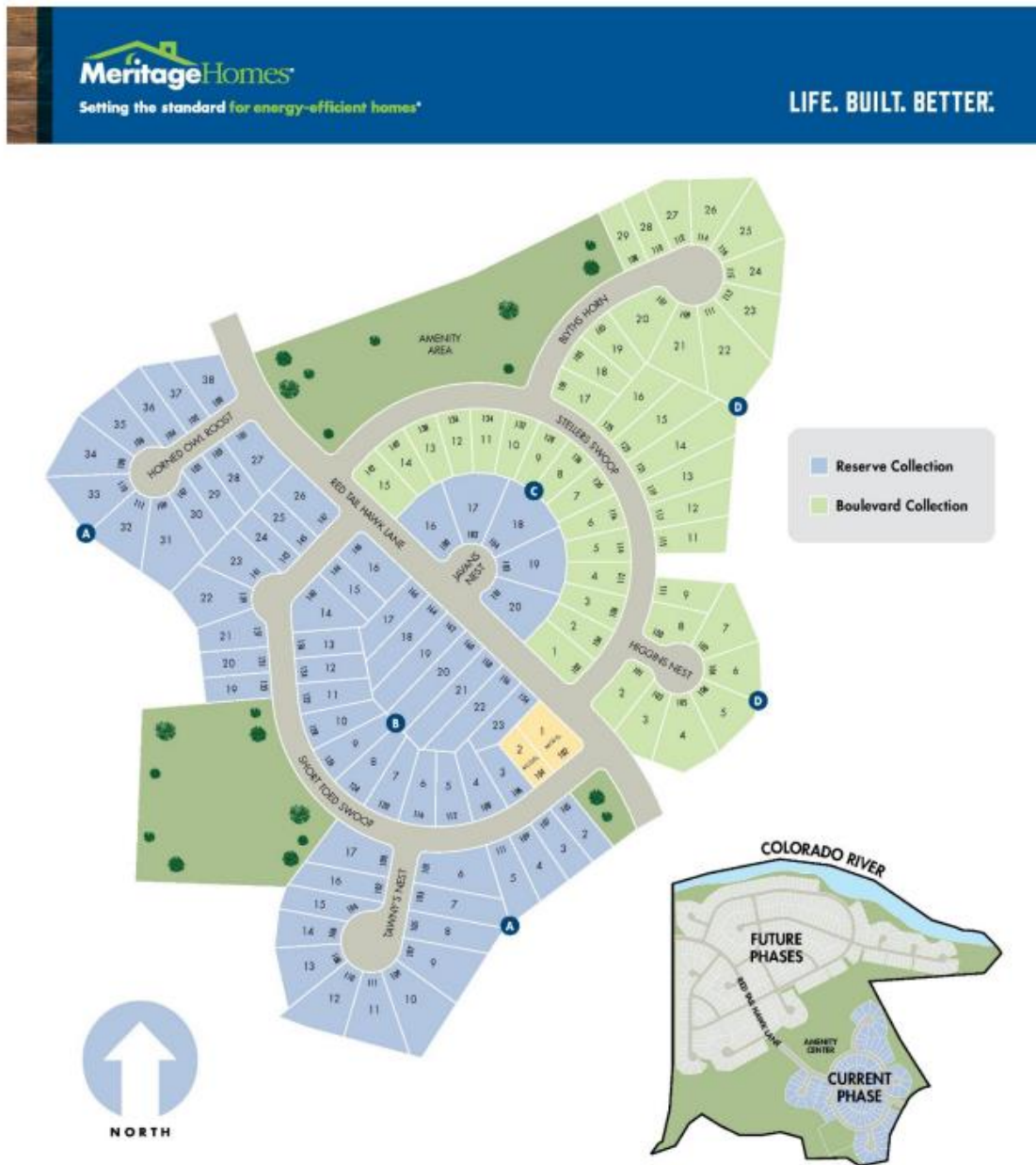






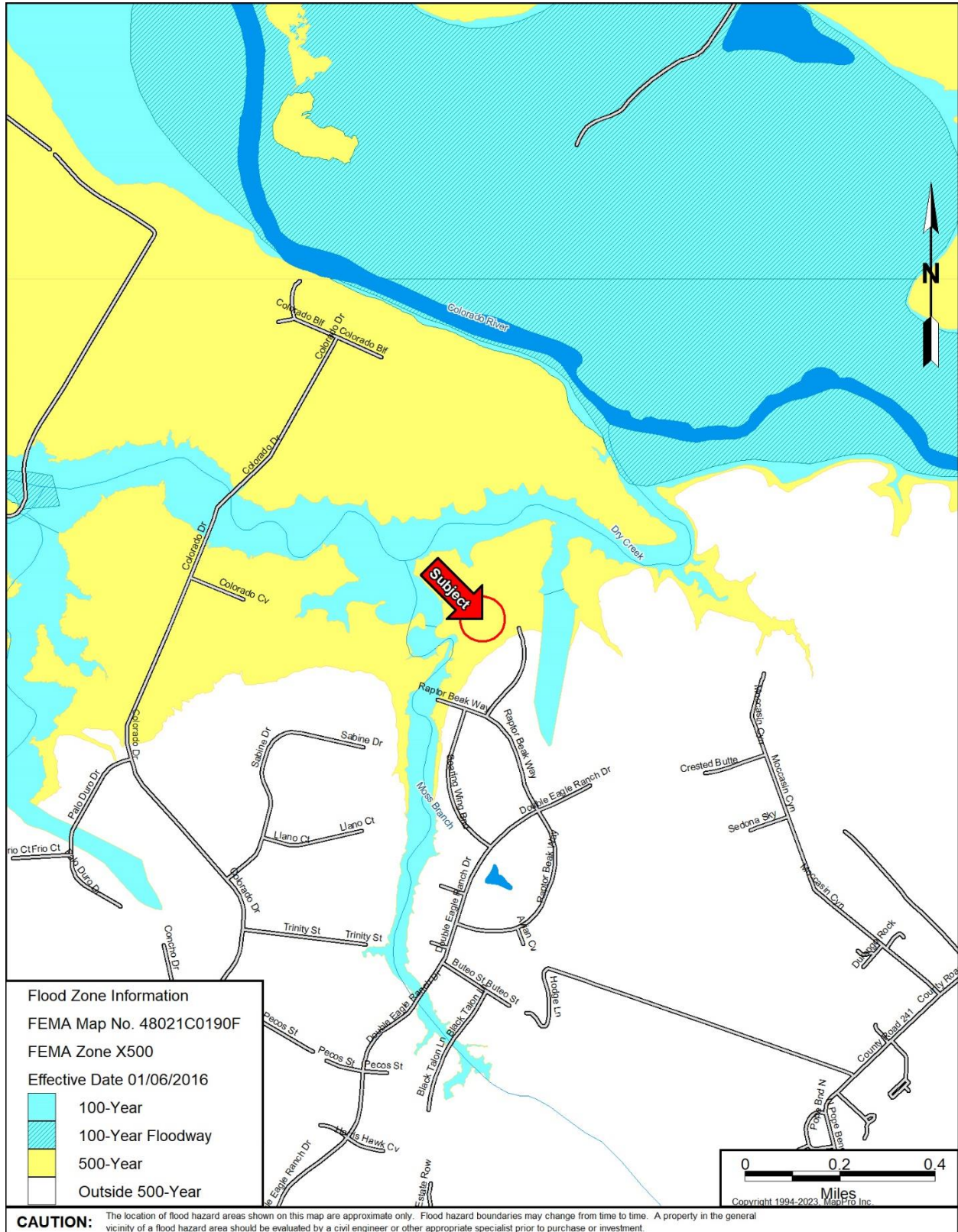


## CONCEPTUAL MAP

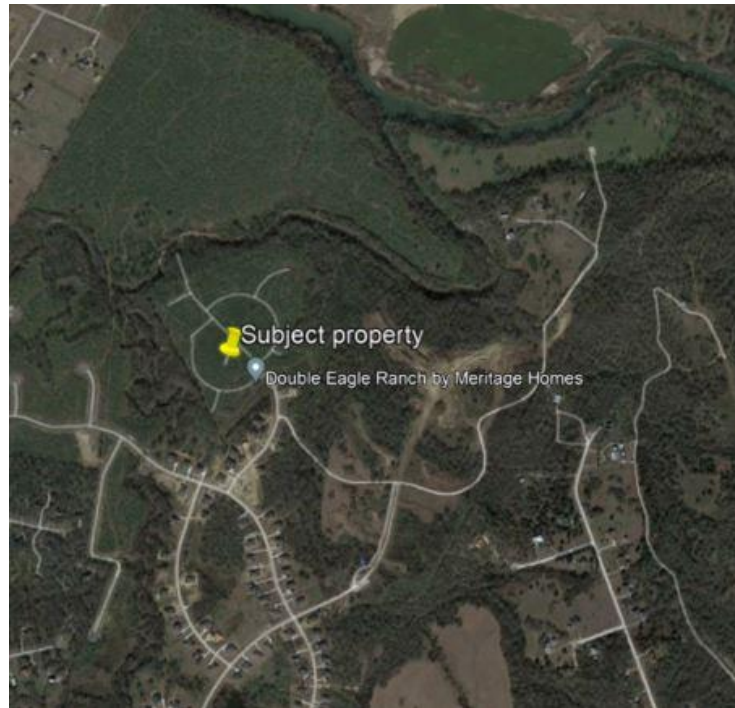




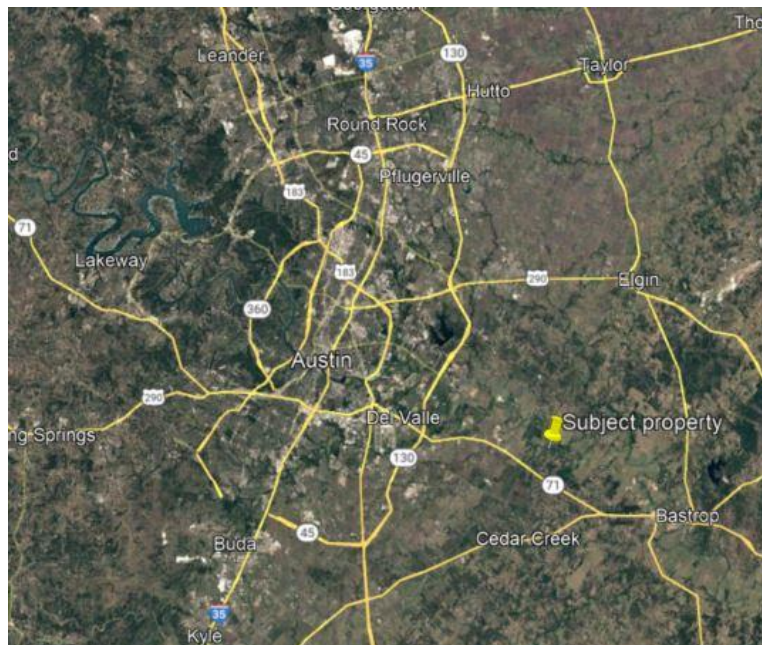
# FLOOD PLAIN MAP



## AERIAL PHOTOS



Micro Aerial



Macro Aerial



## **SUBJECT PROPERTY PHOTOGRAPHS**



Entance



Home under construction



Subject property



Subject property



Subject property



Subject property

### HIGHEST AND BEST USE

The "**Highest and Best Use**" is defined as:

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. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, pages 88-89, Appraisal Institute).

**Highest and Best Use of Land or a Site As Though Vacant:** Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 93, Appraisal Institute).

**Highest and Best Use of Property As Improved:** The use that should be made of a property as it exists. A near-complete property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the near-complete building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 94, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. In cases where a site has near-complete improvements, the highest and best use may be different from the near-complete use. The near-complete use will continue, however, unless or until land value in its highest and best use exceeds the total value of the property in its near-complete use.

Contribution of that specific use to community environment or to community development goals is implied within these definitions, in addition to wealth maximization. Also implied is that determination of the highest and best use is formulation of an opinion, not a fact, resulting from the appraiser's judgment and analysis. In appraisal practice, the concept of highest and best use is the premise on which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the highest and best use of the finished lots, the legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

### **LEGALLY PERMISSIBLE**

**Zoning/Restrictions:** Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Being located in unincorporated Bastrop County, in the Double Eagle Ranch subdivision, the subject lots are located in the ETJ of Bastrop and are not subject to a zoning ordinance. The subdivision is assumed to include typical deed restrictions, none of which the appraisers assume to be detrimental to value.

### **PHYSICALLY POSSIBLE**

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Some small sites, because of their limited size, can only reach their optimum use as part of an assemblage with adjacent tracts. Conversely, larger sites are not restricted by size, allowing for a wider range of possible uses.

Given the subject subdivision location in the suburban Bastrop Market Area, the subject was designed and engineered for the construction of lower-move-up production SFRs. The proposed lower-move-up priced production residential usage is considered to be the most physically possible use for the 105 finished lots.

The subject development subdivision lots can accommodate a variety of uses. However, in light of the existing single-family development in the subject's market area, the construction of lower-move-up, detached single-family residences is concluded to be most physically appropriate.

### **FINANCIALLY FEASIBLE**

The appraisers have referenced the Zonda Austin Metrostudy, 4th Quarter 2022. The subject is located within the Bastrop Submarket and is located within the Southeast

Market Area of the overall Austin region. The following chart summarizes the vital statistics for the Bastrop Submarket, the Southeast Market Area, and the overall Austin region.

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**MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION**

Based on our analyses of the legally permissible, physically possible and financially feasible uses for the 105 finished subject lots, we conclude that their maximally productive use, and therefore, their highest and best use, is as follows:

- **Highest & Best Use of Lots:** Construction of lower move-up detached single-family residential homes, as demand and market conditions warrant in the \$349,990 to \$482,990 price range.

### **SALES COMPARISON APPROACH – RETAIL LOT VALUATION**

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, principals, developers, and builders were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown lot sales that have been used for the establishment of the subject's typical or base Builder Retail Lot Value conclusion.

**LOT SALE NUMBER ONE**

Subdivision Name: West Bastrop Village (marketed as Adelton), Section 1

Mapscot Map: Bastrop County

Location: Along the west line of F.M. 20, just south of S.H. 21, north of F.M. 82, in Bastrop, Bastrop County, Texas 78602.

Grantor: West Bastrop Village, Ltd.

Grantee: Weekley Homes

New SFR Price Range: \$355,990 to \$442,990

Sales Data:

No. of <u>Lots</u>	Lot <u>Width</u>	Purchase <u>Price/Lot</u>	Purchase <u>Price/FF</u>	Sales <u>Date</u>
9	40'	\$62,000	\$1,550	7/29/2022

Financing: Cash to seller

Utilities: All available

School District: Bastrop I.S.D.

Zoning/Restrictions: None/None adverse known

Floodplain: No

Confirmation: Builder; Clerk's File #202218078

Comments: This is the initial takedown of 9 lots of the lots the builder is committed to in Section 1. In addition to the base lot price, Weekley Homes will pay a 0.3% community enhancement fee and \$5,089 per lot impact fee. Escalation is 6% beginning in July 2022.



**LOT SALE NUMBER TWO**

Subdivision: The Colony 1C, Section 6  
 Mapsco Reference: 551-Z  
 Location: In the vicinity of the west line of F.M. 969 at Sam Houston Drive, Bastrop ETJ, Bastrop County, Texas 78602.

**Lot Sales Data**

No. of <u>Lots</u>	Lot <u>Width</u>	Purchase <u>Price/Lot</u>	Purchase <u>Price/FF</u>	Sales <u>Date</u>
11	50'	\$85,000	\$1,700	Pending

Developer: Hunt Communities  
 Builder: Gehan Homes  
 New Home Price Range: \$374,900 to \$599,900  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Bastrop I.S.D.  
 Zoning: None (Bastrop ETJ)  
 Restrictions: Typical Deed Restrictions  
 Floodplain: No  
 Subdivision Amenities: Two amenity centers with pools, fitness centers, tennis court, playground and trail system.  
 Confirmation: Developer (B&A File No. C7960)  
 Clerk's #: Pending  
 Comments: Additional lot fees are \$4,000 per lot, including \$2,500 (amenity) and \$1,500 (marketing).

**LOT SALE NUMBER THREE**

Subdivision: The Colony 1C, Section 7  
 Mapsco Reference: 551-Z  
 Location: In the vicinity of the west line of F.M. 969 at Sam Houston Drive, Bastrop ETJ, Bastrop County, Texas 78602.

**Lot Sales Data**

No. of <u>Lots</u>	Lot <u>Width</u>	Purchase <u>Price/Lot</u>	Purchase <u>Price/FF</u>	Sales <u>Date</u>
12	50'	\$85,000	\$1,700	Pending

Developer: Hunt Communities  
 Builder: M/I Homes  
 New Home Price Range: \$359,900 to \$424,900  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Bastrop I.S.D.  
 Zoning: None (Bastrop ETJ)  
 Restrictions: Typical Deed Restrictions  
 Floodplain: No  
 Subdivision Amenities: Two amenity centers with pools, fitness centers, tennis court, playground and trail system.  
 Confirmation: Developer (B&A File No. C7960)  
 Clerk's #: Pending  
 Comments: Additional lot fees are \$4,000 per lot, including \$2,500 (amenity) and \$1,500 (marketing).

**LOT SALE NUMBER FOUR**

Subdivision Name: 6 Creeks, Phase 1, Section 7

Mapsco Map: Hays County – 699 F, G, K & L

Location: The west line of N. Old Stagecoach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development, Inc.

Grantee: Highland Homes

New SFR Price Range: \$450,000 to \$600,000

**Sales Data:**

No. of <u>Lots</u>	Lot <u>Width</u>	Purchase <u>Price/Lot</u>	Purchase <u>Price/FF</u>	Sales <u>Date</u>
10	55'	\$110,000	\$2,000	Pending

Financing: Cash to seller

Annual Escalator: N/A

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks, Section 7 Deed Restrictions

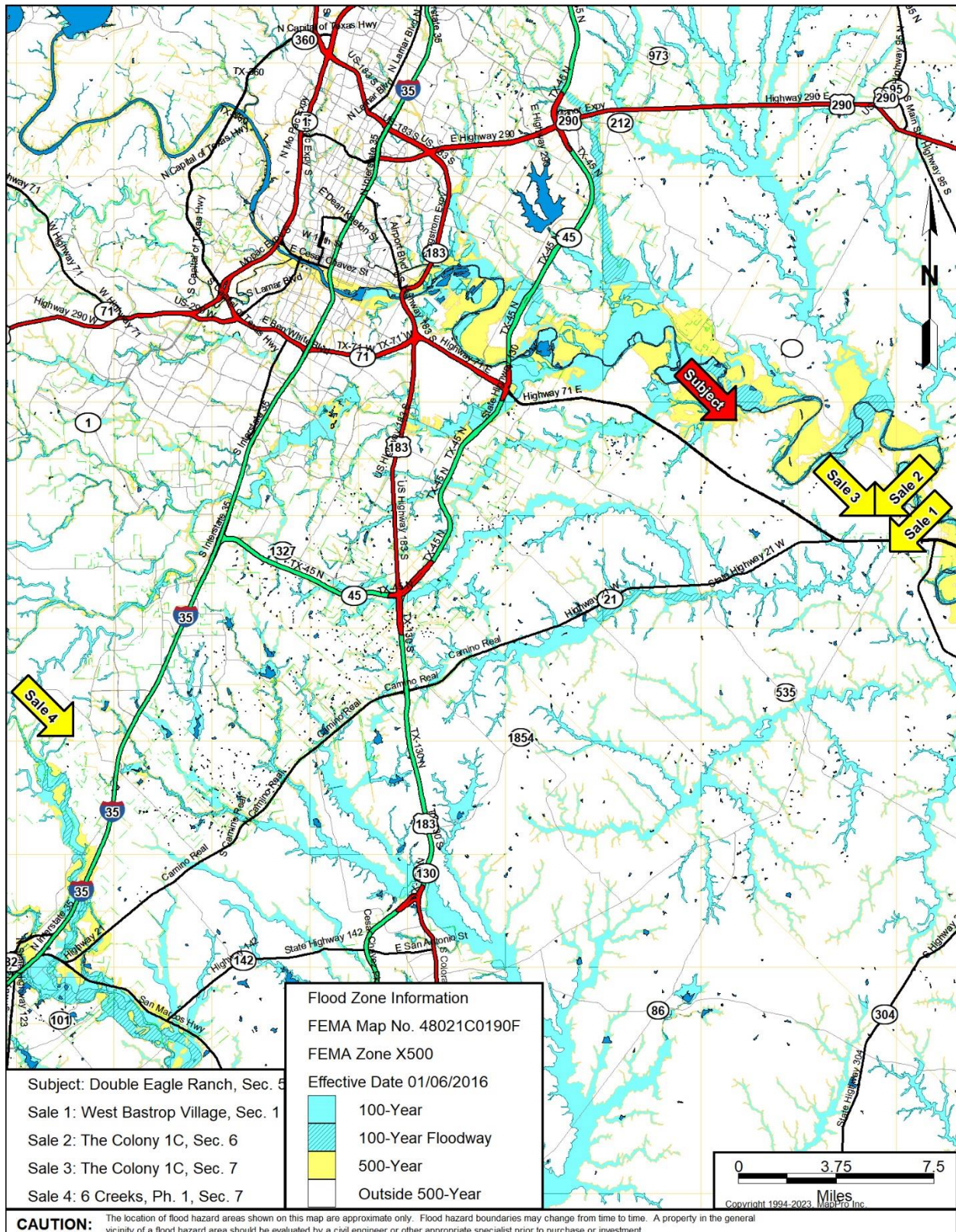
Floodplain: No

Confirmation: Lot Purchase Contract

Comments: This is the pending purchase of 10 lots out of a total of 35 lots out of 6 Creeks, Section 7. In addition to the base lot price and true-up, Highland Homes will pay an additional \$5,376 per lot in builder fees.



# LOCATION MAP OF SALES COMPARABLES



### **BUILDER LOT SALES ANALYSES**

The Builder Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

<b>Builder Lot Sales Summary</b>							
<b>Lot Sale</b>	<b>Sale Date</b>	<b>Subdivision</b>	<b>Sale Type</b>	<b>Description</b>	<b>Lot Size</b>	<b>Price PFF</b>	<b>Lot Price</b>
1	7/29/2022	West Bastrop Village, Section 1 (Adelton)	Takedown	9 Lots	40'	\$1,550	\$62,000
2	Pending	The Colony, 1C, Sec. 6	Takedown	11 Lots	50'	\$1,700	\$85,000
3	Pending	The Colony, 1C, Sec. 7	Takedown	12 Lots	50'	\$1,700	\$85,000
4	Pending	6 Creeks, Ph.1, Sec. 7	Takedown	10 Lots	55'	\$2,000	\$110,000

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject residential lots. The best units of comparison for the lot sales are the total sales price per lot, the price per square foot, or the price per front foot. Of these various units of comparison, it was determined that the price per front foot was the most applicable, because in this market segment, the prices per front foot were considered most reflective of the various differences associated with such lot sales. The categories found to be prevalent for analysis were cumulative adjustments such as Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Lot Size, and Other Property Characteristics (physical). Adjustments are made on a cumulative basis for the first three categories listed, and then on an additive basis on the remaining categories.

### **CUMULATIVE ADJUSTMENTS**

**Market Conditions:** A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable.

Lot Sales have been adjusted at an annual rate of 6%.

**Financing/Cash Equivalent Considerations:** Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. No considerations for financing were required in this analysis.

**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Due to holding costs, bulk lot takedowns which are significantly larger or smaller in lot totals will typically reflect discounted or higher lot sale prices, respectively. No adjustments were warranted for Lot Sales 1 thru 4 as they are considered typical takedowns for the subject market area.

#### **ADDITIVE ADJUSTMENTS**

**Location:** Lot Sales 1 thru 3 are considered generally similar to the subject and have not been adjusted for this element of comparison. Lot Sale 4 has been adjusted downward -15% given its superior Kyle location.

**Lot Size:** Based upon the per front foot methodology utilized, only significant differences in lot frontages will typically warrant an adjustment. The subject and the lot sales have similar lot frontages of 40' to 55' and no adjustments were warranted.

**Amenities:** No adjustments were warranted for Lot Sale 1. Lot Sales 2 thru 4 were adjusted downward -5% each given their superior amenity package compared to the subject property.

**LOT SALES ADJUSTMENT GRID:**

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analysis of the subject lots.

Lot Sales Adjustment Grid					
Market Data	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Sale Price PFF	-	\$1,550	\$1,700	\$1,700	\$2,000
Sales Date	3/15/2023	7/29/2022	Pending	Pending	Pending
Adjustment	-	3.6%	0.0%	0.0%	0.0%
Adjusted Sales Price PFF		\$1,606	\$1,700	\$1,700	\$2,000
Financing	-	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%
Adjusted Sales Price PFF		\$1,606	\$1,700	\$1,700	\$2,000
Conditions of Sale	Typical takedown	9 Lots	11 Lots	12 Lots	10 Lots
Adjustment	-	0%	0%	0%	0%
<b>Adjusted Sales Price PFF</b>		<b>\$1,606</b>	<b>\$1,700</b>	<b>\$1,700</b>	<b>\$2,000</b>
Builder	Meritage Homes	Weekley Homes	Gehan Homes	M/I Homes	Pulte Homes
Location	Bastrop	Bastrop	Bastrop	Bastrop	Kyle
Adjustment	-	0%	0%	0%	-15%
Subdivision	Double Eagle Ranch	West Bastrop Village, Sec. 1	The Colony, 1C, Sec. 6	The Colony, 1C, Sec. 7	6 Creeks, Ph.1, Sec. 7
Adjustment	-	0%	0%	0%	0%
Lot Size	50'	40'	50'	50'	55'
Adjustment	-	0%	0%	0%	0%
Amenities	Typical for area	Typical for area	Superior	Superior	Superior
Adjustment	-	0%	-5%	-5%	-5%
<b>Net Adjustment</b>	<b>-</b>	<b>0%</b>	<b>-5%</b>	<b>-5%</b>	<b>-20%</b>
<b>Adjusted Sale Price PFF</b>	<b>-</b>	<b>\$1,606</b>	<b>\$1,615</b>	<b>\$1,615</b>	<b>\$1,600</b>
Indicated Mean:	\$1,609				
Indicated Median:	\$1,611				
Concluded Value PFF:	\$1,610				

### **Conclusion of Base Retail Lot Value**

The lot sales used in this analysis are of typical base lot sales to which lot adjustments, due to premiums (if applicable) and applicable fees, will be applied to conclude an adjusted value PFF. Accordingly, the appraisers derived the following statistical parameters and the Base Retail Lot Value PFF.



Statistical Benchmarks	
Lowest	\$1,519
Mean	\$1,609
Median	\$1,611
Highest	\$1,853
<b>Concluded Value PFF:</b>	<b>\$1,610</b>

The builder lot sales used in this analysis exhibit an adjusted price per front foot of \$1,519 to \$1,853 PFF, with a mean of \$1,609 PFF and a median of \$1,611 PFF. Based on the preceding analysis, with consideration given to all comparable lot sales, the statistical benchmarks noted above and the highest and best use of the subject and comparable lot sales; a typical subject lot is concluded to have an individual Builder Retail Market Value of **\$1,610 PFF, or \$80,500 per 50', as of March 16, 2023.**

#### **LOT PREMIUMS AND FEES**

No lot fees or lot premiums are applicable for the subject lots.

#### **HYPOTHETICAL "As Is" RETAIL MARKET VALUE**

Thus, the Sum of the Retail Lot Values – "As Is" can be summarized as follows:

Sum of the Retail Values - "As Is"						
Double Eagle Ranch, Section 5A						
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
105	50'	\$1,610	\$80,500	\$8,452,500	<b>\$8,452,500</b>	<b>\$80,500</b>

### **INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS**

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot revenue arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

### **ABSORPTION ANALYSIS**

To determine the rates at which the subject single-family lots will be absorbed into the market, we have analyzed the recent absorption of lots in the following competing subdivisions in the vicinity of the subject.

Zonda Austin Metrostudy 4Q 2022									
Subdivision / Product (\$1,000)		1Q 2022	2Q 2022	3Q 2022	4Q 2022	Past 4 Qtrs Total Absorb	Avg Absorb Per Qtr	No. of Builders	Avg Absorb Per Bldr/Qtr
The Colony/Hopewell Ridge - <b>Gehan Homes</b> 50' Lots \$435 - \$560	Starts	11	0	2	0	13	3.3	1	3.3
	Closings	7	8	10	6	31	7.8		7.8
	VDL	3	3	1	1				
The Colony/Morgan Bend- <b>Lennar Homes</b> 50' Lots \$345 - \$471	Starts	3	2	1	0	6	1.5	1	1.5
	Closings	15	11	25	5	56	14.0		14.0
	VDL	3	1	0	0				
Rivers Bend at Pecan Park/Enclave - <b>Pacesetter Homes</b> 40' Lots \$353 - \$424	Starts	5	6	4	1	16	4.0	1	4.0
	Closings	5	5	13	4	27	6.8		6.8
	VDL	25	19	15	14				
Rivers Bend at Pacan Park/Waterfront - <b>DR Horton</b> 50' Lots \$379 - \$445	Starts	0	0	0	0	0	0.0	1	0.0
	Closings	12	9	15	3	39	9.8		9.8
	VDL	0	0	0	0				
Shadow Glen - <b>Meritage Homes</b> 45' - 50' \$316 - \$517	Starts	36	77	46	6	165	41.3	1	41.3
	Closings	0	0	57	9	66	16.5		16.5
	VDL	219	142	96	90				
Turner's Crossing - <b>Meritage Homes</b> 40' & 45' Lots \$386 - \$513	Starts	32	23	28	0	83	20.8	1	20.8
	Closings	20	21	52	5	98	24.5		24.5
	VDL	52	29	1	1				
McKinney Crossing - <b>KB Home</b> 50' Lots \$402 - \$532	Starts	44	46	67	26	183	45.8	1	45.8
	Closings	0	6	30	35	71	17.8		17.8
	VDL	119	137	188	162				
Average Absorption Per Quarter Over Past 4 Quarters		Starts				Minimum:	0.0		0.0
						Average:	16.6		16.6
						Maximum:	45.8		45.8
		Closings				Minimum:	6.8		6.8
						Average:	13.9		13.9
						Maximum:	24.5		24.5

These absorption comparables indicate quarterly absorption of 0 to 45.8 lots, with an average of 16.6 starts per quarter per builder and 6.8 to 24.5 lots, with an average of 13.9 closings per quarter per builder. The comparable subdivisions include a variety of

builders and offer lot sizes which are generally similar to those of the subject lots, and new home pricing ranging from \$316,000 up to \$560,000.

All of the absorption comparables noted above are good indicators of absorption given their location and price point compared to the subject property. Given the information above, we feel that **10-15 lots per quarter** is reasonably supported given the current market uncertainty of increasing interest rates and their impact on housing affordability. Given that the subject is the initial phase of the development, we project absorption to commence in Period 0.

As such, the following is the projected absorption for the 105 finished subject lots is as follows:

<b>Absorption Per Quarter - Double Eagle Ranch, Section 5A</b>										
Quarterly Period	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
Double Eagle Ranch, Section 5A	10	10	10	10	10	10	15	15	15	105

### YIELD RATE / IRR ANALYSIS

We referenced the developer's survey conducted by RealtyRates.com for the 1st Quarter 2023 (4<sup>th</sup> quarter 2022 data).

RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2023*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Site-Built Residential</b>	15.15%	33.10%	22.39%	14.54%	31.78%	21.49%
-100 Units	15.15%	28.53%	21.41%	14.54%	27.39%	20.55%
100-500 Units	15.53%	31.39%	22.52%	14.91%	30.13%	21.62%
500+ Units	15.91%	32.82%	22.90%	15.27%	31.50%	21.98%
Mixed Use	16.29%	33.10%	22.72%	15.63%	31.78%	21.81%
<b>Manufactured Housing</b>	15.47%	36.06%	23.90%	14.85%	34.62%	22.94%
-100 Units	15.47%	31.36%	22.95%	14.85%	30.10%	22.03%
100-500 Units	15.85%	34.49%	24.17%	15.22%	33.11%	23.20%
500+ Units	16.24%	36.06%	24.58%	15.59%	34.62%	23.60%
<b>Business Parks</b>	15.43%	33.53%	22.74%	14.81%	32.19%	21.83%
-100 Acres	15.43%	29.16%	21.85%	14.81%	27.99%	20.97%
100-500 Acres	15.81%	32.07%	22.99%	15.18%	30.79%	22.07%
500+ Acres	16.20%	33.53%	23.37%	15.55%	32.19%	22.44%
<b>Industrial Parks</b>	15.52%	29.09%	20.77%	14.90%	27.93%	19.94%
-100 Acres	15.52%	25.30%	20.00%	14.90%	24.28%	19.20%
100-500 Acres	15.90%	27.83%	20.99%	15.27%	26.71%	20.15%
500+ Acres	16.29%	29.09%	21.33%	15.64%	27.93%	20.48%

\*4th Quarter 2022 Data

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Within the RealtyRates.com survey, developers and builders reported modeling pro-forma internal rates of return ranging from 14.54% to 27.39%, with an average of 20.55% for site-built residential 100-500 units. The developers and builders reported actual rates ranging from 15.53% to 31.39%, with an average of 22.52%. The above chart reflects surveyed rates for complete subdivision developments – from vacant land to lot development, to home construction, to home sellout. By contrast, the subject of this analysis represents under construction lots. Therefore, entitlement and land development risk have occurred. Home construction, marketing, and home sales risk remain to be incurred. Based on the availability of alternative investment yields and

considering the relative risk of the subject residential development investment; it is the appraisers' opinion that an IRR of **18%** is reasonable.

### **DISCOUNTED CASH FLOW ASSUMPTIONS**

**Sum of the Retail Values:** The Sum of the Builder Retail Values for the cash flows are predicated on a beginning lot value, previously concluded as follows:

Sum of the Retail Values - "As Is" Double Eagle Ranch, Section 5A						
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
105	50'	\$1,610	\$80,500	\$8,452,500	<b>\$8,452,500</b>	<b>\$80,500</b>

**Absorption Period:** The absorption period projected for the subject sell-out is based on the vacant lot inventory and absorption projection, as detailed in the prior section of this appraisal. Of note, we have not begun the discounted cash flows for the existing subject lots in Time Period 0, as this is the initial phase of development and given the low supply of lots in the subject's submarket.

Absorption Per Quarter - Double Eagle Ranch, Section 5A										
Quarterly Period	0	1	2	3	4	5	6	7	8	Total
Double Eagle Ranch, Section 5A	10	10	10	10	10	10	15	15	15	105

**Sales Price Escalation:** Per current market trends and market participants active in the subject's market area and great Austin MSA, the subject lot prices are projected to escalate at an annual rate equal to 6.0% per year, **or 1.5% per quarter**, beginning in the 1st period.

**Beginning Lot Inventory:** The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

**Lot Sales Per Period:** The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

**Ending Lot Inventory:** The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

**Average Lots Held Per Period:** The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

**Starting Inventory (Dollars):** The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory and is a carry-over of the Ending Inventory balance.

**Average Inventory Held (Dollars):** The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

**Ending Inventory (Dollars):** The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

**Lot Sales Income:** The Total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

## **SALES EXPENSES**

**Marketing/Closing Costs:** The marketing expense is typically carried by the lot developer; however, in submarkets in which the lot supply is at shortage levels and in quality developments, the marketing expense can and is occasionally passed through to the builders. In the case of the subject, the marketing expense is based on **1.0%** of lot sales, beginning in Period 1. Please note that the marketing expense is combined with commissions and closing costs expenses below.

Typical lot takedown contracts call for the developer to pay commissions and part or all of the closing costs. Thus, real estate commissions and closing costs are typical carrying expenses. The commissions/closing costs expense is based on **4.0% of the periodic sales**. This item is considered to be sufficient to cover broker commissions at

3.0%, plus 1.0% closing costs. Brokerage fees for this type of transaction typically range from 2% to 4%, due to the repetitive nature of lot takedown contracts. Closing costs also vary, but typically total 0.5% to 1.5% of the sales price of the lots. Again, the marketing expense of 1.0% is combined with the commissions and closing costs category. Thus, **total marketing/closing costs equate to 5.0% of periodic sales**, beginning in Period 1.

**Taxes:** We utilized a property tax rate of **\$1.7403** per \$100 in the cash flow. Estimated property taxes are based upon the average lot inventory (retail value) held per period, multiplied by **36%**, multiplied by the projected current tax rate noted above, and divided by 4 to reflect quarterly taxes, beginning in the 1st period.

**Administrative Expense:** This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are often relatively minor; thus, we have projected this expense at **0.5% of periodic sales**, beginning in Period 1.

**Homeowner's Association Fees:** The HOA expense is calculated based on the average inventory held (Lots) by the developer multiplied by the quarterly HOA fee to reflect quarterly HOA fees. HOA fees within Double Eagle Ranch are \$350. While the builder is responsible for subsidizing the development HOA for inventory lots, the builder is typically only responsible for about 50% of the standard homeowner HOA fee. For the purposes of this analysis, we assume that the builder will be responsible for an HOA fee of \$175 per lot per year on inventory lots, or **\$43.75 per lot held per quarter**.

### **DISCOUNTED CASH FLOW ANALYSIS**

The discounted cash flow analysis for the 105 finished subject lots are presented on the following page.

**Discounted Cash Flow Analysis - 105, 50' Lots in Section 5A****Bulk Market Value "As Is"**

TOTAL NO. OF LOTS:	105	March 15, 2023	Date of Value						
AVERAGE INDIVIDUAL LOT VALUE:	\$80,500								
GROSS RETAIL VALUE:	\$8,452,500								
ABSORPTION PERIOD:	8 QUARTERS								
ANNUAL YIELD/IRR:	18.0%								
EFFECTIVE TAX RATE/\$100:	\$1.7403	\$1.7403	\$1.7403	\$1.7403	\$1.7403	\$1.7403	\$1.7403	\$1.7403	\$1.7403
AVG. HOA DUES per LOT (\$175.00/Yr.)	\$43.75	\$43.75	\$43.75	\$43.75	\$43.75	\$43.75	\$43.75	\$43.75	\$43.75
<b>QUARTERLY PERIOD:</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
STARTING LOT INVENTORY:	105.0	95.0	85.0	75.0	65.0	55.0	45.0	30.0	15.0
LOT SALES/PERIOD:	10.0	10.0	10.0	10.0	10.0	10.0	15.0	15.0	15.0
ENDING LOT INVENTORY:	95.0	85.0	75.0	65.0	55.0	45.0	30.0	15.0	0.0
AVG. LOTS HELD/PERIOD:	100.0	90.0	80.0	70.0	60.0	50.0	37.5	22.5	7.5
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
STARTING INVENTORY (Dollars):	\$8,452,500	\$7,762,213	\$7,049,315	\$6,313,283	\$5,553,585	\$4,769,675	\$3,960,998	\$2,680,275	\$1,360,240
AVG. LOT VALUE:	\$80,500	\$81,708	\$82,933	\$84,177	\$85,440	\$86,721	\$88,022	\$89,343	\$90,683
AVG. INVENTORY HELD:	\$8,050,000	\$7,353,675	\$6,634,649	\$5,892,398	\$5,126,386	\$4,336,068	\$3,300,832	\$2,010,207	\$680,120
ENDING INVENTORY:	<u>\$7,647,500</u>	<u>\$6,945,138</u>	<u>\$6,219,983</u>	<u>\$5,471,512</u>	<u>\$4,699,187</u>	<u>\$3,902,461</u>	<u>\$2,640,665</u>	<u>\$1,340,138</u>	<u>\$0</u>
<b>QUARTERLY SALES:</b>	\$805,000	\$817,075	\$829,331	\$841,771	\$854,398	\$867,214	\$1,320,333	\$1,340,138	\$1,360,240
<b>LESS EXPENSES:</b>									
a) MARKETING/CLOSING (5.0%)	\$40,250	\$40,854	\$41,467	\$42,089	\$42,720	\$43,361	\$66,017	\$67,007	\$68,012
b) TAXES/AVG. INV. HELD (@ 36%)	\$0	\$11,518	\$10,392	\$9,229	\$8,029	\$6,791	\$5,170	\$3,149	\$1,065
c) ADMINISTRATIVE @ 0.5%:	\$4,025	\$4,085	\$4,147	\$4,209	\$4,272	\$4,336	\$6,602	\$6,701	\$6,801
d) HOA DUES per QUARTER:	\$0	\$3,938	\$3,500	\$3,063	\$2,625	\$2,188	\$1,641	\$984	\$328
<b>TOTAL EXPENSES:</b>	<u>\$44,275</u>	<u>\$60,394</u>	<u>\$59,505</u>	<u>\$58,589</u>	<u>\$57,646</u>	<u>\$56,676</u>	<u>\$79,429</u>	<u>\$77,840</u>	<u>\$76,207</u>
<b>NET SALES INCOME:</b>	\$760,725	\$756,681	\$769,826	\$783,182	\$796,751	\$810,538	\$1,240,904	\$1,262,297	\$1,284,033
QUARTERLY YIELD/IRR:									
FACTOR @ 18.0%	1.000000	0.956938	0.915730	0.876297	0.838561	0.802451	0.767896	0.734828	0.703185
<b>DISCOUNTED SALES:</b>	\$760,725	\$724,096	\$704,953	\$686,300	\$668,125	\$650,417	\$952,885	\$927,572	\$902,913
	\$6,977,986								
<b>ROUNDED TO:</b>	<u>\$7,000,000</u>	-17.2% Discount Margin							
<b>VALUE PER LOT:</b>	<u>\$66,667</u>								



### **RECONCILIATION AND FINAL MARKET VALUE CONCLUSION**

The Sales Comparison Approach was used to conclude the hypothetical “As Is” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated hypothetical “As Is” Bulk Market Value of the finished 105 lots in Double Eagle Ranch, Section 5A. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income streams of the subject existing lots over their projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

**While considered, the Cost Approach was not developed. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal.**

To conclude, it is our opinion that the **hypothetical “As Is” Bulk Market Value** of the subject lots, subject to the conditions stated herein, as of the indicated effective date, is as follows:

<b>Double Eagle Ranch Public Improvement District Improvement Area No. 1</b>				
<b>Description</b>	<b>No. of Lots</b>	<b>Avg. Lot FF</b>	<b>Bulk Value</b>	<b>Effective Date</b>
"As Is" Bulk Market Value	105	50'	<b>\$7,000,000</b>	3/15/2023

### **MARKETING & EXPOSURE PERIODS**

According to participants in the regional and local residential lot market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been reasonably in this active submarket. Based upon our market analysis, we have projected a prospective marketing period for the subject lots single-family lots hypothetical “As Is” to be within 3 to 6 months. The subject property should market well at the reasonable and competitive concluded Bulk Market Values. As a result, we further estimate a historic exposure

period of approximately 3 to 6 months for the subject, based upon the market data presented herein and the reported exposure times of the comparable sales.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that Meritage Homes or comparable production builder/s, will build upon the finished subject lots, detached single-family units with a projected price of \$349,990 to \$482,990.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 1.) In Section 5A, 10+ lots have commenced vertical construction and range from pre-slab (wood forms) to framed units. For purposes of this appraisal, and per the client's request, these lots are considered hypothetically vacant for this valuation.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

## **ADDENDA**

## LETTER OF ENGAGEMENT

**BARLETTA & ASSOCIATES, INC.**  
 REAL ESTATE APPRAISERS & CONSULTANTS

C8283

February 23, 2023

Mr. R.R. "Tripp" Davenport, III  
 Underwriter  
 FMSbonds, Inc.  
 5 Cowboys Way, Suite 300-25  
 Frisco, Texas 75034

Direct: 877/899-2220  
 Cell: 214/418-1588  
 Email: tdavenport@fmsbonds.com

**RE: Proposal/Authorization for Valuation and Consulting Services for a 105-lot residential subdivision "As Is" or "Upon Completion," comprising 105, 50' lots, known as the Double Eagle Ranch Public Improvement District No. 1A-1, Area #1 ("PID"), in Bastrop County, Texas (the "Subject Property").**

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Market Values of the above-described Subject Properties in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have not performed any services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of values for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that Bastrop County will, or has approved the proposed

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Page 2

development, and that all development entitlements are in place for such development to proceed, and that all public infrastructure will be financed, in whole or in part, with special assessments levied on subject property within the PID, relating to the development.

**The total fee for this Appraisal Report is \$7,000, and we require full receipt of these funds prior to the commencement of this appraisal assignment.** The delivery date will be within about two (2) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all of our expenses and our time to date, based on pro rata of work completed, with the remainder to be returned to the payor of such fee.


Upon completion of the Appraisal Report, an electronic version of the report will be provided to [tdavenport@fmsbonds.com](mailto:tdavenport@fmsbonds.com), while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena to testify in any litigation, arbitration, or administrative hearing of any nature whatsoever, or because of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or email to [phillip@barlettainc.com](mailto:phillip@barlettainc.com). If you should have any further questions, please do not hesitate to contact me.

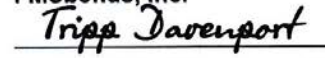
AGREED TO AND ACKNOWLEDGED THIS 24<sup>th</sup> DAY OF February, 2023.

BARLETTA & ASSOCIATES, INC.

  
Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G

ACCEPTED BY:

FMSbonds, Inc.

  
Mr. R.R. "Tripp" Davenport, III  
Underwriter

Date

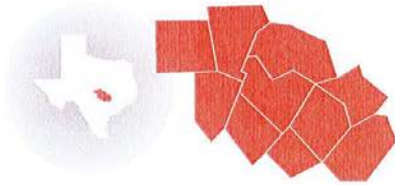
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## AUSTIN REGIONAL DATA



# REGIONAL SNAPSHOT

## CAPITAL REGION



# \$174 Billion

CAPITAL REGION  
GROSS DOMESTIC PRODUCT,  
2020

ABOUT 10 PERCENT OF TEXAS' GDP OF \$1.8 TRILLION.

### CAPITAL REGION COUNTIES:

BASTROP	CALDWELL	HAYS	TRAVIS
BLANCO	FAYETTE	LEE	WILLIAMSON
BURNET		LLANO	

The 10-county Capital region covers about 8,600 square miles in central Texas, stretching from Llano to San Marcos and from La Grange to Georgetown.

The region has one metropolitan statistical area (MSA), the Austin-Round Rock-Georgetown MSA, which includes Bastrop, Caldwell, Hays, Travis and Williamson counties.

## POPULATION CHANGE

The region's population grew at a very rapid pace between 2010 and 2020, led by gains of 53 percent in Hays County, 44 percent in Williamson County and 31 percent in Bastrop County.

REGION

# 31.5%

TEXAS

# 15.9%

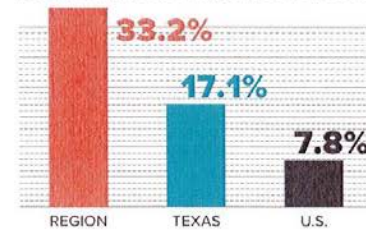
U.S.  

# 7.4%

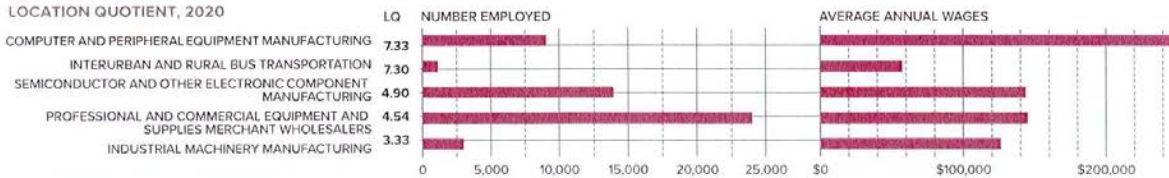
## JOBS & WAGES

About 1.2 million people are employed in the region. Regional employment rose by a whopping 33 percent between 2010 and 2020, more than four times the national growth. Technology-related industries are some of the region's most concentrated industries as measured by location quotient (LQ). An LQ of 1.25 or higher indicates the region has a competitive advantage in the industry. Technology and consulting services led regional industry job growth.

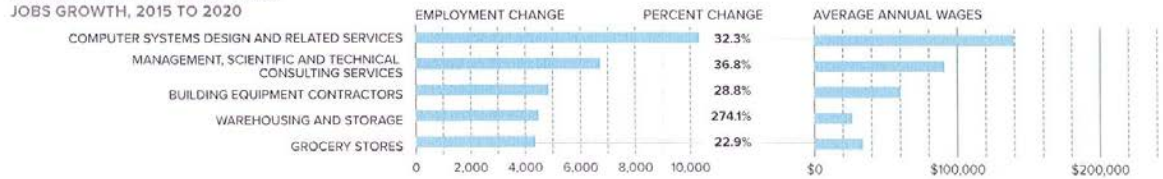
PERCENT CHANGE IN TOTAL JOBS, 2010 TO 2020



TOP INDUSTRIES BY  
LOCATION QUOTIENT, 2020



INDUSTRIES WITH LARGEST TOTAL  
JOBS GROWTH, 2015 TO 2020



Glenn Hegar

Texas Comptroller of Public Accounts

THE CAPITAL REGION IS ONE OF THE COMPTROLLER'S 12 ECONOMIC REGIONS.

To see the complete 2022 Regional Reports, visit: [comptroller.texas.gov/economy/economic-data/regions/2022/](https://comptroller.texas.gov/economy/economic-data/regions/2022/)

Sources: JobsEQ; U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census Bureau; U.S. Bureau of Economic Analysis, Texas Comptroller of Public Accounts

98-1779-3 (6/22)





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## Housing Report for Austin-Round Rock

### Spotlight on October 2022

#### Economic News

October MSA jobs increased from 1,177,600 to 1,261,200, according to the latest figures published by the Texas Workforce Commission. This marks a 7.10% year-over-year (YoY) increase compared with October 2021, a net increase of 83,600 new jobs. Over the past five years, the job growth rate has increased at an average annual rate of 3.50%.

In addition, the unemployment rate for October decreased to 2.80% from 3.40% in 2021.

#### Housing Update

Sales volume for single-unit residential housing decreased 29.23% YoY from 3,171 to 2,244 transactions. Year-to-date sales reached a total of 29,085 closed listings. Dollar volume dipped from \$1.79 billion to \$1.35 billion.

The average sales price rose 6.51% YoY from \$563,274 to \$599,924, while the average price per square foot subsequently rose from \$281.89 to \$283.50. Median price rose 4.85% YoY from \$453,000 to \$474,990, while the median price per square foot also rose from \$241.29 to \$245.44.

Months inventory for single-unit residential housing rose from 1.0 to 3.2 months supply, and days to sell rose from 64 to 97.

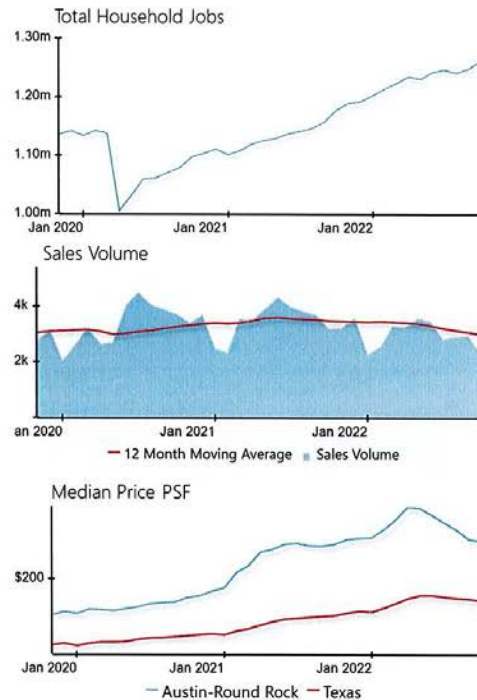


Table 1: Month Activity

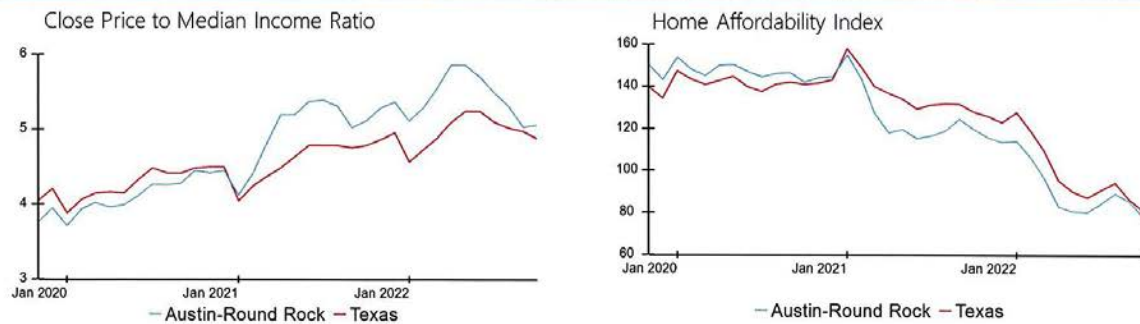
	2022				2021	
	October	YoY %	YTD	YoY %	October	YoY %
Sales	2,244	-29.23%	29,085	-15.27%	3,171	-14.20%
Dollar Volume	\$1,346,229,031	-24.63%	\$18,498,558,956	-4.25%	\$1,786,142,905	3.43%
Median Close Price	\$474,990	4.85%	\$510,453	13.43%	\$453,000	24.11%
New Listings	3,255	-13.08%	41,739	2.09%	3,745	0.00%
Active Listings	9,562	180.58%	5,463	137.21%	3,408	-2.21%
Months Inventory	3.2	223.79%	3.2	223.79%	1.0	-7.52%
Days to Sell*	97	51.56%	78	23.81%	64	-17.95%
Average Price PSF	\$283.50	0.57%	\$309.39	13.68%	\$281.89	31.30%
Median Price PSF	\$245.44	1.72%	\$265.70	13.90%	\$241.29	35.67%
Median Square Feet	1,994	5.06%	1,956	0.36%	1,898	-6.55%
Close to Original List Price	92.96%	-7.85%	101.07%	-4.52%	100.88%	1.31%

\* Days to Sell = Days on Market + Days to Close

#### About the data used in this report

Data used in this report come from the Texas REALTOR® Data Relevance Project, a partnership between Texas REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.





Price Cohort Analysis: Closed Sales versus Months Inventory

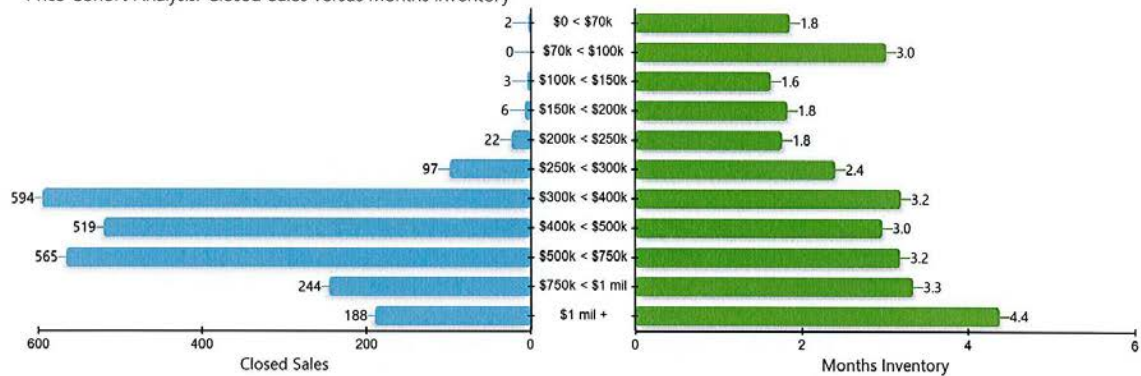


Table 2: Price Cohort Analysis

Price Cohort	Closed Sales	YoY %	% Total Sales	Median Close Price	YoY %	Median Close Price PSF	YoY %	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	2	100.00%	0.09%	***	***	***	***	2	1.8	2,033	2006
\$70k < \$100k	0	-100.00%	0.00%	***	***	***	***	3	3.0	NA	NA
\$100k < \$150k	3	-66.67%	0.13%	***	***	***	***	7	1.6	1,197	1945
\$150k < \$200k	6	-75.00%	0.27%	\$165,000	-5.71%	\$181.47	5.36%	23	1.8	977	1968
\$200k < \$250k	22	-69.44%	0.98%	\$225,000	-1.32%	\$195.90	5.74%	60	1.8	1,072	1983
\$250k < \$300k	97	-42.60%	4.33%	\$285,000	2.89%	\$214.23	6.72%	224	2.4	1,300	2003
\$300k < \$400k	594	-28.35%	26.52%	\$355,000	-0.28%	\$215.79	-1.77%	1,855	3.2	1,612	2014
\$400k < \$500k	519	-30.89%	23.17%	\$445,375	1.68%	\$228.37	1.70%	2,158	3.0	1,952	2017
\$500k < \$750k	565	-30.59%	25.22%	\$589,990	-0.84%	\$257.13	-0.76%	2,849	3.2	2,342	2013
\$750k < \$1 mil	244	-12.54%	10.89%	\$840,000	0.60%	\$293.93	-6.86%	1,085	3.3	2,839	2008
\$1 mil +	188	-15.70%	8.39%	\$1,397,000	1.60%	\$447.89	-9.83%	1,296	4.4	3,369	2010

\*\*\* Not displayed when fewer than 5 sales

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## Single-Family Homes

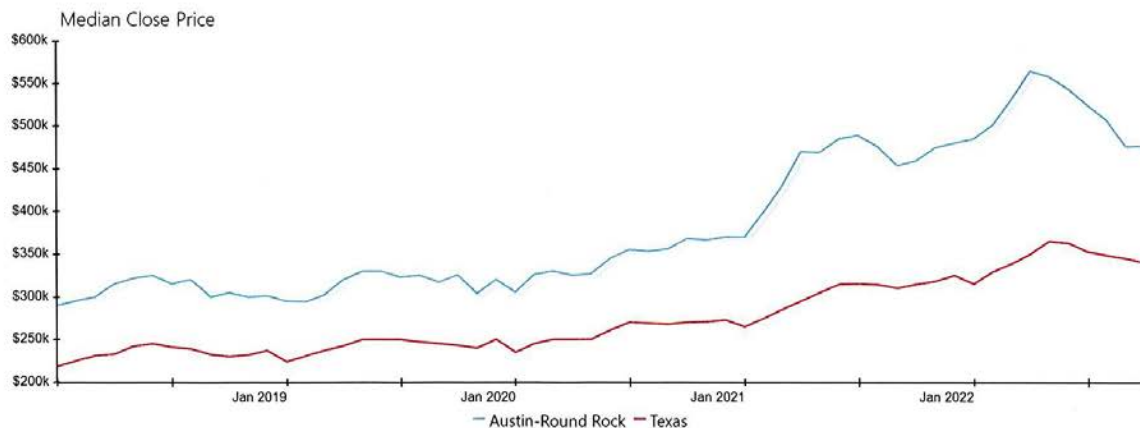
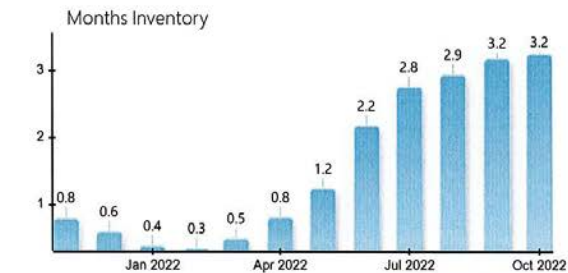
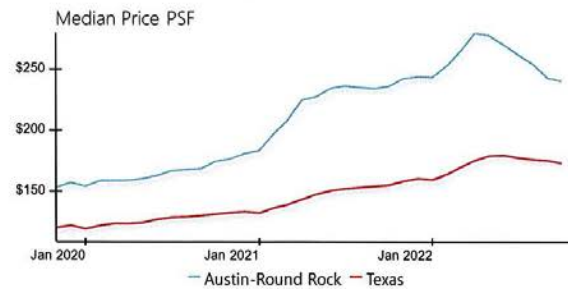
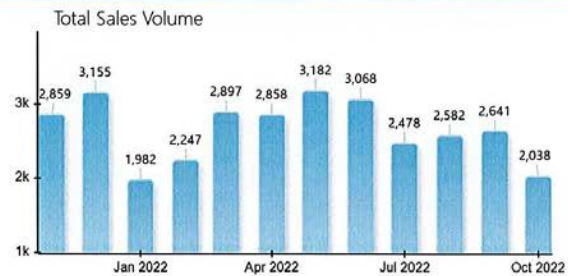
Sales volume for single-family homes decreased 26.59% YoY from 2,776 to 2,038 transactions. Year-to-date sales reached a total of 25,973 closed listings. Dollar volume dipped from \$1.57 billion to \$1.24 billion.

The average sales price rose 7.23% YoY from \$566,877 to \$607,854, while the average price per square foot subsequently rose from \$268.14 to \$272.43. Median price rose 3.81% YoY from \$459,500 to \$477,000, while the median price per square foot also rose from \$235.95 to \$240.47.

Months inventory for single-family homes rose from 1.0 to 3.2 months supply, and days to sell rose from 64 to 98.

Table 3: Single-Family Activity

	Oct 2022	YoY %
Sales	2,038	-26.59%
Dollar Volume	\$1,238,807,278	-21.28%
Median Close Price	\$477,000	3.81%
New Listings	2,924	-12.27%
Active Listings	8,647	187.18%
Months Inventory	3.2	226.87%
Days to Sell	98	53.13%
Average Price PSF	\$272.43	1.60%
Median Price PSF	\$240.47	1.91%
Median Square Feet	2,064	3.46%
Close to Original List Price	92.85%	-7.96%



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## Townhomes

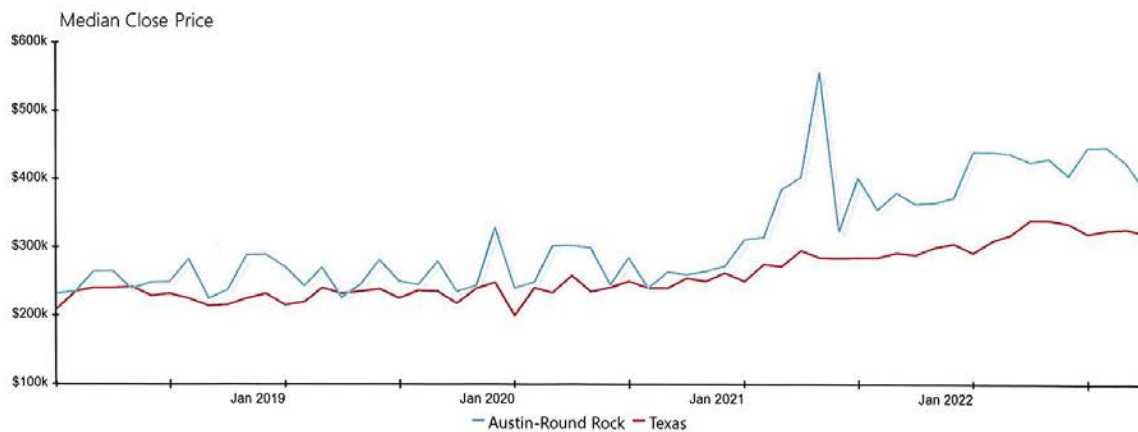
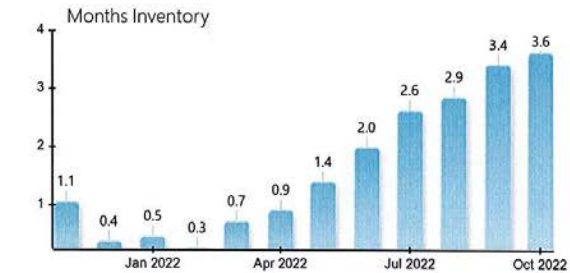
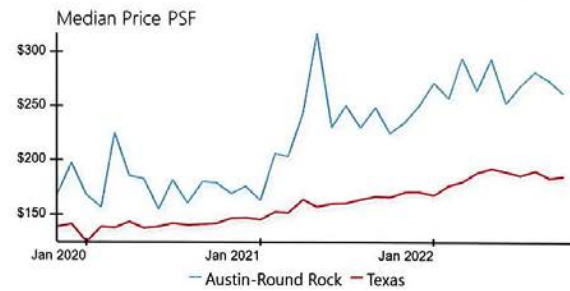
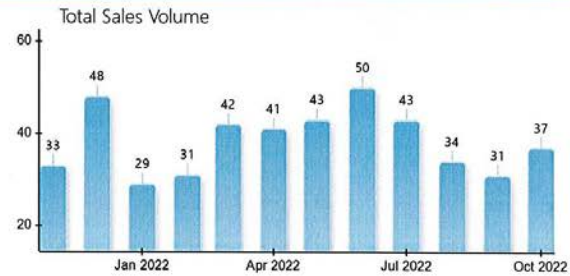
Sales volume for townhomes increased 8.82% YoY from 34 to 37 transactions. Year-to-date sales reached a total of 381 closed listings. Dollar volume rose from \$14.23 million to \$18.04 million.

The average sales price rose 16.52% YoY from \$418,391 to \$487,490, while the average price per square foot subsequently rose from \$237.82 to \$294.13. Median price rose 5.96% YoY from \$364,000 to \$385,681, while the median price per square foot also rose from \$224.86 to \$261.52.

Months inventory for townhomes rose from 1.4 to 3.6 months supply, and days to sell rose from 49 to 125.

Table 4: Townhouse Activity

	Oct 2022	YoY %
<b>Sales</b>	37	8.82%
<b>Dollar Volume</b>	\$18,037,129	26.80%
<b>Median Close Price</b>	\$385,681	5.96%
<b>New Listings</b>	49	-3.92%
<b>Active Listings</b>	140	174.51%
<b>Months Inventory</b>	3.6	167.97%
<b>Days to Sell</b>	125	155.10%
<b>Average Price PSF</b>	\$294.13	23.68%
<b>Median Price PSF</b>	\$261.52	16.30%
<b>Median Square Feet</b>	1,645	-3.18%
<b>Close to Original List Price</b>	94.57%	-5.83%



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## Condominiums

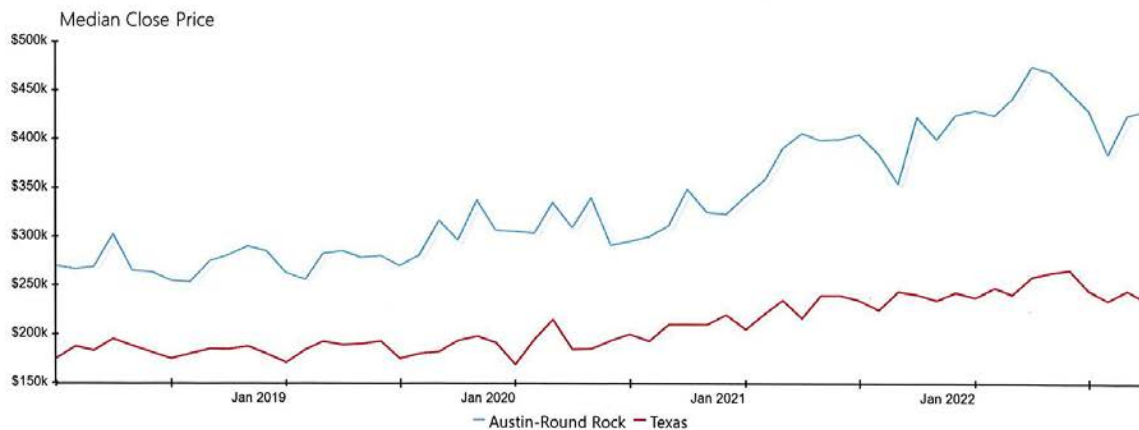
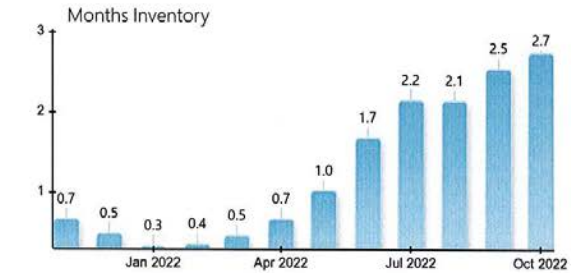
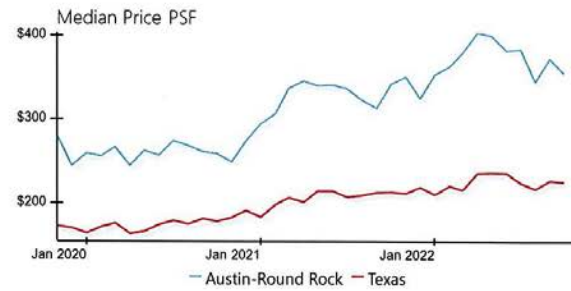
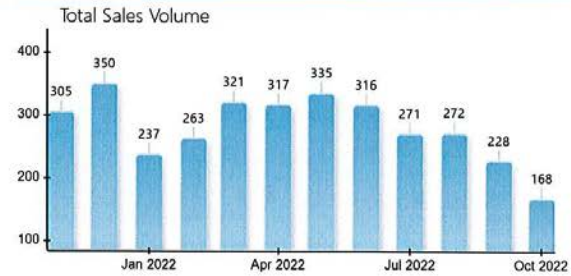
Sales volume for condominiums decreased 53.46% YoY from 361 to 168 transactions. Year-to-date sales reached a total of 2,728 closed listings. Dollar volume dipped from \$198.27 million to \$88.97 million.

The average sales price dipped 3.58% YoY from \$549,218 to \$529,578, while the average price per square foot rose from \$391.73 to \$415.34. Median price rose 1.65% YoY from \$423,000 to \$430,000, while the median price per square foot rose from \$342.25 to \$355.11.

Months inventory for condominiums rose from 0.9 to 2.7 months supply, and days to sell rose from 68 to 74.

Table 5: Condominium Activity

	Oct 2022	YoY %
Sales	168	-53.46%
Dollar Volume	\$88,969,091	-55.13%
Median Close Price	\$430,000	1.65%
New Listings	282	-21.88%
Active Listings	775	123.99%
Months Inventory	2.7	197.74%
Days to Sell	74	8.82%
Average Price PSF	\$415.34	6.03%
Median Price PSF	\$355.11	3.76%
Median Square Feet	1,317	-3.30%
Close to Original List Price	94.03%	-6.83%



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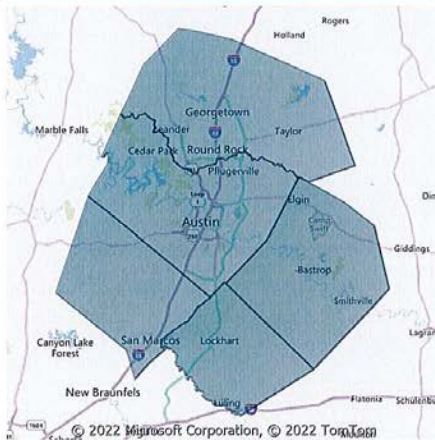




# Quarterly Housing Report

AUSTIN  
ROUND ROCK  
MSA

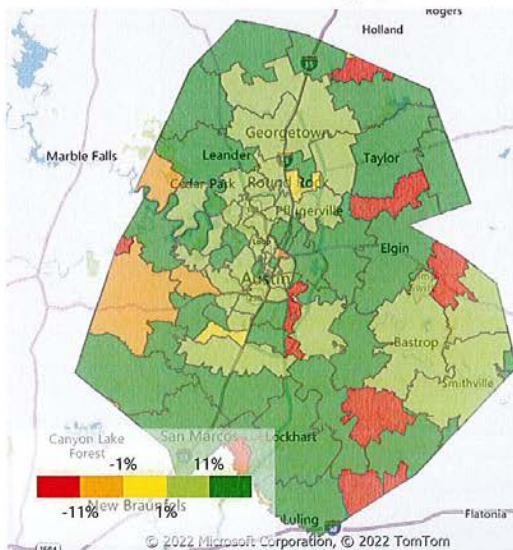
Third Quarter 2022



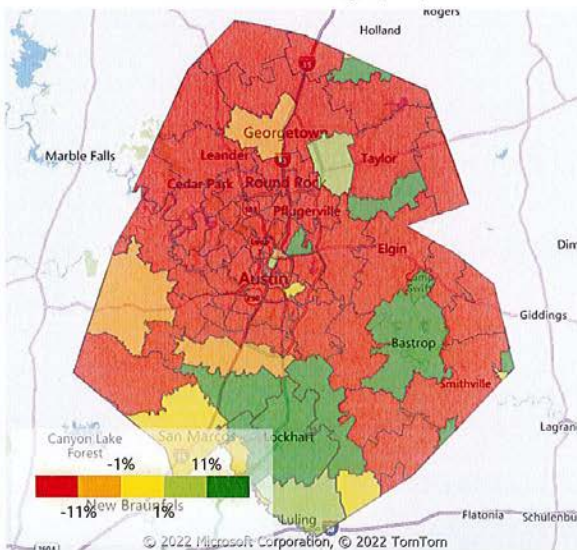
## Executive Summary

- Metro area sales volume decreased 23.7% to 8,731 transactions. Median price increased 6.8% year-over-year to \$492,500.
- 2022 Q3 months inventory for all residential properties rose 197.7% year-over-year to 3.1 months.
- Metro area residential property listings increased 162.4% year-over-year to 9,671 active listings.
- Single-family new construction median price increased by 23.8% year-over-year to \$460,000.
- Single-family rental average rent increased by 9.1% year-over-year to \$2,400.

Median Price Change (YoY)



Sales Volume Change (YoY)



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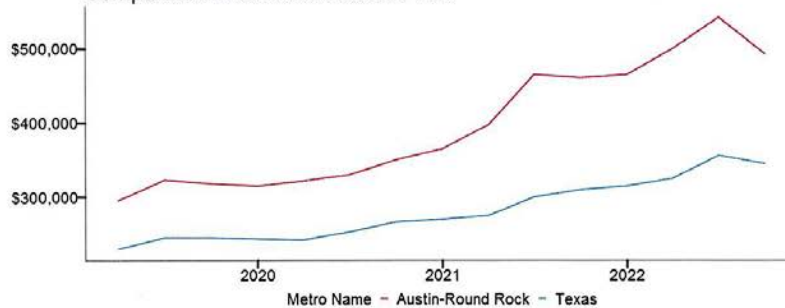


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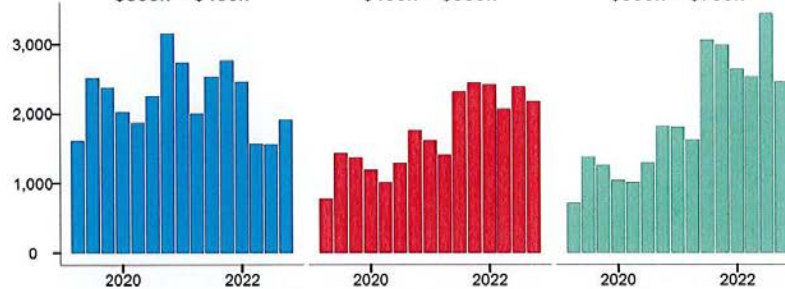
## Key Market Metrics

Comparative Metro Area Median Price



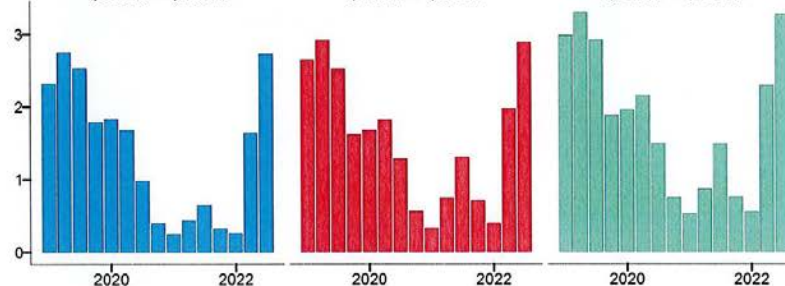
Median price in the Austin-Round Rock metro increased by approximately 6.8% year-over-year, from \$462,000 to \$492,500. Metro area price exceeded the statewide median price of \$345,000 by \$147,500.

Metro Area Sales Volume in Three Most Active Price Ranges  
\$300k < \$400k      \$400k < \$500k      \$500k < \$750k



2022 Q3 total sales volume decreased by approximately 23.7% year-over-year, from 11,444 to 8,731. Sales of homes between \$500k and \$750k dipped from 2,986 to 2,460, while homes between \$400k and \$500k dipped from 2,444 to 2,179, and homes between \$300k and \$400k dipped from 2,765 to 1,915.

Metro Area Months Inventory in Three Most Active Price Ranges  
\$300k < \$400k      \$400k < \$500k      \$500k < \$750k



Metro area months inventory increased year-over-year from 1.05 to 3.12 months. Homes between \$500k and \$750k rose year-over-year, from 1.48 to 3.26 months, while homes between \$400k and \$500k rose year-over-year, from 1.3 to 2.88 months and homes between \$300k and \$400k rose year-over-year, from .65 to 2.72 months.

Metro Area Days to Sell



Average days to sell throughout the metro area increased from 59 to 90 days, an increase of 52.5% year-over-year. Average days to sell for homes between \$500k and \$750k increased from 52 to 89 days, a 71.2% increase year-over-year.

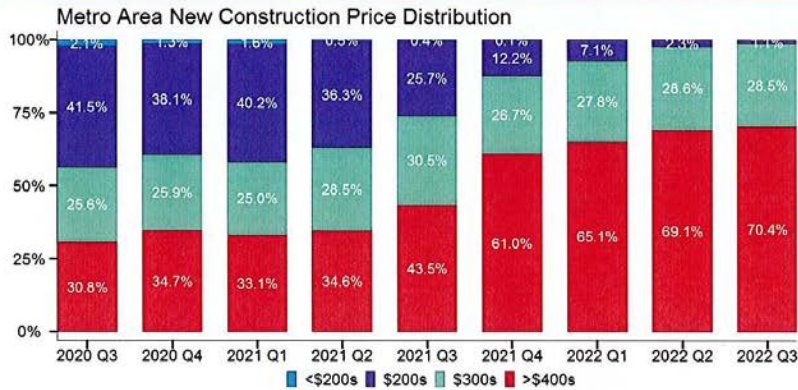


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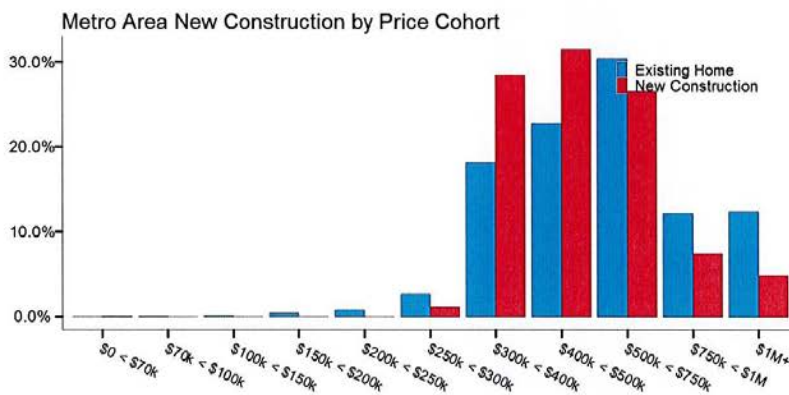
[www.recenter.tamu.edu](http://www.recenter.tamu.edu)



## Single-Family New Construction



Homes in the \$400s and above range grew to 70.4% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which fell from 30.5% to 28.5% year-over-year.



In the latest quarter, the average price was \$548,550 for new homes sold through the MLS, an increase over last year's figure of \$481,921. Average price for existing homes was \$666,697, an increase over last year's figure of \$606,505.

### Top Five Most Active Zip Codes

	Median Price	YoY%	Median Price PSF	YoY%	Median Square Feet
78130	\$368,971	17.1%	\$196.10	15.6%	1,891
78155	\$306,999	7.3%	\$181.29	12.1%	1,788
78628	\$535,000	6.9%	\$244.88	12.9%	2,304
78640	\$389,750	12.3%	\$218.11	16.6%	1,863
78641	\$560,000	24.0%	\$246.80	8.7%	2,345

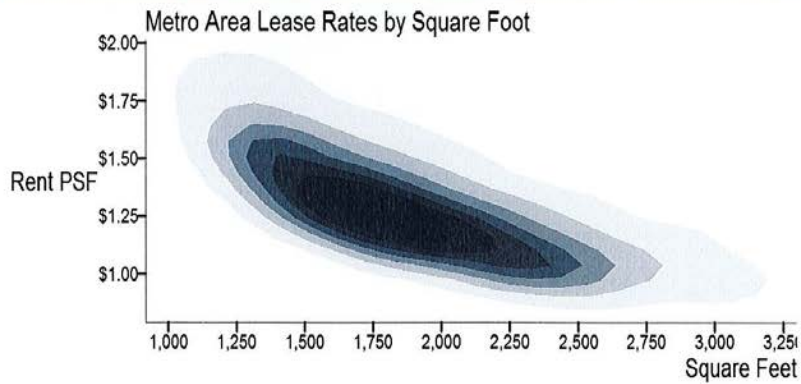


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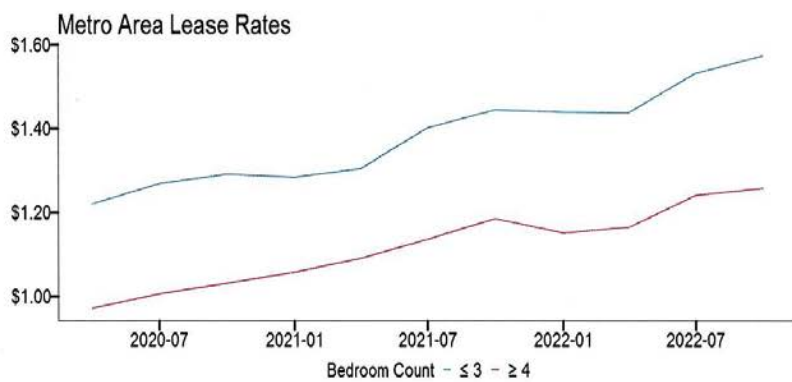
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## Single-Family Rentals



Average rent per square foot for single-family properties was \$1.45, an increase compared with last year's rental rate of \$1.34. The average home size was 1,956 square feet.



Average rent per square foot for three-bedroom single-family properties was \$1.57, an increase compared with last year's rental rate of \$1.44. For four-bedroom single-family homes, the rental rate per square foot was \$1.26, an increase compared with last year's rental rate of \$1.19.

### Rental Metrics by Bedroom Count

Bedroom Count	Average Monthly Rent	Average Monthly Rent	Average Square Feet	Distribution
Three or less	\$2,457	\$1.57	1,643	60.9%
Four or more	\$3,072	\$1.26	2,442	39.1%
Overall	\$2,698	\$1.45	1,955	100%



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## Housing Metrics by County

### Bastrop County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	1	0.0	-	-
\$70k < \$100k	1	-50%	0%	***	***	***	***	2	12.0	***	***
\$100k < \$150k	0	-100%	0%	-	-	-	-	1	1.5	-	-
\$150k < \$200k	6	-40%	2%	\$178,000	5%	\$149.70	13%	8	3.4	1,189	1995
\$200k < \$250k	8	-82%	2%	\$224,500	-4%	\$158.07	1%	7	1.4	1,511	1992
\$250k < \$300k	29	-65%	7%	\$285,000	4%	\$216.18	33%	24	1.9	1,310	2000
\$300k < \$400k	163	25%	41%	\$357,990	4%	\$212.21	7%	152	3.3	1,632	2021
\$400k < \$500k	116	59%	29%	\$437,600	1%	\$221.60	4%	120	3.6	2,084	2020
\$500k < \$750k	52	16%	13%	\$578,160	3%	\$251.34	19%	129	6.2	2,304	2021
\$750k < \$1M	15	-6%	4%	\$775,000	-7%	\$273.21	1%	58	9.5	2,900	2009
\$1M+	5	150%	1%	\$1,200,000	-6%	\$392.92	-39%	17	9.3	3,264	2007

\*\*\* Not displayed when fewer than five sales

### Caldwell County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	1	100%	1%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	1	100%	1%	***	***	***	***	1	1.7	***	***
\$100k < \$150k	4	-20%	3%	***	***	***	***	1	0.9	***	***
\$150k < \$200k	6	-45%	4%	\$175,000	-5%	\$134.64	-7%	2	0.9	1,227	1984
\$200k < \$250k	10	-41%	7%	\$227,500	-1%	\$219.60	35%	4	1.0	1,066	1984
\$250k < \$300k	13	-35%	9%	\$275,000	3%	\$185.82	2%	19	3.1	1,453	2015
\$300k < \$400k	83	337%	56%	\$346,533	2%	\$195.82	5%	37	2.1	1,778	2021
\$400k < \$500k	16	300%	11%	\$439,315	-1%	\$187.80	3%	12	2.2	2,259	2020
\$500k < \$750k	8	14%	5%	\$582,500	3%	\$246.59	0%	21	6.8	2,320	1964
\$750k < \$1M	3	100%	2%	***	***	***	***	13	12.0	***	***
\$1M+	3	50%	2%	***	***	***	***	5	10.0	***	***

\*\*\* Not displayed when fewer than five sales

### Hays County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$150k < \$200k	7	-73%	1%	\$178,000	4%	\$177.80	3%	5	1.5	960	1984
\$200k < \$250k	16	-70%	1%	\$227,756	-5%	\$224.93	34%	5	0.8	1,049	1980
\$250k < \$300k	46	-77%	3%	\$289,323	3%	\$228.64	38%	27	1.1	1,297	2004
\$300k < \$400k	496	3%	36%	\$350,000	1%	\$218.70	15%	328	2.4	1,560	2021
\$400k < \$500k	341	74%	25%	\$438,675	1%	\$214.71	0%	282	3.2	2,042	2020
\$500k < \$750k	273	28%	20%	\$599,990	1%	\$247.87	2%	355	4.4	2,408	2019
\$750k < \$1M	99	-12%	7%	\$851,134	3%	\$286.51	4%	129	3.8	3,039	2017
\$1M+	100	18%	7%	\$1,250,000	-4%	\$359.84	-8%	166	5.1	3,736	2014

\*\*\* Not displayed when fewer than five sales



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## Housing Metrics by County

### Travis County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	3	200%	0%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	1	100%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	2	-71%	0%	***	***	***	***	0	0.0	***	***
\$150k < \$200k	7	-83%	0%	\$183,000	-2%	\$311.95	-5%	3	0.7	520	1985
\$200k < \$250k	42	-58%	1%	\$225,000	2%	\$332.14	-1%	28	1.8	661	1982
\$250k < \$300k	105	-53%	3%	\$275,000	0%	\$313.93	25%	51	1.6	862	1982
\$300k < \$400k	517	-51%	13%	\$357,750	2%	\$272.68	14%	522	2.7	1,336	1999
\$400k < \$500k	818	-27%	21%	\$450,000	1%	\$267.46	5%	841	2.7	1,676	2010
\$500k < \$750k	1,242	-24%	32%	\$600,000	0%	\$305.04	-1%	1,404	2.9	1,931	2006
\$750k < \$1M	512	-29%	13%	\$850,000	1%	\$350.11	1%	681	3.4	2,441	2004
\$1M+	645	-10%	17%	\$1,372,500	0%	\$491.06	4%	965	4.1	3,129	2004

\*\*\* Not displayed when fewer than five sales

### Williamson County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	3	50%	0%	***	***	***	***	0	0.0	***	***
\$150k < \$200k	5	-76%	0%	\$191,000	1%	\$169.68	7%	3	1.5	960	1940
\$200k < \$250k	11	-88%	0%	\$240,000	2%	\$175.08	12%	8	1.0	1,326	1984
\$250k < \$300k	81	-69%	3%	\$275,000	0%	\$222.99	22%	49	1.6	1,259	2002
\$300k < \$400k	656	-39%	23%	\$369,000	5%	\$233.11	8%	663	2.9	1,573	2013
\$400k < \$500k	888	-15%	31%	\$445,000	1%	\$234.10	7%	916	2.9	1,916	2018
\$500k < \$750k	885	-18%	30%	\$581,845	1%	\$240.67	7%	1,100	3.3	2,467	2016
\$750k < \$1M	276	2%	9%	\$844,500	1%	\$258.50	8%	309	3.4	3,266	2016
\$1M+	102	10%	4%	\$1,150,000	0%	\$313.46	1%	197	5.9	3,769	2013

\*\*\* Not displayed when fewer than five sales



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## **QUALIFICATIONS OF THE APPRAISERS**



## QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

### PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser  
 Certificate Number: TX-1320197-G  
 Date of Expiration: 03/31/2025

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

### EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)

- 37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)
- 38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
- 39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
- 40) Seminar: 10<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
- 41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
- 42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
- 43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
- 44) Seminar: 11<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
- 45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
- 46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
- 47) Seminar: 12<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
- 48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
- 49) Seminar: 13<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
- 50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
- 51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
- 52) Seminar: 15<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
- 53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
- 54) Seminar: 16<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
- 55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
- 56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
- 57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
- 58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
- 59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
- 60) Seminar: 19<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
- 61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
- 62) Seminar: 20<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
- 63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
- 64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
- 65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
- 66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
- 67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
- 68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
- 69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
- 70) Seminar: 23<sup>rd</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
- 71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
- 72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
- 73) Seminar: 24<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
- 74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
- 75) Seminar: 25<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
- 76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
- 77) Seminar: 26<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
- 78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
- 79) Seminar: 27<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
- 80) Symposium: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
- 81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
- 82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
- 83) Seminar: 28<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
- 84) Symposium: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)

- 85) Seminar: 29<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31<sup>st</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)
- 92) Symposium: 2022 Real Estate Symposium, by Appraisal Institute, Houston, TX (Oct. 25, 2022)
- 93) Course: Supervisory Appraiser Course, by Appraisal Institute, Synchronous, Houston, TX (Dec. 2, 2022)

### **APPRAISAL BACKGROUND**

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

Texas Address:	1313 Campbell Road, Suite C Houston, Texas 77055-6429
Phone Number:	(713) 464-7700
Fax Number:	(713) 464-3696
E-Mail:	<a href="mailto:phillip@barlettainc.com">phillip@barlettainc.com</a>





## DAVID BAEHR, MAI, SRA, AI-GRS

(713) 884-7813  
david.baehr@barlettainc.com

### REAL ESTATE APPRAISER

– 16 years in real estate appraisals, asset management, acquisitions, and portfolio management –

Accomplished real estate appraiser, a high performer excelling in performing and reviewing appraisals for compliance with USPAP, FIRREA and the OCC. Has experience with various proposed/existing property types, including: A & D (subdivision development), 5+ lots/units, single-family, multi-family, office and other property types throughout the U.S. This includes REO/distressed properties. Consults with account officers, fee appraisers and brokers giving guidance regarding any issues that may arise. Research markets and perform due diligence to complete risk analyses and determine credibility of appraisal under review. *General Certified Real Estate Appraiser and a Designated Member of the Appraisal Institute.*

### PROVEN COMPETENCIES

- Appraisal review
- Data/Market Analysis
- Client inquiries/Investigations
- Due Diligence
- Market trend analysis
- Forward looking projections
- Market forecasting
- Risk management

### PROFESSIONAL EXPERIENCE

Barletta & Associates, Houston, TX

5/2021-Present

**COMMERCIAL REAL ESTATE APPRAISER** – Appraising a variety of commercial properties specializing in residential subdivision valuation.

U.S. Bancorp, Houston, TX

7/2013-4/2021

*The fifth largest financial institution in the United States, with \$429 billion in assets.*

### VICE PRESIDENT / SENIOR REVIEW APPRAISER

Review appraisals of proposed and existing collateral, ensuring that the appraisal reports are in compliance with USPAP, FIRREA, the OCC and U.S. Banks policy and procedures. Depending on the complexity of the property type, discounted cash flow analysis, expense/revenue projections may be utilized to ensure the reports are in line with market trends. Analyze and review residential appraisal reports, A & D subdivision development appraisals, 5+ lot/units appraisals, commercial land, medical offices, industrial, multifamily and other property types throughout the U.S. each month for the purpose of collateral monitoring and loan underwriting. Communicate issues, concerns and results with loan officers.

- Manage the ordering and review of appraisals of portfolios with borrowing bases and revolving and other credit facilities of borrowers with loan amounts totaling over \$500MM.
- Properly order appraisals with appropriate scope of work and value scenarios from qualified and competent appraisers (based on the property type and vendor's experience) on the approved vendor panel.
- Monitor appraisal process from engagement to review completion and facilitate report delivery and response to issues as appropriate.
- In reviewing the appraisal reports, discuss any USPAP, FIRREA or OCC deficiencies with the vendors in order to ensure compliance with federal regulations and RETECHS Internal Procedures.

- Page 1 of 3 -

- Effectively communicate valuation/appraisal issues with the business lines and answer any questions from the loan production staff and risk management group as well as respond to reconsideration requests from business lines in a timely manner.

**APPRAISAL MC, Houston, TX**

4/2013-7/2013

*A rapidly growing appraisal management company that provides the nation's premier lenders with the capability to maintain compliance standards throughout the appraisal ordering process. We pride ourselves on customer service as well as extensive industry knowledge and experience.*

**VP APPRAISAL REVIEW**

- Assess risks associated with the real estate appraisal and evaluation for residential lending channels.
- Protect the financial interests of company by adhering to appraisal standards for accuracy and quality and proactively identify appraisal risk in real estate markets.
- Maintain knowledge of the real estate industry and follow all state and federal laws and regulation pertaining to the Real Estate Industry.

**PNC BANK, N.A., Houston, TX**

3/2012-4/2013

(PNC BANK, N.A., purchased RBC BANK USA in March 2012)

*A \$13 billion financial services organization with 57,000 employees.*

**REVIEW APPRAISER**

3/2012-4/2013

Analyze and review residential and commercial appraisals throughout the U.S each month for the purpose of collateral monitoring, loan underwriting and foreclosure proceedings. Communicate issues, concerns and results with relationship managers.

- Join with fee appraisers and attain compliance with USPAP and federal regulations.
- Engage third party appraisers to perform appraisals for the bank.

**ROYAL BANK OF CANADA (RBC Builder Finance division), Houston, TX**

6/2005-3/2012

*A full-scale banking institution with 74,000 global employees and \$27 billion in annual revenue.*

**STAFF APPRAISER**

9/2005-3/2012

Produced property and land appraisals, completing due diligence for up to 620 appraisals per month. Evaluated collateral, creating forecasts for short and long-term revenue and expense projections. Executed valuations for vacant lots and single-family residences (1-4 family and 5+ lots and units), aggregating retail proceeds and discounted cash flow analysis. Partnered with national account officers and asset management departments to analyze contracts, budgets, absorption rates, and economic housing data. Coordinated and completed form appraisals and evaluation reports, assessing distressed collateral.

- Became proficient in the sales comparison, cost, and income approaches to market value and liquidation/disposition value on various property types as a certified appraiser.
- Engaged in sophisticated cash flow modeling for complex collateral, creating bulk valuations.
- Conducted in depth market research on new homebuilders and developers.

**INSPECTOR ANALYST**

6/2005-9/2005

Operated within a broad international customer base in the builder finance division, focusing on construction lending to premier clients throughout the US. Completed cost effective, reliable collateral draw inspections for the Houston-based office. Served customers by coordinating inspections with builders.

David Baehr

dmbaehr@sbcglobal.net

- Fulfilled up to 500 inspections per week for four months; saved customers \$180,000 by personally completing inspections, alleviating the need for builders to hire outside inspectors.
- Ensured customers received draws according to schedule; observed builder progress and authorized access to additional credit extensions.
- Joined with a colleague to complete 600+ inspections in two days.

## EDUCATION & TRAINING

### DEGREES

- **Bachelor of Business Administration – Finance**, University of St. Thomas, 2005
- **Associate of Arts in General Studies**, Houston Community College, 2002

### CERTIFICATIONS

- General Certified Real Estate Appraiser, TX-1380372-G
- MAI designation through the Appraisal Institute
- SRA designation through the Appraisal Institute
- AI-GRS designation through the Appraisal Institute

### PROFESSIONAL DEVELOPMENT

- Real estate appraisal coursework in Advanced Highest and Best Use and Market Analysis, Quantitative Analysis, Sales Comparison and Income Approaches, Advanced Residential Applications, Site Valuations, Cost Approach, Real Estate Finance, Statistics and Valuation Modeling, Residential Report Writing, USPAP, and Appraisal Procedures and Principles, *The Appraisal Institute & McKissock*
- Advanced accounting coursework, *University of Houston – Downtown, Houston Community College, & Lone Star College System*

### COMPUTER SKILLS

- Proficient in Microsoft Office Suite, Zonda Metrostudy, Costar, RIMS, LINKS and Argus.

## AFFILIATION

Member, Appraisal Institute



APPENDIX G  
FINANCING AGREEMENT

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**DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
FINANCING AGREEMENT**

**BETWEEN**

**MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company**

**AND**

**BASTROP COUNTY, TEXAS**

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## DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT FINANCING AGREEMENT

This **DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT FINANCING AGREEMENT** (this "**Agreement**"), dated as of February 28, 2022, (the "**Effective Date**"), is entered into between **MERITAGE HOMES OF TEXAS, LLC**, an Arizona limited liability company (including its Designated Successors and Assigns, the "**Owner**"), and **BASTROP COUNTY, TEXAS** (the "**County**"). The Owner and the County are sometimes collectively referenced in this Agreement as the "**Parties**," or, each individually, as the "**Party**."

### Recitals:

**WHEREAS**, Owner owns a total of approximately 195.879 acres of land more particularly described on Exhibit "B" attached hereto and made a part hereof (the "**Property**");

**WHEREAS**, the Commissioners Court of the County (the "**Commissioners Court**") approved the Double Eagle Ranch Development Agreement on May 24, 2021, which provided for the terms and conditions of development standards for the Property (as may be amended from time to time, the "**Development Agreement**");

**WHEREAS**, it is intended that the Property will be developed as a single-family residential development to be known as "**Double Eagle Ranch**" (the "**Project**") as further conceptually described in the concept plan which is attached hereto as Exhibit "C" hereto and made a part hereof;

**WHEREAS**, the Commissioners Court authorized the formation of the Double Eagle Ranch Public Improvement District by resolution on May 10, 2021 (the "**District**") in accordance with the PID Act;

**WHEREAS**, the Owner of the Property desires and intends to design, construct and install and/or make financial contributions to certain on-site and off-site public improvements to serve the development of the Property and pursuant to the terms of this Agreement, the County has agreed to accept and to pay or reimburse the Owner for a portion of certain public improvements that will serve the Property in the District, as generally described on Exhibit "D" attached hereto and made a part hereof (the "**Authorized Improvements**");

**WHEREAS**, pursuant to the terms of this Agreement, the County has agreed to allow financing of the Authorized Improvements conferring special benefits to the Property through the District;

**WHEREAS**, the Owner anticipates developing the Project in phases, with the District being divided, for development planning and funding purposes, into two distinct improvement areas consisting of "**Improvement Area #1**", and "**Improvement Area #2**" (each an "**Improvement Area**" and collectively, the "**Improvement Areas**"), with the approximate boundaries of such Improvement Areas being reflected on Exhibit "B-1" attached hereto and made a part hereof.

**WHEREAS**, each Authorized Improvement is intended to benefit only one Improvement Area, to wit: (A) certain of the Authorized Improvements will benefit only Improvement Area #1; and (B) certain of the Authorized Improvements will benefit only Improvement Area #2. No Authorized Improvement is intended to benefit more than one Improvement Area.

**WHEREAS**, it is anticipated that the initial Tax Equivalent Assessment rate of the Special Assessments at build out of the Project will be no more than \$.75 per \$100 of assessed value and \$20,000,000 is the maximum par amount of PID Bonds that will be financed to fund or reimburse Authorized Improvements to the Owner; and

**WHEREAS**, the County, subject to the consent and approval of the Commissioners Court, the satisfaction of all conditions for the issuance of PID Bonds and Owner's compliance with the County's PID Policy, this Agreement and the Development Agreement, and in accordance with the terms of this Agreement and any other legal requirements, will consider : (i) the adoption of the Service and Assessment Plan (or amendment hereto) for each Improvement Area; (ii) the adoption of an Assessment Order for each Improvement Area; and (iii) authorizing the issuance of PID Bonds, in one or more series at the County's sole discretion, for each Improvement Area for the purpose of financing the costs of the Authorized Improvements within each respective Improvement Area and paying associated costs as described herein;

**WHEREAS**, prior to consideration of the sale of a series of PID Bonds for Improvement Area #1: (a) the Commissioners Court shall have considered, approved and adopted this Agreement; (b) the County shall have considered, reviewed and approved the Home Buyer Disclosure Program; (c) owners of the Property constituting all of the acreage in Improvement Area #1 at the time of the levy of the Special Assessments for Improvement Area #1 shall have executed a Landowner Agreement (as defined in Section 3.02, herein); (d) the Owner shall have delivered a fully executed copy of the Landowner Agreement to the County and (e) the Owner shall have constructed and the County shall have accepted all the Authorized Improvements allocable to Improvement Area #1;

**WHEREAS**, prior to consideration of the sale of a series of PID Bonds for Improvement Area #2: (a) the Commissioners Court shall have considered, approved and adopted this Agreement; (b) the County shall have considered, reviewed and approved the Home Buyer Disclosure Program; (c) owners of the Property constituting all of the acreage in Improvement Area #2 at the time of the levy of the Special Assessments for Improvement Area #2 shall have executed a Landowner Agreement (as defined in Section 3.02, herein); (d) the Owner shall have delivered a fully executed copy of the Landowner Agreement to the County and (e) the Owner shall have constructed and the County shall have accepted all the Authorized Improvements allocable to Improvement Area #2;

**WHEREAS**, the County will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, accept the applicable Authorized Improvements provided for in this Agreement and it is intended that the Owner will be paid or reimbursed for the costs of the Authorized Improvements solely from Special Assessments or from the proceeds of the PID Bonds, for the costs of acquisition, construction and improvement of the Authorized Improvements that are completed, dedicated to and accepted by the County, subject to the terms and limitations set forth herein;

**WHEREAS**, the Parties intend that the proceeds of an issuance of PID Bonds or special assessment revenues derived from the District will be used pay or reimburse the Owner for the Actual Costs of the Authorized Improvements in accordance with the terms and provisions of this Agreement.

**WHEREAS**, Subject to the limitations of the PID Act and the County's PID Policy, the County has the authority to issue, from time to time, one or more series of PID Bonds, the proceeds of which will be used to pay the costs of Authorized Improvements, including indebtedness to pay capitalized interest, the County's cost of issuance, and a reserve fund;

**WHEREAS**, the County's PID Policy requires that PID Bonds will not be issued in advance of construction of an improvement area of a PID and will only issue PID Bonds on a reimbursement basis after all public improvements within such phase have been completed; and

**WHEREAS**, the County has determined that it is in its best interests to enter into this Agreement with the Owner for the construction and/or acquisition of the Authorized Improvements, which will result in the efficient and effective implementation of the Service and Assessment Plan.

**NOW, THEREFORE**, for and in consideration of the above stated Recitals and mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the Parties hereto agree as follows:

## **ARTICLE I. RECITALS AND DEFINED TERMS**

The Recitals set forth above are true and correct and are incorporated herein and made a part hereof as findings for all purposes. Unless otherwise defined herein, capitalized terms used herein are set forth in Exhibit "A" attached hereto and made a part hereof and in the Service and Assessment Plan.

## **ARTICLE II. CONSTRUCTION OF AUTHORIZED IMPROVEMENTS; ACCEPTANCE**

### **Section 2.01. Authorized Improvements.**

The Owner shall be responsible for construction of all the Authorized Improvements to be completed, in a good and workmanlike manner, and in accordance with all Applicable Regulations. The costs of the Authorized Improvements are subject to change and shall be updated by the Owner and the County in a manner consistent with the Service and Assessment Plan and the PID Act. The actual or estimated Actual Costs, as applicable, of the Authorized Improvements will be reviewed annually by the Parties and included in an annual update of the Service and Assessment Plan adopted and approved by the County. The Service and Assessment Plan may need to be amended over time if there are any changes to the specification or plans relating to an Authorized Improvement. The Authorized Improvements are identified in Exhibit "D" attached hereto. The Parties acknowledge that the Authorized Improvements described in Exhibit "D" are subject to change, and that the approved Service and Assessment Plan control when in conflict with Exhibit "D". The Parties acknowledge that as of the effective date of this Agreement, the procedures

provided below in Section 4.02 and Section 4.03 shall apply to each Improvement Area. The procedures therein shall be read to apply to each Improvement Area (e.g. if reference is made to an Acquisition and Reimbursement Agreement, to Assessment Revenues, or to PID Bonds, such reference applies only to an Acquisition and Reimbursement Agreement, to Assessment Revenues, or to PID Bonds applicable to that Improvement Area). The Owner shall be responsible for payment of the Actual Costs of the Authorized Improvements. The costs of the Authorized Improvements are eligible for payment or reimbursement by the County as provided in Article II hereof. If the Owner is unable or unwilling to perform its obligations with respect to the construction of the Authorized Improvements, the County may complete the construction of the Authorized Improvements and use Special Assessment Revenues and PID Bond proceeds to pay the Cost thereof in accordance with the terms hereof, particularly Section 2.04(ii).

### **Section 2.02. Inspections; Acquisition of Authorized Improvements.**

(a) To the extent not previously approved, the Owner will obtain approval of construction plans as required by all Applicable Regulations, for an Authorized Improvement from the County prior to commencing construction of such Authorized Improvement. Approval by the County Engineer of any plans, designs or specifications submitted by Owner pursuant to this Agreement or pursuant to all Applicable Regulations shall not constitute or be deemed to be a release of the responsibility and liability of Owner, the Project Engineer, employees, officers or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the County for any defect in the design and specifications prepared by Owner or Owner's Project Engineer, or such engineer's officers, agents, servants or employees. Approval by the County Engineer signifies the County's approval on only the general design concept of the improvements to be constructed or the improvements constructed.

(b) The County shall have the right to inspect, at any time, the construction of all Authorized Improvements necessary to support the Project, including water, wastewater/sanitary sewer, drainage, roads, streets, alleys, park facilities, utilities, entryway monumentation, right of way, easements, street lights and signs in accordance with all Applicable Regulations. The County's inspections and/or approvals shall not release the Owner from its responsibility to construct, or cause the construction of, Authorized Improvements in accordance with approved construction plans related to development of the Property. Notwithstanding any provision of this Agreement, it shall not be a breach or violation of this Agreement if the County withholds development permits as to any portion of the Project in the event Owner is in default of its obligations under this Agreement and the Development Agreement to construct the required Authorized Improvements within an Improvement Area for the Authorized Improvements that serve that Improvement Area, according to the approved final plat and construction plans. Acceptance by the County shall not be unreasonably withheld, conditioned or delayed.

(c) The Owner shall dedicate, convey, or otherwise provide for the benefit of the County the Authorized Improvements on Exhibit "D" of this Agreement (as the same may be adjusted pursuant to the Service and Assessment Plan) upon completion of said Authorized Improvements and the County will accept such dedication of such Authorized Improvements after confirming that the Authorized Improvements have been completed in accordance with this Agreement, the Development Agreement and all Applicable Regulations.

(d) From and after the inspection and acceptance by the County of the applicable Authorized Improvements and any other dedications required under this Agreement, such improvements and dedications shall be owned by the County.

### **Section 2.03. Designation of Construction Manager, Project Engineers.**

(a) The County hereby designates the Owner, as the initial Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Authorized Improvements in accordance with the provisions of this Article II, subject to the County's review and approval of final plats and construction plans.

(b) If the Construction Manager is (i) unable (not caused by Force Majeure) or unwilling to perform its duties and responsibilities hereunder or (ii) is not performing the duties and responsibilities of the Construction Manager in accordance with the terms of this Agreement, the County shall provide written notice to the Owner of such non-performance (the "**Non-performance**"). The Owner shall have thirty (30) calendar days (or such longer period of time as agreed upon in writing by the Parties) to correct the Non-performance from the date of the County's written notification. If the Non-performance is not cured, the County may either allow the Owner additional time to cure the Non-performance based on adequate assurance in writing by the Owner that the Construction Manager will perform or if required by the County, adequate funds shall be held in escrow or be deposited into a segregated account of the Project Fund as identified in the Trust Indenture, or the County may replace the Construction Manager any time after the cure period has elapsed.

### **Section 2.04. Designation of Construction Manager Subcontractor.**

The Owner may subcontract out all or some of the duties of Construction Manager to a third party, with the written consent of the County, such consent not to be unreasonably withheld, conditioned, or delayed. Owner may designate a homebuilder, an individual, company, partnership, or other entity (each a "**Third-Party Contractor**"), as a subcontractor for construction management services for one or more Authorized Improvements. The Owner shall provide written notice to the County within three (3) business days of such designation. Within five (5) business days after executing a contract with a Third-Party Contractor, the Owner shall:

(i) provide a copy of the executed contract to the County Engineer, and

(ii) obtain from the Third-Party Contractor a collateral assignment of the Owner's rights under the contract with the Third-Party Contractor solely as they relate to the Authorized Improvements related to the contract with the Third-Party Contractor, in a form satisfactory to the County Engineer, which authorizes the County to utilize the services of such Third-Party Contractor to complete the construction of such Authorized Improvements if the Owner fails to do so as provided in this Agreement.

## **Section 2.05. Mandatory Owners Association.**

(a) Prior to the closing on a sale of any platted lots within the District to a homeowner, the Owner shall create an Owners Association for the Property, and shall establish bylaws, rules, regulations and restrictive covenants (collectively the "**Association Regulations**") to assure the Owners Association performs and accomplishes the duties and purposes required to be performed and accomplished by the Owners Association pursuant to this Section.

(b) The Owners Association will have a binding, continuing responsibility for the implementation and enforcement of the Association Regulations. The Association Regulations shall establish periodic Owners Association dues and assessments, to be charged and paid by the lot owners within the Property, that are and will be sufficient to (i) pay the Owners Association's Annual Installments of Special Assessments (if any), and (ii) to provide funds required for the management and operation of the Owners Association.

(c) The Owners Association dues and assessments that are established, maintained and collected by the Owners Association shall be in addition to, and not in lieu of, any and all other fees, charges and Special Assessments that will be applicable to the Property.

## **Section 2.06. Change Orders for Authorized Improvements.**

All change orders for applicable Authorized Improvements shall be approved by the Owner, Construction Manager and the County Engineer, to the extent any such change order causes an increase to the total costs of the Authorized Improvements in excess of \$100,000. The Construction Manager shall provide copies of all approved change orders to the Financial Advisor and Trustee within five (5) business days after approval.

Notwithstanding any provision contained herein to the contrary, the Owner must obtain the approval of the County Engineer for any change order that would deviate from the approved construction plans in a manner that would substantially change the character or nature of an Authorized Improvement. A substantial change shall be a modification to the Authorized Improvement such that it increases the cost of that Authorized Improvement by more than 10%.

## **Section 2.07. Maintenance of Project, Warranties.**

The Owner shall maintain each Authorized Improvement in good and safe condition in accordance with applicable all Applicable Regulations until such Authorized Improvement is accepted by the County. Prior to such acceptance, the Owner shall be responsible for performing any required maintenance on such Authorized Improvement. On or before the acceptance by the County of an Authorized Improvement the Owner shall assign to the County all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidences of contingent obligations of third persons with respect to such Authorized Improvement and shall provide the County with a two year maintenance bond from the date of final acceptance of the Authorized Improvements that guarantee the costs of any repairs which may become necessary to any part of the construction work performed in connection with the Authorized Improvements for each Authorized Improvement to be accepted by the County.

## **Section 2.08. Sales and Use Tax Exemptions.**

(a) The Parties understand that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Authorized Improvements to be acquired by the County are exempt under the current Tax Code from sales and use taxes levied by the State of Texas, or by any city, county, special district, or other political subdivision of the State, as set forth in Section 151.309 of Tax Code and 34 Tex. Admin. Code, sec. 3.291.

(b) Upon request of the Owner, and to the extent provided by law, the County will provide such certifications to the Owner and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The County and the Owner shall cooperate in structuring the construction contracts for the Authorized Improvements to comply with requirements (including those set forth in 34 Tex. Admin. Code, sec. 3.291) for exemption from sales and use taxes.

## **Section 2.09. Regulatory Requirements.**

(a) Notwithstanding anything to the contrary contained herein, the Owners shall be responsible for the costs of designing, constructing, and obtaining the County's acceptance of the Authorized Improvements in accordance with all Applicable Regulations, and the County-approved construction plans.

(b) There is currently no County analog to Section 252.022(a)(9), as amended, Texas Local Government Code, which allows construction of the Authorized Improvements to be exempt from any municipal public bidding or other municipal purchasing and procurement policies for "paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through Assessments levied on property that will benefit from the improvements." It is agreed that if statutory authorization is enacted by the Texas Legislature that would make such an exemption applicable to County purchasing, the County shall apply the new County exemption statute to the Authorized Improvements' construction process. The Owner shall comply with the County Purchasing Act.

## **Section 2.10. Insurance.**

(a) All contractors, subcontractors, engineers, and consultants shall carry and maintain throughout the term of this Agreement (except as specifically noted below) the following insurance policies:

(i) Workers' compensation and employers' liability insurance coverage with limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act and minimum policy limits for employers' liability of \$1,000,000 bodily injury for each accident, \$1,000,000 bodily injury by disease policy limit and \$1,000,000 bodily injury by disease each employee. County will accept workers' compensation coverage written by the Texas Workers' Compensation Insurance Fund. The insurance required by this subsection shall be in effect commencing not later than the commencement of construction of any portion of the Project.

(ii) Automobile liability insurance for all owned, non-owned, and hired motor vehicles used, with respect to the Property or the Project in a minimum amount of \$1,000,000, combined single limit.

(iii) Commercial general liability policy with a minimum limit of \$1,000,000 per occurrence for bodily injury and/or property damage, with a minimum aggregate of \$1,000,000 and blanket contractual coverage, independent contractors' coverage and explosion, collapse, and underground (X, C & U) coverage.

(iv) For contractors/subcontractors providing professional engineering, architectural or design services under this Agreement, engineers' professional liability insurance or other errors and omissions insurance coverage for the non-engineer professionals with a minimum limit of \$1,000,000 per claim and in the aggregate to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission committed or alleged to have been committed with respect to plans, maps, drawings, analyses, reports, surveys, change orders, designs or specifications prepared or alleged to have been prepared by the assured. The insurance required by this subsection shall be in effect commencing not later than the commencement of submission to County for approval of permits for construction of any phase of the Project. The insurance will be renewed or extended as necessary to remain in force as for claims made for two (2) years after final acceptance of the applicable Projects by the County.

(v) For work that involves asbestos or any hazardous materials or risk of air, water or soil pollution, the following will be in addition to the other insurance required hereunder:

- a. Asbestos abatement endorsement or pollution coverage to the commercial general liability policy with minimum bodily injury and property damage limits of \$1,000,000 per occurrence for coverages A&B and products/completed operations coverage with a separate aggregate of \$1,000,000. This policy cannot exclude asbestos or any



hazardous materials or pollution and shall provide “occurrence” coverage without a sunset clause.

- b. Pollution coverage in accordance with federal and state regulations requiring an MCS 90 endorsement with a \$5,000,000 limit when transporting asbestos in bulk in conveyances of gross vehicle weight rating of 10,000 pounds or more. All other transporters of asbestos shall provide either an MCS 90 endorsement with minimum limits of \$1,000,000 or an endorsement to their commercial general liability insurance policy that provides coverage for bodily injury and property damage arising out of the transportation of asbestos or other hazardous materials. The endorsement must, at a minimum, provide a \$1,000,000 limit of liability and cover events caused by the hazardous properties of airborne asbestos arising from fire, wind, hail, lightning, overturn of conveyance, collision with other vehicles or objects, and loading and unloading of conveyances.

**(b)** The insurance required under Section 2.10(a)(v) will only be required for the entity that is actually performing work involving asbestos or any hazardous materials or risk of air, water or soil pollution. For example, if the Owner's contractor (instead of the Owner) is performing such work, the contractor, not the Owner, will be required to carry such insurance. The insurance required by this subsection shall be in effect commencing not later than the commencement of each phase of construction if that phase will include work involving asbestos or any hazardous materials or risk of air, water or soil pollution.

**(c)** The Owner or Owner's contractor shall not cause or permit any insurance required hereunder to be canceled or lapse during the term of this Agreement. With respect to subsections 2.10(a)(i), (ii) and (iii), insurance coverage is to be written by companies duly authorized to do the business of insurance in the State of Texas at the time the policies are issued and will be written by companies with an A.M. Best rating of A-VII or better or otherwise approved in writing by the County. Additionally, with respect to subsections 2.11(a)(i), (ii) and (iii), all policies will contain a provision in favor of the County waiving subrogation and other rights of recovery against the County, and will be endorsed to provide the County with a 30-day advance notice of cancellation or change in coverage, where permitted by policy language. The County will be an additional insured as its interests may appear on the commercial general and automobile liability policies. All policies will provide primary coverage as applicable, with any insurance maintained by the County being excess and non-contributing. The Owner or Owner's contractor shall submit copies of all Insurance Policy Documents and certificates of insurance to the County providing evidence of insurance coverage required by this Agreement on or before the commencement of the Projects except that asbestos, hazardous waste, pollution, and professional engineers and other errors and omissions policy documents need not be provided until those covered by such insurance commence work on the Projects or as otherwise provided in this Agreement. Copies of all Insurance Policy Documents will be promptly delivered to the County at the time the policies are issued, including copies of any and all changed or new Insurance Policy Documents. The Owner or Owner's contractor will be responsible for (i) overseeing its contractors with respect to such contractors' obtaining and maintaining the insurance required hereunder and (ii) obtaining and

keeping copies of such Insurance certificates evidencing the insurance coverages required hereunder.

(d) All endorsements, waivers, and notices of cancellation shall be in favor of the County and policies of commercial general liability and automobile insurance shall provide that County is an additional insured and certificates of insurance evidencing same will be delivered to the County as provided in the Notices Section of this Agreement or such other address as the County may notify the Owner or Owner's contractor in writing.

(e) The Owner or Owner's contractor shall be responsible for paying premiums, deductibles and self-insured retentions, if any, stated in the insurance policies to be carried hereunder by the Owner (not by its contractors and any subcontractors). All deductibles or self-insured retentions shall be disclosed on the Insurance Policy Documents. The insurance coverages required under this Agreement are required minimums and are not intended to limit or otherwise establish the responsibility or liability of the Owner under this Agreement.

### **Section 2.11. Remedy.**

Owner's sole remedies for nonperformance of this Article II by the County shall be to seek specific performance, judicial injunction, or any legal damages directly arising from such nonperformance pursuant to the terms of this Agreement. Each party shall be responsible for payment of all costs of their respective attorney's fees.

## **ARTICLE III. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS**

### **Section 3.01. Apportionment and Levy of Assessments.**

The County shall use its best efforts to initiate and approve all necessary documents and orders required to effectuate this Agreement and to levy Special Assessments. The Owner acknowledges and agrees that the Service and Assessment Plan must meet the requirements of Texas Local Government Code §§ 372.013, 372.014, and 372.015 and be presented to the Commissioners Court for review and approval prior to the levy of Special Assessments and a series of PID Bonds being issued. The Service and Assessment Plan will be modified as required to comply with the requirements of the PID Act and the Texas Attorney General's Office. The annual indebtedness defined by the Service and Assessment Plan shall be consistent with the terms for the issuance of PID Bonds as set forth in this Agreement.

The County shall use its best efforts to levy Special Assessments on the Assessed Properties in accordance herewith and with the Service and Assessment Plan. It is contemplated that the County will issue two series of PID Bonds, to pay or reimburse the Owner for a portion of the Actual Costs of the Authorized Improvements within each Improvement Area. The Parties anticipate that the Actual Cost to construct the Authorized Improvements will be greater than the net proceeds of the PID Bonds or the Special Assessment Revenues available for reimbursement of the costs of the Authorized Improvements and the Owner shall fund the difference.

### **Section 3.02. Acceptance of Special Assessments; Recordation of Covenants Running with the Land.**

Concurrently with the levy of the Special Assessments for Improvement Area #1, the Owner, any other owners of land within the District and the County shall execute a "**Landowner Agreement**" (the form of which is attached hereto as Exhibit "J") in which the Owner and other owners, if applicable, (the "**Landowners**") shall: (i) approve and accept the apportionment of assessments in the Service and Assessment Plan and the levy of the Special Assessments for Improvement Area #1 by the County, and agree to approve and accept the apportionment of assessments in the Service and Assessment Plan and the levy of each Special Assessment on all future Improvement Areas through an amendment to the Landowner Agreement and (ii) the Home Buyer Disclosure Program. The Landowner Agreement further shall (a) evidence the Landowners' intent that all Special Assessments be covenants running with the land that (i) shall bind any and all current and successor owners of the Property to the Special Assessments, including applicable interest thereon, as and when due and payable thereunder and (ii) provide that subsequent purchasers of such property take their title subject to and expressly assume the terms and provisions of the Special Assessments and (b) provide that the liens created by the levy of the Special Assessments are a first and prior lien on the Property, subject only to liens for state, municipality, county or school district ad valorem taxes.

### **Section 3.03. Collection of Assessments.**

(a) So long as the County is obligated to reimburse the Owner for the costs of the Authorized Improvements hereunder or any PID Bonds are outstanding, the County covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Special Assessments levied pursuant to an Assessment Order. The Annual Installment of such Special Assessments will be updated at least annually in the Service and Assessment Plan (during the term of this Agreement) in the manner and to the maximum extent permitted by applicable law. For each Improvement Area, the County will deposit or cause to be deposited the respective Special Assessment Revenues into a segregated account, or if PID Bonds have been issued, then transferred to the Trustee and deposited in the funds and accounts in the priority set forth in the respective Indenture.

(b) Further notwithstanding anything to the contrary contained herein, the County covenants to use diligent, good faith efforts to contract with the Bastrop County Tax Assessor-Collector for the collection of the Special Assessments such that the Special Assessments will be included on the ad valorem tax bill(s) for the Assessed Properties and will be collected as part of and in the same manner as ad valorem taxes.

## **ARTICLE IV. PAYMENT OF ACTUAL COSTS OF AUTHORIZED IMPROVEMENTS**

### **Section 4.01. Overall Requirements.**

(a) Any payment obligation of the County hereunder shall be payable solely from Special Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds in accordance with this Agreement. No other funds, revenues, taxes, or income of any kind other

than Special Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds shall be used to pay the County's obligations hereunder. The obligations of the County under this Agreement shall not, under any circumstance, give rise to or create a charge against the general credit or taxing power of the County or constitute a debt or other obligation of the County payable from any source other than Special Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds. None of the County nor any of its elected or appointed officials or any of its respective officers, employees, consultants or representatives shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

(b) The County does not warrant, either expressed or implied, that the aggregate amount of all Special Assessment Revenues or proceeds of all PID Bonds will be sufficient for the construction or acquisition of all of the Authorized Improvements. The Parties anticipate that the Actual Costs will be greater than the aggregate amount of all Special Assessment Revenues or, if PID Bonds are issued, the net proceeds of such bonds available for Authorized Improvements. The Owner shall bear one hundred percent (100%) of the Actual Costs of constructing the Authorized Improvements not paid from the proceeds of PID Bonds or Special Assessment Revenues.

(c) Upon completion of an Authorized Improvement, the Owner shall dedicate or convey, and the County shall accept or acquire, as more particularly described in Article III above, the given Authorized Improvement after such Authorized Improvement is completed and has been accepted by the County. Upon written acceptance of an Authorized Improvement and subject to any applicable maintenance-bond period, the County shall be responsible for all operation and maintenance of such Authorized Improvement, including all costs thereof and relating thereto.

(d) The procedures set forth in Section 4.02(d) below shall apply to all Certifications for Payment regardless of which account within the applicable Project Fund the actual funds are being paid from.

(e) Following the execution of this Agreement, the County may consider the adoption of the Assessment Order for Improvement Area #1 that (i) approves the Service and Assessment Plan identifying the costs of the Authorized Improvements for Improvement Area #1 and the Special Assessments for Improvement Area #1 and (ii) levies said Special Assessments for Improvement Area #1. The County will levy and collect such Special Assessments in accordance with the approved Service and Assessment Plan, as amended or updated, the applicable Reimbursement Agreement, and the applicable Assessment Order as further provided in this Agreement.

(f) At a future date following the levy of Special Assessments for Improvement Area #1, the County may consider the adoption of the Assessment Order for Improvement Area #2 that (i) approves the Service and Assessment Plan identifying the costs of the Authorized Improvements for Improvement Area #2 and the Special Assessments for Improvement Area #2 and (ii) levies said Special Assessments for Improvement Area #2. If such Special Assessments are levied, the County will levy and collect such Special Assessments in accordance with the approved Service and Assessment Plan, as amended or updated, the applicable Reimbursement Agreement, and the applicable Assessment Order as further provided in this Agreement.

#### **Section 4.02. Payments for Authorized Improvements Prior to the Issuance of PID Bonds.**

(a) Upon the approval of an Assessment Order and prior to the issuance of a series of PID Bonds, the County shall bill and collect the Special Assessment Revenues collected from the Assessed Properties in the same manner as it collects ad valorem taxes for the County.

(b) Subject to Section 4.02(a) above, the costs of the Authorized Improvements will be initially funded through the applicable Reimbursement Agreement, which shall be substantially in the form provided hereto as Exhibit "E". Pursuant to the terms of such Reimbursement Agreement, the Owner shall dedicate or convey, and the County shall accept, or acquire, the Authorized Improvement, after such Authorized Improvement is completed. The general process for funding the Authorized Improvements before the issuance of PID Bonds is described in this Section 4.02(b), and more specifically described in the Reimbursement Agreement, but in no case shall any payments for Authorized Improvements be required by the County prior to the completion of the Authorized Improvements.

(c) Pursuant to an Reimbursement Agreement, the County will reimburse the Owner for Actual Costs incurred in connection with the applicable Authorized Improvements until PID Bonds (including Additional Bonds if requested by the Owner and authorized by the County, in the County's sole discretion) are issued in an amount necessary to reimburse the Owner for a portion of the Actual Costs of the applicable Authorized Improvements which have been accepted by the County less any amounts already reimbursed to Owner pursuant to the Reimbursement Agreement. The Owner will be reimbursed for only those Actual Costs for which Special Assessment Revenues or PID Bond proceeds are available.

(d) The County will collect the Special Assessments in accordance with the Service and Assessment Plan and the applicable Assessment Order. Upon collection of such Special Assessments, the County will transfer or cause to be transferred the Assessment Revenues such that they will be held in a designated account separate from the County's other accounts (referred to herein as the "**Operating Account**"), such funds to be used to reimburse the Owner for the Actual Costs of the applicable Authorized Improvements pursuant to the terms of the Reimbursement Agreement, or, if PID Bonds have been issued, then transferred to the Trustee and deposited in the proper funds and accounts in the priority set forth in the applicable Indenture. Special Assessment Revenues shall only be used to pay Actual Costs of the Authorized Improvements in accordance with this Agreement.

(e) Pursuant to a Reimbursement Agreement, the Owner may submit a Certification for Payment, in the form provided in Exhibit "F", to the County for payment of the Actual Costs of an Authorized Improvement from funds then available in the appropriate subaccount of the Operating Account held by the County.

#### **Section 4.03. Payments for Authorized Improvements Upon the Issuance of PID Bonds.**

(a) As more particularly described in Section 5.01 hereof, upon receipt of a Bond Issuance Request, the County will prepare the necessary documents and materials for the

Commissioners Court to consider the adoption of an order authorizing the issuance of PID Bonds to reimburse the Owner for Actual Costs of those Completed Authorized Improvements which have been, or are anticipated to be accepted by the County less any amounts already reimbursed to Owner pursuant to a Reimbursement Agreement. Owner may, for the purposes of preparing the appropriate documentation for the issuance of PID Bonds to coincide with the acceptance of the Authorized Improvements, submit a Bond Issuance Request for an Improvement Area before all Authorized Improvements in that Improvement Area are complete and accepted by the County if the Developer reasonably believes that the Authorized Improvements will be completed and accepted by the County within 6 months from the date of submittal of the Bond Issuance Request, but in no case shall the County be obligated to consider the approval of the PID Bonds until all the Authorized Improvements in that Improvement Area are complete and accepted by the City.

(b) At least thirty (30) calendar days prior to the time of the closing of a series of PID Bonds, the Owner may submit a Certification for Payment to the County Engineer to be reimbursed for those Owner Expended Funds accrued to date of such Certification for Payment and not previously reimbursed in order to be reimbursed at the closing of the applicable series of PID Bonds. The County Engineer shall complete a review within thirty (30) days to verify the Owner Expended Funds specified in such Certification for Payment. Prior to disbursement of proceeds, the County Engineer will sign the Certification for Payment and deliver said Certification for Payment to the Trustee for payment in accordance with the applicable Indenture. At the closing of a series of PID Bonds, the Owner shall be reimbursed an amount equal to the applicable Owner Expended Fund in accordance with the procedures set forth in Section 4.03.

(2) After the Certification for Payment is submitted to the County Engineer, the County shall conduct a review to confirm those Authorized Improvements to be funded by proceeds of a series of PID Bonds were constructed in accordance with the approved construction plans therefor (for Completed Authorized Improvements only) and the County Engineer will verify the Actual Costs of Authorized Improvements specified in such Certification for Payment. The County Engineer agrees to conduct such review and cost verification within thirty (30) days following the completed Certification for Payment being submitted to the County and the Owner agrees to cooperate with the County Engineer in conducting each such review and to provide the County Engineer with such additional information and documentation as is reasonably necessary for the County Engineer to conclude each such review. Upon confirmation by the County Engineer that Authorized Improvements to be funded by the PID Bonds have been constructed in accordance with the approved construction plans therefor and this Agreement (for Completed Authorized Improvements only), verification and approval by the County Engineer of the Actual Costs of those Authorized Improvements, the County shall within thirty (30) calendar days thereafter accept those Authorized Improvements not previously accepted by the County Engineer, shall sign the Certification for Payment and forward the executed Certification for Payment to the Trustee for payment in accordance with the applicable Indenture.

#### **Section 4.04. Subordinate Cash Flow Reimbursements; Additional Bonds**

(a) If the aggregate proceeds of PID Bonds are not sufficient to reimburse Owner for the unreimbursed Actual Costs eligible to be paid from Special Assessment Revenues, any Actual Costs of the Authorized Improvements not paid or reimbursed from the proceeds of the PID Bonds

may, solely at the County's sole and absolute discretion, be paid or reimbursed pursuant to Section 4.03 hereof on a cash-flow basis for any Authorized Improvement that has been completed and assigned or conveyed to the County after the issuance of PID Bonds. Any such cash-flow reimbursement to the Owner shall be subordinate to the security for, and the payment of debt service on, the PID Bonds.

(b) Upon the receipt by the County of the Bond Issuance Request, and in the sole and absolute discretion of the County, Additional Bonds may be issued to pay or reimburse the Owner for any Actual Costs of the Authorized Improvements not paid or reimbursed from the proceeds of PID Bonds or cash-flow reimbursements described herein. Any such Additional Bonds must comply with this Agreement and the County's PID Policy in effect at the time of issuance of any such Additional Bonds. Any series of Additional Bonds approved by the County will be issued on parity with the PID Bonds.

(c) If the PID Bonds and any Additional Bonds, if approved by the County, are sufficient to fully reimburse Owner for the unreimbursed Actual Costs, then Owner's right under the Reimbursement Agreement to receive any portion of the Special Assessment Revenues for such purposes shall automatically terminate.

(d) Nothing in this Section 4.04 shall in any way limit the County's discretionary approval over the levy of assessments, the issuance of PID Bonds, or any discretionary vote by the Commissioners Court relating to the Project.

#### **Section 4.05. Assignment of Right to Payment of Unreimbursed Costs.**

Owner's right, title and interest into the payments of unreimbursed Actual Costs shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the County, all or any portion of Owner's right, title, or interest under this Agreement or the Acquisition and Reimbursement Agreement to receive payment of its unreimbursed Actual Costs, including either PID Bond proceeds or Special Assessment Revenues, (a "**Transfer**," and the person or entity to whom the transfer is made, a "**Transferee**"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without the prior written approval of the Commissioners Court if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in the payments hereunder being pledged to the payment of debt service on public securities issued by any other state of the United States or political subdivision thereof. Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the County. The County may rely conclusively on any written notice of a Transfer provided by the Owner without any obligation to investigate or confirm the Transfer. A Transferee shall be responsible for all continuing disclosure requirements and obligations as agreed to by the Owner and the County in the Disclosure Agreement of Owner.

## **ARTICLE V. PID BONDS**

### **Section 5.01. PID Bond Issuance.**

Subject to the satisfaction of conditions set forth in this Article V, including but not limited to the terms of Section 5.03, the County may issue PID Bonds solely for the purposes of acquiring or reimbursing the Owner for the Actual Costs of Authorized Improvements. The County Agrees to provide the information required by its underwriter to facilitate the completion of bond offering documents to effectuate the sale of the PID Bonds. The Owner may request issuance of PID Bonds by filing with the County a list of the Authorized Improvements to be funded with the PID Bonds and the estimated costs of such Authorized Improvements. The issuance of PID Bonds is subject to all of the following conditions.

(a) The County has evaluated and determined that there will be no negative impact on the County's creditworthiness, bond rating, access to or cost of capital, or potential for liability.

(b) The County has determined that the PID Bonds assessment level, structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the Actual Costs to be financed and that there is sufficient security for the PID Bonds to be creditworthy.

(c) All costs incurred by the County that are associated with the administration of the PID shall be paid out of special assessment revenue levied against property within the PID. County administration costs shall include those associated with continuing disclosure, compliance with federal tax law, agent fees, staff time, regulatory reporting and legal and financial reporting requirements.

(d) The adoption of the Service and Assessment Plan and an Assessment Order levying Special Assessments on all or any portion of the Property benefitted by such Authorized Improvements in amounts sufficient to pay all costs related to such PID.

(e) The County has formed and utilized its own financing team including, but not limited to, bond counsel, Financial Advisor, PID Administrator, and underwriters related to the issuance of PID Bonds and bond financing proceedings.

(f) The County has chosen and utilized its own continuing disclosure consultant and arbitrage rebate consultant, if applicable or required. Any and all costs incurred by these activities will be included in County administration costs recouped from Special Assessments. The continuing disclosure will be divided into County disclosure and Owner disclosure, and the County will not be responsible or liable for Owner disclosure but the County's disclosures professional will be used for both disclosures.

(g) The aggregate principal amount of PID Bonds issued and to be issued shall not exceed \$20,000,000.

(h) Each series of PID Bonds shall be in an amount estimated to be sufficient to fund the Authorized Improvements or portions thereof for which such PID Bonds are being issued.



(i) Delivery by the Owner to the County of a certification or other evidence that the value of the property within the PID will be increased by the projects financed by the PID Bonds.

(j) Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

(k) The Owner is current on all taxes, assessments, fees and obligations to the County including without limitation payment of Special Assessments.

(l) The Owner is not in default of any material terms under this Agreement or, with respect to the Property, any other agreement to which Owner and the County are parties.

(m) No outstanding PID Bonds are in default and no reserve funds established for outstanding PID Bonds have been drawn upon that have not been replenished.

(n) The PID Administrator has certified that the specified portions of the costs of the Authorized Improvements to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds.

(o) The Authorized Improvements to be financed by the PID Bonds have been constructed according to the County's required standards for similar developments including without limitation any Applicable Regulations and have been accepted by the County, as applicable.

(p) The County has determined that the amount of proposed Special Assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the project costs to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy.

(q) Unless otherwise approved by Commissioners Court at the time of issuance of a series of PID Bonds, the maturity for a series of PID Bonds shall be 30 years.

(r) The final maturity for any PID Bonds shall be not later than 35 years from the Effective Date.

(s) The County has determined that the PID Bonds meet all regulatory and legal requirements applicable to the issuance of the PID Bonds.

(t) No information regarding the County, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the County.

(u) The Owner agrees to provide periodic information and notices of material events regarding the Owner and the Owner's development within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any continuing disclosure agreements executed by the Owner in connection with the issuance of PID Bonds.

(v) The Owner is not in default under any Continuing Disclosure Agreement related to an issuance of public securities Bonds to which it is a party.

(w) The issuance of a series of bonds for the purpose of refunding any Bonds, the principal amount of assessment necessary to pay the Refunding Bonds shall not exceed the principal amount of the assessments that were levied to pay the PID Bonds that are being refunded.

(x) Owner has completed and the County has accepted the Authorized Improvements.

(y) The value to lien ratio is equal to or greater than 3:1 for the applicable series of PID Bonds.

(z) The Owner and the County shall have entered into a Reimbursement Agreement that provides for the Owner's construction of certain Authorized Improvements and the County's reimbursement to the Owner of certain Actual Costs.

## **Section 5.02. Disclosure Information.**

Prior to the issuance of PID Bonds by the County, the Owner agrees to provide all relevant information, including financial information, that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. The Owner agrees, represents, and warrants that any information provided by the Owner for inclusion in a disclosure document for an issue of PID Bonds will not, to the Owner's actual knowledge, contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the Owner further agrees that it will provide a certification to such effect as of the date of the closing of any PID Bonds.

## **Section 5.03 Qualified Tax-Exempt Status.**

(a) Generally. In any calendar year in which PID Bonds are issued, the Owner agrees to pay the County its actual additional costs (“**Additional Costs**”) the County may incur in the issuance of its own public securities or obligations on its own taxing power of municipal revenues (the “County Obligations”), as described in this section, if the County Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations (“**QTEO**”), as defined in section 265(b)(3) of the Internal Revenue Code (“IRC”) as amended, as a result of the issuance of PID Bonds by the County in any given year. The County agrees to deposit all funds for the payment of such Additional Costs received under this section into a segregated account of the County, and such funds shall remain separate and apart from all other funds and accounts of the County until December 31 of the calendar year in which the PID Bonds are issued, at which time the County is authorized to utilize such funds for any purpose permitted by law. Additionally, the County will provide the Owner on an annual basis no later than December 15<sup>th</sup> each year the projected amount of County Obligations to be issued in the upcoming year based on its annual budget process however such projection is not a binding amount under this agreement but merely an expression of the County's then expected amount of Obligations to be issued during the next calendar year. On or before January 15<sup>th</sup> of the following calendar year, the final Additional Costs shall be calculated. By January 31<sup>st</sup> of such year, if the Owner notifies the County of its intent to seek PID Bonds in that year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31<sup>st</sup> of the preceding calendar year shall be refunded to the Owner and any deficiencies in the estimated Additional Costs paid to the County by the Owner shall be remitted to the County by the Owner.

(b) Issuance of PID Bonds prior to County Obligations. In the event the County issues PID Bonds prior to the issuance of County Obligations, the County, with assistance from its Financial Advisor, shall estimate the Additional Costs based on the market conditions as they exist approximately forty- five (45) business days prior the pricing of the applicable series of PID Bonds using independent third-party public pricing information to the date of the pricing of the PID Bonds (the “Estimated Costs”). The Estimated Costs are an estimate of the increased cost to the County to issue its County Obligations as non QTEO. Promptly following the determination of the Estimated Costs, the County shall provide a written invoice to the Owner and the Owner shall have twenty (20) days to review and provide input on the calculation to the County. The Owner shall pay such Estimated Costs on or before the earlier of: (i) twenty (20) business days after the date of said invoice, or (ii) fifteen (15) business days prior to pricing the PID Bonds. The County shall not be required to price or sell any series of PID Bonds until the Owner has paid the invoice of Estimated Costs related to the PID Bonds then being issued.

(c) Upon the County’s issuance of the County Obligations, and if the County actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the Additional Costs to the County of issuing its County Obligations as non QTEO. The County will, within five (5) business days of the issuance of the County Obligations, provide written notice to the Owner of the amount of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the County will refund to the Owner the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the County’s notice to the Owner required under this paragraph. If the Additional Costs are more than the Estimated Costs, the Owner will pay to the County the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the County’s notice required under this paragraph. If the Owner does not pay to the County the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the County’s notice required under this paragraph, the Owner shall not be paid any reimbursement amounts under any PID reimbursement agreement related to the Property and no additional PID Bonds shall be issued until such payment of Additional Costs is made in full. If the County does not issue the County Obligations by the end of the calendar year in which PID Bonds are issued, the County will refund to the Owner the Additional Costs paid by the Owner in such calendar year within ten (10) business days after the end of such calendar year.

(d) Issuance of County Obligations prior to PID Bonds.

(1) In the event the County issues County Obligations prior to the issuance of PID Bonds, the County, with assistance from the Financial Advisor, shall calculate the Estimated Costs based on the market conditions as they exist approximately forty-five (45) days prior to the date of the pricing of the County Obligations. Promptly following the determination of the Estimated Costs, the County shall provide a written invoice to the Owner and the Owner shall have twenty (20) days to review and provide input on the calculation to the County. The Owner shall pay such Estimated Costs to the County at least fifteen (15) days prior to the pricing the County Obligations. If the Owner has not paid the Estimated Costs to the County by the required time, the County, at its option, may elect to designate the County Obligations as QTEO, and the County shall not be required to issue any PID Bonds in such calendar year.

(2) Upon the County's approval of the County Obligations, and if the County actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the actual Additional Costs to the County of issuing non QTEO County Obligations. The County will, within five (5) business days of the issuance of the County Obligations, provide written notice to the Owner of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the County will refund to the Owner the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the County's notice to the Owner. If the Additional Costs are more than the Estimated Costs, the Owner will pay to the County the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the County's notice. If the Owner does not pay to the County the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then the Owner shall not be paid any reimbursement amounts under any PID reimbursement agreement related to the Property until such payment of Additional Costs is made in full.

(e) To the extent any Owner(s) or property owner(s) (including the Owner, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or property owner (including the Owner, as applicable) to the County applicable to the same calendar year shall be reimbursed by the County to the developer(s) or property owner(s) (including the Owner, as applicable) as necessary so as to put all developers and property owners (including the Owner, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the County within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(f) The County shall charge Additional Costs attributable to any other developer or property owner on whose behalf the County has issued debt in the same manner as described in this section, and the Owner shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of the Owner's portion has already been paid to the County under this provision, then such excess of Additional Costs shall be reimbursed to the Owner. The portion owed by the Owner shall be determined by dividing the total proceeds from any debt issued on behalf of the Owner in such calendar year by the total proceeds from any debt issued by the County pursuant to the PID Act for the benefit of all developers (including the Owner) in such calendar year.

(g) Tax Certificate.

If in connection with the issuance of PID Bonds, the County is required to deliver a certificate as to tax exemption (a "**Tax Certificate**") to satisfy requirements of the Internal Revenue Code, the Owner agrees to provide, or cause to be provided, such facts and estimates as the County reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Owner represents that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Owner providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond proceeds (including, but not limited to, the use of the Authorized Improvements), the Owner further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that

would cause any of the covenants or agreements of the County contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

#### **Section 5.04. County Community Benefit Fee**

The Owner agrees to pay to the County a fee equal to 10% of the net proceeds of the applicable series of PID Bonds (the “**County Community Benefit Fee**”) at the closing of the applicable series of PID Bonds. The Owner agrees and acknowledges that the County Community Benefit Fee cannot be paid from PID Bond proceeds. For purposes of this Agreement, “net proceeds” of PID Bonds means the par amount of the PID Bonds less funds deposited in a reserve fund, funds allocated to capitalized interest, the underwriter discount, and costs of issuance of the PID Bonds.

#### **Section 5.05. Special Obligations.**

**THE PID BONDS ARE SPECIAL OBLIGATIONS OF THE COUNTY SECURED SOLELY BY PLEDGED REVENUES (AS DEFINED IN AN INDENTURE) AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN SUCH INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY AND ARE NOT SECURED EXCEPT AS PROVIDED IN AN INDENTURE. THE OWNERS OF PID BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN SUCH INDENTURE. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF PID BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES. NONE OF THE COUNTY, NOR ANY OF ITS ELECTED OR APPOINTED OFFICIALS NOR ANY OF ITS OFFICERS, EMPLOYEES, CONSULTANTS OR REPRESENTATIVES SHALL INCUR ANY LIABILITY HEREUNDER TO THE OWNER OR ANY OTHER PARTY IN THEIR INDIVIDUAL CAPACITIES BY REASON OF THIS AGREEMENT OR THEIR ACTS OR OMISSIONS UNDER THIS AGREEMENT.**

### **ARTICLE VI. ADDITIONAL PROVISIONS**

#### **Section 6.01. Redemption Agreement.**

If applicable, concurrent with the levy of the Special Assessments, the Owner will execute an agreement waiving its right to redeem, repurchase or reacquire those portions of the Property that are Assessed Properties and are designated and claimed for agricultural use as described in Section 23.41 of the Texas Tax Code to the Trustee (the “**Redemption Agreement**”) with the

County, but only if the portion of the Property subject to the assessment contains land designated and claimed for agricultural uses as described above.

#### **Section 6.02. Home Buyer Disclosure.**

Owner shall comply with the Home Buyer Disclosure Program attached hereto as Exhibit "H" and made a part hereof.

#### **Section 6.03. Records; Books.**

The County shall, upon reasonable prior written notice to the Owner and during normal business hours, have the right to audit and inspect the Owner's records, books, and all other relevant records related to reimbursable amounts under this agreement. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, Applicable Law, or at the direction of the Office of the Texas Attorney General.

### **ARTICLE VII. REPRESENTATIONS AND WARRANTIES**

#### **Section 7.01. Representations and Warranties of County.**

The County makes the following representation and warranty for the benefit of the Owner: that the County has full legal right, power and authority under the PID Act and other applicable law (i) to enter into, execute and deliver this Agreement, (ii) to adopt an Assessment Order, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

#### **Section 7.02. Representations and Warranties of Owner.**

The Owner makes the following representations, warranties and covenants for the benefit of the County:

(a) The Owner represents and warrants that the Owner is a limited liability company duly organized and validly existing under the laws of the State of Arizona, is in compliance with the laws of the State of Texas, has the authority to conduct business in Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) The Owner represents and warrants that the Owner has the power and authority to enter into this Agreement, 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 on behalf of the Owner.

(c) The Owner represents and warrants that this Agreement is a valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) The Owner covenants that once it commences construction of an Authorized Improvement it will use its reasonable and diligent efforts to cause such Authorized Improvement to be completed in accordance with this Agreement.

(e) The Owner represents and warrants that (i) it will not request payment from the County for the acquisition of any Authorized Improvements that are not part of the Project or identified in the Service and Assessment Plan, and (ii) it will diligently follow all procedures set forth in this Agreement.

(f) Until final acceptance by the County of each Authorized Improvement, the Owner covenants to maintain proper books of record and account for the Authorized Improvements and all costs related thereto. The Owner covenants that such accounting books will be maintained in accordance with generally accepted accounting practices and will be available for inspection by the County or its agent at any reasonable time during regular business hours upon at least 72 hours' notice.

(g) The Owner agrees to provide the information required pursuant to the Disclosure Agreement of Owner in connection with the issuance of PID Bonds.

## **ARTICLE VIII. DEFAULT AND REMEDIES; INDEMNIFICATION**

### **Section 8.01. Default and Remedies.**

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or five (5) business days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subsection (d) below.

(c) Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article VIII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Authorized Improvements (or take any other action related to or in furtherance of same) while the



County is in default under this Agreement. Each party shall be responsible for payment of all costs of their respective attorney's fees.

(d) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party (other than the payment of a monetary sum) is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending litigation, acts of God, pandemics, war, acts of civil disobedience, widespread pestilence, fire or other casualty, shortage of materials, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or tornadoes, labor action, strikes, changes in the law affecting the obligations of the Parties hereunder, or similar acts) ("**Force Majeure**"), the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) calendar days after the claiming Party becomes aware of the same, unless prevented by such "force majeure" event from doing so, and if the claiming Party fails to so notify the other Party of the occurrence of a "force majeure" event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article VIII.

#### **Section 8.02. Indemnification .**

**THE OWNER HEREBY COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, COUNTY (AND THEIR ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, AND AGENTS), INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY ANY THIRD PARTY ("THIRD PARTY CLAIMS") AND RELATING TO DEVELOPER'S ACTIONS ON THE PROJECT INCLUDING BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON COUNTY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER OR DEVELOPER'S TENANTS' NEGLIGENCE, MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF OWNER OR OWNER'S TENANTS, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUB-CONSULTANTS OF OWNER OR OWNER'S TENANTS, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO COUNTY, UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE COUNTY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. OWNER SHALL PROMPTLY ADVISE COUNTY IN WRITING OF ANY CLAIM OR DEMAND AGAINST COUNTY, RELATED TO OR ARISING OUT OF DEVELOPER OR DEVELOPER'S TENANTS' ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT DEVELOPER'S**

**COST OF THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. COUNTY SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING OWNER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.**

**IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE COUNTY SHALL SURVIVE THE TERMINATION AND/OR EXPIRATION OF THIS AGREEMENT AND SHALL ALWAYS BE BROADLY INTERPRETED TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE COUNTY AND/OR THEIR OFFICERS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW.**

### **Section 8.03 Claims and Release.**

(a) If the County notifies the Owner of any Third Party Claim, the Owner shall assume on behalf of the County and conduct with due diligence and in good faith the investigation and defense thereof and the response thereto with counsel selected by the Owner but reasonably satisfactory to the County; provided, that County has the right to be represented by advisory counsel of their own selection and at their own expense; and provided further, that if any such Third Party Claim involves the Owner and the County and the County has been advised in writing by counsel that there may be legal defenses available to it which are inconsistent with those available to the Owner, then County has the right to select separate counsel to participate in the investigation and defense of and response to such Claim on County's own behalf, and the Owner shall pay or reimburse the County for all reasonable legal fees and costs incurred by the County because of the selection of such separate counsel. It is hereby understood and agreed that if any Third-Party Claim is caused by the County's gross negligence, the County shall provide and pay for its own legal counsel.

(b) Other than to the extent caused by an event of default by the County, the Owner hereby releases the County with respect to all Claims regarding any alleged, established or admitted negligent or wrongful act or omission of the County, or any agents, contractors, representatives or employees of the County, INCLUDING ALL CLAIMS CAUSED BY THE NEGLIGENCE OR STRICT LIABILITY OF THE COUNTY but excluding Claims to the extent caused by the gross negligence or willful misconduct of the County. The provisions of this Section will survive the expiration or earlier termination of this Agreement.

(c) The Owner or the Owner's contractor shall obtain performance and payment bonds as required by Chapter 2253, Public Work Performance and Payment Bonds, of the Texas Government Code. After inspection and prior to acceptance of public improvements by the County that benefit the Project, the Owner or the Owner's contractor shall provide a two (2) year maintenance bond.

## **ARTICLE IX. GENERAL PROVISIONS**

### **Section 9.01. Notices.**

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by

United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as any be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

Owner:

Meritage Homes of Texas, LLC  
Attn: Elliot Jones  
8920 Business Park Dr., Suite 350  
Austin, TX 78759

With a copy to:

Miklos Cinclair PLLC  
Attn: Kevin Pierce  
2050 Lohman's Spur #502  
Lakeway, TX 78734

County: Bastrop County

Attn: County Judge  
804 Pecan St.  
Bastrop, TX 78602

With a Copy to:

Norton Rose Fulbright US LLP  
Attn: Stephanie Leibe  
98 San Jacinto Blvd. Suite 1100  
Austin, TX 78701

**Section 9.02. Fee Arrangement/Administration..**

(a) In addition to any costs paid by the Owner pursuant to that certain Professional Services Agreement dated February 28, 2022 all fees of legal counsel related to the issuance of the applicable PID Bonds including fees for the preparation of customary bond documents and the obtaining of Attorney General approval for the PID Bonds, will be paid at closing from the proceeds of the PID Bonds. It is hereby acknowledged and agreed that fees for the County's Bond Counsel, Financial Advisor, PID Administrator, the Underwriter, and Underwriter's Counsel attributable to Improvement Area #1 will be paid at the Issue Date of the Improvement Area #1 Bonds in accordance with the budget attached as Exhibit "G" hereto, and upon the submittal of a Bond Issuance Request for Improvement Area #2 the Parties shall agree upon a budget applicable to that PID Bond issuance. In addition and pursuant to a separate agreement, the PID Administrator will administer the District on behalf of the County. The administrative expenses to pay for costs arising outside of the contemplated issuance of a series of PID Bonds shall be collected as part of and in the same manner as Annual Installments in the amounts set forth in the Service and Assessment Plan.

### **Section 9.03. Assignment.**

(a) Notwithstanding subsection 4.05 above, Owner may assign in whole or part its rights and obligations under this Agreement to persons purchasing all of the Property or a part of the Property in accordance with Section 9.03 but not to an individual purchaser of a Lot within a recorded final plat. This Agreement may be assigned by Owner without the consent of the County or any third-party entity that is not in default in the payment of taxes, assessments, fees, or any agreements with the County and that entity has the financial capacity to perform this Agreement and Owner will be released from its obligations under this Agreement upon delivery of a notice of assignment to the County.

(b) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(c) This Agreement shall be binding upon the Parties, their grantees, successors, assigns, or subsequent purchaser. In the event of an assignment of fee ownership, in whole or in part, of the Property by Owner, only the grantees and assignees and then current owners of any portion of the Property so assigned shall be liable under this Agreement for any subsequent default occurring after the conveyance and affecting only the portion or portions of the Property so assigned. Any reference to Owner or County shall be deemed to and will include the successors or assigns thereof, and all the covenants and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Each contract, deed or conveyance of any kind conveying all or a portion of the Property will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not they are set out in full or by reference in said contract, deed or conveyance.

### **Section 9.04. Term of Agreement.**

The term of this Agreement shall begin on the Effective Date and shall continue until the Maturity Date; *provided*, that unless extended by both parties pursuant to a written amendment to this Agreement, this Agreement shall automatically terminate five (5) years after the date of the execution of this Agreement, if a series of PID Bonds are not issued by such date. In the case of any termination of this Agreement and/or dissolution of the District, the obligation of the Owner to pay any Actual Costs expended prior to the termination of this Agreement and/or dissolution of the District remaining unpaid shall survive such termination and/or dissolution.

### **Section 9.05. Construction of Certain Terms.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

- (a) Words importing a gender do not exclude any other gender.
- (b) Words importing the singular include the plural and vice versa.

(c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.

(d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.

(e) A reference to any Party includes, with respect to Owner, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.

(f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.

(g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.

(h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."

(i) Unless the context otherwise requires, a reference to the "Property," the "Authorized Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

#### **Section 9.06. Table of Contents; Titles and Headings.**

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

#### **Section 9.07. Time.**

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls

on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

#### **Section 9.08. Applicable Law and Venue.**

THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE OBLIGATIONS OF THE PARTIES HERETO ARE AND SHALL BE PERFORMABLE IN THE COUNTY WHEREIN THE PROPERTY IS LOCATED, AND IF LEGAL ACTION IS NECESSARY BY EITHER PARTY WITH RESPECT TO THE ENFORCEMENT OF ANY TERM OF THIS AGREEMENT, EXCLUSIVE VENUE FOR SAME SHALL LIE IN THE COURTS OF BASTROP COUNTY, TEXAS. BY EXECUTING THIS AGREEMENT, EACH PARTY HERETO EXPRESSLY (a) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION AND VENUE CONSISTENT WITH THE PREVIOUS SENTENCE, (b) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIMS AND DEFENSES THAT SUCH JURISDICTION AND VENUE ARE NOT PROPER OR CONVENIENT, AND (c) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

#### **Section 9.09. Amendments.**

This Agreement may be amended, modified, revised or changed by written instrument executed by the Parties.

#### **Section 9.10. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

#### **Section 9.11. Entire Agreement.**

This Agreement contains the entire agreement of the Parties.

#### **Section 9.12. Severability; Waiver.**

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

### **Section 9.13. No Third-Party Beneficiaries.**

This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein shall give or be construed to give any person or entity, other than the parties hereto and their respective successors and permitted assigns, any legal or equitable rights hereunder.

### **Section 9.14. Reservation of Rights.**

To the extent not inconsistent with this Agreement, each party reserves all rights, privileges, and immunities under applicable laws.

### **Section 9.15. No Joint Venture.**

It is acknowledged and agreed by the parties hereto that the terms of this Agreement are not intended to and shall not be deemed to create a partnership of joint venture among parties. Neither party shall have any authority to act on behalf of the other party under any circumstances.

### **Section 9.16. Owner as Independent Contractor.**

In performing under this Agreement, it is mutually understood that the Owner is acting as an independent contractor, and not an agent of the County.

### **Section 9.17. Supplemental Agreements.**

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are included in the Service and Assessment Plan, the Assessment Order, the PID Bond Order and the Indenture.

**Section 9.18. County's Acceptance of Authorized Improvements.** The County hereby agrees that it will not unreasonably withhold the final acceptance of any of the Authorized Improvements and will work with the Owner in good faith to expedite review and acceptance of such Authorized Improvements

### **Section 9.19. Boycotts and Foreign Business Engagements.**

(a) The Owner 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 State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(b) The Owner represents that neither it nor any of its respective parent companies, 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 Owner and its respective parent companies, 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 Owner and the Consenting Parties each understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(c) The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to comply with Section 2274.002 (as added by Senate Bill 13 in the 87<sup>th</sup> Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas 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. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Landowner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

(d) The Owner 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 comply with Section 2274.002 (as added by Senate bill 19 in the 87<sup>th</sup> Texas Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas 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),

(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, and

(iv) 'affiliate' means an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

## **Section 9.20. HB 1295 Compliance.**

Section 2252.908 of the Texas Government Code requires that for certain types of contracts, you must fill out a conflict of interest form ("Disclosure of Interested Parties") at the

time you submit your signed contract to the District. For further information please go to the Texas Ethics Commission website via the following link. [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm). Because the Owner is a publicly traded entity, the Parties acknowledge that Section 2252.908 of the Texas Government Code is not applicable to the Owner.

#### **Section 9.21. No Personal liability of Public Officials or the County.**

To the extent permitted by State law, neither the County, any County agent or representative, nor any public official or employee shall be personally liable or responsible for any liability arising under or related to this Agreement.

#### **Section 9.22. Exhibits**

The following exhibits are attached to and incorporated into this Agreement for all purposes:

- |               |   |   |
|---------------|---|---|
| Exhibit "A"   | - | Definitions   |
| Exhibit "B"   | - | Property Description for Development  |
| Exhibit "B-1" | - | Improvement Areas   |
| Exhibit "C"   | - | Concept Plan  |
| Exhibit "D"   | - | Authorized Improvements   |
| Exhibit "E"   | - | Form of Reimbursement Agreement   |
| Exhibit "F"   | - | Form of Certification for Payment   |
| Exhibit "G"   | - | Budget  |
| Exhibit "H"   | - | Home Buyer Disclosure Program   |
| Exhibit "H-1" | - | Notice of Obligation Pay Public Improvement District Assessments to Bastrop County, Texas |
| Exhibit "I"   | - | [Reserved]  |
| Exhibit "J"   | - | Form of Landowner Agreement   |

[Signature Pages to Follow]

COUNTY:

BASTROP COUNTY, TEXAS

By: Paul Pape  
Paul Pape, County Judge  
Bastrop County, Texas

STATE OF TEXAS

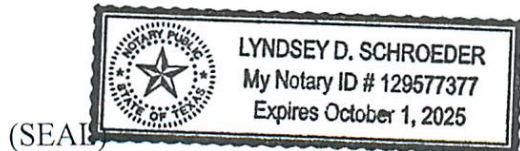
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COUNTY OF BASTROP

§

This instrument was acknowledged before me on the 28th day of February, 2022  
by Paul Pape, the County Judge of Bastrop County, Texas, on behalf of said County



Lyndsey Schroeder  
Notary Public, State of Texas

Lyndsey Schroeder  
Name printed or typed  
Commission Expires: 10/1/2025

OWNER:

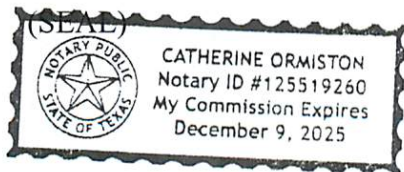
MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company

By: Elliot Jones  
Name: Elliot Jones  
Title: Division Vice President

STATE OF TEXAS           §  
                                     §  
COUNTY OF TRAVIS     §

This instrument was acknowledged before me on the 25 day of Feb, 2022 by Elliot Jones, Division Vice President, of MERITAGE HOMES OF TEXAS, LLC, an Arizona limited liability company, on behalf of said limited liability company.

Catherine Ormiston  
Notary Public, State of Texas



\_\_\_\_\_  
Name printed or typed  
Commission Expires: \_\_\_\_\_

## **OWNER:**

### **Exhibit "A"**

## **DEFINITIONS**

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

**"Actual Cost(s)"** means the Owner's demonstrated costs for designing and constructing the Authorized Improvements. Cost(s) may include (a) the costs incurred by or on behalf of Owner for the design, planning, acquisition, installation, construction and/or implementation of such Authorized Improvement, (b) the costs incurred in preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, including all related permitting, zoning and public approval expenses, , (d) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting and similar professional services, governmental fees and charges, insurance premiums, financing charges, and miscellaneous fees similar to those listed herein, (e) taxes (property) directly related to the Authorized Improvements that benefit the properties within the boundaries of the District, and (f) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvement.

**" Reimbursement Agreement"** means (whether one or more) an agreement that provides for construction and dedication of an Authorized Improvement to the County prior to the Owner being paid out of the proceeds of the respective PID Bonds, whereby all or a portion of the Actual Costs will be paid to Owner initially from Special Assessment Revenues (and ultimately from PID Bonds) to reimburse the Owner for Actual Costs paid by the Owner that are eligible to be paid with proceeds of a series of PID Bond. The form of Reimbursement Agreement shall be reasonably acceptable to both County and Owner and substantially in accordance with the form attached hereto as Exhibit "E".

**"Additional Actual Costs"** means any additional Actual Costs the County incurs issuing the PID Bonds.

**"Additional Bonds"** means any special assessment revenue bonds that are secured by Special Assessments levied on the Parcels and payable either on parity with, or subordinate to, any outstanding series of PID Bonds.

**"Agreement"** has the meaning given in the recitals to this Agreement.

**"Annual Installments"** shall mean the annual installment payment on a Special Assessment as calculated pursuant to the Service and Assessment Plan and approved by the Commissioners Court.

**"Applicable Regulations"** means (i) County Code provisions, orders, design standards, uniform codes, and other policies duly adopted by the County as may be modified by this

Agreement, and/or the Development Agreement; and (ii) any State or Federal law, regulation, rule, policy, or similar requirement applicable to the Project.

**"Assessable Property", "Assessed Property" or "Assessed Properties"** means property within an Improvement Area that benefits from an Authorized Improvement and on which Special Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to the Service and Assessment Plan) and which includes any and all Parcels within an Improvement Area other than Non-Benefitted Property.

**"Assessment Levy Request"** means a written request made by Owner to the County to levy Special Assessments for an applicable Improvement Area.

**"Assessment Order"** means an Order adopted by the Commissioners Court approving the Service and Assessment Plan (or such amendments or supplements to the Service and Assessment Plan) and levying Special Assessments, as described in Article III of this Agreement.

**"Association Regulations"** has the meaning as set forth in Section 2.05.

**"Attorney General"** means the Texas Attorney General's Office.

**"Authorized Improvements"** means the Authorized Improvements listed in the PID Act and includes the public improvements which benefit the Property per the approved construction plans and are described on Exhibit "D" hereto.

**"Bond Issuance Request"** means written request made by Owner to the County to issue PID Bonds as provided in Section 5.01 evidenced by Owner's expenditure of necessary amounts for financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

**"Certification for Payment"** shall mean that certain certification substantially in the form attached hereto as Exhibit "F" hereto.

**"Commissioners Court"** means the duly elected governing body and commissioners court of the County.

**"Completed Authorized Improvements"** means any Authorized Improvement that has been 100% completed, dedicated and conveyed by the Owner and accepted by the County.

**"Concept Plan"** means the concept plan attached hereto as "Exhibit "C".

**"Construction Manager"** means initially the Owner, and thereafter subject to change in accordance with Section 2.04 of this Agreement.

**"Construction Plans"** means the design plans for streets, drainage, utilities, easements and right of way and other public improvements for the Project.

**"County"** has the meaning given in the recitals to this Agreement.

**"County Code"** means the County's Code of Ordinances in effect as of the Effective Date., as modified by the Development Agreement.

**"County Engineer"** means the designated representative selected by the County to perform the duties set forth herein.

**"County Purchasing Act"** means Texas Local Government Code Chapter 262, Subchapter B.

**"Delinquent Collection Actual Costs"** means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of a Special Assessment, or an Annual Installment, in accordance with the PID Act which includes the costs related to pursuing collection of such delinquent Special Assessment, or an Annual Installment, and the costs related to foreclosing the lien against the Assessed Property, including attorney's fees to the extent permitted under Texas law.

**"Designated Successors and Assigns"** shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 9.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital, or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

**"Development Agreement"** has the meaning given in the recitals to this Agreement.

**"Disclosure Agreement of Owner"** means an agreement entered into by the Owner and a dissemination agent in connection with the issuance of PID Bonds pursuant to which the Owner agrees to provide certain information regarding the development of the District and the Authorized Improvements for the benefit of the owners of the PID Bonds.

**"District"** has the meaning given in the recitals to this Agreement.

**"Easements"** means land dedicated to the County by the Owner for maintenance of Authorized Improvements.

**"End User"** means any tenant, user, or owner of a fully developed and improved lot.

**"Effective Date"** has the meaning given in the recitals to this Agreement.

**"Final Plat"** means the County approved final plat for the subdivisions, of phases thereof.

**"Financial Advisor"** means PFM.

**"Force Majeure"** has the meaning as set forth in Section 8.01(d).

**"Foreclosure Proceeds"** means the proceeds, including interest and penalty interest, received by the County from the enforcement of the Special Assessments against any Assessed

Property or Assessed Properties, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Actual Costs.

**"Home Buyer Disclosure Program"** means the disclosure program, administered by the PID Administrator as set forth in a document in the form of Exhibit "H" or another form agreed to by the County and the Owner(s) that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the District.

**"Improvement Area"** has the meaning given in the Recitals to this Agreement.

**"Improvement Area #1"** has the meaning given in the Recitals to this Agreement.

**"Improvement Area #2"** has the meaning given in the Recitals to this Agreement.

**"Improvement Area #1 PID Bonds"** means those certain Bastrop County Special Assessment Revenue Bonds, Series 202\_ (Double Eagle Ranch Public Improvement District) that are secured by Special Assessments levied on Improvement Area #1.

**"Indenture"** or **"Trust Indenture"** means any Indenture of Trust entered into in connection with the issuance of a series of PID Bonds for an Improvement Area, between the County and the Trustee setting forth terms and conditions related to such PID Bonds.

**"Insurance Policy Documents"** means true and correct copies of the relevant policy of insurance including all declarations, definitions, schedules, endorsements, exclusions, exceptions, riders, waivers, jackets, modifications, notices, descriptions of deductibles and of self-insured retentions and all other instruments and other documents governing insurance coverage under such policy.

**"Issue Date"** means the date of the initial delivery of any of the PID Bonds.

**"Landowner Agreement"** has the meaning given in Section 3.02 of this Agreement.

**"Landowners"** has the meaning given in Section 3.02 of this Agreement.

**"Maturity Date"** means the date one year after the last Annual Installment is collected.

**"Non-Benefitted Property"** means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements, as determined by the Commissioners Court. Such Parcels include alleys, private roads, and easements that create an exclusive use for a public utility provider and accrue no special benefit from the Authorized Improvements. Property identified as Non-Benefitted Property at the time the Special Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel shall not be assessed.

**"Operating Account"** has the meaning given in Section 4.02(d) of this Agreement.

**"Owner"** has the meaning given in the recitals to this Agreement.

**"Owners Association"** means a homeowner's association or property owners association.



**"Owner Expended Funds"** means the funds expended by the Owner to date to pay Actual Costs of the Authorized Improvements that have not been previously reimbursed by the County.

**"Parcel"** means a property identified by either a tax map identification number assigned by the Bastrop Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Bastrop County, or by any other means determined by the Commissioners Court.

**"Party"** means the Owner or the County, as parties to this Agreement, and **"Parties"** means collectively, the Owner and the County.

**"PID Act"** means Chapter 372, Texas Local Government Code, as amended.

**"PID Administrator"** means an employee of the County and/or third-party designee of the County who shall have the responsibilities provided for herein, in an Indenture relating to the PID Bonds or in any other agreement approved by the Commissioners Court.

**"PID Bond Order"** means and refers to an order or orders of the Commissioners Court that authorize and approve the issuance and sale of a series of PID Bonds and provide for their security and payment, either under the terms of a PID Bond Order or a trust indenture related to a series of PID Bonds.

**"PID Bonds"** means each series of special assessment revenue bonds issued by the County to finance the Actual Costs of the Authorized Improvements and any bonds issued to refund all or a portion of any outstanding PID Bonds.

**"PID Bond Proceeds"** means the net revenues remaining from a series of PID Bonds after payment of any costs of issuance and the funding of any necessary reserve requirements.

**"PID Policy"** means the Bastrop County PID Policy, as amended or updated.

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

**"Project"** has the meaning given in the recitals to this Agreement.

**"Project Engineer"** means the civil engineer or firm of civil engineers selected by the Owner to perform the duties set forth herein.

**"Project Fund"** means the separate and unique fund established by the County under such name pursuant to the Indenture.

**"Property"** has the meaning given in the recitals to this Agreement.

**"Redemption Agreement"** shall have the meaning given in Section 6.02 of this Agreement.

**"Service and Assessment Plan" or "SAP"** means the Double Eagle Ranch Public Improvement District Service and Assessment Plan (as such plan is amended, supplemented or updated from time to time), to be initially adopted by the Commissioners Court in an Assessment Order for the purpose of assessing allocated costs against property located within the boundaries of an Improvement Area having terms, provisions and findings approved and agreed to by the Owner, as required by Article III of this Agreement. The Parties hereby acknowledge that the Service and Assessment Plan may be amended, supplemented, or updated from time to time.

**"Special Assessment"** means the assessment levied against a Parcel imposed pursuant to an Assessment Order and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions hereof and the PID Act.

**"Special Assessment Revenues"** means monies collected by or on behalf of the County from any one or more of the following: (i) a Special Assessment levied against an Assessed Property, or Annual Installment payment thereof, including any interest on such Special Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Actual Costs, and (iv) Foreclosure Proceeds.

**"State"** means the State of Texas.

**"Tax Certificate"** has the meaning given in Section 5.03 of this Agreement.

**"Tax Code"** means the Texas Tax Code.

**"Tax Equivalent Assessment Rate"** means the ad valorem tax equivalent of an Annual Installment due on a parcel at the time of an issuance of PID Bonds on \$100 of assessed valuation of the assessed parcel assuming the full build out of the parcel.

**"Third Party Claims"** has the meaning given in Section 8.02 of this Agreement.

**"Third-Party Contractor"** has the meaning given in Section 2.04 of this Agreement.

**"Transfer"** has the meaning given in Section 4.05 of this Agreement.

**"Transferee"** has the meaning given in Section 4.05 of this Agreement.

**"Trustee"** means the trustee under an Indenture, and any successor thereto permitted under an Indenture and any other Trustee under a future Indenture.

**Exhibit "B"**

**PROPERTY DESCRIPTION FOR DEVELOPMENT**

[See attached]

EXHIBIT "B"

FIELD NOTES

BEING ALL OF THAT CERTAIN 195.879 ACRE TRACT OR PARCEL OF LAND OUT OF THE JOSE ANTONIO NAVARRO SURVEY, ABSTRACT NUMBER 53, SITUATED IN BASTROP COUNTY, TEXAS, BEING A PORTION OF A CALLED 300.357 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 AND BEING ALSO A PORTION OF A CALLED 382.755 ACRE TRACT OF LAND DESCRIBED AS TRACT 2, BOTH CONVEYED TO DE DEVELOPMENT, INC., IN DOCUMENT NUMBER 201704468 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS (O.P.R.B.C.TX.), SAID 195.879 ACRE TRACT OF LAND BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left, being the northeast corner of Lot 35, Block F of Double Eagle Ranch, Section 3, Phase A, a subdivision recorded in Cabinet 7, Page 24A, 24B and 25A, of the Plat Records of Bastrop County, Texas (P.R.B.C.TX.), for the **POINT OF BEGINNING** of the herein described tract,

**THENCE**, with the common boundary line of said 382.755 acre tract, said 300.357 acre tract and said Double Eagle Ranch, Section 3, Phase A, the following eight (8) courses and distances, numbered 1 through 8,

1. with said curve to the left, having a radius of 400.00 feet, an arc length of 295.83 feet, and whose chord bears S86°57'33"W, a distance of 289.13 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
2. S65°46'19"W, a distance of 53.03 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left,
3. with said curve to the left, having a radius of 15.00 feet, an arc length of 22.42 feet, and whose chord bears S22°57'33"W, a distance of 20.39 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
4. S62°24'06"W, a distance of 60.62 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE" for the northeasterly corner of Block H,
5. S54°38'02"W, a distance of 325.30 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
6. S34°14'05"W, a distance of 300.41 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
7. N73°24'22"W, a distance of 232.46 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", and
8. N68°17'01"W, a distance of 98.43 feet to a capped  $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", being a northern corner of Lot 35, Block H of said Double Eagle Ranch, Section 3, Phase A,

**THENCE**, crossing said 300.357 acre tract, the following thirteen (13) courses and distances, numbered 1 through 13,

1. N28°42'06"W, a distance of 164.27 feet to a calculated point,
2. N63°09'25"W, a distance of 466.96 feet to a calculated point,
3. N15°46'42"E, a distance of 244.01 feet to a calculated point,
4. N45°50'49"W, a distance of 253.06 feet to a calculated point,
5. N71°13'59"W, a distance of 219.08 feet to a calculated point,
6. N61°16'55"W, a distance of 259.66 feet to a calculated point,
7. N35°34'41"W, a distance of 132.43 feet to a calculated point,
8. N35°51'01"W, a distance of 112.87 feet to a calculated point,

9. N29°33'58"W, a distance of 249.03 feet to a calculated point,
10. S81°56'10"W, a distance of 182.75 feet to a calculated point,
11. S59°57'14"W, a distance of 299.19 feet to a calculated point,
12. N81°03'29"W, a distance of 283.93 feet to a calculated point, and
13. N27°46'27"W, a distance of 10.43 feet to a calculated point, being a point on the westerly boundary line of said 300.357 acre tract and being also a point on the easterly boundary line of the called 4.63 acre tract of land described as Reserve "F" Nature Trail, as dedicated in River Crossing Section 2, a subdivision recorded in Cabinet 3, Slide 109A (P.R.B.C.TX.) from which a 1/2-inch iron rod found for an angle point of said Reserve "F" bears S64°22'53"W, a distance of 215.35 feet,

**THENCE**, with the common boundary line of said 300.357 acre tract and said River Crossing Section 2, the following five (5) courses and distances, numbered 1 through 5,

1. N64°22'53"E, a distance of 139.17 feet to a calculated point,
2. N88°18'14"E, a distance of 52.94 feet to a calculated point,
3. N41°10'20"E, a distance of 372.24 feet to a calculated point,
4. N32°16'32"E, a distance of 510.39 feet to a calculated point, and
5. N28°17'23"E, at a distance of 2,044.95 feet pass a capped ½" iron rod found in line, continuing a total distance of 2,080.49 feet to a calculated point, being the northwest corner of said 300.357 acre tract, same being the northeast corner of said 4.63 acre Reserve "F" Nature Trail, and being also a point on the southerly Low Bank of the Colorado River,

**THENCE**, with the common boundary line of said 300.357 acre tract and with the approximate meanders of said southerly Low Bank of the Colorado River, the following five (5) courses and distances, numbered 1 through 5,

1. S66°39'19"E, a distance of 412.18 feet to a calculated point,
2. S72°56'50"E, a distance of 838.46 feet to a calculated point,
3. S54°37'21"E, a distance of 583.24 feet to a calculated point,
4. S29°54'40"E, a distance of 125.90 feet to a calculated point, and
5. S46°33'38"E, a distance of 413.00 feet to a calculated point, being a northerly corner of said 300.357 acre tract, same being a point on the said southerly Low Bank of the Colorado River, and being also a westerly corner of a called 18.928 acre tract of land conveyed to J.J. Collins Family LTD., in Volume 2190, Page 461 (O.P.R.B.C.TX.),

**THENCE**, with the common boundary line of said 300.357 acre tract and said 18.928 acre tract, the following three (3) courses and distances, numbered 1 through 3,

1. S05°41'11"E, a distance of 172.80 feet to a calculated point in Dry Creek,
2. S33°05'25"E, a distance of 647.82 feet to a calculated point in Dry Creek , and
3. S45°04'38"E, a distance of 267.16 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southernmost corner of said 18.928 acre tract and being also the westernmost corner of a called 17.000 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500777 (O.P.R.B.C.TX.) from which a 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found for the southwesterly corner of the called 0.456 acre tract conveyed unto J.J. Collins Family LTD in Document No. 201500776 (O.P.R.B.C.TX.) bears N46°40'04"E, a distance of 103.92 feet ,

**THENCE**, with the common boundary line of said 300.357 acre tract and said 17.000 acre tract, the following four (4) courses and distances, numbered 1 through 4,


1. S87°27'33"E, a distance of 107.40 feet to a calculated point in Dry Creek,
2. S57°45'37"E, a distance of 135.80 feet to a calculated point in Dry Creek,
3. S48°33'46"E, a distance of 109.44 feet to a calculated point in Dry Creek, and
4. S15°48'51"E, a distance of 224.58 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southwest corner of said 17.000 acre tract, same being the northwest corner of a called 4.487 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500776 (O.P.R.B.C.TX.) from which found 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found on the common lines of said 17.000 acre tract and said 4.487 acre tract bears S82°01'48"E, a distance of 150.85 feet ,

**THENCE**, with the common boundary line of said 300.357 acre tract and said 4.487 acre tract, S05°00'54"E, a distance of 83.90 feet to a calculated point in Dry Creek for an angle point of the herein described tract, from which the southwest corner of said 4.487 acre tract bears S05°00'54"E, a distance of 46.10 feet,

**THENCE**, crossing said 300.357 acre tract and said 382.755 acre tract, the following four (4) courses and distances, numbered 1 through 4,

1. S69°23'20"W, a distance of 301.09 feet to a calculated point,
2. N65°50'06"W, a distance of 1,322.26 feet to a calculated point,
3. S00°25'15"W, a distance of 769.06 feet to a calculated point, and
4. S04°12'39"E, a distance of 617.98 feet to the **POINT OF BEGINNING** and containing 195.879 acres of land.

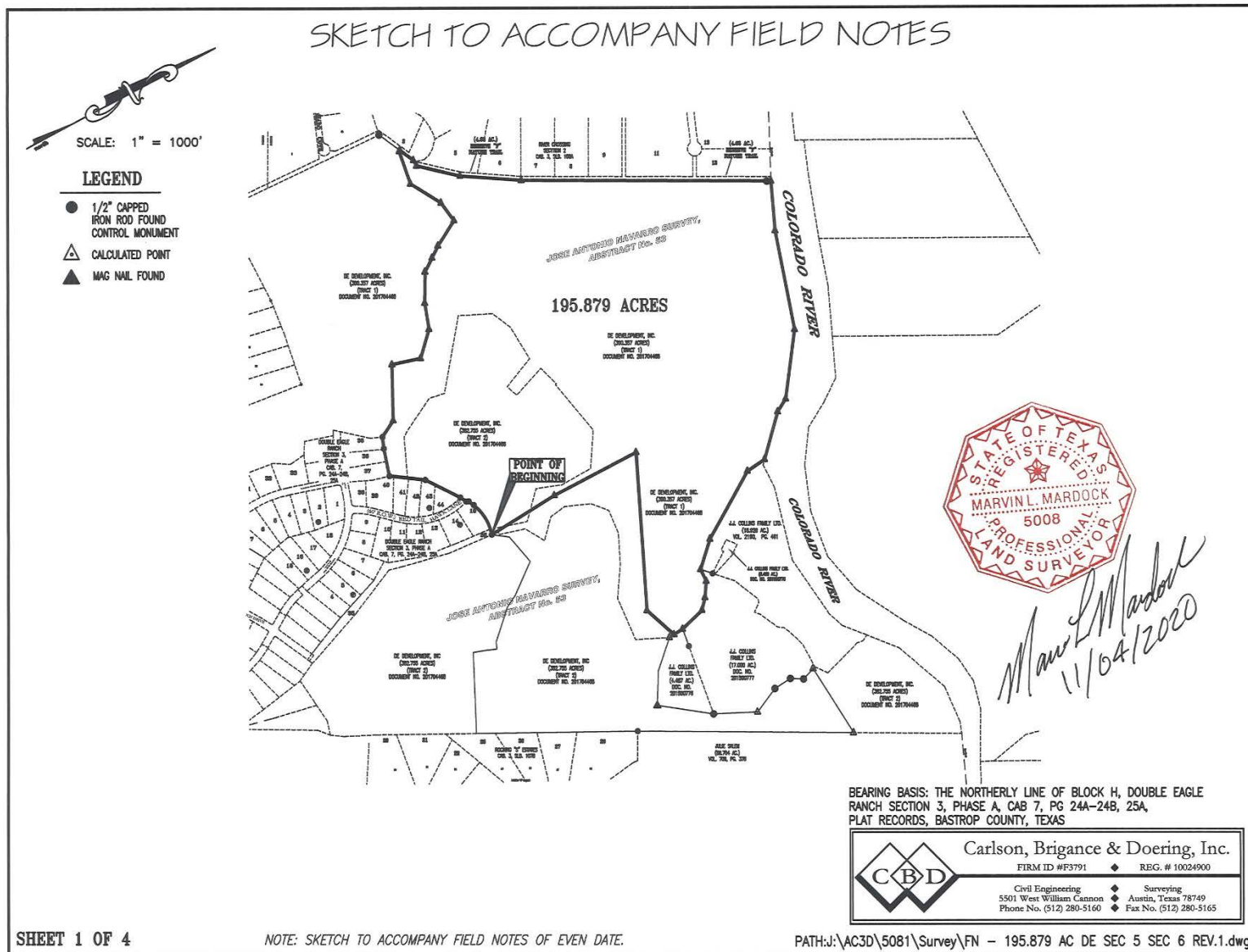
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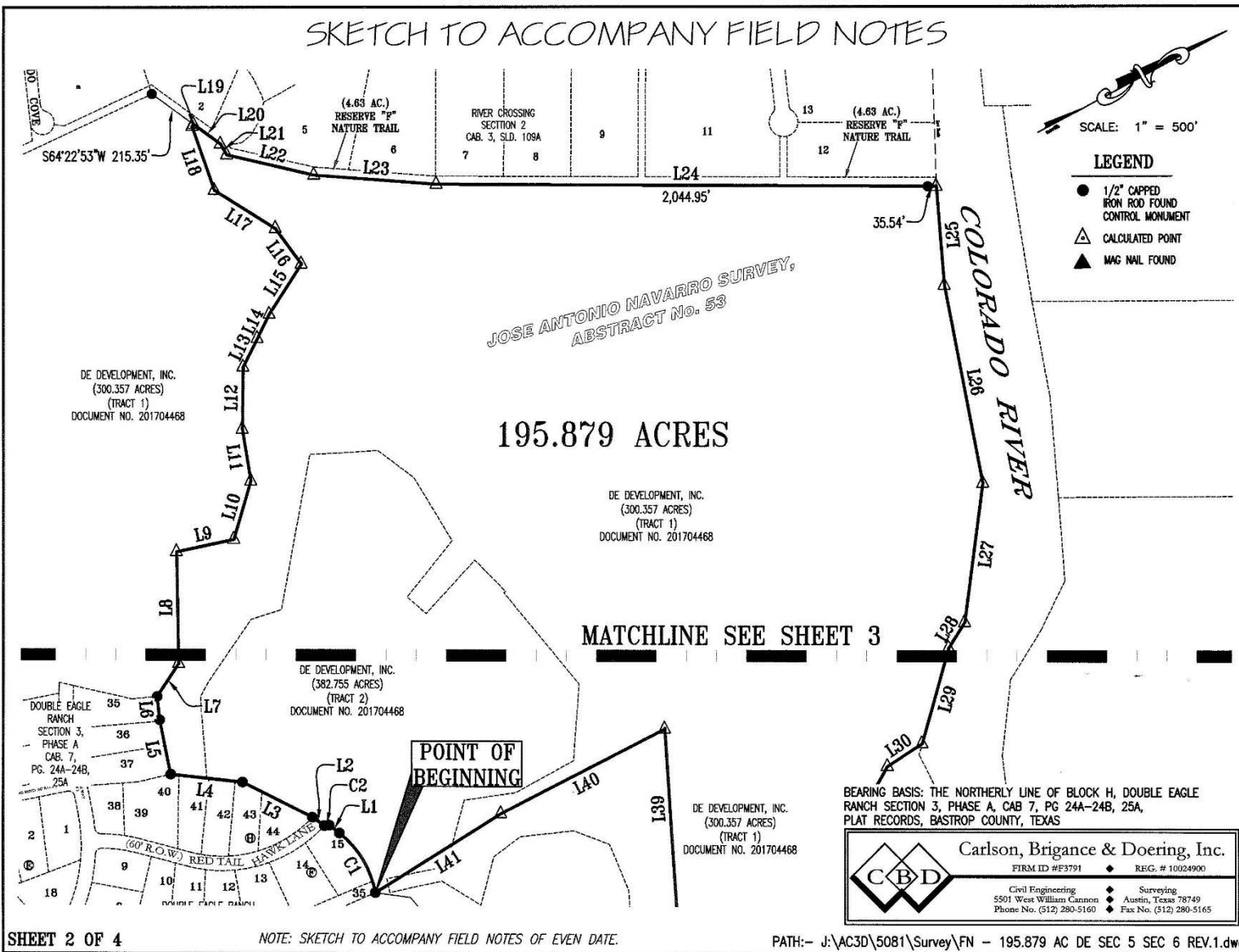
 11/04/2020  
Marvin L. Mardock, R.P.L.S. NO. 5008  
**Carlson, Brigrance and Doering, Inc.**  
**T.B.P.E.L.S. Land Surveyor Firm Reg. # 10024900**  
5501 West William Cannon  
Austin, TX 78749  
Ph: 512-280-5160 Fax: 512-280-5165  
[m.mardock@cbdeng.com](mailto:m.mardock@cbdeng.com)



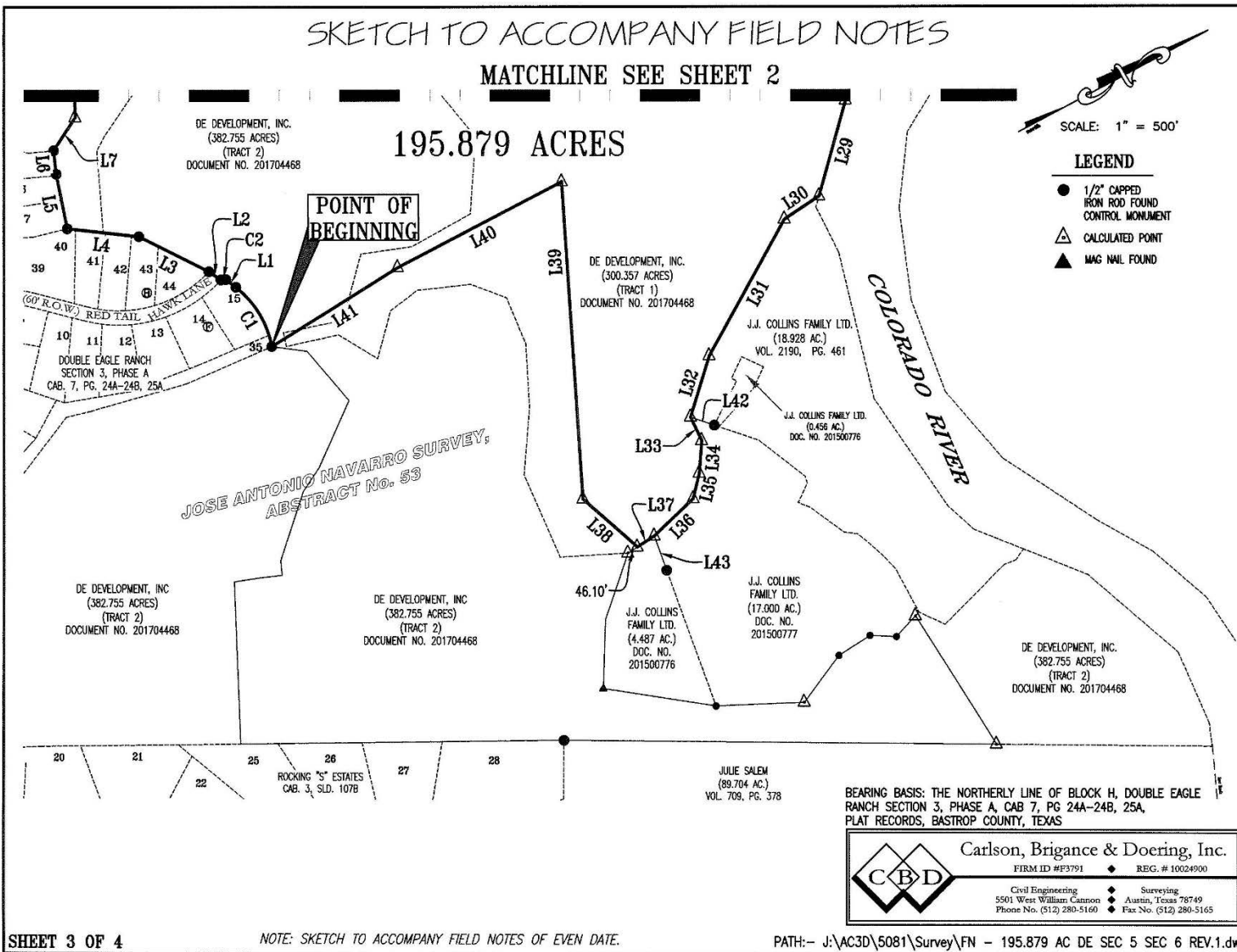
Note: field notes to accompany sketch 195.879 AC DE SEC 5 SEC 6 REV.1.dwg  
Dated 11/04/2020

BEARING BASIS: THE NORTHERLY LINE OF BLOCK "H", DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG. 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS.









# SKETCH TO ACCOMPANY FIELD NOTES

Line Table		
Line #	Length	Direction
L1	53.03'	S65°46'19"W
L2	60.62'	S62°24'06"W
L3	325.30'	S54°38'02"W
L4	300.41'	S34°14'05"W
L5	232.46'	N73°24'22"W
L6	98.43'	N68°17'01"W
L7	164.27'	N28°42'06"W
L8	466.96'	N63°09'25"W
L9	244.01'	N15°46'42"E
L10	253.06'	N45°50'49"W
L11	219.08'	N71°13'59"W
L12	259.66'	N61°16'55"W
L13	132.43'	N35°34'41"W
L14	112.87'	N35°51'01"W

Line Table		
Line #	Length	Direction
L15	249.03'	N29°33'58"W
L16	182.75'	S81°56'10"W
L17	299.19'	S59°57'14"W
L18	283.93'	N81°03'29"W
L19	10.43'	N27°46'27"W
L20	139.17'	N64°22'53"E
L21	52.94'	N88°18'14"E
L22	372.24'	N41°10'20"E
L23	510.39'	N32°16'32"E
L24	2,080.49'	N28°17'23"E
L25	412.18'	S66°39'19"E
L26	838.46'	S72°56'50"E
L27	583.24'	S54°37'21"E
L28	125.90'	S29°54'40"E

Line Table		
Line #	Length	Direction
L29	413.00'	S46°33'38"E
L30	172.80'	S05°41'11"E
L31	647.82'	S33°05'25"E
L32	267.16'	S45°04'38"E
L33	107.40'	S87°27'33"E
L34	135.80'	S57°45'37"E
L35	109.44'	S48°33'46"E
L36	224.58'	S15°48'51"E
L37	83.90'	S05°00'54"E
L38	301.09'	S69°23'20"W
L39	1,322.26'	N65°50'06"W
L40	769.06'	S00°25'15"W
L41	617.98'	S04°12'39"E
L42	103.92'	N46°40'04"E
L43	150.85'	S82°01'48"E

Curve Table						
Curve #	Length	Radius	Chord Direction	Chord Length	Tangent	Delta
C1	295.83'	400.00'	S86°57'33"W	289.13'	155.05'	42°22'27"
C2	22.42'	15.00'	S22°57'33"W	20.39'	13.90'	85°37'33"

BEARING BASIS: THE NORTHERLY LINE OF BLOCK H, DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS

**Carlson, Brigance & Doering, Inc.**

FIRM ID #F3791    REG. # 10024900

Civil Engineering

5501 West William Cannon

Phone No. (512) 280-5160

Surveying

Austin, Texas 78749

Fax No. (512) 280-5165

SHEET 4 OF 4

NOTE: SKETCH TO ACCOMPANY FIELD NOTES OF EVEN DATE.

PATH:- J:\AC3D\5081\Survey\FN - 195.879 AC DE SEC 5 SEC 6 REV.1.dwg

Appendix G - Page 51

**Exhibit "B-1"**  
**IMPROVEMENT AREAS**

B-1



B - 1

C

**Exhibit "C"**  
**CONCEPT PLAN**

[See attached]



## Exhibit "D"

### AUTHORIZED IMPROVEMENTS

Item [a]	IA 1	IA 2	Total
<b>Hard Costs</b>			
Street Excavation and Grading	\$ 467,243	\$ 2,517,013	\$ 2,984,256
Erosion Control	\$ 156,063	\$ 114,688	\$ 270,751
Storm Drain Improvements	\$ 590,967	\$ 1,560,239	\$ 2,151,207
Paving, Concrete, Curb Signage and Street Lights	\$ 972,626	\$ 2,950,738	\$ 3,923,364
Bridge	\$ -	\$ 2,000,000	\$ 2,000,000
<b>Total Hard Costs</b>	<b>\$ 2,186,899</b>	<b>\$ 9,142,679</b>	<b>\$ 11,329,578</b>
<b>Soft Costs</b>			
Project Management Fee (4%)	\$ 87,476	\$ 365,707	\$ 453,183
Contingency (12%)	\$ 262,428	\$ 1,097,121	\$ 1,359,549
Engineering /Design/Surveying	\$ 426,113	\$ 1,041,044	\$ 1,467,157
Fees and Permits	\$ 126,719	\$ 516,726	\$ 643,445
District Formation Costs	\$ 300,000	\$ 200,000	\$ 500,000
<b>Total Soft Costs</b>	<b>\$ 1,202,736</b>	<b>\$ 3,220,599</b>	<b>\$ 4,423,335</b>
<b>Project Total</b>	<b>\$ 3,389,635</b>	<b>\$ 12,363,278</b>	<b>\$ 15,752,913</b>

Footnotes:

[a] Per Double Eagle PID Eligible Budget received 10.20.20. Estimates revised based on new lot count

[b] Excludes dry utilities, mailboxes as they are not PID eligible

**Exhibit "E"**

**FORM OF REIMBURSEMENT AGREEMENT**

**DOUBLE EAGLE RANCH  
PUBLIC IMPROVEMENT DISTRICT REIMBURSEMENT AGREEMENT  
(IMPROVEMENT AREA #\_\_)**

This Double Eagle Ranch Public Improvement District Reimbursement Agreement (Improvement Area #\_\_) (this "Reimbursement Agreement") is executed between Bastrop County, Texas ("County") and \_\_\_\_\_ (the "Owner") (each individually referred to as a "Party" and collectively as the "Parties") effective \_\_\_\_\_, 202\_. Capitalized terms not defined herein shall have the meaning ascribed to them in the PID Financing Agreement.

**RECITALS**

**WHEREAS**, on May 10, 2021, the Commissioners Court of the County (the "Commissioners Court") passed and approved a resolution (the "Creation Resolution") authorizing the creation of the Double Eagle Ranch Public Improvement District (the "District") covering approximately 195.876 acres of land described by a map thereof in the Creation Resolution (the "District Property"); and

**WHEREAS**, on February 28, 2022, the Commissioners Court approved that certain Double Eagle Ranch Public Improvement District Financing Agreement by and between the [Owner] and County (as amended from time to time the "PID Financing Agreement"); and

**WHEREAS**, the purpose of the District is to finance certain improvements authorized by Chapter 372, Texas Local Government Code (as may be amended, the "PID Act") that promote the interests of the County and confer a special benefit on the Assessed Property within the District; and

**WHEREAS**, the District Property is contemplated to be developed in phases and the Owner intends that certain Authorized Improvements be constructed over time to serve District Property (or portions thereof); and

**WHEREAS**, on even date herewith, the Commissioners Court passed and approved an order approving the Service and Assessment Plan, determining, among other things, the estimated costs of the Authorized Improvements allocable to Improvement Area #\_\_, (t the "Improvement Area # Improvement") and levying assessments against certain District Property within Improvement



Area #\_\_\_ (the “Improvement Area #\_\_\_ Assessments”) in accordance with the Assessment Roll attached to the Service and Assessment Plan within the District; and

**WHEREAS**, [ contemporaneously herewith/it is anticipated that] Improvement Area #\_\_\_ Bonds shall be issued to finance a portion of the Actual Costs of the Improvement Area #\_\_\_ Improvements (each as defined in the Service and Assessment Plan) (the Actual Costs of the Improvement Area #\_\_\_ Improvements being the “Improvement Area #\_\_\_ Improvement Cost”)

**WHEREAS**, the Improvement Area #\_\_\_ Bonds shall be issued pursuant to an Indenture of Trust (the “Indenture”) by and between the County and [TRUSTEE] (the “Bond Trustee”) and secured by the Pledged Revenues (as defined below); and

**WHEREAS**, the Parties intend that the Improvement Area #\_\_\_ Improvements Cost shall be paid for pursuant to the terms of this Reimbursement Agreement and the PID Financing Agreement, unless and until Improvement Area #\_\_\_ Bonds are issued, at which point the applicable Indenture shall control; and

**WHEREAS**, until the Improvement Area #\_\_\_ Bonds are issued, the County shall deposit certain of the revenues received and collected by the County from the Improvement Area #\_\_\_ Assessments (the “Pledged Revenues”) into the Operating Account (as defined below), and when the Improvement Area #\_\_\_ Bonds are issued as provided in the Indenture; and

**WHEREAS**, the Pledged Revenues generated through the collection of the Improvement Area #\_\_\_ Assessments will secure the Improvement Area #\_\_\_ Reimbursement Obligation until the Improvement Area #\_\_\_ Bonds are issued, then the Pledged Revenues will secure, first, the Improvement Area #\_\_\_ Bonds, and secondly, on a subordinate basis, the Improvement Area #\_\_\_ Reimbursement Obligation not funded by the Improvement Area #\_\_\_ Bonds, if any.

**NOW THEREFORE**, FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Recitals. The recitals to this Reimbursement Agreement are true and correct, and are incorporated as part of this Reimbursement Agreement for all purposes.

2. County Deposit of Revenue. Prior to the issuance of Improvement Area #\_\_\_ Bonds, the County shall cause the Pledged Revenues to be deposited into a segregated account, separate from all County funds (the “Operating Account”). After the issuance of Improvement Area #\_\_\_ Bonds, the County shall cause the Pledged Revenues to be transferred to the Trustee and deposited in the Reimbursement Fund (or similarly designated fund) created by the applicable Indenture (the “Reimbursement Fund”).

3. Payment of Improvement Area #\_\_\_ Improvement Costs prior to the Issuance of Improvement Area #\_\_\_ Bonds. Prior to the issuance of PID Bonds but after completion of

the Improvement Area #\_\_ Improvements, the Owner may elect to request payment from the County to reimburse the Owner for the Improvement Area #\_\_ Improvements. The Improvement Area #\_\_ Reimbursement Obligation (defined below) shall be payable to the Owner pursuant to executed and approved Certifications for Payment, in accordance with the terms hereof and the terms of the PID Financing Agreement, from the Operating Account. The Owner will be reimbursed for only those Improvement Area #\_\_ Improvement Costs for which proceeds of the Improvement Area #\_\_ Bonds or the Improvement Area #\_\_ Assessments are available.

4. Payment of Improvement Area #\_\_ Improvement Costs after Issuance of the Improvement Area #\_\_ Bonds. Following the issuance of Improvement Area #\_\_ Bonds under the terms and procedures of Section 4.03 and subject to the satisfaction of the conditions of Section 5.01 of the PID Financing Agreement, the Improvement Area #\_\_ Reimbursement Obligation shall be payable to the Owner solely from (i) the proceeds (after payment of costs of issuance and deposits into any reserve fund or administrative fund that may be created under the applicable Indenture) of the Improvement Area #\_\_ Bonds; (ii) the Improvement Area #\_\_ Assessments deposited in the Reimbursement Fund (or similarly designated fund) created by the applicable Indenture; or (iii) a combination of items (i) and (ii). The Owner may make requests for payments of the Improvement Area #\_\_ Actual Costs pursuant to executed and approved Certifications for Payment, in accordance with the terms of the applicable Indenture and the terms of the PID Financing Agreement.

5. Improvement Area #\_\_ Reimbursement Obligation. The estimated Actual Costs of the Improvement Area #\_\_ Improvements are identified in the Service and Assessment Plan. Subject to the terms, conditions, and requirements contained herein, the County agrees to reimburse the Owner, and the Owner shall be entitled to receive from the County an amount not to exceed \$\_\_\_\_\_[TO BE ADDED WHEN SAP IS APPROVED & ASSESSMENT IS LEVIED] (the "Improvement Area #\_\_ Reimbursement Obligation"), in accordance with the terms of this Reimbursement Agreement until \_\_\_\_\_, 20\_\_\_\_ (the "Maturity Date"). It is hereby acknowledged that the County is not responsible hereunder for any amount in excess of the amount of the Improvement Area #\_\_ Assessments collected. Prior to the issuance of the Improvement Area #\_\_ Bonds, the Improvement Area #\_\_ Reimbursement Obligation, including accrued and unpaid interest, shall be payable to the Owner, solely from the Pledged Revenues deposited in the Operating Account. The Improvement Area #\_\_ Reimbursement Obligation is authorized by the PID Act, was approved by the Commissioners Court, and represents the total allowable costs to be assessed against Improvement Area #\_\_ for the Improvement Area #\_\_ Improvements. The interest rate paid to the Owner on the Improvement Area #\_\_ Reimbursement Obligation prior to the issuance of the Improvement Area #\_\_ Bonds shall be \_\_\_\_\_, and following the issuance of the Improvement Area #\_\_ Bonds shall be equal to the interest rate on the Improvement Area #\_\_ Bonds. The interest rate has been approved by the Commissioners Court and complies with the PID Act. Interest will accrue as to any amount identified in a Certification for Payment from the date the County executes such Certification for

Payment and shall be calculated on the basis of a 360-day year, comprised of twelve 30-day months.

6. Obligated Payment Sources. The Improvement Area #\_\_\_ Reimbursement Obligation, plus accrued and unpaid interest as described above, is payable to the Owner and secured under this Reimbursement Agreement solely as described herein. No other County funds, revenue, taxes, income, or property shall be used even if the Improvement Area #\_\_\_ Reimbursement Obligation is not paid in full at the Maturity Date, and the Improvement Area #\_\_\_ Reimbursement Obligation is not a debt of the County, within the meaning of Article XI, Section 5, of the Constitution of the State of Texas. The County acknowledges and agrees that until the Improvement Area #\_\_\_ Reimbursement Obligation and accrued and unpaid interest is paid in full, the obligation of the County to use amounts on deposit in the Operating Account and the Reimbursement Fund (created pursuant to the Indenture) to pay the Improvement Area #\_\_\_ Reimbursement Obligation and accrued and unpaid interest to the Owner is absolute and unconditional and the County does not have, and will not assert, any defenses to such obligation.

7. County Collection Efforts. The County will use all reasonable efforts to receive and collect, or cause to be received and collected by the Bastrop County Tax Appraiser/Collector, Improvement Area #\_\_\_ Assessments (including the foreclosure of liens resulting from the nonpayment of the Improvement Area #\_\_\_ Assessments or other charges due and owing under the Service and Assessment Plan) in the manner described in Section 3.03 of the PID Financing Agreement.

8. Process for Payment of the Improvement Area #\_\_\_ Reimbursement Obligation. Prior to the issuance of Improvement Area #\_\_\_ Bonds, when all Improvement Area #\_\_\_ Improvements have been completed the Owner may submit a Payment Request not sooner than 15 days following the completion of all the Improvement Area #\_\_\_ Improvements and acceptance thereof by the County, and thereafter the Owner may submit to the County a Certification of Payment of any funds then available in the Operating Account following February 1<sup>st</sup> of each year. Upon receipt of the Payment Request, the County shall cause funds within the Operating Account to be disbursed to the Owner within thirty (30) days. Following the issuance of the Improvement Area #\_\_\_ Bonds, the Owner may be reimbursed pursuant to executed and approved Certifications for Payment, in accordance with the procedures described in the PID Financing Agreement, and/or from the Project Fund or the Reimbursement Fund as provided for in the applicable Indenture.

9. Termination. This Reimbursement Agreement shall terminate immediately at the early of (i) the date all payments made under this Reimbursement Agreement equal the Improvement Area #\_\_\_ Reimbursement Obligation (plus any interest due thereon), (ii) the date that all the Pledged Revenues are pledged to the Improvement Area #\_\_\_ Bonds, or (iii) the Maturity date; provided, however that if on the Maturity Date, any portion of the Improvement Area #\_\_\_ Reimbursement Obligation or accrued and unpaid interest remains unpaid, such

Improvement Area #\_\_\_ Reimbursement Obligation shall be canceled and for all purposes of this Reimbursement Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL.

10. Non-Recourse Obligation. The obligations of the County under this Reimbursement Agreement are non-recourse and payable only from Pledged Revenues and such obligations do not create a debt or other obligation payable from any other County revenues, taxes, income, or property. Neither the County nor any of its elected or appointed officials nor any of its employees shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omission under this Reimbursement Agreement.

11. Prepayments. Notwithstanding any provision of this Reimbursement Agreement to the contrary, the Parties hereby acknowledge and agree that to the extent a prepayment of an Improvement Area #\_\_\_ Assessment is due and owing pursuant to the provisions of the Service and Assessment Plan (including the requirement to provide notice to Owner pursuant to the provisions thereof) in effect as of the date of this Agreement and remains unpaid for ninety (90) days after such notice, the County, upon providing written notice to the Owner, may reduce the amount of the Improvement Area #\_\_\_ Reimbursement Obligation by a corresponding amount provided, however, any reduction shall never result in a reduction in the amount of the Improvement Area #\_\_\_ Reimbursement Obligation to be less than zero. Furthermore, the Parties hereby acknowledge and agree that upon issuance of the Improvement Area #\_\_\_ Bonds, any prepayment of the Improvement Area #\_\_\_ Assessments made by the owner of an Assessed Property reduce the amount of the Improvement Area #\_\_\_ Reimbursement Obligation by a corresponding amount provided, however, any reduction shall never result in the amount of the Improvement Area #\_\_\_ Reimbursement Obligation to be less than zero.

12. No Waiver. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the County of any remedy the County may otherwise have outside this Reimbursement Agreement against any person or entity involved in the design, construction, or installation of the Improvement Area #\_\_\_ Improvements.

13. Governing Law, Venue. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, venue for such dispute shall lie in any court of competent jurisdiction in Bastrop County, Texas.

14. Notice. Any notice required or contemplated by this Reimbursement Agreement shall be deemed given at the addresses shown below: (i) one (1) business day after deposit with a reputable overnight courier service for overnight delivery such as FedEx or UPS; or (ii) one (1)

business day after deposit with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section.

If to County: Bastrop County  
Attn: County Judge  
804 Pecan St.  
Bastrop, Texas 78602

With a copy to: Norton Rose Fulbright US LLP  
Attn: Stephanie Leibe  
98 San Jacinto Blvd. Suite 1100  
Austin, Texas 78701

If to Owner: Meritage Homes of Texas, LLC  
Attn: Elliot Jones  
8920 Business Park Dr., Suite 350  
Austin, TX 78759

With a copy to: Miklos Cinclair PLLC  
Attn: Kevin Pierce  
2050 Lohman's Spur #502  
Lakeway, TX 78734

15. Invalid Provisions; Severability. If any provision of this Reimbursement Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions, and the remainder of this Reimbursement Agreement shall remain in full force and effect. If any provision of this Reimbursement Agreement directly conflicts with the terms of the Indenture the Indenture shall control.

16. Exclusive Rights of Owner. Owner's right, title and interest into the payments of Improvement Area #\_\_\_ Reimbursement Obligation (including accrued and unpaid interest thereon), as described herein, shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its Improvement Area #\_\_\_ Reimbursement Obligation (including accrued and unpaid interest thereon) to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, all or any portion of Owner's right, title, or interest under this Reimbursement Agreement including, but not limited to, any right, title or interest of Owner in and to payment of its Improvement Area #\_\_\_ Reimbursement Obligation and accrued and unpaid interest thereon (a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"). Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including (A) the name and address of the Transferee and (B) a representation by the Owner that the Transfer does not and will not result in the issuance of

municipal securities by any other state of the United States or political subdivision thereof is provided to the County. The Owner agrees that the County may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer.

17. Assignment.

a. Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Reimbursement Agreement with respect to all or part of the Project from time to time to any party in connection with the sale of the Project or any portion thereof and in connection with a corresponding assignment of the rights and obligations in the PID Financing Agreement to any party, so long as the assignee has demonstrated to the County's satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any duties or obligations so assigned and so long as the assigned rights and obligations are assumed without modifications to this Reimbursement Agreement or the PID Financing Agreement. Owner shall provide the County thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Reimbursement Agreement and shall have no further liability with respect to this Reimbursement Agreement for the part of the Project so assigned.

b. Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

c. Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.

d. Notwithstanding anything to the contrary contained herein, this Section 17 shall not apply to Transfers which shall be governed by Section 16 above.

e. It is hereby acknowledged that the limitations on the ability to make a Transfer as described in Section 16 above shall also apply to the Designated Successors and Assigns.

18. Failure; Default; Remedies.

a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a “Failure”) and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least 30 days from receipt of the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within 30 days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional period (not to exceed 90 days) so long as the non-performing Party is diligently pursuing a cure.

b. If the Owner is in Default, the County’s sole and exclusive remedy shall be to seek specific enforcement of this Reimbursement Agreement. No Default by the Owner, however, shall: (1) affect the obligations of the County to use the Pledged Revenues on deposit in the Reimbursement Fund as provided in Section 6 of this Reimbursement Agreement; or (2) entitle the County to terminate this Reimbursement Agreement. In addition to specific enforcement, the County shall be entitled to attorney’s fees, court costs, and other costs of the County to obtain specific enforcement.

c. If the County is in Default, the Owner’s sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the County; or (2) seek specific enforcement of this Reimbursement Agreement.

19. Estoppel Certificate. Within thirty (30) days after the receipt of a written request by Owner or any Transferee, the County will certify in a written instrument duly executed and acknowledged to any person, firm or corporation specified in such request as to (i) the validity and force and effect of this Reimbursement Agreement in accordance with its terms, (ii) modifications or amendments to this Reimbursement Agreement and the substance of such modification or amendments; (iii) the existence of any default to the best of the County’s knowledge; and (iv) such other factual matters that may be reasonably requested.

20. Foreign Business Engagements/Boycotts.

a. The Owner 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 State or federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

b. The Owner represents that neither it nor any of its respective parent companies, 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>,  
<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 Owner and its respective parent companies, 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 Owner understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

c. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to comply with Section 2274.002 (as added by Senate Bill 13 in the 87<sup>th</sup> Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas 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. The Owner understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

d. The Owner 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 comply with Section 2274.002 (as added by Senate bill 19 in the 87<sup>th</sup> Texas Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas 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),

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, and

iv. 'affiliate' means an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

21. Form 1295. Section 2252.908 of the Texas Government Code requires that for certain types of contracts, you must fill out a conflict of interest form ("Disclosure of Interested Parties") at the time you submit your signed contract to the District. For further information please go to the Texas Ethics Commission website via the following link. [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm). Because the Owner is a

publicly traded entity, the Parties acknowledge that Section 2252.908 of the Texas Government Code is not applicable to the Owner.

22. Miscellaneous.

a. The failure by a Party to insist upon the strict performance of any provision of this Reimbursement Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Reimbursement Agreement.

b. The County does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Owner to enforce its remedies under this Reimbursement Agreement.

c. Nothing in this Reimbursement Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the County and the Owner any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the County and the Owner.

d. This Reimbursement Agreement may be amended only by written agreement of the Parties.

e. This Reimbursement Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties have executed this Reimbursement Agreement to be effective as of the date written on the first page of this Reimbursement Agreement.

**COUNTY:**

BASTROP COUNTY, TEXAS

By: \_\_\_\_\_,  
County Judge  
Bastrop County, Texas

STATE OF TEXAS                   §  
   §  
COUNTY OF BASTROP         §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022  
by \_\_\_\_\_, the County Judge of Bastrop County, Texas, on behalf of said County

(SEAL)

\_\_\_\_\_  
Notary Public, State of Texas

\_\_\_\_\_  
Name printed or typed  
Commission Expires: \_\_\_\_\_

[Signatures Continue on Next Page]

**OWNER:**

MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company

By: \_\_\_\_\_

Name: Elliot Jones

Title: Division Vice President

STATE OF TEXAS

§

§

COUNTY OF BASTROP

§

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022 by  
Elliot Jones, Division Vice President, of MERITAGE HOMES OF TEXAS, LLC, an Arizona  
limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State of Texas

(SEAL)

\_\_\_\_\_  
Name printed or typed

Commission Expires: \_\_\_\_\_

## Exhibit "F"

### FORM OF CERTIFICATION FOR PAYMENT

#### (Certification for Payment – Double Eagle Ranch)

#### CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_

The undersigned \_\_\_\_\_ (the "**Construction Manager**") requests payment from [the applicable account of the Project Fund] [the Operating Account] from [Bastrop County (the "**County**")] \_\_\_\_\_, (the "Trustee") under the Indenture of Trust by and between the County and the Trustee dated as of \_\_\_\_, 20\_\_ (the "**Indenture**") in the amount of \$ \_\_\_\_\_ for labor, design, materials, fees, and/or other general costs related to the acquisition or construction of certain Authorized Improvements providing a special benefit to property within the Double Eagle Ranch Public Improvement District (the "**District**"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Double Eagle Ranch Public Improvement District Financing and Reimbursement Agreement between the Owner and the County (the "**PID Financing Agreement**"). *[bracketed language to be included if this Certification for Payment is made in conjunction with bond issuance]*

In connection with the above referenced payment, the Construction Manager represents and warrants to the County as follows:

1. The undersigned is a duly authorized officer of the Construction Manager, is qualified to execute this Certification for Payment Form No. \_\_\_\_\_ on behalf of the Construction Manager and is knowledgeable as to the matters set forth herein.
2. The work described in Attachment A has been completed in the percentages stated therein.
3. The Certification for Payment for the below referenced Authorized Improvements has not been the subject of any prior Certification for Payment submitted for the same work to the County or, if previously requested, no disbursement was made with respect thereto.
4. The amounts listed for Actual Costs of the Authorized Improvements, as set forth in Attachment A, is a true and accurate representation of the Actual Costs associated with the acquisition, design or construction of said Authorized Improvements, and such costs (i) are in compliance with the PID Financing Agreement, and (ii) are consistent with the Service and Assessment Plan.
5. The Construction Manager is in compliance with the terms and provisions of the PID Financing Agreement and the Service and Assessment Plan.
6. The Construction Manager has timely paid all ad valorem taxes and annual installments of Special Assessments it owes or an entity under common control with the Construction Manager owes, located in the District and has no outstanding delinquencies for such taxes and assessments.

7. The work with respect to the Authorized Improvements referenced below has been completed, and the County has inspected and accepted such Authorized Improvements.
8. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for the Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements has been completed and the County has accepted such Authorized Improvements. One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to County acceptance of such Authorized Improvements.
9. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
10. Attached hereto as Attachment C are invoices, receipts, purchase orders, change orders, and similar instruments, which are in sufficient detail to allow the County to verify the Actual Costs for which payment is requested.
11. Also attached hereto as Attachment D are any lender consents or approvals that the Construction Manager may be required to obtain under any loan documents relating to the District.
12. The Owner is in compliance with the terms of the PID Financing Agreement, [the Indenture], the Service and Assessment Plan, and the Development Agreement. [*bracketed language to be included if this Certification for Payment is made in conjunction with bond issuance*]
13. [Also attached hereto as Attachment E are true and accurate representations of the Actual Costs associated with the establishment, administration, and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan, and all conditions set forth in the Indenture and the PID Financing Agreement for the payment hereby requested have been satisfied] [*bracketed language to be included if this Certification for Payment is made in conjunction with bond issuance*]

Pursuant to the PID Financing Agreement, after receiving this Certification for Payment, the County has inspected and accepted the Completed Authorized Improvements and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

*(Signature pages follow)*

I hereby declare that the above representations and warranties are true and correct.

**Meritage Homes of Texas, LLC,**  
an Arizona limited liability company, as  
**CONSTRUCTION MANAGER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

By:  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

### **APPROVAL OF CERTIFICATION FOR PAYMENT**

The County is in receipt of the attached Certification for Payment Form No. \_\_\_\_, acknowledges the Certification for Payment, acknowledges that the Authorized Improvements covered by the certificate have been inspected by the County, and otherwise finds the Certification for Payment Form No. \_\_\_\_ to be in order. After reviewing the Certification for Payment Form, the County approves the Certification for Payment Form No. \_\_\_\_ and shall direct the Trustee to make payment from [the appropriate account of the Project Fund] [the Reimbursement Fund] to the Construction Manager or to any person designated by the Construction Manager.

### **BASTROP COUNTY, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**ATTACHMENT A TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_**

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Actual Costs</u>
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**ATTACHMENT B TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

***[Include Attachment B bracketed if final progress payment for such Authorized Improvement]***

**[bills paid affidavit and release of liens - attached]**

**ATTACHMENT C TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

## INVOICE LEDGER

[illegible]

**[INVOICES AND/OR RECEIPTS - ATTACHED]**

**ATTACHMENT D TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

**[lender consents or approvals - attached]**

**ATTACHMENT E TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

**[District formation costs]**

## **Exhibit "G"**

### **BUDGET**

County's Financial Advisor	25,000 plus 2.00% of par value of each series of bonds
Bond Counsel	2.50% of par value of each series of bonds, minimum of \$50,000 per series
Underwriter	2.00% of par value of each series of bonds
Underwriter's Counsel	1.00% of par value of each series of bonds



## **Exhibit "H"**

### **DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #\_\_\_ - LOT TYPE \_\_\_\_ DISCLOSURE**

#### **HOME BUYER DISCLOSURE PROGRAM**

1. A Builder<sup>1</sup> for an Assessed Property shall provide each residential homebuyer with the "Notice of Obligation to Pay Public Improvement District Assessment to the Bastrop County, Texas", the form of which is attached hereto as Exhibit "H-1".
2. A Builder for an Assessed Property shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the County upon receipt of written request by the County which sets forth the County's mailing address and other contact information.
3. A Builder for an Assessed Property shall prominently display signage provided by the Owner or the PID Administrator in the Builder's model homes, if any, located within the Property.
4. If prepared and provided by the County and approved by Owner (such approval not to be unreasonably withheld), a Builder for an Assessed Property shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. A Builder shall include Assessments in estimated property taxes, if such Builder estimates monthly ownership costs for prospective homebuyers for an Assessed Property.
6. The Owner must post signage along the main entry/exits located at the boundaries of the District that identifies the area as a public improvement district. All signage shall be clearly visible to all motorists entering and exiting the District.

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<sup>1</sup> Builder" means a commercial builder who is in the business of constructing and/or selling residences to individual home buyers.

**Exhibit "H-1" to Financing Agreement**

**DOUBLE EAGLE RANCH PID – LOT TYPE [ ]: HOMEBUYER DISCLOSURE**

**NOTICE OF OBLIGATION TO PAY  
IMPROVEMENT DISTRICT ASSESSMENTS  
TO BASTROP COUNTY, TEXAS**

**CONCERNING THE FOLLOWING PROPERTY:**

(Insert property address)

**OUTSTANDING PRINCIPAL OF ASSESSMENT FOR AUTHORIZED  
IMPROVEMENT: \$[ ]**

As the purchaser of the real property described above, you are obligated to pay assessments to Bastrop County, Texas, for the costs of a portion of a public improvement or services project (the "**Authorized Improvements**"), undertaken for the benefit of the property within the "Double Eagle Ranch Public Improvement District" (the "**District**"), created under Subchapter A, Chapter 372, Local Government Code.

**AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. THE OUTSTANDING PRINCIPAL OF THE ASSESSMENT AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS IS [\$ ] 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.**

An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.** The exact amount of the assessment may be obtained from Bastrop County. The exact amount of each annual installment will be approved each year by the Bastrop County Commissioners Court in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from Bastrop County.

You may ask your mortgage company to include the Annual Installments in your monthly escrow payment.

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.

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.

IN WITNESS WHEREOF, I have signed this certificate on the date specified below my signature.

**PURCHASER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

§

§

8

The foregoing instrument was acknowledged before me by \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas

8

8

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas

**PROJECTED ANNUAL INSTALLMENTS – LOT TYPE [\_\_]**

[WILL INSERT SCHEDULE OF PROJECTED ANNUAL INSTALLMENTS ONCE  
FINALIZED]

**Exhibit "I"**

***[Reserved]***

**Exhibit "J"**  
**FORM OF LANDOWNER AGREEMENT**

**FORM OF:**  
**DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT**

**IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT  
AND NOTICE OF IMPROVEMENT AREA #\_\_ ASSESSMENTS**

between

**BASTROP COUNTY, TEXAS**

and

**MERITAGE HOMES OF TEXAS, LLC**

Dated as of:

\_\_\_\_\_, 202\_

**IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT AND NOTICE OF  
IMPROVEMENT AREA #\_\_ ASSESSMENTS  
(Double Eagle Ranch Public Improvement District)**

This **IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT AND NOTICE OF IMPROVEMENT AREA #\_\_ ASSESSMENTS** (the “**Agreement**”) is entered into among BASTROP COUNTY, TEXAS, (the “**County**”), and MERITAGE HOMES OF TEXAS, LLC, an Arizona limited liability company (the “**Landowner**”) (individually a “**Party**” or collectively the “**Parties**”). This Agreement shall be effective on the latest date it is executed by all the Parties.

**RECITALS**

WHEREAS, the Landowner owns approximately \_\_\_\_\_ acres of land located in Bastrop County, Texas which is more particularly described in “**Exhibit A**” attached hereto (the “**Land**”); and

WHEREAS, on May 10, 2021, the Commissioners Court of the County (the “**Commissioners Court**”) passed and approved a Resolution authorizing the creation of the Double Eagle Ranch Public Improvement District (the “**District**”) pursuant to Chapter 372 of the Texas Local Government Code (the “**PID Act**”), with the boundaries of such District being more particular described on “**Exhibit D**” attached hereto; and

WHEREAS, development of the District is anticipated to progress in phases, with the District being divided, for development planning purposes, into two distinct improvement areas consisting of “**Improvement Area #1**”, and “**Improvement Area #2**”, (each an “**Improvement Area**”), with the boundaries of such Improvement Areas being reflected in “**Exhibit D-1**”, and “**Exhibit D-2**”, respectively; and

WHEREAS, Landowner and the County entered into that certain Double Eagle Ranch Public Improvement District Financing Agreement dated \_\_\_\_\_, 2022 (as such agreement may be amended from time to time as provided therein, the “**PID Financing Agreement**”), relating to, among other matters, the construction of the “**Authorized Improvements**” as defined therein, the levy of assessments within the Land, and the issuance of revenue bonds secured by such assessments (“**PID Bonds**”);

WHEREAS, certain of the Authorized Improvements will confer benefit only to property within Improvement Area #\_\_ (the “**Improvement Area #\_\_ Improvements**”); and

WHEREAS, on \_\_\_\_\_, the Commissioners Court passed and approved Ordinance No. \_\_\_\_\_ (the “**Assessment Order**”) that, among other things, approved the Service and Assessment Plan that identified the amount of certain assessments on parcels within the District, including the amount of those certain assessments on the property within Improvement Area #\_\_ corresponding to the benefit thereon attributable to one or more of the Improvement Area #\_\_ Improvements (the “**Improvement Area #\_\_ Assessments**”), and established the dates upon which interest on Improvement Area #\_\_ Assessments will begin to accrue and upon which collection of Improvement Area #\_\_ Assessments will begin; and



WHEREAS, in addition to approving the Service and Assessment Plan, the Assessment Order levied the Improvement Area #\_\_ Assessments against certain parcels within the boundaries of Improvement Area #\_\_ to finance the Improvement Area #\_\_ Improvements in accordance with the Service and Assessment Plan; and

WHEREAS, a copy of the Assessment Order is attached hereto as “**Exhibit B**”; and

WHEREAS, the Service and Assessment Plan includes an “**Assessment Roll**” setting forth, among other things, the amount of the Improvement Area #\_\_ Assessment for each parcel subject to an Improvement Area #\_\_ Assessment (an “**Improvement Area #\_\_ Assessed Parcel**”), including the amount of the “**Annual Installment**” (as that term is defined in the Service and Assessment Plan, but only with respect to Improvement Area #\_\_ Assessments) for each Improvement Area #\_\_ Assessment paid in installments.

WHEREAS, on \_\_\_\_\_, the Commissioners Court adopted that certain Improvement Area #\_\_ Acquisition and Reimbursement Agreement;

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits hereinafter set forth, the Parties agree as follows:

## **ARTICLE I** **APPROVAL OF AGREEMENTS**

The matters set forth in the recitals of this Agreement are true and correct and are incorporated in this Agreement as official findings of the Commissioners Court.

## **ARTICLE II** **AGREEMENT OF LANDOWNER**

A. Landowner ratifies, confirms, accepts, agrees to, and approves:

(i) the creation of the District, the boundaries of the District, and the boundaries of the Improvement Area #\_\_ Assessed Parcels;

(ii) the location and construction of the Improvement Area #\_\_ Improvements;

(iii) the determinations and findings of special benefit to the Improvement Area #\_\_ Assessed Parcels made by the Commissioners Court in the Assessment Order and Service and Assessment Plan; and

(iv) the Assessment Order and the Service and Assessment Plan.

B. Landowner consents, acknowledges, accepts, and agrees:

(i) to the Improvement Area #\_\_ Assessments to be levied against the applicable Improvement Area #\_\_ Assessed Parcels as shown on the Assessment Roll, as the Assessment Roll may be amended from time to time;

(ii) that the Improvement Area #\_\_ Improvements and administration and operation of the District confer a special benefit on the Improvement Area #\_\_ Assessed Parcels in an amount that exceeds the Improvement Area #\_\_ Assessments against the Improvement Area #\_\_ Assessed Parcels as shown on the Assessment Roll;

(iii) that the Improvement Area #\_\_ Assessments against the Improvement Area #\_\_ Assessed Parcels are final, conclusive, and binding upon the Landowner and its successors and assigns;

(iv) to pay the Improvement Area #\_\_ Assessments and Annual Installments against the Improvement Area #\_\_ Assessed Parcels when due and in the amounts stated in the Assessment Order, Service and Assessment Plan, and Assessment Roll;

(v) that each Improvement Area #\_\_ Assessment or reassessment against the Improvement Area #\_\_ Assessed Parcels, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Improvement Area #\_\_ Assessed Parcels, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of and charge against the owner of the Improvement Area #\_\_ Assessed Parcels regardless of whether the owner is named;

(vi) that the Improvement Area #\_\_ Assessment liens on the Improvement Area #\_\_ Assessed Parcels are liens and covenants that run with the land and are effective from the date of the Assessment Order and continue until the Improvement Area #\_\_ Assessments are paid in full and may be enforced by the governing body of the County in the same manner that ad valorem tax liens against real property may be enforced;

(vii) that delinquent installments of Improvement Area #\_\_ Assessments against the Improvement Area #\_\_ Assessed Parcels shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) that the owner of an Improvement Area #\_\_ Assessed Parcel may pay at any time the entire Assessment against the Improvement Area #\_\_ Assessed Parcel, with interest that has accrued on the Assessment to the date of such payment.

(ix) that Annual Installments may be adjusted, decreased, and extended and that owners of the Improvement Area #\_\_ Assessed Parcels shall be obligated to pay such Annual Installments as adjusted, decreased, or extended, when due and without the necessity of further action, assessments, or reassessments by the Commissioners Court;

(x) that the Landowner has received all notices required by State law (including, but not limited to the PID Act) in connection with the creation of the District on May 10, 2021, including the notice required pursuant to Section 372.009 of the PID

Act, and the adoption and approval by the Commissioners Court of the Assessment Order, the Service and Assessment Plan, and the Assessment Roll on \_\_\_\_\_, 202\_\_, including the notice required pursuant to Section 372.016 of the PID Act, and to the extent there was any irregularity, omission, or other issue regarding such notices, the Landowner hereby waives any such irregularity, omission, or other issue regarding such notices; and

(xi) that this Agreement may be recorded in the Official Public Records of Bastrop County (the contents of which shall be consistent with the Assessment Order, the Service and Assessment Plan, and this Agreement) and shall evidence the lien and encumbrance created upon the Landowner's Improvement Area #\_\_ Assessed Parcels by the Assessment Order.

C. Landowner hereby waives:

(i) any and all defects, irregularities, illegalities or deficiencies in the proceedings creating and establishing the District, defining the Improvement Area #\_\_ Assessed Parcels, adopting the Assessment Order, Service and Assessment Plan, and Assessment Roll, levying of the Improvement Area #\_\_ Assessments, and determining the amount of the Annual Installments of the Improvement Area #\_\_ Assessments;

(ii) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the approval of the Assessment Order, Service and Assessment Plan, and Assessment Roll and regarding the levying of the Improvement Area #\_\_ Assessments and determining the amount of the Annual Installments of the Improvement Area #\_\_ Assessments;

(iii) any and all actions and defenses against the adoption or amendment of the Assessment Order, Service and Assessment Plan, and Assessment Roll;

(iv) any and all actions and defenses against the County's finding of "special benefit" pursuant to the PID Act and as set forth in the Service and Assessment Plan and the levying of the Improvement Area #\_\_ Assessments and determining the amount of the Annual Installment of the Improvement Area #\_\_ Assessments; and

(v) any right to object to the legality of the Assessment Order, Service and Assessment Plan, Assessment Roll, or Improvement Area #\_\_ Assessments or to any proceedings connected therewith.

### **ARTICLE III**

#### **TEXAS PROPERTY CODE SECTION 5.014 NOTICE**

A. Section 5.014 of the Texas Property Code requires that a person who proposes to sell or otherwise convey real property that is located in a public improvement district shall first give to the purchaser of the property written notice of the district in substantially the form set forth on Exhibit C hereto. The seller is required to deliver the notice to the

purchaser before the execution of a contract binding the purchaser to purchase the property. The notice may be given separately or as an addendum or paragraph of a purchase contract.

B. As the property in the District is developed, a notice substantially in the form as the notice attached hereto as Exhibit "C" (as may be updated and amended from time to time) will be prepared and provided to any purchaser of an Assessed Parcel located in the District. If Section 5.014 of the Texas Property Code is amended, said amendment will control the notice to be provided as of the effective date of such amendment.

#### **ARTICLE IV SPECIAL COVENANTS AND WARRANTIES OF LANDOWNER**

A. Landowner represents and warrants to the County as follows:

(i) Landowner is duly organized, validly existing and, as applicable, in good standing under the laws of the state of its organization and has the full right, power and authority to enter into this Agreement, and to perform all the obligations required to be performed by Landowner hereunder.

(ii) This Agreement has been duly and validly executed and delivered by, and on behalf of, Landowner and, assuming the due authorization, execution and delivery thereof by and on behalf of the County and the Landowner constitutes a valid, binding and enforceable obligation of such party enforceable in accordance with its terms. This representation and warranty is qualified to the extent the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors in general.

(iii) Neither the execution and delivery hereof, nor the taking of any actions contemplated hereby, will conflict with or result in a breach of any of the provisions of, or constitute a default, event of default or event creating a right of acceleration, termination or cancellation of any obligation under, any instrument, note, mortgage, contract, judgment, order, award, decree or other agreement or restriction to which Landowner is a party, or by which Landowner or Landowner's Assessed Parcel is otherwise bound.

(iv) Landowner is the sole owner of each Assessed Parcel shown on Exhibit A to this Agreement.

(v) No Assessed Parcel owned by Landowner is subject to, or encumbered by, any covenant, lien, encumbrance or agreement which would prohibit (i) the creation of the District, (ii) the levy of the Assessments, or (iii) the construction of the Public Improvements on those portions of the Property which are to be owned by the County, as generally described on the current plats of the Property (or, if subject to any such prohibition, the approval or consent of all necessary parties thereto has been obtained).

B. Landowner covenants and agrees to execute any and all documents necessary, appropriate or incidental to the purposes of this Agreement, as long as such documents are

consistent with this Agreement and do not create additional liability of any type to, or reduce the rights of, such Landowner by virtue of execution thereof.

**ARTICLE V**  
**OWNERSHIP, CONSTRUCTION AND**  
**DEDICATION OF AUTHORIZED IMPROVEMENTS**

Landowner acknowledges that the Improvement Area #\_\_ Improvements, together with the land, easements, or other rights-of-way needed for the Improvement Area #\_\_ Improvements, will be determined in accordance with the provisions of the PID Financing Agreement and Landowner will execute such conveyances and/or dedications of public rights of way and easements as may be reasonably required to evidence such ownership, as generally described on the current plats of the Property.

**ARTICLE VI**  
**MISCELLANEOUS**

A. Notices. Any notice or other communication (a “**Notice**”) required or contemplated by this Agreement shall be given at the addresses set forth below. Notices as to one or more Improvement Area #\_\_ Assessed Parcels shall only be given to the Landowner that owns the applicable Improvement Area #\_\_ Assessed Parcels. Notices shall be in writing and shall be deemed given: (i) five business days after being deposited in the United States Mail, Registered or Certified Mail, Return Receipt Requested; or (ii) when delivered by a nationally recognized private delivery service (e.g., FedEx or UPS) with evidence of delivery signed by any person at the delivery address. Each Party may change its address by written notice to the other Parties in accordance with this section.

If to Landowner:

Meritage Homes of Texas, LLC  
Attn: Elliot Jones  
8920 Business Park Dr., Suite 350  
Austin, TX 78759

With a copy to:

Miklos Cinclair PLLC  
Attn: Kevin Pierce  
2050 Lohman’s Spur #502  
Lakeway, TX 78734

County: Bastrop County

Attn: County Judge  
804 Pecan St.  
Bastrop, TX 78602

With a Copy to:

Norton Rose Fulbright US LLP

Attn: Stephanie Leibe

98 San Jacinto Blvd. Suite 1100

Austin, TX 78701

B. Parties in Interest. In the event of the sale or transfer of an Improvement Area #\_\_\_ Assessed Parcel or any portion thereof, the purchaser or transferee shall be deemed to have assumed the obligations of the Landowner with respect to such Improvement Area #\_\_\_ Assessed Parcel or such portion thereof, and the seller or transferor shall be released with respect to such Improvement Area #\_\_\_ Assessed Parcel or portion thereof. Notwithstanding the foregoing, the holders of Improvement Area #\_\_\_ PID Bonds are express beneficiaries of this Agreement and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the Parties, subject to the limitations set forth in the Indenture.

C. Amendments. This Agreement may be amended only by a written instrument executed by all the Parties. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the Land and recorded in the Official Public Records of Bastrop County, Texas.

D. Estoppels. Within ten days after written request from any Party, the other Parties shall provide a written certification indicating whether this Agreement remains in effect as to an Improvement Area #\_\_\_ Assessed Parcel and whether any Party is then in default hereunder.

E. Termination. This Agreement shall terminate as to each Improvement Area #\_\_\_ Assessed Parcel upon payment in full of the Improvement Area #\_\_\_ Assessment against the Improvement Area #\_\_\_ Assessed Parcel.

F. The Landowner 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 State or federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Landowner understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

G. The Landowner represents that neither it nor any of its respective parent companies, 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 Landowner and its respective parent companies, 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 Landowner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Landowner and exists to make a profit.

H. The Landowner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to comply with Section 2274.002 (as added by Senate Bill 13 in the 87<sup>th</sup> Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas 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. The Landowner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Landowner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

I. The Landowner 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 comply with Section 2274.002 (as added by Senate bill 19 in the 87<sup>th</sup> Texas Legislature, Regular Session), Texas Government Code and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions,

(a) '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,

(b) '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),

(c) '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, and

(d) 'affiliate' means an entity that controls, is controlled by, or is under common



control with the Landowner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED by the Parties on the dates stated below.

COUNTY:

BASTROP COUNTY, TEXAS

By: \_\_\_\_\_  
\_\_\_\_\_, County Judge  
Bastrop County, Texas  
Date: \_\_\_\_\_

STATE OF TEXAS                   §  
   §  
COUNTY OF BASTROP         §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022  
by \_\_\_\_\_, the County Judge of Bastrop County, Texas, on behalf of said County

(SEAL)

\_\_\_\_\_  
Notary Public, State of Texas

\_\_\_\_\_  
Name printed or typed  
Commission Expires: \_\_\_\_\_

OWNER:

MERITAGE HOMES OF TEXAS, LLC,  
an Arizona limited liability company

By: \_\_\_\_\_

Name: Elliot Jones

Title: Division Vice President

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

STATE OF TEXAS                   §

§

COUNTY OF BASTROP           §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2022  
by Elliot Jones, Division Vice President, of MERITAGE HOMES OF TEXAS, LLC, an Arizona  
limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State of Texas

(SEAL)

\_\_\_\_\_  
Name printed or typed

Commission Expires:

**EXHIBIT A to IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT**

Land Legal Description

**EXHIBIT B to IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT**

Assessment Order

[See attached]

EXHIBIT C to [\_\_\_\_\_] LANDOWNER AGREEMENT

Homebuyer Disclosure

**DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT  
LOT TYPE \_\_\_\_  
HOMEBUYER DISCLOSURE**

**SECTION 5.014 TEXAS PROPERTY CODE NOTICE**

**NOTICE OF OBLIGATION TO PAY  
IMPROVEMENT DISTRICT ASSESSMENTS  
TO BASTROP COUNTY, TEXAS**

**CONCERNING THE FOLLOWING PROPERTY:**

\_\_\_\_\_  
**(Insert property address)**

**OUTSTANDING PRINCIPAL OF ASSESSMENT FOR AUTHORIZED  
IMPROVEMENT: \$[\_\_\_\_\_]**

As the purchaser of the real property described above, you are obligated to pay assessments to Bastrop County, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the "Double Eagle Ranch Public Improvement District" (the "District"), created under Subchapter A, Chapter 372, Local Government Code.

**AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. THE OUTSTANDING PRINCIPAL OF THE ASSESSMENT AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS IS [\$ ] 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.**

An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.** The exact amount of the assessment may be obtained from Bastrop County. The exact amount of each annual installment will be approved each year by the Bastrop County Commissioners Court in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from Bastrop County.

You may ask your mortgage company to include the Annual Installments in your monthly escrow payment.

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.

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: \_\_\_\_\_

\_\_\_\_\_  
Purchaser

**EXHIBIT D to IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT**  
**District Legal Description**

**EXHIBIT D-1 to IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT**  
**Improvement Area #1 Legal Description**



**EXHIBIT D-2 to IMPROVEMENT AREA #\_\_ LANDOWNER AGREEMENT**  
**Improvement Area #2 Legal Description**

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**BASTROP COUNTY, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**



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