

LIMITED OFFERING MEMORANDUM DATED OCTOBER 3, 2022

NEW ISSUE

NOT RATED

**THE BONDS ARE INITIALLY OFFERED ONLY TO PERSONS WHO MEET THE DEFINITION OF “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933) OR “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933). SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”**

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



**\$1,688,000**

**CITY OF TOMBALL, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022**

**(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

**Dated Date: Delivery Date (defined below)**

**Due: September 15, as shown on the inside cover**

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) (the “Bonds”), are being issued by the City of Tomball, Texas (the “City”). Interest on the Bonds will accrue from the Delivery Date (defined below). The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15, commencing March 15, 2023, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). 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 The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance adopted by the City Council of the City (the “City Council”) on October 3, 2022, a Master Indenture of Trust dated as of September 1, 2020 (the “Master Indenture”), and the Second Supplemental Indenture dated October 1, 2022 (the “Second Supplemental Indenture” and together with the Master Indenture, the “Indenture”), entered into by and between the City and the Trustee. The Bonds are issued on parity with the initial series of Improvement Area #1 Bonds issued in 2020 under the Master Indenture and First Supplemental Indenture in 2020 (the “Series 2020 Bonds” and, together with the Bonds and any refunding bonds, the “Improvement Area #1 Bonds”). See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used for the purposes of (1) paying or reimbursing a portion of the Improvement Area #1 Costs, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, and (4) paying the costs of issuance of the Bonds. See “PLAN OF FINANCE” and “APPENDIX B – Form of Indenture.” The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of revenue from the Assessments (defined herein) levied against assessable properties (the “Assessed Property”) in Improvement Area #1 (defined herein) of the Raburn Reserve Public Improvement District (the “District”), in accordance with a Service and Assessment Plan (defined herein), and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

**The Bonds involve a significant degree of risk and are not suitable for all investors. 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. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.”**

THE IMPROVEMENT AREA #1 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND ACCOUNTS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #1 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE IMPROVEMENT AREA #1 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, for the City by its counsel, Olson & Olson LLP, and for the Developer by Coats Rose, P.C., counsel to the Developer. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October 27, 2022 (the “Delivery Date”).

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

CUSIP Prefix: 889858<sup>(a)</sup>

\$1,688,000  
CITY OF TOMBALL, TEXAS,  
(a municipal corporation of the State of Texas located in Harris County)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

\$192,000 5.250% Term Bonds, Due September 15, 2029, Priced to Yield 5.250%; CUSIP No. AF3 <sup>(a)(b)(d)</sup>

\$1,496,000 6.000% Term Bonds, Due September 15, 2050, Priced to Yield 6.000%; CUSIP No. AG1 <sup>(a)(b)(c)(d)</sup>

- 
- (a) CUSIP<sup>®</sup> numbers are included solely for the convenience of Owners of the Bonds. CUSIP<sup>®</sup> is a registered trademark of the American Bankers Association. CUSIP<sup>®</sup> data herein is provided by CUSIP Global Services (“CGS”) and managed on behalf of The American Bankers Association by FactSet Research Systems Inc. CUSIP<sup>®</sup> data herein is provided by CGS and is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP<sup>®</sup> numbers are provided for convenience of reference only. None of the City, the City’s Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to extraordinary optional redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (c) The Bonds maturing on and after September 15, 2050, are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 2029, at the redemption prices set forth herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (d) The Bonds are also subject to mandatory sinking fund redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

**CITY OF TOMBALL, TEXAS  
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	<u>Term Expires (May)</u>
Lori Klein Quinn	Mayor	2025
John F. Ford	Council Position 1/Mayor Pro Tem	2023
Mark Stoll	Council Position 2	2024
Dane Dunagin	Council Position 3	2025
Derek Townsend Sr	Council Position 4	2024
Randy Parr	Council Position 5	2023

**CITY MANAGER**  
David Esquivel

**ASSISTANT CITY MANAGER**  
Jessica Rogers

**DIRECTOR OF FINANCE**  
Katherine Tapscott

**CITY SECRETARY**  
Doris Speer

**ADMINISTRATOR**  
P3Works, LLC

**FINANCIAL ADVISOR TO THE CITY**  
Hilltop Securities Inc.

**BOND COUNSEL**  
Bracewell LLP

**UNDERWRITER'S COUNSEL**  
Orrick, Herrington & Sutcliffe LLP

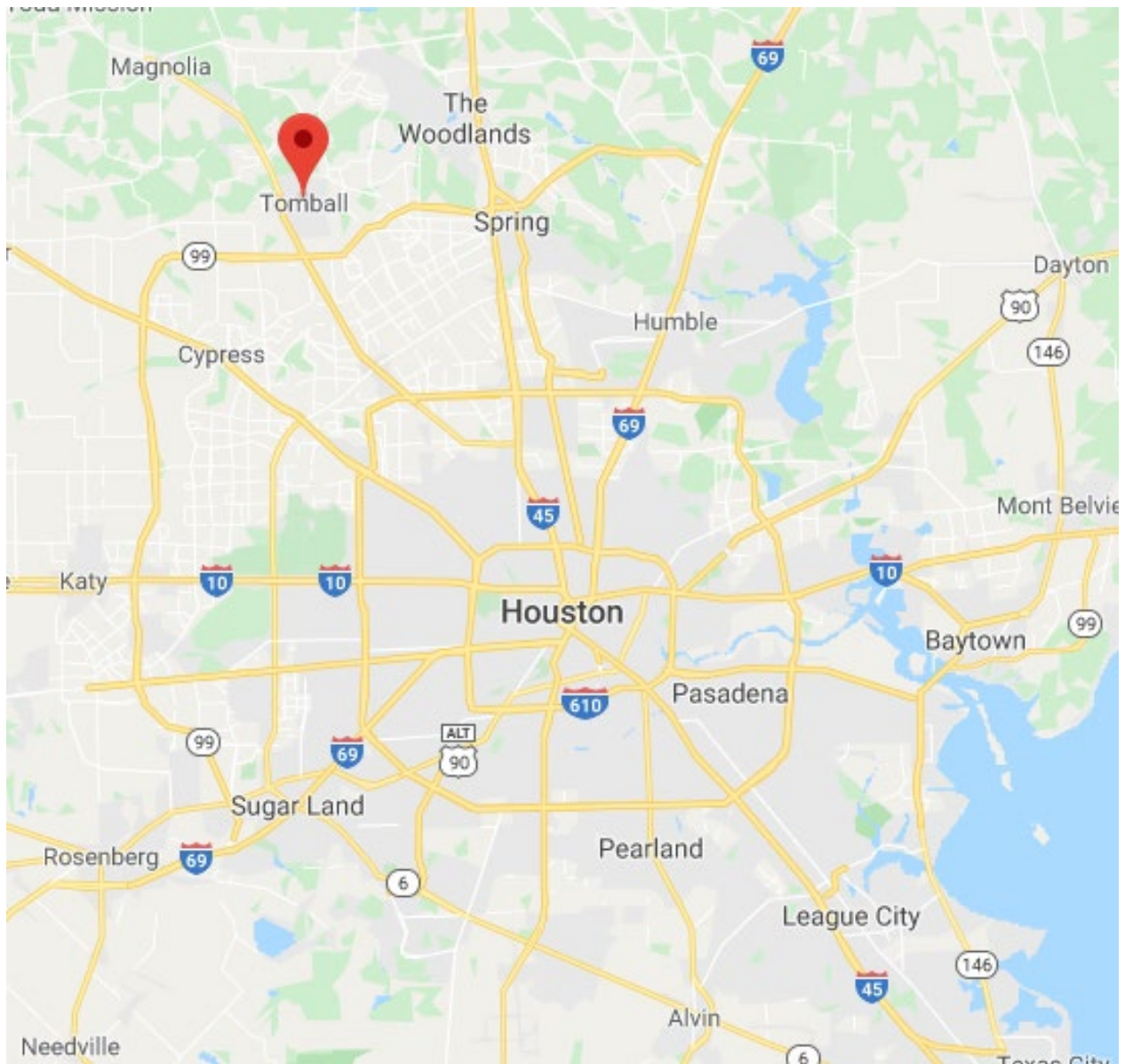
For additional information regarding the City, please contact:

Katherine Tapscott  
Director of Finance  
City of Tomball  
501 James Street  
Tomball, Texas 77375  
(281) 351-5484  
kdubose@tomballtx.gov

Joe Morrow  
Managing Director  
Hilltop Securities Inc.  
700 Milam, Suite 500  
Houston, Texas 77002  
(713) 654-8690  
joe.morrow@hilltopsecurities.com

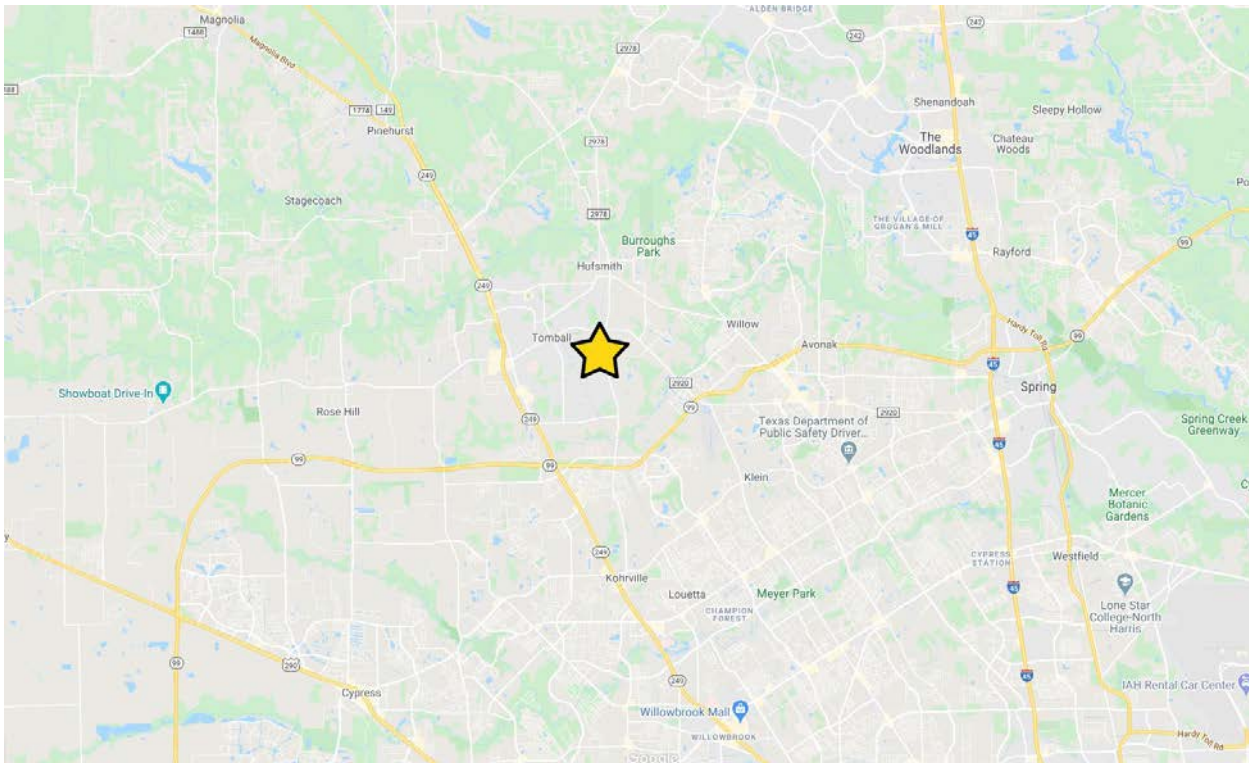
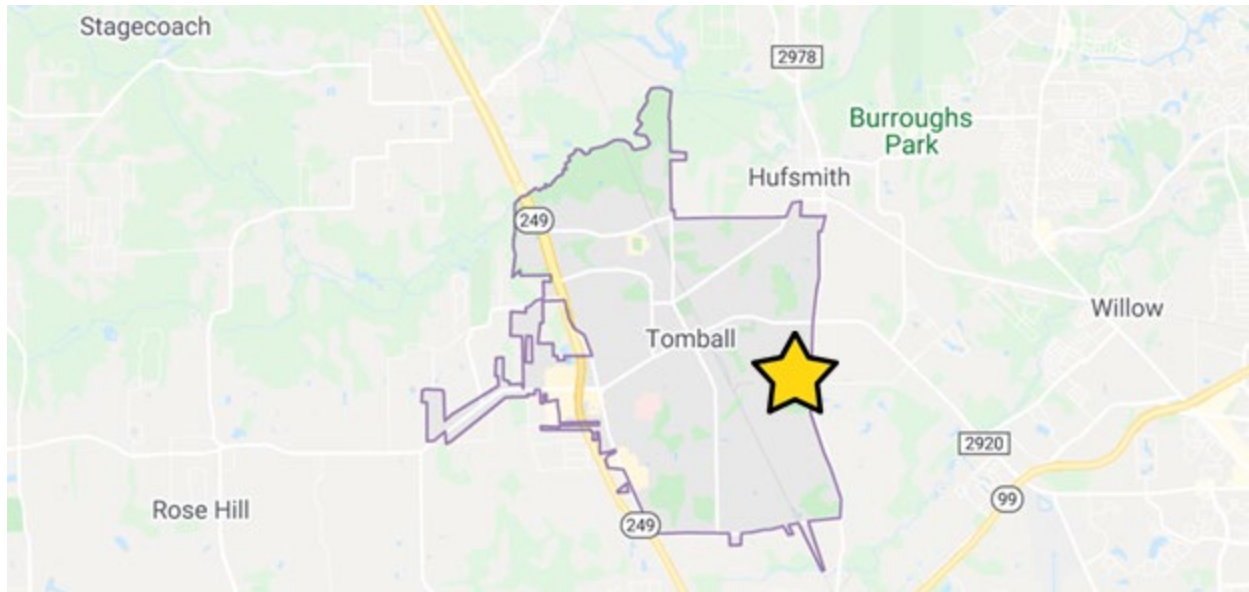
Jason Hughes  
Managing Director  
Hilltop Securities Inc.  
717 N. Harwood, Suite 3400  
Dallas, Texas 75201  
(214) 953-8707  
jason.hughes@hilltopsecurities.com

## REGIONAL LOCATION MAP OF THE DISTRICT





## AREA LOCATION MAPS OF THE DISTRICT



**FUTURE IMPROVEMENT AREA**

**IMPROVEMENT AREA #1**

**IMPROVEMENT AREA #2**

**HOFF SMITH-KORVILLE ROAD**

**AGG ROAD**

**Raburn Reserve PID Improvement Exhibit**

**EHRA**

**June 11, 2013**

**A ± 110 Acre Community located in Harris County, Texas.**

**Scale: 1" = 500'**

**North**

**Legend:**

- Future Improvement Area
- Improvement Area #1
- Improvement Area #2

**Notes:**

- The map is for informational purposes only and does not constitute a contract or offer of insurance.
- The map is not to be used for any other purpose without the express written consent of the insurer.
- The map is not to be used for any other purpose without the express written consent of the insurer.



## **USE OF LIMITED OFFERING MEMORANDUM**

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.” 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.” EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. 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. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE – THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY.

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.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

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## **LIMITED OFFERING MEMORANDUM**

**\$1,688,000**

**CITY OF TOMBALL, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022**

**(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Tomball, Texas (the “City”), of its \$1,688,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) (the “Bonds”).

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance adopted by the City Council of the City (the “City Council”) on October 3, 2022 (the “Bond Ordinance”), a Master Indenture of Trust dated as of September 1, 2020 (the “Master Indenture”), and a Second Supplemental Indenture, dated October 1, 2022 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), entered into by and between the City and The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”). The Bonds constitute Improvement Area #1 Bonds under the Master Indenture on parity with the initial series of Improvement Area #1 Bonds issued under the Master Indenture and First Supplemental Indenture in 2020 (the “Series 2020 Bonds”). Payment of the Bonds, the Series 2020 Bonds, and any refunding bonds issued by the City pursuant to the Master Indenture and on parity therewith (collectively, the “Improvement Area #1 Bonds”) are secured by a pledge of and a lien upon the Trust Estate (defined in the Indenture), consisting primarily of revenue from special assessments (the “Assessments”) levied pursuant to a separate ordinance adopted by the City Council on September 21, 2020 (the “Assessment Ordinance”) against assessable property (the “Assessed Property”) located within Improvement Area #1 (defined below) of the Raburn Reserve Public Improvement District (the “District”), all to the extent and upon the conditions described herein and in the Indenture. The Bonds, the Series 2020 Bonds, and any refunding bonds issued pursuant to the Master Indenture are together referred to herein as the “Improvement Area #1 Bonds.” See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “ASSESSMENT PROCEDURES.”

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

Set forth herein are brief descriptions of the City, the District, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan (defined herein), the Development Agreement (defined herein), the Reimbursement Agreement (defined herein), HT Raburn Reserve Development L.P., a Texas limited partnership (together with its successors and assigns, the “Developer”), and P3Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number 214-418-1588. The form of the Indenture appears in APPENDIX B and the Service and Assessment Plan appears in APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the 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**

On December 4, 2019, HT Raburn Reserve Development L.P., a Texas limited partnership (the “Developer”), acquired approximately 105 acres comprising the original boundaries of the District. On December 9, 2020, the Developer acquired an additional 5 acres which were subsequently added to the District. See “THE DEVELOPER – History and Financing of the District.” The Developer is an affiliate of Hines Interests Limited Partnership, a Delaware limited partnership (together with its subsidiaries and affiliates, “Hines”), a Houston, Texas-based privately owned global real estate investment firm founded in 1957 by Gerald D. Hines. See “THE DEVELOPER.”

The Developer plans to develop the District in three phases, as reflected on the map on page iv. The Developer has completed development of the specific public improvements (the “Improvement Area #1 Improvements”) to serve the first phase of the development (“Improvement Area #1”). The total costs of the Improvement Area #1 Improvements were approximately \$5,017,795, all of which has been paid.

The Developer commenced development of the second phase of the development (“Improvement Area #2”) and the internal phase specific public improvements to serve Improvement Area #2 (the “Improvement Area #2 Improvements”) in April 2022 and expects such improvements to be complete by December 2022. Following development of Improvement Area #2, the Developer intends to, over an approximately fifteen-month period, undertake the final phase of development of internal phase specific public improvements necessary to serve the third phase of the District (the “Future Improvement Area”). See “THE DEVELOPMENT – Overview.” The boundaries of the District, Improvement Areas #1 and #2, and the Future Improvement Area are shown on page iv.

The proceeds of the Bonds will be used for the purpose of (1) paying or reimbursing a portion of the Improvement Area #1 Costs, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, (4) paying a portion of the costs incidental to the organization of the District, and (5) paying the costs of issuance of the Bonds. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “THE IMPROVEMENT AREA #1 IMPROVEMENTS.”

Concurrently with the issuance of the Bonds, the City will deliver its \$2,430,000 Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #2) (the “Improvement Area #2 Bonds”) to pay a portion of the costs of the Improvement Area #2 Improvements. The Improvement Area #2 Bonds will be secured by and payable from assessment revenues collected in Improvement Area #2. The Improvement Area #1 Bonds and the Improvement Area #2 Bonds are separate and distinct securities secured by separate assessments on assessable property in Improvement Area #1 and Improvement Area #2, respectively.

### **Series 2020 Bonds and the Improvement Area #1 Reimbursement Obligation**

The City previously issued the Series 2020 Bonds in the aggregate principal amount of \$2,490,000 for the purposes of, among other things, paying a portion of the costs of the Improvement Area #1 Improvements. The Series 2020 Bonds are secured by the Trust Estate on parity with the Bonds.

In connection with the issuance of the Series 2020 Bonds, the City entered into a reimbursement agreement with the Developer (the “Reimbursement Agreement”) to finance a portion of the costs of the Improvement Area #1 Improvements in an amount not to exceed \$1,990,000 (the “Improvement Area #1 Reimbursement Obligation”) not paid with proceeds of the Series 2020 Bonds. A portion of the Improvement Area #1 Reimbursement Obligation in the amount of \$30,000 is expected to be paid to the Developer prior to the Delivery Date. Proceeds of the Bonds will be used to pay costs of the Improvement Area #1 Improvements in the approximate amount of \$1,446,302 and upon issuance of the Bonds, the Reimbursement Agreement will terminate. The remaining costs of the Improvement Area #1 Improvements and related costs in the approximate amount of \$1,680,420 were funded by the Developer from the Development Loan and will not be reimbursed by the City. See “THE DEVELOPER – History and Financing of the District.” Pursuant to the Service and Assessment Plan, the Reimbursement Agreement, and the Development Agreement, the Developer will be responsible for any costs of the Improvement Area #1 Improvements in excess of

the amounts funded by the Improvement Area #1 Bonds. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS – The Development Agreement” and “APPENDIX F – Development Agreement.”

### **Future Improvement Area Bonds**

The City expects to issue one or more series of bonds (“Future Improvement Area Bonds”) to finance the Actual Costs of Authorized Improvements to be developed to serve the Future Improvement Area. The estimated costs of such improvements benefiting the Future Improvement Area will be determined as the Future Improvement Area is developed and the Service and Assessment Plan will be updated to identify the Authorized Improvements to be constructed within the Future Improvement Area to be financed by each series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area that benefit from the Authorized Improvements. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Bonds.”

### **The Bonds**

Proceeds of the Bonds will be used for the purposes of (1) paying or reimbursing a portion of the Improvement Area #1 Costs, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, and (4) paying the costs of issuance of the Bonds. The Bonds are issued on parity with the Series 2020 Bonds. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS,” “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 IMPROVEMENTS,” and “APPENDIX B – Form of Indenture.”

Payment of the Improvement Area #1 Bonds (including the Bonds) is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Assessments levied against the Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS” and “ASSESSMENT PROCEDURES.” **The Bonds shall never constitute an indebtedness or general obligation of the City, the State, or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State, or any other political subdivision of the State is pledged to the payment of the Bonds.**

**The Improvement Area #1 Bonds, the Improvement Area #2 Bonds, and any Future Improvement Area Bonds, if issued by the City, will constitute separate and distinct issues of securities, and will be secured by separate assessments. The Bonds are separate and distinct issues of securities from the Series 2020 Bonds and any refunding bonds issued by the City in the future pursuant to the Master Indenture, but the Improvement Area #1 Bonds (including the Series 2020 Bonds and the Bonds) and the refunding bonds, if any, issued under the Master Indenture will be equally and ratably secured by the Trust Estate. No Improvement Area #2 Bonds, Future Improvement Area Bonds, or refunding bonds are offered pursuant to this Limited Offering Memorandum.**

### **Status of Builder Contract**

The Developer is under contract to sell all 391 Lots in the District to Taylor Morrison of Texas, Inc., a Texas corporation (the “Homebuilder” or “Taylor Morrison”). Pursuant to the purchase and sale contract with the Homebuilder, the Homebuilder began purchasing Lots upon substantial completion of the Improvement Area #1 Improvements and, as of July 2022, the Homebuilder had purchased 126 of the 133 Lots in Improvement Area #1. The Developer received an earnest money deposit from the Homebuilder equal to \$3,054,688. See “THE DEVELOPMENT” for more information concerning the status of Lot sales and the status of development in the District.

## **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 “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, and “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged, represented, and warranted to the City as follows:

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

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

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

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

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

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

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Improvement Area #1 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**

Capitalized terms not otherwise defined in this caption have the meanings assigned to them in the Indenture. The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Delivery Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2023 (each, an “Interest Payment Date”), until maturity or prior redemption. The Bank of New York Mellon Trust Company, National Association, is the initial Trustee and Paying Agent/Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### **Redemption Provisions**

*Optional Redemption.* The City reserves the option to redeem Bonds maturing on or after September 15, 2050, in whole or any part, before their respective scheduled maturity dates, on September 15, 2029, or on any date thereafter such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

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

*Extraordinary Optional Redemption.* Notwithstanding any provision in the Second Supplemental Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Master Indenture or any other transfers to the Redemption Fund under the terms of the Master Indenture, including from transfers of Foreclosure Proceeds). The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this subsection unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

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*Mandatory Sinking Fund Redemption.* The Bonds (referred to as “Term Bonds” below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**\$192,000 Bonds Maturing September 15, 2029**

<b><u>Mandatory Sinking Fund Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>	<b><u>Mandatory Sinking Fund Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 15, 2023	\$30,000	September 15, 2027	\$28,000
September 15, 2024	24,000	September 15, 2028	32,000
September 15, 2025	23,000	September 15, 2029 <sup>†</sup>	32,000
September 15, 2026	23,000		

**\$1,496,000 Bonds Maturing September 15, 2050**

<b><u>Mandatory Sinking Fund Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>	<b><u>Mandatory Sinking Fund Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 15, 2030	\$37,000	September 15, 2041	\$ 69,000
September 15, 2031	32,000	September 15, 2042	75,000
September 15, 2032	42,000	September 15, 2043	81,000
September 15, 2033	42,000	September 15, 2044	82,000
September 15, 2034	42,000	September 15, 2045	93,000
September 15, 2035	47,000	September 15, 2046	99,000
September 15, 2036	47,000	September 15, 2047	106,000
September 15, 2037	53,000	September 15, 2048	113,000
September 15, 2038	58,000	September 15, 2049	124,000
September 15, 2039	63,000	September 15, 2050 <sup>†</sup>	127,000
September 15, 2040	64,000		

<sup>†</sup> Stated maturity.

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

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

*Notice of Redemption to Owners.* The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption, and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice given as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.



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

*Additional Provisions with Respect to Redemption.* If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

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

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

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

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

## **BOOK-ENTRY ONLY SYSTEM**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.*

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

*and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC participants are on file with DTC.*

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the 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 for the Bonds 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payable 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, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT/REGISTRAR, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE 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.

Use of Certain Terms in Other Sections of this Limited Offering Memorandum. In reading this Limited Offering Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

## **SECURITY FOR THE IMPROVEMENT AREA #1 BONDS**

### **General**

THE IMPROVEMENT AREA #1 BONDS (INCLUDING THE BONDS) ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #1 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE IMPROVEMENT AREA #1 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "APPENDIX B – Form of Indenture."

The principal of, premium, if any, and interest on the Improvement Area #1 Bonds are secured by a pledge of and a lien upon the Pledged Revenues and other assets of the Trust Estate, consisting primarily of revenues from the Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #1 contains approximately 38.50 acres within the District. Other than Non-Benefited Property (defined in the Service and Assessment Plan), all of the property within Improvement Area #1 has been assessed. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as updated, amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the assessments (including the Assessments), and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Improvement Area #1 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 (defined below) of Assessments due in a given year. The determination by the City of the special assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C – Service and Assessment Plan."

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of law to finance the Improvement Area #1 Improvements by levying Assessments upon properties in Improvement Area #1 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C – Service and Assessment Plan." The City covenanted in the Indenture that it will take and pursue all actions permissible under 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 (collectively, the "Applicable Laws") to cause the Assessments to be collected and the liens thereof to be enforced continuously. See "– Pledged Revenue Fund," "APPENDIX B – Form of Indenture" and "APPENDIX C – Service and Assessment Plan."

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

"Annual Collection Costs" mean the actual or budgeted annual costs and expenses related to the creation and operation of the District, the issuance and sale of bonds, and the construction, operation, and maintenance of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator and City staff;

(2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming 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 issuance and sale of bonds, the administration of the Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with the issuance of bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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, collectively, with respect to each Assessed Property, each annual payment of (i) the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit G to the Service and Assessment Plan and related to the Improvement Area #1 Bonds and the Improvement Area #1 Improvements, including (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in the Indenture.

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

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

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

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Improvement Area #1 Bonds.

“Trust Estate” means (i) the Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired, and (ii) 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 under the Indenture by the City or by anyone on its behalf or with its written consent.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims, except liens and claims for State of Texas (the “State”), county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES.”

## **Collection and Deposit of Assessments**

The Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of, premium, if any, and interest on the Improvement Area #1 Bonds (including the Bonds and the Series 2020 Bonds), as and to the extent provided in the Service and Assessment Plan and the Indenture. See “– Pledged Revenue Fund” and “APPENDIX B – Form of Indenture.”

The Assessments, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Improvement Area #1 Bonds. An Annual Installment of Assessments has been made payable in the Assessment Ordinance in each Fiscal Year preceding the date of final maturity of the Improvement Area #1 Bonds which, if collected, will be sufficient to pay the portion of the debt service requirements attributable to Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

Any sums collected for the payment of Annual Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

## **Unconditional Levy of Assessments**

The City has imposed Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Improvement Area #1 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 are effective from the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Assessment may be paid in full or in part at any time or in periodic Annual Installments over a period of time equal to the term of the Improvement Area #1 Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within Improvement Area #1 and allocated to the Bonds begins to accrue on the date specified in the Service and Assessment Plan and bears interest at the rate of interest on the Bonds plus the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act (the “Additional Interest Rate”). Each Annual Installment, including the interest on the unpaid amount of Assessments, will be determined by September 30 of each year and billed on or around October 15 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 372.003(b)(14) of the PID Act, the City will levy, assess, and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the Annual Collection Costs. The portion of each Annual Installment of an Assessment used to pay the Annual Collection Costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the levy after an annual review in any year pursuant to Section 372.015(d) of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance and shall be billed on or about October 15 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 will be no split payment of Assessments or 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 property within Improvement Area #1, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES.”



The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS – Assessment Limitations.” There are currently no properties within Improvement Area #1 that claimed a homestead exemption prior to the levy of Assessments.

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

### **Perfected Security Interest**

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Delivery Date, and execution and delivery of the Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Improvement Area #1 Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Improvement Area #1 Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur. See “APPENDIX B – Form of Indenture.”

### **Pledged Revenue Fund**

On or before February 1 provided that Pledged Revenues have been received by the City, or if not, then as soon available, of each year while the Improvement Area #1 Bonds are Outstanding, beginning February 1, 2023 (with respect to the Bonds), the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt, that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund and the Delinquency and Prepayment Account, respectively) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as otherwise provided below with respect to Additional Interest, Prepayments, and Foreclosure Proceeds, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (i) *first*, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #1 Bonds coming due in the current Bond Year;
- (ii) *second*, unless otherwise directed by a Supplemental Indenture, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement;
- (iii) *third*, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and
- (iv) *fourth*, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

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

in the Indenture. The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited as Additional Interest, Prepayments, or Foreclosure Proceeds as described below.

From time to time as needed to pay the obligations relating to the Improvement Area #1 Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, 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 to be deposited, 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 Improvement Area #1 Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund, there are insufficient funds to make the payments provided above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Improvement Area #1 Bonds.

Notwithstanding the above described flow of funds, the Trustee shall deposit (a) Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account (up to the Delinquency and Prepayment Reserve Requirement); (b) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (c) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds (i) first to restore any transfers from the Bond Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Bond Reserve Account Requirement); (ii) second, to restore any transfers from the Delinquency and Prepayment Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Delinquency and Prepayment Reserve Requirement); and (iii) third, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #1 Bonds, and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

### **Bond Fund**

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Improvement Area #1 Bonds.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

### **Project Fund**

Money on deposit in the Improvement Account, Developer Improvement Account, and Cost of Issuance Account of the Project Fund shall be used for the purpose of paying a portion of the Actual Costs of the Improvement Area #1 Improvements pursuant to a Certificate of Payment submitted by the Developer.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Improvement Area #1 Bonds pursuant to one or more City Certificates or pursuant to a closing memo prepared by the City's financial advisor at closing of each series of Improvement Area #1 Bonds. Moneys disbursed to the Developer at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request. Any funds in the Costs of Issuance Account not needed to pay costs of issuance shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #1 Bonds, as directed by the City.

Except as otherwise provided in the Indenture, money on deposit in the Developer Improvement Account and the Improvement Account of the Project Fund shall be used solely to pay the costs of the Improvement Area #1 Improvements. Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment for the costs set forth therein, from the following accounts in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in the Indenture, money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in the Indenture, money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

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

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released to the Developer pursuant to the Indenture.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs thereof have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account to the Developer pursuant to the Indenture; and (ii) shall close the Developer Improvement Account.

Any amounts in the Developer Improvement Account to be transferred and released shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Improvements Area #1 Costs have been paid, or that any such costs are not required to be paid from the Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee, and shall close the Improvement Account of the Project Fund.

## **Redemption Fund**

Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to optional redemption, extraordinary option redemption, and mandatory sinking fund redemption as provided in a Supplemental Indenture.

The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee an amount sufficient to redeem Improvement Area #1 Bonds pursuant to the extraordinary optional redemption as set forth in a Supplemental Indenture. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Improvement Area #1 Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of the Master Indenture, cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to the Indenture, an amount sufficient to redeem Improvement Area #1 Bonds pursuant to optional redemption, extraordinary optional redemption, or mandatory sinking fund redemption as provided in a Supplemental Indenture at the direction of the City.

## **Bond Reserve Account**

Pursuant to the Master Indenture, a Bond Reserve Account was created within the Reserve Fund for the benefit of the Improvement Area #1 Bonds to be held by the Trustee and funded with proceeds of the Improvement Area #1 Bonds in the amount of the Bond Reserve Account Requirement. Pursuant to the Second Supplemental Indenture, the Bond Reserve Account Requirement for the Bonds is fifty percent (50%) of Maximum Annual Debt Service. As of the Delivery Date, the Bond Reserve Account Requirement for the Bonds is equal to \$69,530.00. Proceeds of the Bonds in such amount will be deposited into the Series 2022 Sub-Account of the Bond Reserve Account solely for the benefit of the Owners of the Bonds.

The City agrees with the Owners of the Improvement Area #1 Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. As noted below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Improvement Area #1 Bonds is due.

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

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund, or (iii) the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds).

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds.

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

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Improvement Area #1 Bonds.

If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #1 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #1 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #1 Bonds as of such Interest Payment Date.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Bond Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Bond Reserve Account prior to redemption, and (ii) the Bond Reserve Account Requirement after such redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #1 Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

### **Delinquency and Prepayment Reserve Account**

In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund as set forth in a Supplemental Indenture, each year, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Improvement Area #1 Bonds. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account,

transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #1 Bonds.

### **Administrative Fund**

The City 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. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this paragraph.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Master Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND IS NOT SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.

The Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within ten (10) Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered under the Indenture.

### **Defeasance**

All Outstanding Improvement Area #1 Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Improvement Area #1 Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption of said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #1 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #1 Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #1 Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Master 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 Improvement Area #1 Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Improvement Area #1 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment



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

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

### **Events of Default**

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Improvement Area #1 Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (iv) default in the performance or observance of any covenant, agreement, or obligation of the City under the Master Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds at the time Outstanding requesting that the failure be remedied.

An event described above will not be viewed as an Event of Default if it is in violation of any applicable state law or court order.

The City shall not be required to advance anything other than the Pledged Revenues that have been made available to the City or other assets that are part of the Trust Estate in order to avoid the Events of Default listed above.

### **Immediate Remedies for Default**

Subject to the terms and provisions of the Master Indenture, upon the happening and continuance of any of the Events of Default described above, the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #1 Bonds then Outstanding may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Master 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 Master Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Improvement Area #1 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #1 Bonds due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation, or sale.

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

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

No Owner shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of the Master Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 25% of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as required by the Master Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers thereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Improvement Area #1 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Master 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 registered owners of all Improvement Area #1 Bonds then Outstanding. The notification, request, and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Master Indenture and to any action or cause of action for the enforcement of the Master Indenture or for any other remedy thereunder.

Subject to provisions of the Master Indenture with respect to certain liabilities of the City, nothing in the Master Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Improvement Area #1 Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Improvement Area #1 Bond issued under the Master Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Improvement Area #1 Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Master Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely

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

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

All moneys, securities, funds, and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Master Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Master Indenture during the continuance of an Event of Default shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Improvement Area #1 Bonds, as follows:

- (i) *First:* To the payment to the registered owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the registered owners entitled thereto, without any discrimination or preference; and
- (ii) *Second:* To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Improvement Area #1 Bonds, or Redemption Price of any Improvement Area #1 Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Improvement Area #1 Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to 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 Improvement Area #1 Bonds that are Outstanding in proportion to the quantity of Improvement Area #1 Bonds that are currently due and in default under the terms of the Master Indenture.

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

### **Investment of Funds**

Money in any Fund established pursuant to the Master Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in the Master Indenture. Such investments shall be valued each year in terms of current market value as of September 30 and on each Interest Payment Date (for the purpose of determining excess funds pursuant to the Master Indenture). For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary,

such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

The Trustee and its affiliates may act as sponsor, advisor, depository, principal, or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if approved by the City in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to the Master Indenture. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the City's written instructions of the directed investments.

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 in the Master Indenture for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee thereunder, 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 the Master Indenture.

The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee under the Master Indenture; and the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement will be provided if no activity occurred during such month, so long as the Trustee is providing online access.

The Trustee may conclusively rely on City Certificates that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

#### **Against Encumbrances**

Other than Improvement Area #1 Bonds issued pursuant to the terms of the Master Indenture, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance, or charge upon the Trust Estate, or upon any other property pledged under the Master Indenture, except the pledge created for the security of the Improvement Area #1 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

So long as Improvement Area #1 Bonds are Outstanding under the Master Indenture, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Improvement Area #1 Bonds authorized as set forth in the Master Indenture, and bonds issued to refund all or a portion of the Improvement Area #1 Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Master Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

#### **Conditions Precedent to Issuance of Improvement Area #1 Bonds**

Each series of Improvement Area #1 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

- (i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #1 Bonds as required by the Master Indenture; and
- (ii) Certificate of the City stating that (A) all conditions precedent to the issuance of the Improvement Area #1 Bonds specified in the Master Indenture and in any Supplemental Indenture have been satisfied, and (B) the City is not in default in any covenant, representation, warranty, or provisions of the

Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #1 Bonds; and

(iii) City Certificates executed by an Authorized Officer of the City directing the application of the proceeds of the Improvement Area #1 Bonds.

No Improvement Area #1 Bonds shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Assessments to the value of the Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

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

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

So long as Improvement Area #1 Bonds are Outstanding under the Master Indenture, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Improvement Area #1 Bonds issued pursuant to a Supplemental Indenture, secured by any pledge of or other lien or charge on the Trust Estate pledged under the Master Indenture, other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #1 Bonds.

Other than bonds issued to refund all or a portion of the Improvement Area #1 Bonds, the City will not create or voluntarily permit to be created any debt, lien, or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Master Indenture or the priority thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Master Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the Annual Debt Service due and owing on the Improvement Area #1 Bonds.

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## SOURCES AND USES OF FUNDS

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

### Sources of Funds:

Principal Amount	<u>\$1,688,000.00</u>
TOTAL SOURCES	<u>\$1,688,000.00</u>

### Use of Funds:

Deposit to Series 2022 Improvement Sub-Account of Improvement Account of Project Fund	\$1,446,302.00
Deposit to Series 2022 Costs of Issuance Sub-Account Costs of Issuance Account of the Project Fund	113,088.00
Deposit to Series 2022 Sub-Account of Bond Reserve Account of Reserve Fund	69,530.00
Deposit to Delinquency and Prepayment Reserve Account of Reserve Fund	8,440.00
Underwriter's Discount <sup>(1)</sup>	<u>50,640.00</u>
TOTAL USES	<u>\$1,688,000.00</u>

<sup>(1)</sup> Includes the fee of Underwriter's Counsel.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Improvement Area #1 Bonds, including the Bonds:

<b>Year Ending (September 30)</b>	<b>THE BONDS</b>			<b>Series</b>	<b>Improvement</b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>2020 Bonds</u></b>	<b><u>Area #1 Bonds</u></b>
2023	\$ 30,000	\$ 88,192	\$ 118,192	\$ 140,113	\$ 258,305
2024	24,000	98,265	122,265	143,594	265,859
2025	23,000	97,005	120,005	141,906	261,911
2026	23,000	95,798	118,798	145,219	264,016
2027	28,000	94,590	122,590	143,363	265,953
2028	32,000	93,120	125,120	141,506	266,626
2029	32,000	91,440	123,440	144,650	268,090
2030	37,000	89,760	126,760	142,625	269,385
2031	32,000	87,540	119,540	145,600	265,140
2032	42,000	85,620	127,620	143,000	270,620
2033	42,000	83,100	125,100	145,400	270,500
2034	42,000	80,580	122,580	147,600	270,180
2035	47,000	78,060	125,060	144,600	269,660
2036	47,000	75,240	122,240	146,600	268,840
2037	53,000	72,420	125,420	148,400	273,820
2038	58,000	69,240	127,240	145,000	272,240
2039	63,000	65,760	128,760	146,600	275,360
2040	64,000	61,980	125,980	148,000	273,980
2041	69,000	58,140	127,140	149,200	276,340
2042	75,000	54,000	129,000	150,200	279,200
2043	81,000	49,500	130,500	151,000	281,500
2044	82,000	44,640	126,640	151,600	278,240
2045	93,000	39,720	132,720	152,000	284,720
2046	99,000	34,140	133,140	152,200	285,340
2047	106,000	28,200	134,200	152,200	286,400
2048	113,000	21,840	134,840	152,000	286,840
2049	124,000	15,060	139,060	151,600	290,660
2050	<u>127,000</u>	<u>7,620</u>	<u>134,620</u>	<u>156,000</u>	<u>290,620</u>
<b>Total</b>	<b><u>\$1,688,000.00</u></b>	<b><u>\$1,860,570</u></b>	<b><u>\$3,548,570</u></b>	<b><u>\$4,121,775</u></b>	<b><u>\$7,670,345</u></b>

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## OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities. Such taxes are payable in addition to the Assessments. In addition, the Developer anticipates that each Lot owner in Improvement Area #1 of the District will pay a maintenance and operation fee and/or a property owner's association fee to a homeowner's association of approximately \$1,000 per year.

The City, Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, Tomball Independent School District ("Tomball ISD") and Harris County Emergency Service District #8 may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by any other taxing authorities.

The following table reflects the overlapping ad valorem tax rates levied on property located in Improvement Area #1. Improvement Area #1 will be located entirely within the corporate limits of the City and within Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, Tomball ISD, and Harris County Emergency Service District #8.

Taxing Entity	Tax Year 2021 Ad Valorem Tax Rate <sup>(1)</sup>
The City	0.333339
Harris County	0.376930
Harris County Department of Education	0.004990
Harris County Flood Control District	0.033490
Harris County Hospital District	0.162210
Lone Star College System	0.107800
Port of Houston Authority	0.008720
Tomball ISD	1.250000
Harris County Emergency Service District #8	0.094245
Total Current Tax Rate	\$2.371724
Estimated Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	\$0.571088
<b>Estimated Total Tax Rate and Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent</b>	<b>\$2.942812<sup>(2)</sup></b>

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



As noted above, Improvement Area #1 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District as of September 12, 2022, and City debt to be secured by the Assessments:

Taxing or Assessing Entity	Gross Outstanding Debt as of 9/12/22	Estimated Percentage Applicable <sup>(1)</sup>	Direct and Estimated Overlapping Debt <sup>(1)</sup>
The City (the Bonds)	\$ 1,688,000	100.00%	\$1,688,000
The City (Series 2020 Bonds)	2,445,000 <sup>(2)</sup>	100.00	2,445,000
The City (General Obligation)	28,790,000	0.40140	115,549
Harris County	1,515,787,125	0.00177	26,878
Harris County Department of Education	20,185,000	0.00177	358
Harris County Flood Control District	807,875,000 <sup>(2)</sup>	0.00180	14,542
Harris County Hospital District	76,385,000	0.00180	1,378
Lone Star College District	641,405,000	0.00387	24,850
Port of Houston Authority	469,434,397	0.00182	8,535
Tomball ISD	685,985,000	0.06110	419,122
	<b><u>\$4,249,979,522</u></b>		<b><u>\$4,744,212</u></b>

(1) Based on certified valuations for Tax Year 2021 for the taxing entities.

(2) As of September 22, 2022.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. None of the property in Improvement Area #1 is currently subject to an agricultural valuation. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. See "BONDHOLDERS' RISKS – Agricultural Use Valuation and Redemption Rights."

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous five years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract. The land within Improvement Area #1 is no longer subject to an agricultural valuation, and the Developer will pay any roll-back taxes due as they are assessed.

## ASSESSMENT PROCEDURES

### General

Capitalized terms 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 City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), that shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments into which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for

public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding the same with Assessments. The City Council levied the Assessments related to Improvement Area #1 on September 21, 2020. Upon adoption of the Assessment Ordinance, the Assessments related to the Bonds became legal, valid, and binding liens upon the property against which the Assessments were made. Upon the issuance of the Bonds, the Service and Assessment Plan will be updated to reflect the sale of the Bonds and the Improvement Area #2 Bonds.

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

### **Assessment Methodology**

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

*Method of Apportionment of Assessments.* As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of the Improvement Area #1 Improvements entirely to the Assessed Property by spreading the entire Assessment across all Assessed Property based on the ratio of the Estimated Buildout Value of each Assessed Property within Improvement Area #1 to the Estimated Buildout Value for all Assessed Property within Improvement Area #1.

*Method of Allocation of Assessments.* As set forth in the Service and Assessment Plan, the City Council initially allocated the Assessments to all Assessed Property by Lot Type. All Lots within Improvement Area #1 were determined to be Lot Type 1 Lots. As such, each Lot within Improvement Area #1 was allocated the same Assessment and all Lots within Improvement Area #1 are equally benefitted by the Improvement Area #1 Improvements. See “THE DEVELOPMENT – Overview” and Exhibit F, Improvement Area #1 Total Assessment Roll, to “APPENDIX C – Service and Assessment Plan.”

#### *Method of 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 an update to the Service and Assessment Plan approved by the City Council.

## *2. Upon Subdivision by a Recorded Subdivision Plat*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel 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-Benefitted Property

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City 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 Parcels shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

## *3. Upon Consolidation*

If two or more Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on Exhibit J to the Service and Assessment Plan for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to Section VI.B of the Service and Assessment Plan.

*True-up of Assessments if Maximum Assessment Exceeded.* Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City'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 such Assessments.

**Mandatory Prepayment of Assessments.** If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the Owner transferring the Assessed Property shall pay to the City the full amount of the Assessment, plus Prepayment Costs and any Delinquent Collection Costs, 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 to the City the full amount of the Assessment, plus Prepayment Costs and any Delinquent Collection Costs, prior to the change in status.

The following table provides the initial allocation of Assessments to Improvement Area #1 Parcels.

**Expected Allocation of Assessments <sup>(1)</sup>**

Planned Lot Type	Planned Number of Lots <sup>(2)</sup>	Est. Buildout Value per Lot <sup>(2)</sup>	Total Estimated Buildout Value <sup>(3)</sup>	Maximum Assessment per Lot <sup>(4)</sup>	Total Assessment per Lot Type	Average Annual Installments per Lot <sup>(5)</sup>	Tax Rate Equivalent per \$100/AV (Completed Homes)
50' x 125'	133	\$442,000	\$58,786,000	\$31,075	\$4,133,000	\$2,524	\$0.571088

<sup>(1)</sup> Derived from information in the Service and Assessment Plan.

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

<sup>(3)</sup> Obtained from the Service and Assessment Plan.

<sup>(4)</sup> Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot within Improvement Area #1 is the amount calculated pursuant to the assessment methodology described in Section V.A of, and shown in Exhibit J to, the Service and Assessment Plan. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Service and Assessment Plan."

<sup>(5)</sup> Derived from information in the Service and Assessment Plan. Based on Annual Installments due from 2023 to 2051 due to the anticipated release of the accounts within the Reserve Fund reducing the Annual Installment due January 31, 2052.

**Collection and Enforcement of Assessment Amounts**

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

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

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

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the

currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

The City will generally 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 hereof and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

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

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

Date Payment <u>Received</u>	Cumulative <u>Penalty</u>	Cumulative <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 maximum 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 consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest. The Annual Installments for Improvement Area #1 may not exceed the amounts shown on the Assessment Roll. The Assessments were levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C – Service and Assessment Plan."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Improvement Area #1 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. See "– Assessment Methodology – Reduction of Assessments."

The Bonds are secured by a first lien on and pledge of the Trust Estate, including revenue from the Assessments. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS" and "APPENDIX C – Service and Assessment Plan."

## **Prepayment of Assessments**

*Voluntary Prepayments.* Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a “Prepayment”) all or part of any Assessment levied against any 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 Improvement Area #1 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 (i) Assessed Property is transferred to a person or entity that is exempt from the payment of the Assessment under applicable law, or (ii) an owner of Assessed Property causes the Assessed Property to become Non-Benefited Property, the Owner of such Assessed Property shall pay to the City the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act (a “Mandatory Prepayment”), in accordance with the Service and Assessment Plan.

## **Priority of Lien**

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

## **Foreclosure Proceedings**

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

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

The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and 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 CITY

### Location and Size

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. The City covers approximately 12.32 square miles.

### Population

The Federal Decennial Census information is provided below. The City estimates its 2022 population to be 12,341.

<u>Federal Decennial Census</u>					
<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
2,734	3,996	6,370	9,089	10,753	12,341

### City Government

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in July of 1933 and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintenance of streets and drainage, municipal court, a community center, and parks.

The current members of the City Council and their respective expiration of terms of office, as well as the principal administrators of the City, are noted on page i. See "APPENDIX A – General Information Regarding the City" for more information.

### Transportation and Utilities

The City is served by a Burlington Northern system affiliate, with rail spur connections available, and is also served by an Arrow-Trailways bus line. Commercial air service is afforded by the George Bush Intercontinental Airport, William P. Hobby Airport and David Wayne Hooks Memorial Airport, approximately 25 miles, 40 miles and 2 miles from the City, respectively. FM 2920, a four-lane highway, connects the City to Interstate 45 and State Highway 290.

Electricity is supplied by CenterPoint and natural gas by the City. The City supplies potable water from six water wells, five of which are currently in operation, and also provides two wastewater collection and treatment facilities.

### Education and Health Care

The City is served by the schools of Tomball Independent School District ("Tomball ISD"). According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. The district operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. According to the Texas Education Agency annual school report cards, Tomball ISD was rated as "A" for 2018-2019. (The categories for public school districts and public schools are A, B, C, D or F).

Higher education facilities in the area include Lone Star College – Tomball which is a 145-acre campus offering Associate of Applied Science and Associate of Arts Degrees. Other colleges and universities within commuting distance include Houston Baptist University, Prairie View A&M University, Rice University, St. Thomas

University, Sam Houston State University, Texas A&M University, Texas Southern University, and the University of Houston.

The City is served by the non-profit acute general care hospital, Tomball Regional Hospital. Tomball Regional Hospital includes complete diagnostic facilities, a cardiac care unit, 24-hour emergency room, outpatient surgery center, a birthing center, a sports medicine center, home health care and the Texas Wound and Lymphedema Center. Also included with the hospital is The Heritage Retirement Community, which offers independent assisted living, comprehensive living and an Adult Daybreak Center. The City is also served by the for-profit long-term acute care hospital Kindred Hospital. The facility provides intensive care services, endoscopy suites, in-house radiology with CT, hyperbaric oxygen chambers, and 24-hour in-house physician coverage.

### **City Regulation of Oil and Gas Wells**

In 2008, the City enacted an ordinance prohibiting, without a permit, the drilling or deepening of any well, or the conducting of any seismic activity, within 1,000 feet of any residence, building, or other structure intended for human occupancy without a permit. This applies to wells drilled after September 2, 2008, and does not apply to any fully drilled wells in existence prior to September 2, 2008. Accordingly, there are several producing wells within the City limits; although, none in the District. See also “THE DEVELOPMENT – Existing Mineral and Groundwater Rights.”

## **THE DISTRICT**

### **General**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2019-41 of the City adopted on October 7, 2019, as amended and restated on November 4, 2019 and December 7, 2020 (the “Creation Resolution”) in accordance with the PID Act for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-iv hereof.

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

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Improvements. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, reimbursement, acquisition or purchase of certain improvements within the District, which include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the PID Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the



district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. The City has determined to finance a portion of the costs thereof through the issuance of the Bonds, and to provide for the payment of debt service on the Bonds from the Trust Estate. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Service and Assessment Plan.”

## **THE IMPROVEMENT AREA #1 IMPROVEMENTS**

### **General**

The Developer plans to develop the District in three phases, as reflected on the map on page iv. The Developer has completed development of the Improvement Area #1 Improvements to serve Improvement Area #1. The Developer commenced development of the Improvement Area #2 Improvements in Improvement Area #2, the second phase of the development, in April 2022 and expects such improvements to be completed by December 2022. Following development of Improvement Area #2, the Developer intends to, over an approximately fifteen-month period, undertake the final phase of development of internal phase specific public improvements necessary to serve the third phase in the Future Improvement Area. The boundaries of the District, Improvement Areas #1 and #2, and the Future Improvement Area are shown on page iv.

### **The Improvement Area #1 Improvements**

A portion of the proceeds of the Series 2020 Bonds were used to pay a portion of the costs of the Improvement Area #1 Improvements. A portion of the Bonds will be used to pay an additional portion of the costs of the Improvement Area #1 Improvements representing payment of the outstanding Improvement Area #1 Reimbursement Obligation. The Improvement Area #1 Improvements are complete, were designed and constructed in accordance with City standards, and have been accepted for ownership and operation by the City. See “PLAN OF FINANCE – Series 2020 Bonds and the Improvement Area #1 Reimbursement Obligation.”

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The following table reflects the total costs of the Improvement Area #1 Improvements and their allocation between proceeds of the Series 2020 Bonds, the Bonds, and the Developer contribution. Also reflected are the costs of the Improvement Area #2 Improvements, a portion of which are being funded with the proceeds of the Improvement Area #2 Bonds. See “PLAN OF FINANCE – Development Plan” and “APPENDIX C – Service and Assessment Plan.”

	Improvement Area #1	Improvement Area #2	Project Total
<b>Sources of Funds</b>			
Improvement Area #1 Series 2020 Bonds	\$ 2,445,000	\$ -	\$ 2,445,000
Improvement Area #1 Reimbursement Obligation <sup>[d]</sup>	30,000	-	30,000
Improvement Area #1 Series 2022 Bonds	1,688,000	-	1,688,000
Developer Contribution <sup>[c]</sup>	1,680,420	-	1,680,420
Improvement Area #2 Series 2022 Bonds	-	2,430,000	2,430,000
Improvement Area #2 Reimbursement Obligation	-	2,744,000	2,744,000
<b>Total Sources</b>	<b>\$ 5,843,420</b>	<b>\$ 5,174,000</b>	<b>\$ 11,017,420</b>
<b>Uses of Funds</b>			
Improvement Area #1 Improvements	\$ 5,017,795	\$ -	\$ 5,017,795
Improvement Area #2 Improvements <sup>[b]</sup>	-	4,141,950	4,141,950
<b>Total Project Improvements</b>	<b>\$ 5,017,795</b>	<b>\$ 4,141,950</b>	<b>\$ 9,159,746</b>
<i>Bond Issuance Costs <sup>[a]</sup></i>			
Debt Service Reserve Fund	\$ 225,530	\$ 293,856	\$ 519,386
Capitalized Interest	87,237	132,758	219,995
Deposit to Delinquency and Prepayment Reserve	20,890	25,870	46,760
Underwriter's Discount	150,640	173,942	324,582
Cost of Issuance	281,328	374,023	655,351
	<b>\$ 765,625</b>	<b>\$ 1,000,450</b>	<b>\$ 1,766,074</b>
<i>Other Costs</i>			
Deposit to Administrative Fund	\$ 60,000	\$ 31,600	\$ 91,600
	<b>\$ 60,000</b>	<b>\$ 31,600</b>	<b>\$ 91,600</b>
<b>Total Uses</b>	<b>\$ 5,843,420</b>	<b>\$ 5,174,000</b>	<b>\$ 11,017,420</b>

Notes:

<sup>[a]</sup> Bond Issuance Costs for Improvement Area #1 include Series 2020 and 2022 Bonds. Bond Issuance Costs for Improvement Area #2 include Series 2022 and estimated future issuance costs.

<sup>[b]</sup> Updated cost provided by Developer as of 8/2/2022.

<sup>[c]</sup> The Developer Contribution was paid by the developer at project onset for improvements that are not reimbursed by the PID.

<sup>[d]</sup> The Improvement Area #1 Reimbursement Obligation will be paid to the Developer from existing funds prior to October 27, 2022.

The costs of the Improvement Area #1 Improvements are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were approved by the City Council as part of the Service and Assessment Plan. See “APPENDIX C – Service and Assessment Plan.”

The Improvement Area #1 Improvements consist of the following:

**Street Improvements.** Improvements including subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights; all related earthwork, excavation, erosion control, and retaining walls; and intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way. These projects will provide access to community roadways and state highways. The street improvements were designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

*Water Improvements.* Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines include all necessary appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #1. The water improvements were designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

*Wastewater Improvements.* Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines include the necessary appurtenances to be fully operational extending wastewater services to the limits of Improvement Area #1. The wastewater improvements were designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

*Detention, Clearing and Grubbing Improvements.* Improvements include clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds, including spreading and compaction of excavated materials. These include the necessary appurtenances to be fully operational to convey stormwater to the limits of Improvement Area #1. The drainage improvements were designed and constructed in accordance with City standards and specifications and will be owned and operated by the City, except for detention ponds.

*Natural Gas Improvements.* Improvements include excavation and embedment, trench safety, plastic piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, and erosion control. These include the necessary appurtenances to be fully operational to convey natural gas to the limits of Improvement Area #1. The natural gas improvements were designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

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

## **Ownership and Maintenance of Improvements**

All Improvement Area #1 Improvements were designed and constructed in accordance with City standards and will be owned and operated by the City. A homeowners' association will maintain the amenities. See "THE DEVELOPMENT – Amenities."

## **The Development Agreement**

The Developer entered into a Raburn Reserve Development Agreement, dated effective October 7, 2019, with the City, as amended by the first amendment thereto effective June 15, 2020 (as amended, the "Development Agreement"), to establish provisions for the apportionment, levying, and collection of assessments on the property within the District, the construction of the Authorized Improvements (as defined in the PID Act), reimbursement, acquisition, ownership and maintenance of certain public improvements within the District, including the Improvement Area #1 Improvements, and the issuance of bonds secured by District assessments ("PID Bonds") for the financing of the Authorized Improvements benefitting the property within the District.

In the Development Agreement, the Developer has agreed to undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Authorized Improvements and other improvements in the District (the "Development"). The Development Agreement provides that the Development will consist of the following elements: (i) up to 400 single family homes; (ii) 1.5-acre recreational reserve; (iii) swimming pool with dressing rooms, playground, and picnic facilities; and (iv) 5% of the Development to be open space.

Under the Development Agreement, the issuance of PID Bonds is subject to the discretion of the City Council of the City and the following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

1. The maximum aggregate par amount of the PID Bonds to be issued by the City for benefit of the District shall not exceed \$15,000,000;
2. The maximum “tax rate” for the projected annual assessment for each phase shall be no greater than \$0.96 per \$100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each Phase and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots);
3. Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an appraisal;
4. The Developer or its affiliates shall own all property within a phase of the District prior to the levy of assessments for such phase;
5. The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities required for the Development; and
6. The Developer shall not be in default under the Development Agreement.

Under the Development Agreement, at closing on any series of PID Bonds intended to fund construction of Authorized Improvements that have not already been constructed by the Developer, the Developer is required to deposit with the trustee under the applicable indenture of trust an amount equal to the difference between the costs of the Authorized Improvements and the net proceeds of the applicable series of PID Bonds.

The Development Agreement may be amended or modified in writing signed by the parties thereto. Any such amendment could affect the security for the Bonds.

This caption contains a brief summary of the Development Agreement. Potential purchasers of the Bonds should review the complete copy of the Development Agreement attached to this Limited Offering Memorandum. See “APPENDIX F – Development Agreement.”

## **THE DEVELOPMENT**

### **Overview**

The Development is an approximately 110-acre master planned project that is located within the corporate limits of the City, approximately 27 miles from George Bush Intercontinental Airport and approximately 34 miles from downtown Houston. The Development is located at the east side of South Persimmon Road from Lizzie Lane to Agg Road (renamed Medical Complex Drive). Plans for the Development currently include common areas, trails, open space areas and a community pool and playground center.

The Developer expects to complete the Development in three phases with full buildout currently estimated to occur in Q1 2026. The entire Development is located within the corporate limits of the City.

In December 2019, Developer acquired approximately 103 acres, comprising all of the land in the District at the time. Subsequent to the District’s initial creation, the City abandoned approximately 2 acres of right-of way property within the boundaries of the District and increased the size of the District to approximately 105 acres. In December 2020, the Developer acquired approximately 5 additional acres adjacent to the District. The City added the additional acreage into the District in December 2020. The Developer was created for the purpose of acting as the developer of the District. See “THE DEVELOPER – History and Financing of the District.”

The 5 acres added to the District in December 2020 are in the Future Improvement Area along Medical Complex Drive. The Developer is currently marketing such acreage for sale as a commercial pad.

The Developer plans to develop the District in three phases, as reflected on the map on page iv. The Developer has completed development of the Improvement Area #1 Improvements. The total costs of the Improvement Area #1 Improvements were approximately \$5,017,795, all of which has been paid.

The Developer has commenced development of the Improvement Area #2 Improvements and expects such improvements to be substantially complete by December 2022. Following development of Improvement Area #2, the Developer intends to, over an approximately fifteen-month period, undertake the final phase of development of internal phase specific public improvements necessary to serve the third phase of the District (the “Future Improvement Area”). The boundaries of the District, Improvement Areas #1 and #2, and the Future Improvement Area are shown on page iv.

The Developer’s current expectations regarding estimated home prices and value to lien ratios in Improvement Area #1 are as follows:

#### **Estimated Home Prices in Improvement Area #1 and Value to Lien Ratios**

Lot Size	Number of Lots <sup>(1)</sup>	Base Lot Price <sup>(2)</sup>	Estimated Home Buildout Value <sup>(3)</sup>	Improvement Area #1 Maximum Assessment per Lot <sup>(4)</sup>	Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value of Home Price to Assessment
50’ x 125’	133	\$67,500	\$442,000	\$31,075	2.17 : 1	14.22 : 1

<sup>(1)</sup> Based on the concept plan for the District. Derived from information in the Service and Assessment Plan.

<sup>(2)</sup> Based on sales prices in the Developer’s purchase and sale agreements with Homebuilder.

<sup>(3)</sup> Provided by the Developer based on comparable home prices in the area.

<sup>(4)</sup> The Service and Assessment Plan provides for a “Maximum Assessment” by Lot Type, which may not be exceeded. See “APPENDIX C – Service and Assessment Plan.”

#### **Status of Lot Purchase and Sale Agreements**

The Developer is under contract to sell all 391 Lots in the District to Taylor Morrison of Texas, Inc., a Texas corporation (the “Homebuilder” or “Taylor Morrison”). Pursuant to the purchase and sale contract with the Homebuilder, the Homebuilder began purchasing Lots upon substantial completion of the Improvement Area #1 Improvements and, as of July 2022, the Homebuilder had purchased 126 of the 133 Lots in Improvement Area #1. The Developer received an earnest money deposit from the Homebuilder equal to \$3,054,688 (the “Earnest Money”). The Earnest Money is nonrefundable and has been released to the Developer and is applied to the purchase price of Lots as they are taken down by the Homebuilder. Application of the Earnest Money to the purchase of Lots is secured by a second lien on Lots in the District. As of August 2022, the remaining balance of the Earnest Money deposit was \$2,453,980.

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## Future Improvement Areas and Future Improvement Area Bonds

The Developer anticipates developing the Future Improvement Area in one additional phase following the development of Improvement Area #2. The Developer projects the following characteristics and timeline for development of the District, but such projections are subject to change based on a variety of factors, many of which are outside of the control of the Developer:

### Expected Buildout of the District <sup>(1)</sup>

Phase	Expected/Actual Lots <sup>(2)</sup>	Expected/Actual Lot Sizes	Expected Infrastructure Completion Date	Expected Final Sale Date of Lots to Builders
1	133	50'	Complete	December 2022
2	118	50'	December 2022	June 2024
3	140	50'	June 2024	June 2026

(1) Provided by the Developer.

(2) Developer expects that the Homebuilder will designate four (4) Lots for model homes.

The City expects to issue Future Improvement Area Bonds to finance the Actual Costs of Authorized Improvements within the Future Improvement Area of the District as the development proceeds. The Future Improvement Area Bonds, if any, will be secured by separate assessments, separate and distinct from the Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Authorized Improvements being financed.

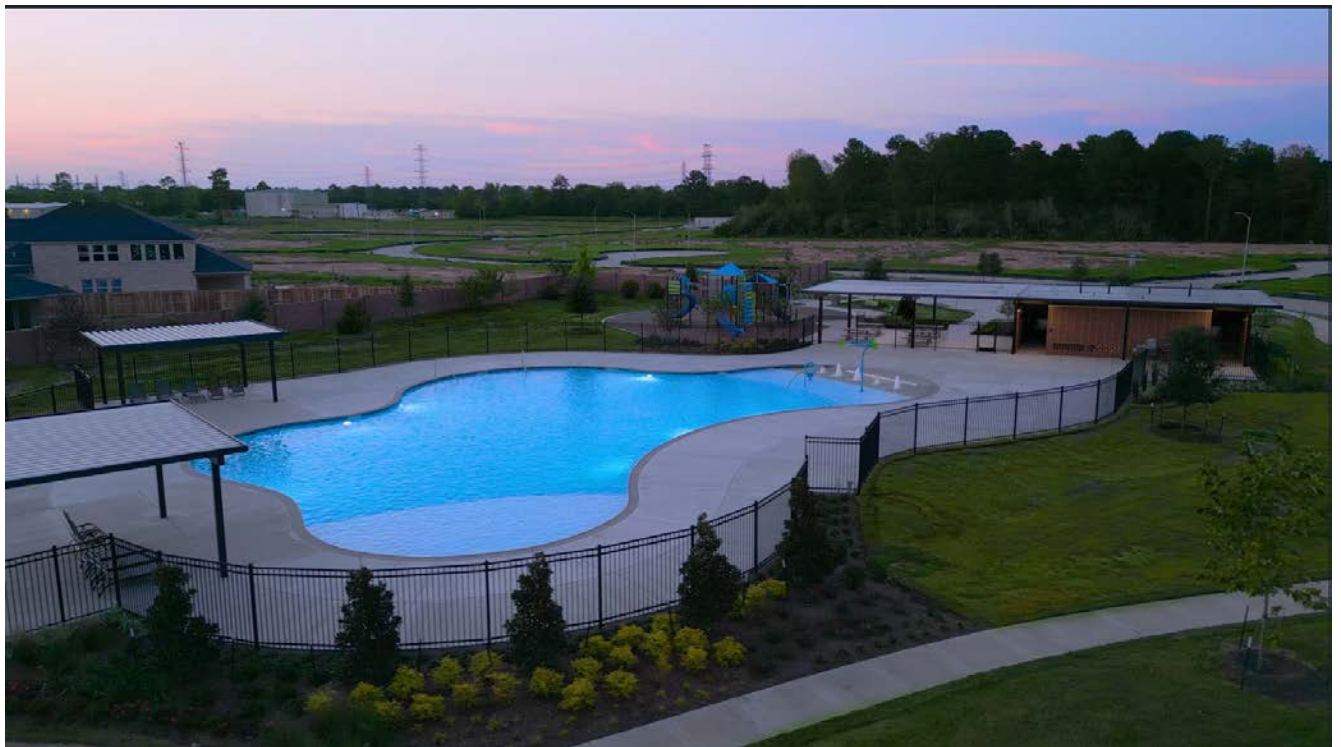
The Bonds, the Improvement Area #2 Bonds, and the Future Improvement Area Bonds, if any, are separate and distinct securities. The City has reserved the right to issue other obligations for any purpose permitted by the PID Act, including those described above, subject to the conditions discussed in "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Additional Obligations; Other Obligations or Other Liens."

## Photographs of Improvement Area #1











## **Zoning/Permitting**

Pursuant to the Development Agreement, the Developer has agreed that development of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, including, but not limited to, zoning ordinance No. 2019-13, a planned development ordinance created for the District ("PD 12"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with PD 12.

## **Amenities**

Plans for the Development currently include the following amenities: clubhouse, park, pool, playground, roads lined with trees, and cul-de-sacs. Construction of the amenities was completed in June 2022. The cost of such amenities in the approximate amount of \$2,518,134 was financed by the Developer with equity contributions and private financing. The HOA owns and maintains all amenities.

## **Schools**

The District is located entirely within Tomball Independent School District. Students in the District are expected to attend Tomball Elementary School (EE – 4) (approximately 3.5 miles from the District), Tomball Intermediate School (5 – 6) (approximately 3 miles from the District), Tomball Junior High School (7 – 8) (approximately 2.9 miles from the District) and Tomball High School (9 – 12) (approximately 3.9 miles from the District).

GreatSchools.org rated Tomball Elementary School a 5-out-of-10, Tomball Intermediate School a 7-out-of-10, Tomball Junior High School a 7-out-of-10, and Tomball High School a 6-out-of-10. According to the Texas Education Agency annual school report cards, Tomball Elementary School was rated "C," Tomball Intermediate School was rated "B," Tomball Junior High School was rated "A" and Tomball High School was rated as "B" for 2018-2019 (the last year accountability ratings were issued, due to COVID-19). (The categories for public school districts and public schools are A, B, C, D or F).

## **Environmental**

A Phase I Environmental Site Assessment (the "Phase I ESA") of the District was completed by InControl Technologies in August 2022. The Phase I ESA revealed no evidence of (i) recognized environmental conditions, (ii) historical recognized environmental conditions (with the exception of historical oil/gas activity), or (iii) controlled recognized environmental conditions. The Phase I ESA concluded that the property in the District is suitable for residential use and no further soil sampling was recommended.

The Developer's field inspection reflected there were only four (4) historical oil and gas wells, all of which have been capped.

## **Utilities**

Water and Wastewater Service. The City will provide both water and wastewater service to end users within the District. In the Development Agreement, the City, at its sole cost (but subject to the payment of any impact fees as provided in the City's regulations), has agreed to have available water and sewer capacity sufficient to serve the completed Lots and those lots then under development.

Other Utilities. Developer expects additional utilities to be provided by: (1) Electric – CenterPoint Energy; and (2) Natural Gas – the City.

## **Existing Mineral and Groundwater Rights**

Mineral rights within the District are owned by persons other than the Developer. However, the Developer has obtained surface waivers for all but 5 acres within the Future Improvement Area of the District. In addition, the

City has adopted a drilling ordinance which restricts the drilling of wells within 1,000 feet of a home. The Developer believes that such ordinance prevents drilling within the District, including the 5 acres for which surface waivers have not been obtained. The Developer has the groundwater rights relative to the land within the District.

Although there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City's drilling ordinance regulates the drilling, production, and operation of oil and gas wells, the exploration associated with such operations, and the transport of hydrocarbons or wastes associated with these operations, within the regulated area of the City. Such ordinance may make it difficult for owners of such rights to develop same.

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

## **THE DEVELOPER**

### **General**

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property 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. See "BONDHOLDERS' RISKS – Dependence Upon Developer."

### **Description of the Developer**

Hines is a privately owned global real estate investment, development and management firm, founded in 1957, with a presence in 255 cities in 27 countries and \$83.6 billion of investment assets under management and more than 138.3 million square feet of assets for which Hines provides third-party property-level services. Currently, Hines has 171 developments underway around the world, and historically, has developed, redeveloped, or acquired 1,486 properties, totaling over 492 million square feet. The firm's current property and asset management portfolio includes 539 properties, representing over 232 million square feet. With extensive experience in investments across the risk spectrum and all property types, and a foundational commitment to environmental, social and governance (ESG) standards, Hines is one of the largest and most respected real estate organizations in the world.

Hines has developed single-family communities since 2005, beginning with the purchase of over 600 acres in Las Colinas. Since then, 12 communities have been completed with 7 currently underway, totaling over 4,500 single-family lots in the Dallas Area. Four of Hines' Dallas/Fort-Worth developments have used public improvement district financing, including developments in Irving, Las Colinas, and Royse City. Hines has been developing lots in the Houston area since 2014, and currently has 3 active communities in Katy, Spring, and the Heights, representing over 1,000 lots and over 10 builders. See "BONDHOLDERS' RISKS – Dependence Upon Developer" herein.

## History and Financing of the District

*The Property Acquisition.* The Developer was formed for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired approximately 105 acres of real property comprising the initial boundaries of the District in December 2019 for \$6,459,003. In December 2020, the Developer purchased an additional approximately 5 acres (the “5-acre Purchase”) for \$250,000. Except for the liens securing the Development Loan (defined below) and a second lien securing the Homebuilder’s Earnest Money deposits, the Developer owns the Assessed Property free and clear of any liens.

*The Development Financing.* On September 28, 2022, the Developer obtained a \$9,500,000 loan (the “Development Loan”) from Third Coast SSB (the “Development Lender”) for the purposes, among other things, of paying costs associated with the development of the District, including Improvement Area #1, Improvement Area #2, and Future Improvement Areas. The Development Loan is a “net/gross” loan, which means that (i) the unpaid principal amount of the note shall at no time exceed \$9,500,000, and (ii) the aggregate principal amount of all advances under the Development Loan shall not exceed \$15,643,750. The rate of interest on the Development Loan is equal to the greater of four percent (4.00%) per annum or the prime rate, such rate to be determined daily.

The Development Loan matures on September 28, 2025, subject to extension at the option of the Developer. As of September 28, 2022, the Development Loan had a balance of approximately \$8,049,573.

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

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

*Sufficiency of Developer’s Financing.* The Improvement Area #1 Improvements are complete. The total costs of the Improvement Area #1 Improvements were approximately \$5,017,795, all of which has been paid.

The total expected costs of the Improvement Area #2 Improvements equal approximately \$4,141,950. According to the Developer, the Developer’s available financing sources are sufficient to fund all of the costs of the Improvement Area #2 Improvements. The Developer’s financing sources include the Development Loan, the net proceeds of the Improvement Area #2 Bonds in the approximate amount of \$1,826,271, an earnest money deposit from the Homebuilder in the amount of \$3,054,688, and a Developer equity contribution for the balance. As of August 2022, the balance of the earnest money deposit is \$2,453,980.

*Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien.* In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilder, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the assessments securing the Improvement Area #2 Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the assessments securing the Improvement Area #2 Bonds is listed in the following table and more fully described in the subheadings below.

**Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Improvement Area #2 Bonds**

<u>At Risk Entity</u>	<u>Funding Type</u>	<u>Funding Purpose</u>	<u>Security</u>	<u>Position to Assessment Lien</u>	<u>Initial Amount</u>	<u>Outstanding Balance <sup>(1)</sup></u>
Developer	Developer Equity	Land Purchase	None	Subordinate	\$4,208,754	\$2,348,754
Taylor Morrison	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	\$3,054,688	\$2,453,980
Third Coast Bank	Development Loan	Land Development	Lien on real property within the District	Subordinate	\$9,500,000	\$8,049,573

<sup>(1)</sup> As of September 28, 2022.

**THE PID ADMINISTRATOR**

*The following information has been provided by P3Works, LLC, as the Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.*

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

The 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 the dissemination agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

**BONDHOLDERS' RISKS**

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

**THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE**

**AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.**

### **General**

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

The rate of development of the property in Improvement Area #1 is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Improvement Area #1 should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Improvement Area #1 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 City, or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

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

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

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

## **Infectious Disease Outbreak**

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

The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Report.

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

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

The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the City has experienced growth in its assessed valuation during the Pandemic, the continued outbreak of COVID-19 could have an adverse effect on the City’s operations and financial condition. None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact the Pandemic may have on the City, the financial and operating condition of the Developer, the projected buildout schedule, home prices and buildout values, or an investment in the Bonds.

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

Proposed development within the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See “– Availability of Utilities” and “– Hazardous Substances” below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the Development must come from the City.) There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT

AREA #1 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED UPON. In that event, there could be a default in the payment of the Bonds.

### **Absorption Rate**

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

The Developer is not a homebuilder and will not be involved in the construction of homes within the District. Consequently, the Developer will not be able to affect or control the absorption rate of homes within the District.

### **Assessment Limitations**

Annual Installments of the Assessments are billed to property owners in Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES." 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 Improvement Area #1 Bonds maturing in each year, Annual Collection Costs, and the Additional Interest. See "ASSESSMENT PROCEDURES." 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 Assessments in the future.

In order to pay debt service on the Improvement Area #1 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 City has established a Bond Reserve Account in the Reserve Fund, to be funded from the proceeds of the Improvement Area #1 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 Bond Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS – Bondholders' Remedies and Bankruptcy."

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

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

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

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

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

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Bond Reserve Account and Delinquency and Prepayment Reserve Account, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Improvement Area #1 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.

### **Competition**

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

Competitive projects in the area include, but are not limited to:<sup>(1)</sup>

<b>Project Name</b>	<b>Number of Units</b>	<b>Units Remaining</b>	<b>Proximity</b>	<b>Developer</b>	<b>Date Started</b>	<b>Prices</b>
Cherry Pines	295	104	3 Miles	Meritage	3 <sup>rd</sup> Quarter 2020	From \$350-\$400s
Alexander Estate	251	100	~1.1 miles	Doug Eisben	4 <sup>th</sup> Quarter 2020	From \$350-\$450s
Willowpoint	154	154	~1.6 miles	K. Hovnanian	4 <sup>th</sup> Quarter 2016	From \$350-\$450s

<sup>(1)</sup> Provided by the Developer. All of such projects are located either in a public improvement district or municipal utility district.

### **Bankruptcy**

The payment of Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Improvement Area #1 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, whether from taxes, assessments, or private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See “OVERLAPPING TAXES AND DEBT.”

### **Depletion of Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account**

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 accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Improvement Area #1 Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not fully funded from the proceeds of the Improvement Area #1 Bonds. Instead, the Delinquency and Prepayment Reserve Requirement of the Delinquency and Prepayment Reserve Account is accumulated over the course of approximately 10 years by the mechanism described in “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of the Reserve Fund is less than the Bond Reserve Account Requirement or the Delinquency and Prepayment Reserve Requirement, as applicable, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Bond Reserve Account” and “– Delinquency and Prepayment Reserve Account.”

### **Hazardous Substances**

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

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

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

See “THE DEVELOPMENT – Environmental” for discussion of the ESAs performed on property within the District.

### **Regulation**

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

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

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Improvement Area #1 do 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 or homebuilders within Improvement Area #1 do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached as Exhibit Q-1 to the Service and Assessment Plan. See "Appendix C – 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 87th Legislative Session of the State ended on May 31, 2021, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called three special legislative sessions, which all concluded without any legislation being introduced or passed related to the oversight of bonds secured by assessments. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

## **100-Year Flood Plain and Severe Weather Events**

According to the Federal Emergency Management Agency's flood map 48201C0230L, effective on June 18, 2007, none of the District is located within the 100-year flood plain.

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e., "500-year flood" event) since 2015. Several of these storms, including Hurricane Harvey and Tropical Storm Imelda, resulted in widespread damages to residential and commercial properties in the greater Houston area. If a future weather event significantly damaged all or part of the properties comprising the tax base within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the City's tax rate. There can be no assurance that a casualty loss to taxable property within the City or the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the City or the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the City or the value of property within the District could be adversely affected.

In February 2021, much of Texas, including the City, was impacted by Winter Storm Uri, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It

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

### **Exercise of Mineral Rights**

As described herein under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights,” there are certain mineral rights reservations located within the District and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Harris 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 the District to pay Assessments. However, none of the City, the Financial Advisor or the Underwriter provide any assurances as to such Developer expectations.

### **Bondholders’ Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of the Owners of at least twenty-five percent (25%) of the Bonds then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 or sell property within Improvement Area #1 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS – Bankruptcy Limitation to Bondholders’ Rights.”

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale

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

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

## **Judicial Foreclosures**

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

## **No Acceleration**

The Indenture expressly denies the right of acceleration 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 the District subject to the Assessments, existing real estate and financial market conditions and other factors.

### **No Credit Rating**

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

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

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

If the City decides in the future to proceed voluntarily under the Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

### **Management and Ownership**

The management and ownership of the Developer and related or affiliated 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.

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

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

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Bonds under federal or State law and could

affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

As further described in “TAX MATTERS” below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the “Code”) and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately 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 City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

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

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

The ability of the Developer and homebuilders to develop lots and sell single-family residential homes within the District may be affected by unforeseen changes in 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 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, 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 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, the Homebuilder 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 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 lot and home sales within the District. Currently rising inflation and interest rates could result in a slowing of new home sales and closings. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

### **Risks Related to Exposure to the Oil and Gas Industry**

The economy of the greater Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand of residential and commercial property in the area and could reduce or negatively affect property values or homebuilding activity within the District.

### **Availability of Utilities**

The progress of development within the District is also dependent upon the City providing an adequate water and wastewater service to the Development. If the City fails to provide water and wastewater services to the property in the District, the Development cannot be substantially completed, and the builders will not purchase lots to construct homes. See “THE DEVELOPMENT – Utilities.”

### **Dependence Upon Developer and Homebuilder**

Initial Liability for Assessments. The Developer and the Homebuilder, as the sole owners of assessable property within Improvement Area #1, have the obligation for the payment of all of the Assessments. The Developer is under contract to sell all of the Lots within Improvement Area #1 to the Homebuilder, and as of July 2022, 126 of the 133 Lots within Improvement Area #1 had been purchased by the Homebuilder. Until the Developer closes on the sale of the remaining Lots to the Homebuilder, and until the Homebuilder closes on the sale of its Lots to homebuyers, the ability of the Developer and the Homebuilder, respectively, to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Improvement Area #1 Bonds. The assets of the Developer are generally limited to land within the District, the proceeds from the sale of prior Lots within the District, related permits and development rights, and the Development Loan.

The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds from the Improvement Area #2 Bonds and Future Improvement Area Bonds, if issued by the City as anticipated, and proceeds from Lot sales, as well as the Development Loan (and other possible bank financings) and equity contributions by the Developer and its equity holders and affiliates. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

### **Defaults of Affiliates of Hines**

During the past ten years, affiliates of Hines have failed to make payments due on loans related to three (3) U.S. office properties. These properties were transferred to the lender via a negotiated transfer by non-judicial foreclosure.

*The Sheraton Georgetown Texas Hotel and Conference Center (2020).* Hines and a partner developed a 222-room hotel including a 35,000-square-foot conference center and three-level parking garage which opened in 2016. Woodforest National Bank provided senior financing for the hotel and mezzanine financing was provided by Hospitality Fund of Central Texas, LLC. The senior note was later purchased by an affiliate of Black Forest Ventures. The onset of the COVID-19 pandemic resulted in a dramatic decrease in room bookings and revenue from the hotel to the point debt service obligations could no longer be met. Hines and its partner successfully negotiated the terms of a debt-to-equity conversion with the mezzanine lender but were unable to negotiate an acceptable loan restructuring with the senior lender, Black Forest Ventures, who took title to the property through a non-judicial foreclosure in November 2020.

*Greenspoint Place (2016).* Hines and a partner purchased the 2.1 million square foot office campus in north Houston in 1994 and 1996. From the time the property was acquired, the major tenant was Exxon who occupied 67% of the office space in addition to owning a 200,000 square foot office building adjacent to the campus. In 2011, Exxon announced that it was building a new campus and elected to phase out of its occupancy at Greenspoint Place. Leasing the space vacated by Exxon proved to be very challenging, particularly given the economic environment in Houston. Hines and its partner were unable to either refinance the loan on the property or agree on a loan restructuring with the lender, Northwestern Mutual, prior to maturity. Title was transferred through a non-judicial foreclosure on July 5, 2016. Northwestern Mutual retained Hines to manage the property following the foreclosure.

*Douglas Corporate Center (2013).* This property in Roseville (Sacramento), California, was purchased by the Hines US Core Office Fund in 2007 as part of an office portfolio acquisition. This suburban Sacramento office market was severely impacted by the economic downturn due to its high concentration of smaller tenants such as home builders and mortgage companies. Occupancy at this building significantly declined and cash flow was insufficient to service the debt on the loan provided by Key Bank. Although continuing to fund TIs and operating expenses, the fund team was unable to negotiate an acceptable restructuring with the special servicer. Title was transferred in January 2013 through a non-judicial foreclosure. Hines was retained to manage the property.

### **Chapter 11 Bankruptcy of a Hines-Affiliated General Contractor**

In February 2018, Urban Oaks Builders (“UOB”), a Hines-affiliated general contractor, along with other Hines-affiliated entities (“Hines Affiliates”) were sued by affiliates of Southstar Capital Group (“Southstar”), the purchaser of a multifamily project developed by Hines in Celebration, Florida, alleging the existence of certain construction defects and the concealment of those defects prior to the sale of the project (the “Southstar Litigation”). None of UOB nor the Hines Affiliates, or any persons employed by those entities, had any knowledge of the alleged defects. Consequently, UOB and the Hines Affiliates vigorously defended themselves against these claims. The Southstar Litigation, as it relates to UOB, was consolidated with UOB’s Chapter 11 bankruptcy proceedings and a related coverage action filed by UOB against its insurance carriers, both of which were a result of the Southstar Litigation. The bankruptcy court found no evidence of fraud on the part of UOB but ruled that Southstar’s claim for damages for repairs relating to the alleged construction defects was valued at \$26.1 million plus interest.

UOB immediately demanded that the carriers pay this judgment on its behalf, a covered loss well within policy limits. Thus far, the carriers have refused. In response, they have raised multiple legal arguments, the resolution of which would have a fundamental impact on how the loss would be spread among the carriers in the insurance tower.



However, none of these arguments have any bearing on coverage of the UOB judgment, which the carriers have never disputed. Accordingly, UOB has made repeated demands that the carriers settle with Southstar on UOB's behalf and continue their intramural dispute separately since the carriers' infighting has caused multiple mediations to be unsuccessful. Recognizing the insurance dispute as the primary hurdle to recovery, Southstar agreed to abate the Southstar Litigation as it relates to UOB until the conclusion of the insurance coverage litigation. In late 2021, UOB and the Hines Affiliates filed motions for summary judgment against the carriers to force the legal questions at issue to a decision. In Q1 2022, the Court ruled on several of these issues, adopting UOB and the Hines Affiliates' view of the insurance policies. As expected, this ruling has caused discussion among some of the upper-tier carriers about another global mediation. The Developer expects a mediation to be scheduled by the end of the year.

At the same time, Southstar continued its pursuit of a lawsuit in Florida state court solely against the Hines Affiliates primarily relating to Southstar's allegation that Hines was aware of defects at the project but concealed them from Southstar prior to the sale. The trial court dismissed Southstar's claims against the Hines Affiliates twice, the second time after being given opportunity to amend its pleadings. An appellate court affirmed the trial court's dismissal and granted the Hines Affiliates their attorney's fees.

While the Developer, UOB, and the Hines Affiliates are under common control of Hines, UOB and the Hines Affiliates do not own property in the District and are not associated with the development or with the Bonds. The Developer does not expect the Southstar Litigation to have any material adverse effect on the ability of the Developer to develop and sell the Lots in the District.

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

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

## **TAX MATTERS**

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

### **Tax Exemption**

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

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal

income tax purposes and, in addition, will rely on representations by the City and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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

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

### **Collateral Tax Consequences**

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

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

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

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

## **Tax Legislative Changes**

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

Bracewell LLP serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

### **Legal Opinions**

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special, limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special, limited obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the form of the opinion of Bond Counsel is attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE – The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings," "– Legal Opinions," "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

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

## **Litigation – The City**

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

## **Litigation – The Developer**

At the time of delivery and payment for the Bonds, 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 Developer, threatened against or affecting Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Developer or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Reimbursement Agreement, the Development 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”). The Developer and its affiliates have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. According to the Developer, 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, at this time, rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

## **ENFORCEABILITY OF REMEDIES**

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

## **NO RATING**

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

## **CONTINUING DISCLOSURE**

### **The City**

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

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

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

In the last five years, the City has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the City in accordance with the Rule.

### **The Developer**

The Developer, the Administrator, and the Dissemination Agent, will, in connection with the issuance of the Bonds, 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 Improvement Area #1 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 or the Administrator to comply with its obligations under the Disclosure Agreement of the Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event 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 provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the 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**

In the last five years, the Developer has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the Developer in accordance with the Rule.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$1,637,360.00 (representing the par amount of the Bonds, less an underwriting discount of \$50,640.00) and no accrued interest. The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. Subject to certain restrictions contained in the bond purchase agreement, the Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

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

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

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

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act (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." In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

## **INVESTMENTS**

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

## Legal Investments

Under State law, the City is authorized to invest in obligations meeting the requirements of the PFIA, which may 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 issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") 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 FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) 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 (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) 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 FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "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 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations 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, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a

third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

### **Investment Policies**

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

Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

### **Additional Provisions**

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to



no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the City.

## **INFORMATION RELATING TO THE TRUSTEE**

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

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

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

## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Improvements generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Development Plan" and "– Status of Builder Contract," "THE IMPROVEMENT AREA #1

IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1 Improvements, and the Development), “LEGAL MATTERS – Litigation – The Developer,” and “CONTINUING DISCLOSURE – The Developer” and “– The Developer’s Compliance with Prior Undertakings” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

### **Experts**

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

### **Updating of Limited Offering Memorandum**

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

### **FORWARD-LOOKING STATEMENTS**

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE.”

### **AUTHORIZATION AND APPROVAL**

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

## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. The City covers approximately 12.32 square miles. The City's 2020 population was 12,341. The City estimates its 2022 population is 12,341.

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated on July 18, 1933, and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

### Historical Employment in Houston – The Woodlands – Sugar Land Metropolitan Statistical Area

The following information has been provided for informational purposes only.

	2022 <sup>(1)</sup>	Dec. 2021	Dec. 2020	Dec. 2019	Dec. 2018
Civilian Labor Force	3,524,608	3,460,832	3,408,383	3,408,827	3,372,996
Total Employed	3,356,166	3,294,015	3,147,212	3,287,849	3,238,419
Total Unemployed	168,442	166,817	261,171	120,978	134,577
Unemployment Rate	4.8%	4.8%	7.7%	3.5%	4.0%

\* Preliminary as of July 2022.

Source: U.S. Bureau of Labor Statistics

### Major Employers in the City

The major employers in the City for 2021 are set forth in the table below.

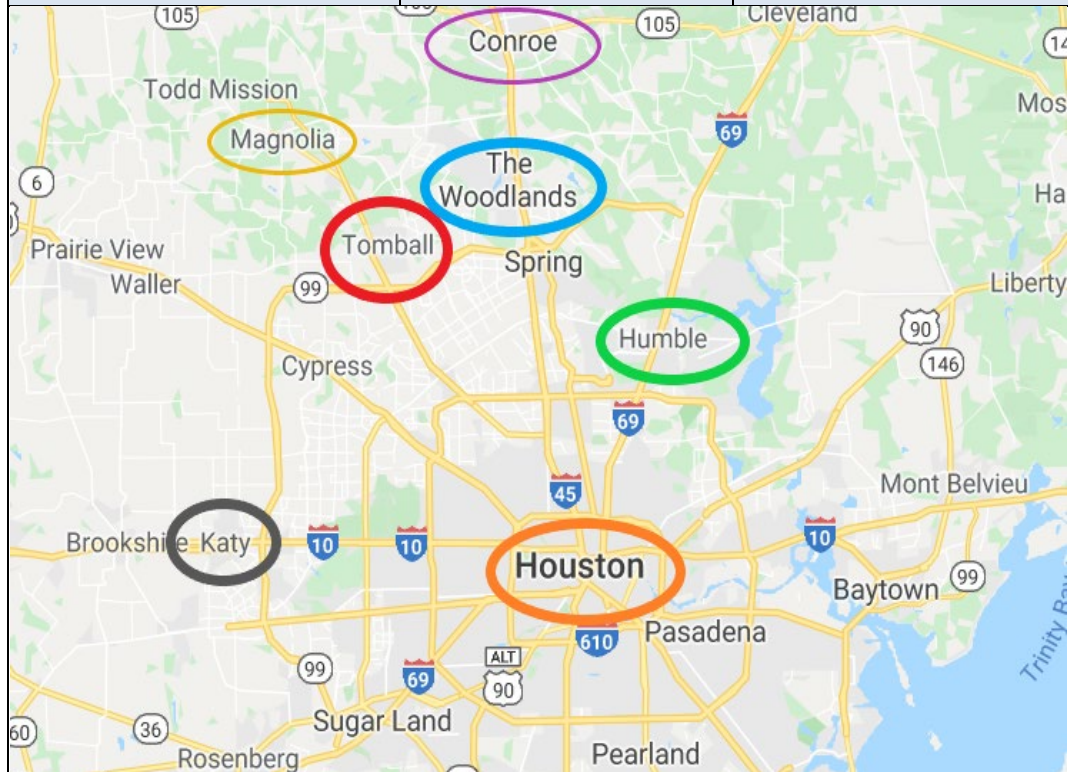
<u>Employer</u>	<u>Employees</u>
Tomball ISD	2,235
HCA (prev. Tomball Regional Medical Center)	940
Lone Star College – Tomball	715
H-E-B	320
Wal-Mart	275
City of Tomball	204
Lowes	200
Kroger	157
Target	90
Baker Hughes (BJ Services)	70

Source: The City's Annual Comprehensive Financial Report Fiscal Year Ended September 30, 2021

## REGIONAL EMPLOYMENT

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

City of Magnolia, TX Approximately 12 Miles from the City		City of Conroe, TX Approximately 28 Miles from the City		City of Houston, TX Approximately 32 Miles from the City		Township of the Woodlands Approximately 18 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Magnolia ISD	1,600	Conroe ISD	8,503	Memorial Hermann Healthcare System	35,360	Conroe ISD	4,487
Canrig Drilling Technology Inc.	380	Montgomery County	2,415	Wal-Mart	29,797	Memorial Hermann The Woodlands Hosp.	2,927
US Post Office	62	Conroe Regional Medical Center	1,700	H-E-B	29,657	Wildcat PPE	2,415
Magnolia Volunteer Fire Department	61	City of Conroe	763	Houston Methodist	26,098	Houston Methodist, The Woodlands Hosp.	1,647
Arlan's Market	45	Cantel	400	Univ. of TX MD Anderson Cancer Center	21,576	CHI St. Luke's Health	1,600
Montgomery County Precinct 2	42	NOV Wellbore Technologies	400	HCA Houston Healthcare	15,000	ExxonMobil	1,527
Hapeco Inc.	30	NOV Fluid Control	375	Kroger Company	14,868	Lone Star College - Montgomery	1,431
Hyvair Corporation	30	Professional Directional	300	ExxonMobil	13,000	Alight Solutions	1,200
City of Magnolia	28	Borden	225	United Airlines	11,900	TX Children's Hospital	1,188
Rancho Grande Restaurant	26	NOV Texas Oil Tools	220	Schlumberger Limited	11,700	McKesson Specialty Health	1,040

City of Katy, TX Approximately 20 Miles from the City	
Employer	Employees
Katy Mills	2,900
Katy ISD	1,827
Amazon	1,300
Igloo	1,061
Typhoon Texas	755
Wal-Mart	388
HEB Grocery/Gas	340
Costco	292
City of Katy	265
American Furniture Warehouse	252

City of Humble, TX Approximately 27 Miles from the City	
Employer	Employees
Memorial Hermann	1,000
Humble ISD	593
Lawler Food	402
Wal-Mart	370
CDI Seals	331
Harris County Annex	272
Macy's	265
City of Humble	194
Target	150
Kroger	130

Source: Municipal Advisory Council of Texas (employment data).

Note: Map is not to scale and has been edited for ease of use.

APPENDIX B  
FORM OF INDENTURE

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MASTER INDENTURE OF TRUST

By and Between

CITY OF TOMBALL, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION

as Trustee

DATED AS OF September 1, 2020

SECURING

CITY OF TOMBALL, TEXAS

IMPROVEMENT AREA #1 BONDS

(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT)

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## INDENTURE OF TRUST

This Master Indenture of Trust, dated as of September 1, 2020 is by and between the City of Tomball, Texas (the "City"), and The Bank of New York Mellon Trust Company, National Association, a national banking association, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article 1.

WHEREAS, on July 26, 2019, Raburn Commercial Resources, LLC a Texas limited liability company (the "Petitioner"), the owner of approximately 103.7 acres within the corporate limits of the City, submitted and filed with the City Secretary of the City a petition (the "*Petition*") requesting the establishment of a PID to be known as the Reserve at Raburn Public Improvement District (the "District" or "PID"); and

WHEREAS, on July 26, 2019, the City Council of the City (the "*City Council*") received the Petition which was signed by the owners of more than 50% of the appraised value of the taxable real property liable for assessment and the record owners of more than 50% of the area of all taxable real property within the District that is liable for assessment, and as such, the Petition complies with the Act; and

WHEREAS, on August 5, 2019, the City Council accepted the Petition and called a public hearing for September 3, 2019, on the creation of the District and the advisability of the improvements; and

WHEREAS, notice of the hearing was published in a newspaper of general circulation in the City in which the District is to be located on August 14, 2019; and,

WHEREAS, on August 16, 2019, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on September 3, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the advisability of the improvements and the creation of the District, and closed such hearing on September 3, 2019; and

WHEREAS, the City Council approved the creation of the PID by Resolution No. 201941 approved on October 7, 2019, (the "Original Creation Resolution") and published the Original Creation Resolution as authorized by the Act; and

WHEREAS, subsequent to the City's approval of the Original Creation Resolution, the City abandoned approximately two (2) acres of right-of-way that the Petitioner requested be added to the boundaries of the PID (the "Additional Land"); and

WHEREAS, on October 7, 2019 the City approved Resolution No. 201942 calling a public hearing on the addition of the Additional Land to the boundaries of the PID; and

WHEREAS, on October 9, 2019, notice of public hearing regarding the addition of the Additional Land to the PID was mailed to the owners of the Property within the PID and notice of the public hearing was published in a newspaper of general circulation, in the PID on October 23, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the addition of the Additional land to the PID and closed such hearing on November 4, 2019; and

WHEREAS, on November 4, 2019 the City Council held a public hearing on the additional of the Additional Land to the PID; and

WHEREAS, on November 4, 2019 the City Council approved a resolution amending and restating the Original Creation Resolution (the “Amended Creation Resolution”) to add the Additional Land to the boundaries of the PID; and

WHEREAS, the boundaries of the PID were modified to include the property described by metes and bounds in Exhibit A (the “Property”), attached hereto and incorporated herein for all purposes; and

WHEREAS, the City re-published the Amended Creation Resolution in a newspaper of general circulation in the City and the PID; and

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

WHEREAS, on August 3, 2020 the City Council, pursuant to Section 372.016 of the PID Act, a resolution accepting a preliminary service and assessment plan (the “Service and Assessment Plan”) and assessment roll (the “Assessment Roll”) of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City and within the City; and

WHEREAS, on August 12, 2020, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the “Assessment Hearing”) a newspaper of general circulation in the City, to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the Assessments on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of Assessments (as defined herein) on property within Improvement Area #1 (as defined herein ) of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on September 8, 2020 and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Improvement Costs, the purposes

of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #1 Improvement Costs (as defined herein), the Assessment Roll, and the levy of the Assessments; and

WHEREAS, on September 8, 2020 the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein approved the Assessment Roll and levied the Assessments; and

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

WHEREAS, the City intends to issue bonds for the purposes described above pursuant to a supplemental indenture executed and delivered pursuant to the provisions of this Master Indenture; and

WHEREAS, after the issuance of Improvement Area #1 Bonds pursuant to a Supplemental Indenture, the City intends to issue one or more series of additional Improvement Area #1 Bonds pursuant to additional Supplemental Indentures; and

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

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

#### FIRST GRANTING CLAUSE

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

## SECOND GRANTING CLAUSE

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

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Master Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Master 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 the rights of the Trustee and the Owners under this Master Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

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

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

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

## ARTICLE 1

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. Definitions.

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

“Account” means any of the accounts established pursuant to Section 5.1 of this Master Indenture.

“Actual Costs” shall have the meaning assigned to it in the Service and Assessment Plan.

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

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

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

“Administrative Fund” means that Fund established by Section 5.1 and administered pursuant to Section 5.10 hereof.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of bonds, and the construction, operation, and maintenance of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming 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 issuance and sale of bonds, the administration of the Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with the issuance of bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 Improvement Area #1 Bonds in such Bond Year, assuming that the Outstanding Improvement Area #1 Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Improvement Area #1 Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, collectively, with respect to each Assessed Property, each annual payment of (i) the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit\_\_ to the Service and Assessment Plan and related to the Improvement Area #1 Bonds and the Improvement Area #1 Improvements, including (i) principal; (ii) interest (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

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

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

Assessed Property” means all property within Improvement Area #1 of the District and shown in the Assessment Roll against which an Assessment relating to the Improvement Area #1 Improvements is levied in accordance with the Service and Assessment Plan.

“Assessment” means an Assessment levied against a Parcel within Improvement Area #1 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

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

“Assessment Ordinance” means Ordinance No. 2020-26 adopted by the City Council on September 21, 2020, that levied the Assessments on the Assessed Property.

“Assessment Roll” means the Improvement Area #1 Assessment Roll attached in Appendix F to the Service and Assessment Plan as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of Improvement Area #1 Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Authorized Improvements” means the improvements authorized by the PID Act which (1) will benefit all property assessed within the District, as set forth in the Service and Assessment



Plan, (2) are defined as “Authorized Improvements” in the Service and Assessment Plan, and (3) are more particularly described in Section III of the Service and Assessment Plan.

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

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

“Bond Fund” means the Fund established pursuant to Section 5.1 and administered as provided in Section 5.2.

Bond Ordinance” means Ordinance No. 2020-27 adopted by the City Council on September 21, 2020 authorizing the Master Indenture and the First Supplemental Indenture.

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 5.1 and administered as provided in Section 5.5.

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Improvement Area #1 Bonds as of the date of issuance of each series of Improvement Area #1 Bonds, (ii) 125% of average Annual Debt Service on the Improvement Area #1 Bonds as of the date of issuance, or (iii) 10% of the stated principal amount of the Improvement Area #1 Bonds as of the date of issuance; provided, however that subsequent to the date of issuance of each series of Improvement Area #1 Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 5.6(c), (b) a mandatory sinking fund redemption pursuant to the terms of a Supplemental Indenture, (c) an optional redemption pursuant to the terms of a Supplemental Indenture or (d) an extraordinary optional redemption pursuant to the terms of a Supplemental Indenture. The amount of the Bond Reserve Account Requirement for each series of Improvement Area #1 Bonds shall be set forth in the Bond Reserve Account. .

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

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

“Capitalized Interest Account” means the Account within the Bond Fund established pursuant to Section 5.1.

“Certificate for Payment” means a certificate substantially in the form attached to a Supplemental Indenture approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Improvement Area #1 Improvements

and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 5.3 herein.

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

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or designees are the authorized City Representatives.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached to a Supplemental Indenture, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 5.3 herein.

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

“Costs of Issuance Account” means the Account within the Project Fund established pursuant to Section 5.1.

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

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 5.1 and administered as provided in Section 5.6.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Improvement Area #1 Bonds which may be funded from Bond proceeds and revenues received from the payment of Assessments, deposited to the Pledged Revenue Fund.

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

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Master Indenture, the transfer/payment office located in Dallas, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any

successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means HT Raburn Reserve Development L.P., a Texas limited partnership, and its respective successors and assigns.

“Development Agreement” means the Raburn Reserve Development Agreement, as amended, between the City and the Developer relating to the Bonds, effective as of October 7, 2019, as amended, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of Authorized Improvements and other matters related thereto.

“Developer Improvement Account” means the Account of such name established pursuant to Section 5.1.

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

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

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

“Fund” means any of the funds established pursuant to Section 5.1 of this Master Indenture.

“Improvement Account” means the Account within the Project Fund established pursuant to Section 5.1.

“Improvement Area #1” means the property to be developed within the District identified as “Improvement Area #1” and depicted in the Service and Assessment Plan.

“Improvement Area #1 Bonds” means all parity bonds or obligations issued by the City pursuant to this Master Indenture payable from and secured in whole or in part by the Assessments, including any bonds issued to refund Improvement Area #1 Bonds, issued under the pursuant to this Master Indenture and a Supplemental Indenture.

“Improvement Area #1 Costs” means the Improvement Costs relating to Improvement Area #1.

“Improvement Area #1 Improvements” means the Authorized Improvements within Improvement Area #1 being financed by the issuance of Improvement Area #1 Bonds.

“Improvements Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), of the Authorized Improvements.

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

“Initial Bond” means the Initial Bond as set forth in a Supplemental Indenture.

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

“Master Indenture” means this Master 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.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Improvement Area #1 Bond Year after the calculation is made through the final maturity date of any Outstanding Improvement Area #1 Bonds.

“Outstanding” means, as of any particular date when used with reference to Improvement Area #1 Bonds, all Improvement Area #1 Bonds authenticated and delivered under this Master Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Improvement Area #1 Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Improvement Area #1 Bond in lieu of or in substitution for which a new Improvement Area #1 Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

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

“Paying Agent/Registrar” means initially the Trustee, or any successor thereto as provided in this Master Indenture.

“Person” or “Persons” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Petitioner” means HT Raburn Reserve Development, L.P., a Texas limited partnership.

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

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“Pledged Revenue Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.2 hereof.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Improvement Area #1 Bonds.

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

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 5.1.

“Project Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.3 herein.

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.7 herein.

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

“Redemption Fund” means that Fund established in Section 5.1 and administered pursuant to Section 5.4 of this Master Indenture.

“Redemption Price” means, when used with respect to any Improvement Area #1 Bonds or portion thereof, the principal amount of such Improvement Area #1 Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Improvement Area #1 Bonds to the date fixed for redemption payable upon redemption thereof pursuant to a Supplemental Indenture.

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

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

“Reimbursement Agreement” means that agreement between the City and the Developer dated September 21, 2020 relating to the reimbursement of Improvement Area #1 Costs from Assessments.

“Reserve Account” means that account established pursuant to Section 5.1 and administered in Section 5.5 herein.

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

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

“Stated Maturity” means the date the Improvement Area #1 Bonds, or any portion of the Improvement Area #1 Bonds, as applicable are scheduled to mature without regard to any redemption or prepayment.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Master Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“Tax Certificate” means the Federal Tax Certificate delivered by the City on the Closing Date for the Improvement Area #1 Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Improvement Area #1 Bonds.

“Trustee” means The Bank of New York Mellon Trust Company, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

#### Section 1.2. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Master 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 Master 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 Master 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 Master Indenture unless the context shall require otherwise.

(d) This Master 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 Master Indenture.

## ARTICLE 2

### AUTHORIZATION

Section 2.1. Authorization of Improvement Area #1 Bonds. (a) There are hereby authorized to be issued and secured hereunder from time to time, pursuant to one or more Supplemental Indentures, in one more or more series or subseries, Improvement Area #1 Bonds for the purpose of (i) paying a portion of the Improvement Area #1 Costs, (ii) paying capitalized interest on the Improvement Area #1 Bonds as set forth in a Supplemental Indenture, (iii) funding the Bond Reserve Account of the Reserve Fund, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds. The Improvement Area #1 Bonds shall be issued for the purposes above or for such other purposes described in the Supplemental Indentures pursuant to which Improvement Area #1 Bonds are issued. No Improvement Area #1 Bonds shall be issued under this Master Indenture unless they are part of an issue described in a Supplemental Indenture and until the conditions contained in Section 2.2 have been satisfied.

(b) The terms and provisions of each series of Improvement Area #1 Bonds shall be set forth in a Supplemental Indenture authorizing the issuance of such series of Improvement Area #1 Bonds. Improvement Area #1 Bonds issued hereunder may be payable from and secured by a first and senior lien on the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate, as prescribed in the Supplemental Indenture authorizing the issuance thereof.

Section 2.2. Conditions Precedent to Issuance of Improvement Area #1 Bonds.

(a) Each series of Improvement Area #1 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

(i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #1 Bonds as required by this Master Indenture;

(ii) Certificate of the City stating that (i) all conditions precedent to the issuance of the Improvement Area #1 Bonds specified in this Master Indenture and in any Supplemental Indenture have been satisfied, and (ii) the City is not in default in any covenant, representation, warranty or provisions of this Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #1 Bonds; and

(iii) A City Certificates executed by an Authorized Officer of the City directing the application of the proceeds of the Improvement Area #1 Bonds.

(b) No Improvement Area #1 Bonds shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Improvement Area #1 Assessments to the value of the Improvement Area #1 Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

Section 2.3. Other Encumbrances Prohibited. Except for the pledge of the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate to the payment of the Improvement Area #1 Bonds, the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate shall not be pledged or encumbered to or for the payment of any other obligation or liability of the City.

## ARTICLE 3

### PURPOSES, PLEDGE AND SECURITY

Section 3.1. Purposes of Master Indenture, Contract with Owners. (a) The purposes of this Master Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the issuance, execution and delivery of, the Improvement Area #1 Bonds and to prescribe the general rights of the Owners, the City and the Trustee in relation thereto.

(b) In consideration of the purchase and acceptance of any or all of the Improvement Area #1 Bonds by those who shall purchase and hold the same from time to time, the provisions of this Master Indenture shall be a part of the contract of the City with the Owners and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

### Section 3.2. Confirmation of Assessments.

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

### Section 3.3. Collection and Enforcement of Assessments.

(a) For so long as any Improvement Area #1 Bonds are Outstanding and amounts are due the Developer to reimburse it for its funds it has contributed to pay costs of the Improvement



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

#### Section 3.4. Against Encumbrances.

(a) Other than Improvement Area #1 Bonds issued pursuant to the term of this Master Indenture, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, or upon any other property pledged under this Master Indenture, except the pledge created for the security of the Improvement Area #1 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

(b) So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds authorized as set forth herein, and bonds issued to refund all or a portion of the Improvement Area #1 Bonds, secured by any pledge of or other lien or charge on the Trust Estate pledged under this Master Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

Section 3.5. Pledge and Security; Assignment to Trustee. (a) The City hereby irrevocably pledges to the payment of Improvement Area #1 Bonds, (i) the Pledged Revenues in the Trust Estate and (ii) the Pledged Funds and Accounts in the Trust Estate, such pledge being specifically made to (A) the payment of Annual Debt Service on all Improvement Area #1 Bonds, which are or may be Outstanding from time to time, and (B) the establishment and maintenance of any other special trust funds or accounts which are ordered to be created by a Supplemental Indenture, at the times and for the periods and purposes provided in a Supplemental Indenture or in this Master Indenture.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues and Pledged Funds and Accounts on the basis, and in the manner as herein set forth, are established and shall be for the equal benefit, protection and security of the Owners of Improvement Area #1 Bonds, but solely as their rights and interests may appear according to the lien thereon, and to the Persons to whom Annual Collection Costs are owed, due and payable, without distinction as to priority and rights under this Master Indenture.

(c) The Improvement Area #1 Bonds, including interest payable thereon, and all Annual Collection Costs shall constitute limited and special obligations of the City, payable solely from, and secured solely by a pledge of and lien on, the Pledged Revenues and Pledged Funds and Accounts and not from any other revenues, properties or income of the City. It is provided, however, that the City, in a Supplemental Indenture, may set aside revenues or money of the City that do not constitute Pledged Revenues additional security for and in favor of less than all of the Improvement Area #1 Bonds that are Outstanding from time to time under this Master Indenture. Improvement Area #1 Bonds and Annual Collection Costs shall not constitute debts or obligations of the State or of the City, except to the extent provided in this Master Indenture or a Supplemental Indenture, and the Owners and Persons to whom Annual Collection Costs are owed shall never have the right to demand payment out of any funds raised or to be raised by any system of ad valorem taxation.

(d) For the purpose of further supporting the pledge and lien herein created, the City hereby GRANTS, CONVEYS, PLEDGES, TRANSFERS, SETS OVER and ASSIGNS to the Trustee all of the Pledged Revenues and Pledged Funds and Accounts, in trust for the benefit of the Owners as their rights and interests may appear. It is provided, however, that the Pledged Revenues and Pledged Funds and Accounts shall be received, deposited, held, used and applied strictly in accordance with and subject to the terms and provisions of this Master Indenture and all Supplemental Indentures.

(e) The City hereby irrevocably appoints the Trustee as its lawful agent and attorney-in-fact, for the purpose of performing those duties which consist of receiving the Pledged Revenues. The power of attorney herein conferred and the agency herein created is granted for valuable consideration and is irrevocable for so long as all or any part of the Improvement Area #1 Bonds remain Outstanding or Annual Collection Costs remain unpaid. In addition, it is intended that the power of attorney herein conferred be coupled with an interest, and in furtherance thereof the City and the Trustee confirm their specific, present and co-existing interest in the Pledged Revenues and Pledged Funds and Accounts.

Section 3.6. Security Agreement. (a) This Master Indenture, certified and delivered to and accepted by the Trustee, is and shall continuously be and constitute a security agreement establishing a first lien and security interest in the Pledged Revenues and Pledged Funds and Accounts pursuant to Applicable Law, with the Trustee as the secured party. The grants, assignments, lien, pledge and security interest of the Trustee created herein on and against the Pledged Revenues and Pledged Funds and Accounts, shall become effective immediately upon and from the time of payment for and delivery of each series of Improvement Area #1 Bonds and the same shall be continuously effective for so long as any Improvement Area #1 Bonds are Outstanding or Annual Collection Costs are unpaid.

(b) Such grants, assignments, lien, pledge and security interest shall be fully effective as to Pledged Revenues and Pledged Funds and Accounts on hand, and all Pledged Revenues shall be subject thereto on and as of the day or date on which they are owed to or collected by any party for the account of the City.

(c) The City shall keep a full and complete copy of this Master Indenture, of each Supplemental Indenture, and their authorizing proceedings at all times among the permanent

records of the City. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the City, at all times during regular business hours.

(d) The provisions required by subsections (a), (b) and (c) of this Section are included, provided, required and made herein pursuant to the requirements of, and with the effect stated in, Chapters 1201 and 1208, Texas Government Code, as amended. Should any other Applicable Law, in the opinion of counsel to the City, ever require filings additional to the filing required by subsection (c) of this Section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest created herein as to all Improvement Area #1 Bonds, then the City shall diligently and regularly make such filings to the extent required by law to accomplish such result.

### Section 3.7. Security for the Bonds.

The Improvement Area #1 Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

The lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Master Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Improvement Area #1 Bonds and the pledge of the Pledged Revenues granted by the City under this Master Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Improvement Area #1 Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Master Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

### Section 3.8. Limited Obligations.

The Improvement Area #1 Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds and Accounts; and the Improvement Area #1 Bonds and any other obligations incurred by the City under the terms of this Master Indenture or a Supplemental Indenture shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

### Section 3.9. Authorization for Master Indenture.

The terms and provisions of this Master Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Master Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this

Master Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Improvement Area #1 Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 3.10. Contract with Owners and Trustee.

(a) The purposes of this Master Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Master Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE 4

TERMS, PROVISIONS AND AUTHENTICATION OF IMPROVEMENT AREA #1 BONDS

Section 4.1. Form and Denominations. Subject to the provisions of any Supplemental Indenture, Improvement Area #1 Bonds may be issued and executed in any form and manner permitted by Applicable Law and this Master Indenture. The form of the Improvement Area #1 Bonds shall be substantially in the form set forth in or provided for in a Supplemental Indenture.

Section 4.2. Title, Legends. Each Improvement Area #1 Bond shall be entitled as specified in a Supplemental Indenture and may, in addition, contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Master Indenture or any Supplemental Indenture as may be necessary or desirable to comply with Applicable Law or custom or otherwise as may be determined by the City Council prior to the delivery thereof. All Improvement Area #1 Bonds of a series or subseries shall bear such further designation or designations, added to or incorporated in their title, as may be necessary to distinguish them from the Improvement Area #1 Bonds of every other series or subseries. Improvement Area #1 Bonds shall be lettered or otherwise differentiated so as to distinguish each series or subseries.

Section 4.3. Medium of Payment. The Annual Debt Service on the Improvement Area #1 Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts.

Section 4.4. Improvement Area #1 Bonds Terms. Subject to the provisions hereof, Improvement Area #1 Bonds shall be dated, shall mature and be payable on such dates and in such years and amounts, shall bear interest at the rate or rates and in the manner, shall be subject to redemption on such terms and conditions as shall be specified in the Supplemental Indenture authorizing their issuance.

Section 4.5. Appointment of Initial Paying Agent/Registrar. (a) The Trustee is hereby appointed as the initial Paying Agent/Registrar for the Improvement Area #1 Bonds. The City may appoint a different Paying Agent/Registrar with respect to one or more series of Improvement Area #1 Bonds. At all times while any Improvement Area #1 Bonds are Outstanding, the City will maintain a Paying Agent/Registrar with respect to each series of Improvement Area #1 Bonds that is qualified under this Master Indenture. If the Trustee is not the Paying Agent/Registrar with respect to a series of Improvement Area #1 Bonds, the City Manager is hereby authorized and directed to execute a Paying Agent/Registrar Agreement with each Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

(b) Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas or the United States, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Improvement Area #1 Bonds.

(c) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Improvement Area #1 Bonds.

(d) The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Improvement Area #1 Bonds.

(e) Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(f) By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Master Indenture and the Supplemental Indentures pursuant to which the Improvement Area #1 Bonds are issued and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

(g) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Improvement Area #1 Bonds to the successor Paying Agent/Registrar.

Section 4.6. Owner of the Improvement Area #1 Bonds. The City and each Paying Agent/Registrar may deem and treat the person in whose name any Improvement Area #1 Bonds shall be registered as the absolute owner of such Improvement Area #1 Bond, whether such Improvement Area #1 Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal, and Redemption Price, if any, of, and interest on, such Improvement

Area #1 Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such obligation to the extent of the sum or sums so paid, and neither the City, nor any Paying Agent/Registrar shall be affected by a notice to the contrary.

Section 4.7. Execution and Authentication of Improvement Area #1 Bonds. (a) Each Improvement Area #1 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City and the City's official seal shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Secretary of the City.

(b) In case any officer who shall have executed any of the Improvement Area #1 Bonds shall cease to be such officer before the Improvement Area #1 Bonds so signed or attested shall have been authenticated and delivered, such Improvement Area #1 Bonds may nevertheless be authenticated and delivered as if the person who so signed or attested such Improvement Area #1 Bonds had not ceased to be such officer. Any Improvement Area #1 Bond may be signed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Improvement Area #1 Bond such person may not have held such office.

(c) Improvement Area #1 Bonds shall be authenticated in the manner specified in the Supplemental Indenture authorizing the issuance thereof.

Section 4.8. Improvement Area #1 Bonds in Certificated or Book-Entry-Only Form. The Improvement Area #1 Bonds shall be issued in fully registered form, and may be issued in Book-Entry-Only form or certificated form, as specified in the Supplemental Indenture authorizing the issuance thereof.

## ARTICLE 5

### FUNDS AND ACCOUNTS

Section 5.1. Establishment of Funds and Accounts.

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

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund;

- (7) Improvement Area #1 Reimbursement Fund; and
- (8) Administrative Fund
- (b) Creation of Accounts.
  - (1) The following Accounts are hereby created and established within the Bond Fund:
    - (A) Capitalized Interest Account; and
    - (B) Principal and Interest Account
  - (2) The following Accounts are hereby created and established within the Project Fund:
    - (A) Improvement Account
    - (B) Developer Improvement Account; and
    - (C) Costs of Issuance Account.
  - (3) The following Accounts are hereby created and established within the Reserve Fund:
    - (A) Bond Reserve Account; and
    - (B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Developer Improvement Account of the Project Fund shall constitute a separate trust fund that is not pledged to the Bonds and shall be held in trust by the Trustee solely for the benefit of the City. The Pledged Funds and Accounts shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Improvement Area #1 Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Master Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified in Section 5.12.

#### Section 5.2. Pledged Revenue Fund.

(a) On or before February 1 provided that Pledged Revenues have been received by the City, or if not, then as soon available, of each year while the Improvement Area #1 Bonds are Outstanding, beginning February 1, 2021, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection

Costs, which shall be deposited pursuant to Section 5.8 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 5.2(d) the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #1 Bonds coming due in the current Bond Year, as described in Section 5.3(b);

(2) second, unless otherwise directed by a Supplemental Indenture, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 5.6.

(3) third, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement;

(4) fourth, to the Improvement Area #1 Reimbursement Fund in amounts and for the time period set forth in the Service and Assessment Plan and for the annual reimbursement of Improvement Area #1 Costs pursuant to the Reimbursement Agreement as set forth in the Service and Assessment Plan; and

(5) fifth, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iv) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Improvement Area #1 Bonds as provided in Article 4. The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 5.3(d) as Additional Interest, Prepayments or Foreclosure Proceeds.

(b) From time to time as needed to pay the obligations relating to the Improvement Area #1 Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, 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 to be deposited pursuant to Section 5.3(d) hereof, 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 Improvement Area #1 Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 5.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the



payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Improvement Area #1 Bonds.

(d) Notwithstanding Section 5.2(a) above:

(1) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 5.2(a) and as otherwise directed by Section 5.7 hereof; and

(2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund;

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds (i) first to restore any transfers from the Bond Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Bond Reserve Account Requirement) and (ii) second, to restore any transfers from the Delinquency and Prepayment Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate, (up to the Delinquency and Prepayment Reserve Requirement), and (iii) third, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Bond Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(e) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #1 Bonds, (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the payment of any amount owed pursuant to the Reimbursement Agreement, as set forth in a Supplemental Indenture.

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

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

### Section 5.3. Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Improvement Area #1 Bonds.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds. Not later than five (5) Business Days before each date identified above, the Trustee shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture.

(d) Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Improvement Area #1 Bonds and the Capitalized Interest Account shall be closed.

### Section 5.4. Project Fund.

(a) Money on deposit in the Improvement Account, Developer Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 2.1 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 Improvement Area #1 Bonds pursuant to one or more City Certificates or pursuant to a closing memo prepared by the City's financial advisor at closing of each series of Improvement Area #1 Bonds. Moneys disbursed to the Developer at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request. Any funds in the Costs of Issuance Account not needed to pay costs of issuance shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #1 Bonds, as directed by the City.

(c) Except as otherwise provided herein, money on deposit in the Developer Improvement Account and the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Improvements. Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment for the costs set forth therein, from the following accounts in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in Section 5.4(d) and

Section 5.4(i), money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in Section 5.4(e) and Section 5.4(f), money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

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

(e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to Section 5.4(h).

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs thereof have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account pursuant to Section 5.4(h), and (ii) shall close the Developer Improvement Account.

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

(h) Any amounts in the Developer Improvement Account to be transferred and released pursuant to Section 5.4(e) or Section 5.4(f) shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

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

(j) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. If such City Certificate is so filed, the amounts on deposit in the Costs of Issuance Account shall be transferred, as directed by the City, to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #1 Bonds.

Notwithstanding the above, no more than ten (10%) of Improvement Area #1 Bond proceeds may be disbursed from the Improvement Account of the Project Fund until Developer has certified to the City that a Home Owners Association ("HOA") has been created and covenants, conditions and restrictions regarding such HOA have been properly recorded in the property records of Harris County; provided, however, notwithstanding the foregoing, the Trustee shall be under no duty or obligation to ascertain whether the City has properly executed a Certificate for Payment or to analyze or verify whether any documentation supporting the payments or reimbursements have been properly approved by the City, but shall be entitled to rely on the Certificate of Payment executed by the City as authorization for the payment of the amount set forth in such Certificate for Payment.

#### Section 5.5. Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to redemption provisions as provided a Supplemental Indenture.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee, an amount sufficient to redeem Improvement Area #1 Bonds as provided in a Supplemental Indenture. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

(c) The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of this Master Indenture, cause to be deposited to the Redemption Fund from Pledged Revenues

and pursuant to any transfers made pursuant to Section 5.5, an amount sufficient to redeem Improvement Area #1 Bonds as provided in a Supplemental Indenture at the direction of the City.

Section 5.6. Bond Reserve Account.

(a) The City agrees with the Owners of the Improvement Area #1 Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

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

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 5.12(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds).

(d) At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds.

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 5.2, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

(f) At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Improvement Area #1 Bonds.

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #1 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #1

Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #1 Bonds as of such Interest Payment Date.

(h) Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Bond Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Bond Reserve Account prior to redemption, and (ii) the Bond Reserve Account Requirement after such redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #1 Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

#### Section 5.7. Delinquency and Prepayment Reserve Account.

(a) In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund as set forth in a Supplemental Indenture, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 5.1 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 5.12(d) herein), or (iii) to the Redemption Fund to be used to redeem Improvement Area #1 Bonds as set forth in a Supplemental Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the

Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #1 Bonds.

#### Section 5.8. Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Improvement Area #1 Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code, Tax Certificate and Section 5.11 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder as long as the Trustee's actions are pursuant to the City's written direction.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and the provisions of a supplemental indenture relating to tax-exempt covenants and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section or in a Supplemental Indenture in the absence of written instructions from the City.

(d) If, on the date of each calculation of a rebate made pursuant to the provisions of a supplemental indenture, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Principal and Interest Account of the Bond Fund.

#### Section 5.9. Administrative Fund.

(a) The City 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. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual

Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Improvement Area #1 Bonds.

(c) In accordance with Section 7.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 5.10. Improvement Area #1 Reimbursement Fund.

Money on deposit in the Improvement Area #1 Reimbursement Fund shall be used to reimburse the Developer for Improvement Area #1 Costs as set forth in the Service and Assessment Plan and the Reimbursement Agreement.

Section 5.11. Investment of Funds.

(a) Money in any Fund established pursuant to this Master Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Master Indenture. Such investments shall be valued each year in terms of current market value as of September 30 and on each Interest Payment Date (for the purpose of determining excess funds pursuant to Section 5.6(c) and 5.7(a)). For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

(b) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if approved by the City in writing. The Trustee shall not incur



any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments, and may conclusively rely on the City's written instructions of the directed investments.

(c) 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 Master Indenture.

(d) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement will be provided if no activity occurred during such month, so long as the Trustee is providing such online access.

(e) The Trustee may conclusively rely on City Certificates pursuant to Section 5.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

#### Section 5.12. Investment Income.

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

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

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

(d) The cumulative amount of any Improvement Area #1 Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of this Master Indenture and subsequently used for the payment of operating costs directly relating to the Improvement Area #1 Improvements will not exceed 5% of sale proceeds of the series of Improvement Area #1 Bonds to which such proceeds relate. Any City Certificate requesting transfer of bond proceeds and investment earnings to the Administrative Fund shall certify that the funds transferred are not in excess of the limits set forth in this section.

#### Section 5.13. Security of Funds.

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

## ARTICLE 6

### LIABILITY OF CITY

#### Section 6.1. Liability of City.

(a) The City shall not incur any responsibility in respect of the Improvement Area #1 Bonds or this Master Indenture other than in connection with the duties or obligations explicitly herein or in the Improvement Area #1 Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Improvement Area #1 Bonds, or as to the existence of a default or event of default thereunder.

(b) In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Master Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

(c) No provision of this Master Indenture, the Improvement Area #1 Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Improvement Area #1 Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

(d) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Improvement Area #1 Bonds by mandamus or other proceeding at law or in equity.

(e) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion

of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

(g) In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

## ARTICLE 7

### THE TRUSTEE

#### Section 7.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Improvement Area #1 Bonds.

#### Section 7.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Master Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified pursuant to a written instrument by the Owners of the Improvement Area #1 Bonds to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Improvement Area #1 Bonds Outstanding hereunder.

### Section 7.3. Responsibilities of the Trustee.

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

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

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

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

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (k) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Master Indenture and shall subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

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

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

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

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

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

(5) this subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 8.5 or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Master Indenture.

Whether or not therein expressly so provided, every provision of this Master Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 8.

(d) The recitals contained in this Master Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Master Indenture or the Improvement Area #1 Bonds or with respect to the security afforded by this Master Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Master Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Improvement Area #1 Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Master Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Master Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Master Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Master Indenture.

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

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

(h) Except for its certificate of authentication on the Improvement Area #1 Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Master Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Improvements or collection of insurance money,

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

(6) the sufficiency of the security for the Improvement Area #1 Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Improvement Area #1 Bonds authenticated or delivered hereunder.

(j) The Trustee shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, including a request by the City from an Authorized Officer or a City Certificate or by the Owners of more than 50% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds, so long as authorized pursuant to this indenture. Any action taken by the Trustee pursuant to this Master Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Improvement Area #1 Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Improvement Area #1 Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 9.1(1) only to the extent that no Pledged Revenues have been deposited by the City to the Pledged Revenue Fund, and Section 9.1(3), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Improvement Area #1 Bonds referring to this Master Indenture, describing such Event of Default and stating that such notice is a "notice of default." In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Master Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated

therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

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

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Master Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Master Indenture, and final payment of the Improvement Area #1 Bonds.

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

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Improvement Area #1 Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Improvement Area #1 Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Trustee shall not be answerable to any Owners or any other Person or entity arising from failure to exercise any such permissive right.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other Person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

#### Section 7.4. Property Held in Trust.

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

#### Section 7.5. Trustee Protected in Relying on Certain Documents.

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

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

The Trustee shall not be under any obligation to see to the recording or filing of this Master Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 7.13 herein.

#### Section 7.6. Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Improvement Area #1 Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required



by this Section, the Trustee may make such payment from lawfully available funds under the Master Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Master Indenture and shall be entitled to a preference therefor over any Improvement Area #1 Bonds Outstanding hereunder.

Section 7.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Improvement Area #1 Bonds and may join in any action that any Owner of Improvement Area #1 Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Improvement Area #1 Bonds or to effect or aid in any reorganization growing out of the enforcement of the Improvement Area #1 Bonds or this Master Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Improvement Area #1 Bonds.

Section 7.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 7.9 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 7.9 hereof and the acceptance of such appointment by such successor.

Section 7.9. Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Improvement Area #1 Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Master Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Improvement Area #1 Bonds.

Section 7.10. Successor Trustee.

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

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #1 Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor trustee shall have been appointed by the Owners of the Improvement Area #1 Bonds, the City shall forthwith appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Improvement Area #1 Bonds within thirty (30) days after such appointment. Any appointment of a successor trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the requisite Owners of Improvement Area #1 Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 7.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Improvement Area #1 Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

Any successor trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Master Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Improvement Area #1 Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Improvement Area #1 Bonds, and each of the Owners of the Improvement Area #1 Bonds.

#### Section 7.11. Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 7.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express implied or statutory) and do such other

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

Section 7.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 7.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 7.13. Trustee to File Continuation Statements.

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

Section 7.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Master Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Improvement Area #1 Bonds then Outstanding or their representatives duly authorized in writing.

Section 7.15. Construction of Master Indenture.

The Trustee may construe any of the provisions of this Master 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 Improvement Area #1 Bonds.

## ARTICLE 8

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### Section 8.1. Amendments Permitted.

(a) This Master Indenture and the rights and obligations of the City and of the Owners of the Improvement Area #1 Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Improvement Area #1 Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Improvement Area #1 Bonds (except as otherwise permitted by Applicable Laws or this Master Indenture), or reduce the percentage of Improvement Area #1 Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent.

This Master Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in this Master Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(2) to make modifications not adversely affecting any Outstanding Improvement Area #1 Bonds in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Master Indenture, or in regard to questions arising under this Master Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Master Indenture, and that shall not adversely affect the rights of the Owners of the Improvement Area #1 Bonds; and

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Improvement Area #1 Bonds.

(5) the Mayor and City Manager, in consultation with Bond Counsel, are authorized to make changes to the terms of this Master Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

(b) Notwithstanding, the issuance of Improvement Area #1 Bonds pursuant to a Supplemental Indenture in accordance with this Master Indenture is not an amendment of this Indenture requiring the approval of the Owners of Improvement Area #1 Bonds.

Section 8.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Improvement Area #1 Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Improvement Area #1 Bonds or of this Master Indenture, to the extent that such amendment is permitted by Section 8.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Improvement Area #1 Bonds from whom consent is required under this Master 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 Master Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Improvement Area #1 Bonds for which such consent is given, which proof shall be such as is permitted by Section 8.6 herein. Any such consent shall be binding upon the Owner of the Improvement Area #1 Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Improvement Area #1 Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Improvement Area #1 Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 8.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Improvement Area #1 Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree

of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 8.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 8, this Master Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Master Indenture of the City, the Trustee and all Owners of Improvement Area #1 Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Master Indenture for any and all purposes.

Section 8.5. Endorsement or Replacement of Improvement Area #1 Bonds Issued After Amendments.

The City may determine that Improvement Area #1 Bonds issued and delivered after the effective date of any action taken as provided in this Article 8 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Improvement Area #1 Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Improvement Area #1 Bonds then Outstanding, such new Improvement Area #1 Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Improvement Area #1 Bonds then Outstanding, upon surrender of such Improvement Area #1 Bonds.

Section 8.6. Amendatory Endorsement of Improvement Area #1 Bonds.

The provisions of this Article 8 shall not prevent any Owner from accepting any amendment as to the particular Improvement Area #1 Bonds held by such Owner, provided that due notation thereof is made on such Improvement Area #1 Bonds.

Section 8.7. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Master Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Master Indenture and any Applicable Laws. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Master Indenture or otherwise.

## ARTICLE 9

### DEFAULT AND REMEDIES

#### Section 9.1. Events of Default.

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

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Improvement Area #1 Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Master Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds at the time Outstanding requesting that the failure be remedied.

#### Section 9.2. Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 9.1, the Owners of at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Master Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Improvement Area #1 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #1 Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such

City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article 9, irrespective of and whether other remedies authorized under this Master Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

#### Section 9.3. 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 Master Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Improvement Area #1 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Master Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Improvement Area #1 Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Master Indenture and to any action or cause of action for the enforcement of this Master Indenture or for any other remedy hereunder.



(b) Subject to Article 7, nothing in this Master Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Improvement Area #1 Bonds.

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

#### Section 9.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Master Indenture, during the continuance of an Event of Default, notwithstanding Section 9.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Improvement Area #1 Bonds, as follows:

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

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Improvement Area #1 Bonds, or Redemption Price of any Improvement Area #1 Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Improvement Area #1 Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 9.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 9.1, the available funds shall be allocated to the Improvement Area #1 Bonds that are Outstanding in proportion to the quantity of Improvement Area #1 Bonds that are currently due and in default under the terms of this Master Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 9.3, shall not extend to or affect any subsequent default under this Master Indenture or impair any right consequent thereon.

Section 9.5. 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 Master Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.6. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Master Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 9.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 9.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Master Indenture is expressly denied.

Section 9.8. 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 9.9. Exclusion of Improvement Area #1 Bonds.

Improvement Area #1 Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Improvement Area #1 Bonds provided for in this Master Indenture, and the City shall not be entitled with respect to such Improvement Area #1 Bonds to give any consent or take any other action provided for in this Master Indenture.

## ARTICLE 10

### GENERAL COVENANTS AND REPRESENTATIONS

Section 10.1. Records and Accounts. The City hereby covenants and agrees that so long as any of the Outstanding Improvement Area #1 Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Improvement Costs 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 holder

or holders of any Improvement Area #1 Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Improvement Area #1 Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

#### Section 10.2. Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Improvement Area #1 Bonds, to execute and deliver this Master Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Master Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Master Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Master Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Improvement Area #1 Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

#### Section 10.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Master Indenture.

#### Section 10.4. Federal Tax Matters.

Improvement Area #1 Bonds may be issued as taxable or tax-exempt obligations pursuant to a Supplemental Indenture. Provisions and covenants relating to income tax matters shall be as set forth in a Supplemental Indenture.

## ARTICLE 11

### SPECIAL COVENANTS

#### Section 11.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Master Indenture.

#### Section 11.2. Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 11.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

(b) So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds issued pursuant to a Supplemental Indenture as provided herein, secured by any pledge of or other lien or charge on the Trust Estate pledged under this Master Indenture, other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #1 Bonds.

(c) Other than bonds issued to refund all or a portion of the Improvement Area #1 Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Master Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Master Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the Annual Debt Service due and owing on the Improvement Area #1 Bonds.

Section 11.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Improvement Area #1 Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 11.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Master 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 12

PAYMENT AND CANCELLATION OF THE IMPROVEMENT AREA #1 BONDS AND  
SATISFACTION OF THE INDENTURE

Section 12.1. Trust Irrevocable.

The trust created by the terms and provisions of this Master Indenture is irrevocable until the Improvement Area #1 Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 13.

Section 12.2. Satisfaction of Master Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Improvement Area #1 Bonds, at the times and in the manner stipulated in this Master Indenture, and all amounts due and owing with respect to the Improvement Area #1 Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Improvement Area #1 Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Improvement Area #1 Bonds has been paid so that the City may determine if the Master Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 12.3. Improvement Area #1 Bonds Deemed Paid.

All Outstanding Improvement Area #1 Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Improvement Area #1 Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be

sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #1 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #1 Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #1 Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Improvement Area #1 Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Improvement Area #1 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

## ARTICLE 13

### MISCELLANEOUS

#### Section 13.1. Benefits of Master Indenture Limited to Parties.

Nothing in this Master Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Master Indenture. Any covenants, stipulations, promises or agreements in this Master Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

#### Section 13.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Master Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Indenture contained by or on behalf

of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Master 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 Improvement Area #1 Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 13.4. Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Improvement Area #1 Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 13.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Master Indenture, all notices or other instruments required or permitted under this Master Indenture, including any City Certificate or Certificate for Payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Tomball, Texas  
401 Market Street.  
Tomball, Texas 777375  
Attn: City Manager  
Telephone: [281-351-5484](tel:281-351-5484)

With a copy to:

And:

Bracewell LLP  
Attn: Julie Partain  
1445 Ross Ave.  
Suite 3800  
Dallas, Texas 75202  
Email: [julie.partain@bracewell.com](mailto:julie.partain@bracewell.com)  
(214) 758-1606

And:

If to the Trustee, also acting in the capacity of  
Paying Agent/Registrar:

The Bank of New York Mellon Trust  
Company, National Association  
Attn: Jully Jiang  
601 Travis Street, Floor 16  
Houston, TX 77002  
Email: [jully.jiang@bnymellon.com](mailto:jully.jiang@bnymellon.com)  
Telephone: (713) 483-7062

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of an Improvement Area #1 Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Improvement Area #1 Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Master Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent



by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures

#### Section 13.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Master Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Master Indenture. The City hereby declares that it would have adopted this Master Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Improvement Area #1 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Master Indenture may be held illegal, invalid, or unenforceable.

#### Section 13.7. Applicable Laws.

This Master 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 13.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Improvement Area #1 Bonds or the date fixed for redemption of any Improvement Area #1 Bonds or the date any action is to be taken pursuant to this Master 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 13.9. Counterparts.

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

#### Section 13.10. Anti-boycott Verification.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

#### Section 13.11. Iran, Sudan and Foreign Terrorist Organizations.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 13.12. Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of The Bank of New York Mellon Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

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

CITY OF TOMBALL, TEXAS

By:   
Mayor

ATTEST:

  
City Secretary

APPROVED AS TO FORM:  
City Attorney

By: 

[CITY SEAL]

The Bank of New York Mellon Trust Company,  
National Association

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

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

CITY OF TOMBALL, TEXAS

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

ATTEST:

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

APPROVED AS TO FORM:  
City Attorney

By: \_\_\_\_\_

[CITY SEAL]

The Bank of New York Mellon Trust Company,  
National Association

By:   
Authorized Officer

EXHIBIT A

PROPERTY DESCRIPTION

## DESCRIPTION

105.0452 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352, 353, 355, 356, 358, 359, 361, 362, 363, 364, 365, a portion of Outlot 354 and a portion of two 30 foot Unimproved rights-of-way, all as shown on the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 105.0452 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of an Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 162.27 feet to a point for corner;

Thence, N 87°47'53" E, along the Southerly line of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 508.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane and a projection thereof, at 476.29 feet pass the Easterly right-of-way line of said Unimproved right-of-way, in all a total distance of 506.29 feet to the Westerly right-of-way line of said Unimproved right-of-way;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 832.20 feet to a point for corner;

Thence, N 87°15'10" E, along the Southerly line of that certain Reserve "B" of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 572.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve "C" of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve "C", a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number G259047 and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368 and a projection thereof, at 542.93 feet pass the Easterly right-of-way line of said Unimproved right-of-way, in all a total distance of 572.93 feet to the Westerly right-of-way line of said Unimproved right-of-way;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 496.74 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of that certain Outlot 366 of said Corrected Map of Tomball Outlots and said Outlot 367, a distance of 1,162.57 feet to a PK Nail found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 366 and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 3,772.74 feet to the POINT OF BEGINNING and containing 105.0452 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

HOVIS SURVEYING COMPANY, INC.  
TEXAS FIRM REGISTRATION NO. 10030400

By: \_\_\_\_\_



Date: September 9, 2019  
Job No: 18-102-00  
File No: H18-102.00D

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SECOND SUPPLEMENTAL INDENTURE

authorizing

CITY OF TOMBALL, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

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Dated: October 1, 2022

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## INDENTURE OF TRUST

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This City of Tomball Second Supplemental Indenture of Trust authorizing the City of Tomball, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) dated October 1, 2022, is by and between the City of Tomball, Texas (the “City”) and The Bank of New York Mellon Trust Company, National Association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, the City of Tomball, Texas (the “City”) and The Bank of New York Mellon Trust Company, National Association, as Trustee have entered into that certain Master Indenture of Trust dated September 1, 2020 (the “Master Indenture”), authorizing the issuance of obligations pursuant to one or more supplemental indentures. Capitalized terms used in this Second Supplemental Indenture (this “Supplemental Indenture”) and not otherwise defined shall have the meaning assigned thereto in the Master Indenture; and

WHEREAS, this Supplemental Indenture is adopted for the purpose of, among others, authorizing the issuance of a series of bonds to be issued pursuant to the terms and provisions of and secured under the Master Indenture; and

WHEREAS, the City is authorized to issue and deliver the Bonds authorized herein in a single series; and

WHEREAS, it is hereby found and determined that the Bonds authorized herein shall constitute Improvement Area #1 Bonds under the Master Indenture and shall be entitled to all of the benefits of the Master Indenture; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Supplemental Indenture is approved is open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Supplemental Indenture, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended.

### ARTICLE I

#### DEFINITIONS AND OTHER PRELIMINARY MATTERS

##### Section 1.1. Short Title.

This Supplemental Indenture may hereafter be cited in other documents and without further description as the “Second Supplemental Indenture.”

Section 1.2. Definitions.

The capitalized terms used herein and not otherwise defined shall have the same meanings and definitions as are applied to such terms, respectively, in the Master Indenture. Additionally, unless otherwise expressly provided or unless the context clearly requires otherwise, the following additional terms shall have the respective meanings specified below:

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

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

“Bond” means any of the Bonds authorized herein.

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

“Bond Ordinance” means that certain ordinance adopted by the City Council authorizing the Second Supplemental Indenture and the issuance of the Bonds.

“Bond Reserve Account Requirement” means, with respect to the Bonds, fifty percent (50%) of Maximum Annual Debt Service on the Bonds.

“Bonds” means the City’s bonds entitled “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1).”

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

“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 such parties.

“Initial Bond” means the Initial Bond described in Section 3.4.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing March 15, 2023.

“MSRB” means the Municipal Securities Rulemaking Board.

“Purchase Contract” means the bond purchase contract approved in Section 6.1, pursuant to which the Bonds are sold to the Underwriter.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Representation Letter” means the “Blanket Letter of Representations” between the City and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Stated Maturity Date” means the respective dates on which the Bonds are stated to mature.

“Supplemental Indenture” means this Second Supplemental Indenture.

“Underwriter” means FMSbonds, Inc.

### Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Supplemental 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 Supplemental 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) Article and section references shall mean references to articles and sections of this Supplemental Indenture unless designated otherwise.

(c) Nothing in this Supplemental Indenture is intended or shall be construed to confer upon, or give to, any person, other than the City and the Owners, any right, remedy, or claim under or by reason of this Supplemental Indenture or any covenant or provisions hereof.

(d) If any one or more of the covenants, provisions or agreements contained herein should be contrary to Applicable Law, then such covenants, provisions or agreements shall be deemed separable from the remaining covenants, provisions, and agreements hereof, and shall in no way affect the validity of the remaining covenants, provisions, and agreements contained in this Supplemental Indenture.

Section 1.5. Declarations and Additional Rights and Limitations Under Master Indenture.

(a) For all purposes of the Master Indenture, the City declares and provides as follows:

(i) The Bonds are Improvement Area #1 Bonds that are authorized by Section 2.1 of the Master Indenture.

(ii) Administrative Expenses shall include the fees and expenses owed to the Trustee and the Paying Agent/Registrar.

ARTICLE II

PURPOSES, PLEDGE AND SECURITY FOR BONDS

Section 2.1. Purposes of Supplemental Indenture.

The purposes of this Supplemental Indenture are to authorize the award and sale of the Bonds to the Underwriter in accordance with the terms and provisions hereof, and to extend expressly the pledge, lien and security of the Master Indenture to and for the benefit of the Owners.

Section 2.2. Pledge, Security for, Sources of Payment of Bonds.

(a) The pledge, the security provisions of Sections 3.5 and 3.6 and 3.7 respectively, of the Master Indenture are hereby expressly restated, fixed, brought forward and granted to the Owners.

(b) The Bonds issued hereunder are Improvement Area #1 Bonds under the Master Indenture shall be and are secured in the manner and to the extent provided in the Master Indenture with respect to Improvement Area #1 Bonds. The Bonds shall be and are on a parity with other Improvement Area #1 Bonds issued under the Master Indenture.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS  
REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds, to be designated “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) are hereby authorized to be issued and delivered in accordance with Act and other Applicable Law. The Bonds shall be issued in the original principal amount of \$1,688,000 for the purpose of (i) paying a portion of the Improvement Area #1 Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, and (iv) paying the costs of issuance of the Bonds.



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

(a) The Bonds shall be dated October 27, 2022 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds to the Underwriter or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2023 computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Term Bonds</u>		
<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2029	\$192,000	5.250%
2050	1,496,000	6.000

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Supplemental Indenture.

Section 3.3. Medium, Method and Place of Payment.

(a) Debt Service on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be at least 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 Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on the Bonds shall be paid by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to the Owner entitled to such payment, United States mail, first class postage prepaid, to the address of the Owner as it appears in the Obligation Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

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

(e) If a date for the payment of Debt Service on the Bonds is not a Business Day, 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.

(f) Subject to any applicable escheat, unclaimed property, including without limitation Title 6, Texas Property Code, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be paid to the City and thereafter neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds.

#### Section 3.4. Execution and Initial Registration.

(a) The Bonds shall be executed in accordance with the Article IV of the Master Indenture.

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of the Master Indenture and this Supplemental Indenture unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Supplemental Indenture, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Supplemental Indenture, manually executed by the Comptroller of Public Accounts of the State or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(c) On the Closing Date, one Initial Bond, representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the Mayor and attested by manual or facsimile signature of the City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the representative of the Underwriter or its designee. Upon payment for the Initial Bond, the Paying

Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriter registered definitive Bonds as described in Section 3.9(a).

Section 3.5. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat each Owner as the absolute owner of such Bond for the purpose of making and receiving payment of Debt Service thereon (subject to the provisions herein that interest is to be paid to each Owner on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.6. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to maintain the Obligation Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the Master Indenture.

(b) Ownership of any Bond may be transferred in the Obligation Register only upon the presentation and surrender thereof at the Paying Agent/Registrar's Designated Payment/Transfer Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in Authorized Denominations, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Obligation Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three Business Days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in Authorized Denominations, at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds

shall be delivered by the Paying Agent/Registrar to the Owner of the Bond or Bonds in not more than three Business Days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned or transferred shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Supplemental Indenture to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The City will pay, as an Administrative Expense, the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer or exchange of Bonds, but the Paying Agent/Registrar will 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. In addition, the City hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of Debt Service on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration and exchange of Bonds as provided herein.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

### Section 3.7. Cancellation and Authentication.

All Bonds paid or redeemed before their Stated Maturity Dates in accordance with this Supplemental Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Supplemental Indenture, shall be canceled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of the canceled Bonds in accordance with Applicable Law.

### Section 3.8. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or

other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the Applicable Law and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

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

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

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

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond.

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

### Section 3.9. Book-Entry Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

(c) The "Representation Letter" previously executed and delivered by an Authorized Officer and made applicable to the City's obligations delivered in book-entry-only form to DTC as securities depository for said obligations, is hereby ratified and approved for the Bonds.

#### Section 3.10. Successor Securities Depository.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the

Obligation 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 Supplemental Indenture.

Section 3.11. Payments to Cede & Co.

Notwithstanding any other provision of this Supplemental 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 Representation Letter.

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 4.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds (referred to as “Term Bonds” below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$192,000 Term Bonds maturing September 15, 2029

Redemption Date	Sinking Fund Installment Amount
September 15, 2023	\$30,000
September 15, 2024	24,000
September 15, 2025	23,000
September 15, 2026	23,000
September 15, 2027	28,000
September 15, 2028	32,000
September 15, 2029*	32,000

\*maturity

\$1,496,000 Term Bonds maturing September 15, 2050

Redemption Date	Sinking Fund Installment Amount
September 15, 2030	\$37,000
September 15, 2031	32,000
September 15, 2032	42,000
September 15, 2033	42,000
September 15, 2034	42,000
September 15, 2035	47,000
September 15, 2036	47,000
September 15, 2037	53,000
September 15, 2038	58,000
September 15, 2039	63,000
September 15, 2040	64,000
September 15, 2041	69,000
September 15, 2042	75,000
September 15, 2043	81,000
September 15, 2044	82,000
September 15, 2045	93,000
September 15, 2046	99,000
September 15, 2047	106,000
September 15, 2048	113,000
September 15, 2049	124,000
September 15, 2050*	127,000

\*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by this Supplemental Indenture, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6 of this Supplemental Indenture.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary redemption provisions hereof and not previously credited to a mandatory sinking fund redemption as described in subsection 4.2(d) below.



#### Section 4.3. Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing September 15, 2050, in whole or from time to time in part before their respective scheduled maturity dates, on September 15, 2029, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

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

#### Section 4.4. Extraordinary Optional Redemption.

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

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

#### Section 4.5. Partial Redemption.

(a) If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

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

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

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

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

#### Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Supplemental Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FEDERAL INCOME TAX MATTERS

Section 5.1. General.

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

Section 5.2. No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be “private activity bonds” unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Assessments will meet the requirements for the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements.

Section 5.3. No Federal Guaranty.

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

Section 5.4. No Hedge Bonds.

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

Section 5.5. No-Arbitrage.

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

Section 5.6. Arbitrage Rebate.

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

Section 5.7. Information Reporting.

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

Section 5.8. Record Retention.

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

Section 5.9. Registration.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 5.10. Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an Favorable Opinion of Bond Counsel.

Section 5.11. Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE VI  
FORM OF THE BONDS

Section 6.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Supplemental Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Supplemental Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

Section 6.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized

Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 6.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VII

SALE, CONTROL AND DELIVERY OF THE BONDS

Section 7.1. Sale of Bonds; Offering Memorandum.

(a) The Bonds are hereby officially sold and awarded to the Underwriter in accordance with the terms and provisions of that certain Purchase Contract relating to the Bonds between the City and the Underwriter and dated the date of the passage of the Ordinance. The form and content of such Purchase Contract are hereby approved, and the Mayor is hereby authorized and directed to execute and deliver such Purchase Contract. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of the Underwriter, or its designee.

(b) The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto presented to and considered by the City Council are hereby in all respects approved and adopted. The City hereby authorizes the preparation of a final Limited Offering Memorandum reflecting the terms of the Purchase Contract and other relevant information. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the City Manager and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds, and the Preliminary Limited Offering Memorandum is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and continued. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor, the Mayor and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to development, the Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders; or the landowners.

(c) The Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this Indenture. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the District is hereby authorized and directed to issue a check of the District payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed \$9,500).

(d) The obligation of the Underwriter to accept delivery of the Bonds is subject to, among other conditions specified in the Purchase Contract, the Underwriter being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated and delivered on the Closing Date.

#### Section 7.2. Control and Delivery of Bonds.

(a) The Mayor of the City, or in his absence, the Mayor Pro Tem, is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Underwriter under and subject to the general supervision and direction of the Mayor of the City, or in his absence, the Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor, City Secretary or City Manager is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem, the Assistant City Secretary, or an Assistant City Manager, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary, and an Assistant City Manager shall, for the purposes of this Supplemental Indenture, have the same force and effect as if such duties were performed by the Mayor, City Secretary, and City Manager, respectively.

### ARTICLE VIII

#### GENERAL PROVISIONS

##### Section 8.1. Creation of Additional Funds and Accounts.

(a) The following accounts are hereby created in addition to those created in Section 5.1 of the Master Indenture:

(i) Series 2022 Costs of Issuance Sub-Account of the Costs of Issuance Account of the Project Fund; and

(ii) Series 2022 Improvement Sub-Account of the Improvement Account of the Project Fund; and

(iii) Series 2022 Sub-Account of the Bond Reserve Account of the Reserve Fund, which account shall serve as a reserve fund solely for the benefit of the Bonds issued pursuant to this Second Supplemental Indenture unless otherwise provided in a Supplemental Indenture.

Section 8.2. Initial Deposits to Funds and Accounts.

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

(i) to the Series 2022 Sub-Account of the Bond Reserve Account: \$69,530;

(ii) to the Series 2022 Costs of Issuance Sub-Account: \$113,088;

(iii) to the Delinquency and Prepayment Reserve Account of the Reserve Fund: \$8,440.00; and

(iv) to the Series 2022 Improvement Sub-Account Account of the Project Fund: \$1,446,302.

Section 8.3. Payment of the Bonds.

While any of the Bonds are outstanding and unpaid, the City shall make available to the Paying Agent/Registrar, from the Pledged Funds and Accounts, in the amounts and at the times required by this Supplemental Indenture and the Master Indenture, money sufficient to pay when due all amounts required to be paid by this Supplemental Indenture and the Master Indenture.

Section 8.4. Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Master Indenture and this Supplemental Indenture; the City will promptly pay or cause to be paid Debt Service on each Bond on the dates and at the places and in the manner prescribed in each Bond; and the City will, at the times and in the manner prescribed by this Supplemental Indenture, deposit or cause to be deposited the amounts of money specified by the Master Indenture and this Supplemental Indenture.

(b) The City is duly authorized under the laws of the State to issue the Bonds; all action on its part for the issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.5. Remedies.

The City and the Owners shall have all rights, remedies, duties and obligations set forth and applicable to them in the Master Indenture and this Supplemental Indenture.



## ARTICLE IX

### CONTINUING DISCLOSURE UNDERTAKING

#### Section 9.1. Approval of Continuing Disclosure Agreement.

The form, terms and provisions of that certain continuing disclosure agreement (the "Continuing Disclosure Agreement"), among the City, P3Works, Inc. as the assessment consultant and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as Dissemination Agent, dated October 1, 2022, is hereby authorized and approved in substantially final form presented at this meeting and the Mayor is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Supplemental Indenture and approved by the Mayor, such approval to be evidenced by the execution thereof. The Mayor's signature on the Continuing Disclosure Agreement may be attested by the City Secretary.

## ARTICLE X

### MISCELLANEOUS

#### Section 10.1. Changes to Supplemental Indenture.

The Mayor and City Manager, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Supplemental Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

#### Section 10.2. Partial Invalidity.

If any section, paragraph, clause or provision of this Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Supplemental Indenture.

#### Section 10.3. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Supplemental Indenture, against any official or employee of the City or any person executing any Bonds.

#### Section 10.4. Counterparts.

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

#### Section 10.5. Compliance with Master Indenture.

The City represents and affirms that the issuance the Bonds pursuant to this Supplemental Indenture complies with the provisions of Section 2.2(b) of the Master Indenture.

#### Section 10.6. Anti-boycott Verification.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

#### Section 10.7. Iran, Sudan and Foreign Terrorist Organizations.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

#### Section 10.8. Petroleum.

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

#### Section 10.9. Firearms.

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 during the term of this Indenture against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, ‘discriminate against a firearm entity or firearm trade association’ (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) ‘firearm entity’ means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) ‘firearm trade association’ means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section

501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with Bright within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit.

Section 10.10. Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of The Bank of New York Mellon Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

PRESENTED, PASSED AND APPROVED, AND EFFECTIVE on the \_\_\_\_ day of \_\_\_\_\_, 2022, by a vote of \_\_\_\_ ayes and \_\_\_\_ nays at a regular meeting of the City Council of the City of Tomball, Texas.

By: \_\_\_\_\_  
Mayor, City of Tomball, Texas

ATTEST:

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

## TRUSTEE'S ACCEPTANCE OF TRUST AND DUTIES

The Trustee, acting by and through the below named duly authorized officer, hereby acknowledges the trusts imposed by this Supplemental Indenture and the Master Indenture and agrees to perform the duties of Trustee hereunder, but only upon and subject to the express terms and conditions herein.

Dated: \_\_\_\_\_

The Bank of New York Trust Mellon Trust  
Company, National Association, as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of Trustee and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

THE TRANSFER OF THIS BOND IS SUBJECT TO THE TERMS AND RESTRICTIONS DESCRIBED HEREIN.

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

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF TOMBALL, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____%	September 15, ____	October 27, 2022	_____

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on March 15, 2023 and on each March 15 and September 15 thereafter until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of The Bank of New York Mellon Trust Company, National Association, a national banking association, as trustee and paying agent/registrar (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated October 27, 2022 and issued in the aggregate principal amount of \$1,688,000 and issued, with the limitations described herein, pursuant to a Master Indenture of Trust, dated as of September 1, 2020 (the “Master Indenture”), and a Second Supplemental Indenture dated as of October 1, 2022 (the “Second Supplemental Indenture and together with the Master Indenture, the “Indenture”) by and between the City and the Trustee, which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Improvements Costs, (ii) (iii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding a portion



of the Delinquency and Prepayment Reserve Account, and (iv) paying the costs of issuance of the Bonds.

The Bonds are special and limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$25,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

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

\$192,000 Term Bonds maturing September 15, 2029

Redemption Date	Sinking Fund Installment Amount
September 15, 2023	\$30,000
September 15, 2024	24,000
September 15, 2025	23,000
September 15, 2026	23,000
September 15, 2027	28,000
September 15, 2028	32,000
September 15, 2029*	32,000

\*maturity

\$1,496,000 Term Bonds maturing September 15, 2050

Redemption Date	Sinking Fund Installment Amount
September 15, 2030	\$37,000
September 15, 2031	32,000
September 15, 2032	42,000
September 15, 2033	42,000
September 15, 2034	42,000
September 15, 2035	47,000
September 15, 2036	47,000
September 15, 2037	53,000
September 15, 2038	58,000
September 15, 2039	63,000
September 15, 2040	64,000
September 15, 2041	69,000
September 15, 2042	75,000
September 15, 2043	81,000
September 15, 2044	82,000
September 15, 2045	93,000
September 15, 2046	99,000
September 15, 2047	106,000
September 15, 2048	113,000
September 15, 2049	124,000
September 15, 2050*	127,000

\*maturity

At least forty-five (45) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

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

The Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption shall be reduced in integral multiples of \$1,000 by any portion of such

Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on September 15, 2050, before their scheduled maturity dates, in whole or from time to time in part, on any date, on or after September 15, 2029, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive

compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF TOMBALL, TEXAS; HARRIS COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

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City Secretary, City of Tomball, Texas

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Mayor, City of Tomball, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER       §  
OF PUBLIC ACCOUNTS               §     REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS               §

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts of the  
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

The Bank of New York Trust Mellon Trust  
Company, National Association, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

DATED: \_\_\_\_\_

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

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

Signature Guaranteed By:

\_\_\_\_\_

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) *immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;*

(ii) *in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:*

Years

Principal Installments

Interest Rates"

(Information to be inserted from Section 3.2(c) hereof); and

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

## EXHIBIT B

### FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. \_\_\_\_

Reference is made to that certain Master Indenture of Trust by and between the City and the Trustee dated as of September 1, 2020 (the “Master Indenture”) and that certain Second Supplemental Indenture by and between the City and the Trustee dated as of October 1, 2022 (the “Second Supplemental Indenture together with the Master Indenture, the “Indenture”) relating to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for HT Raburn Reserve Development L.P. a Texas limited partnership (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

\_\_\_\_\_ the Improvement Account of the Project Fund

From The Bank of New York Mellon Trust Company, National Association (the “Trustee”), in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within Improvement Area #1 of the Raburn Reserve Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Authorized Improvements below is a true and accurate representation of the Authorized Improvements associated with the creation, acquisition, or construction of said Authorized Improvements and such costs (i) are in compliance with the Development Agreement, (ii) are consistent with and within the cost identified for such Authorized Improvements as set forth in the Service and Assessment Plan, and (iii) are capital costs relating of the Authorized Improvements.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the Raburn Reserve Public Improvement District and has no outstanding delinquencies for such Assessments.
6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.
7. The work with respect to Authorized Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Authorized Improvements (or its completed segment).
8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
9.
  - a. Developer has recorded documents creating a Home Owners in the real property records of Harris County and evidence of such recording has been submitted to the City; or
  - b. if Developer has not recorded such documents and evidence has not been submitted evidencing such recording, then the requested payment (including all previous payments) equals less than or equal to 10% of the amount of bond proceeds deposited to the Improvement Account at closing of the Bonds.

**Payments requested are as follows:**



<b>Payee / Description of Authorized Improvement</b>	<b>Total Cost of Authorized Improvement</b>	<b>Budgeted Cost of Authorized Improvement</b>	<b>Amount requested to be paid from the Improvement Account</b>

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

**Payments requested hereunder shall be made as directed below:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

HT Raburn Reserve Development L.P., a  
Texas limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPROVAL OF REQUEST**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account
\$ _____	\$ _____

### **CITY OF TOMBALL, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

APPENDIX C

SERVICE AND ASSESSMENT PLAN

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# Raburn Reserve Public Improvement District

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2022 AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN  
OCTOBER 3, 2022



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## INTRODUCTION

Capitalized terms used in this 2022 Amended and Restated Service and Assessment Plan shall have the meanings given to them in Section I unless otherwise defined in this 2022 Amended and Restated 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 2022 Amended and Restated Service and Assessment Plan or an Exhibit attached to and made a part of this 2022 Amended and Restated Service and Assessment Plan for all purposes.

On October 7, 2019, the City passed and approved Resolution No. 2019-41 authorizing the creation of the District in accordance with the PID Act, as amended, which authorization was effective upon publication as required by the PID Act.

On November 4, 2019, the City passed and approved Resolution No. 2019-45 which amends and restates Resolution No. 2019-41 by incorporating the increased area of the District as a result of right-of-way abandonments. The revised boundary of the District encompasses approximately 105.05 acres.

On September 21, 2020, the City adopted Ordinance No. 2020-26 approving the 2020 Service and Assessment Plan and Assessment Roll for the Raburn Reserve Public Improvement District. The Ordinance also levied assessments against benefited properties within the District and established a lien on such properties.

On December 7, 2020, the City passed and approved Resolution No. 2020-43 which amends and restates Resolution No. 2019-45 by incorporating an additional 5.082 acres into the area of the District. The revised boundary of the District encompasses approximately 110.12 acres.

On August 16, 2021, the City approved Resolution No. 2021-26 approving the 2021 Annual Service Plan Update for the District. The 2021 Annual Service Plan Update updated the Assessment Rolls for 2021.

On August 1, 2022, the City approved Ordinance No. 2022-26 approving the 2022 Annual Service Plan Update for the District. The 2022 Annual Service Plan Update updated Assessment Rolls for 2022.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 110.12 acres located within the City, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B**.

Pursuant to the PID Act, a service and assessment plan must be reviewed and updated at least annually. This document is the 2022 Amended and Restated Service and Assessment Plan, which

serves to amend and restate the 2020 Service and Assessment Plan, as updated by the 2022 Annual Service Plan Update, in its entirety for the purposes of (1) levying Improvement Area #2 Assessments, (2) incorporating provisions relating to the City's issuance of the Improvement Area #2 Series 2022 Bonds and the Improvement Area #1 Series 2022 Bonds, incorporating provisions relating to the City's Improvement Area #2 Reimbursement Obligation and (3) updating the Assessment Rolls.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. 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 updated Improvement Area #1 Assessment Roll is contained in **Exhibit F**. The Improvement Area #2 Assessment Roll is contained in **Exhibit H**.

The PID Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against 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**.



## SECTION I: DEFINITIONS

**“2020 Service and Assessment Plan”** means the original Service and Assessment Plan approved by City Council on September 21, 2020.

**“2021 Annual Service Plan Update”** means the Annual Service Plan Update to the 2020 Service and Assessment Plan approved by City Council on August 16, 2021.

**“2022 Annual Service Plan Update”** means the Annual Service Plan Update to the 2020 Service and Assessment Plan approved by City Council on August 1, 2022.

**“2022 Amended and Restated Service and Assessment Plan”** means this Amended and Restated Service and Assessment Plan which serves to amend and restate the 2020 Service and Assessment Plan, as updated by the 2021 Annual Service Plan Update and the 2022 Annual Service Plan Update, in its entirety for the purposes of (1) levying Improvement Area #2 Assessments, (2) incorporating provisions relating to the City’s issuance of the Improvement Area #2 Series 2022 Bonds and Improvement Area #1 Series 2022 Bonds, incorporating provisions relating to the City’s Improvement Area #2 Reimbursement Obligation and (3) updating the Assessment Rolls.

**“Actual Costs”** mean, with respect to Authorized Improvements, the Developer’s demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvements, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvement as set forth in this 2022 Amended and Restated Service and Assessment Plan, except for authorized reallocations, which include Cost Underruns (as defined in the Development Agreement) in any category of Authorized Improvements being reallocated to cover Cost Overruns (as defined in the Development Agreement) in any different category of Authorized Improvements as approved by the City. Actual Costs may include: (1) the costs incurred by, caused to be incurred by, or on behalf of the Developer (either directly or through affiliates) for the design, planning, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) construction management fees equal to 4% of cost of the Authorized Improvements; (4) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (5) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (6) all related permitting and public approval expenses, architectural, engineering, and consulting fees, taxes, and governmental fees and charges.

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

**“Additional Interest Rate”** means an amount not to exceed 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Improvement Area #2 Assessments securing the Improvement Area #2 Reimbursement Obligation.

**“Administrator”** means the City or the person or firm designated by the City who shall have the responsibility provided in this 2022 Amended and Restated Service and Assessment Plan, an Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

**“Annual Collection Costs”** mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of PID Bonds, and the construction, operation, and maintenance of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments, including the costs of foreclosure; (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 2022 Amended and Restated Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, the administration of the Improvement Area #2 Reimbursement Agreement, 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 on the Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, as applicable.

**“Annual Service Plan Update”** means an update to the 2022 Amended and Restated Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

**“Assessed Property”** means any Parcel within the District against which an Assessment is levied and does not include Non-Benefited Property.

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

**“Assessment Ordinance”** means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment.

**“Assessment Plan”** means the methodology employed to assess the Actual Costs of the Authorized Improvements against the District based on the special benefits conferred on the District by the Authorized Improvements, 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 any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this 2022 Amended and Restated Service and Assessment Plan as **Exhibit F** and the Improvement Area #2 Assessment Roll is included as **Exhibit H**.

**“Authorized Improvements”** means improvements authorized by Section 372.003 of the PID Act, including First Year Annual Collection Costs and Bond Issuance Costs, as described in **Section III**.

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

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

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

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

**“Delinquency and Prepayment Reserve Fund”** means the funds established pursuant to the Indenture where the Additional Interest will be deposited.

**“Delinquent Collection Costs”** mean costs related to the foreclosure of the lien on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this 2022 Amended and Restated Service and Assessment Plan including penalties and reasonable attorney’s fees to the extent permitted by law, but excluding amounts representing interest and penalty interest.

**“Developer”** means HT Raburn Reserve Development, L.P. a Texas limited partnership, and any successor developer of property in the District or any portion thereof.

**“Development Agreement”** means that certain Raburn Reserve Development Agreement between the City and the Developer dated as of October 7, 2019, as amended by that certain First Amendment to Raburn Reserve Development Agreement effective June 15, 2020.

**“District”** means the Raburn Reserve Public Improvement District containing approximately 110.12 acres located within the City as shown on **Exhibit B** and more specifically described on **Exhibit A-1**.

**“District Formation Expenses”** means costs related to the formation of the District and the levy of Assessments including attorney fees, financial consultant fees, and other fees.

**“Estimated Buildout Value”** means the estimated buildout value of an Assessed Property, and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that may impact value.

**“First Year Annual Collection Costs”** means the estimated Annual Collection Costs for the first year following the levy of Assessments.

**“Future Improvement Areas”** means the property within the District, excluding Improvement Area #1 and Improvement Area #2. Future Improvement Areas may be developed in phases after Improvement Area #1 and Improvement Area #2.

**“Future Improvement Area Bonds”** mean bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Assessed Property within such Future Improvement Area, if such bonds are issued.

**“Future Improvement Area Improvements”** mean those Authorized Improvements which will confer a special benefit solely on the related Future Improvement Area.

**“Improvement Area”** means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1, Improvement Area #2 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of the District.

**“Improvement Area #1”** means approximately 38.50 acres located within the District, as shown on **Exhibit B** and more specifically detailed on the Improvement Area #1 Plat attached as **Exhibit O**.

**“Improvement Area #1 Series 2020 Bonds”** means those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)”, that are secured by Improvement Area #1 Assessments.

**“Improvement Area #1 Series 2022 Bonds”** mean those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District

Improvement Area #1)", that are secured by Improvement Area #1 Assessments.

**"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 City Council 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 Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**"Improvement Area #1 Improvements"** mean those Authorized Improvements that only benefit Improvement Area #1.

**"Improvement Area #1 Plat"** means the plat recorded in the Official Public Records of the County on August 12, 2020 and attached as **Exhibit O**.

**"Improvement Area #2"** means approximately 35.15 acres located within the District, as shown on **Exhibit B** and more specifically detailed on **Exhibit A-3**.

**"Improvement Area #2 Additional Bonds"** means those PID Bonds that are anticipated to be issued to refund the Improvement Area #2 Reimbursement Obligation that are secured by Improvement Area #2 Assessments.

**"Improvement Area #2 Annual Installment"** means the annual installment payment on the Improvement Area #2 Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest, as applicable. The Additional Interest Rate is not charged on Improvement Area #2 Assessments securing the Improvement Area #2 Reimbursement Obligation.

**"Improvement Area #2 Assessed Property"** means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

**"Improvement Area #2 Assessment"** means an Assessment levied against a Parcel within Improvement Area #2 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**"Improvement Area #2 Improvements"** mean those Authorized Improvements that only benefit Improvement Area #2.

**“Improvement Area #2 Plat”** means the plat recorded in the Official Public Records of the County on February 18, 2022 and attached as **Exhibit P**.

**“Improvement Area #2 Series 2022 Bonds”** means those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #2)”, that are secured by Improvement Area #2 Assessments.

**“Improvement Area #2 Reimbursement Agreement”** means that certain “Raburn Reserve Public Improvement District Improvement Area #2 Acquisition and Reimbursement Agreement” effective October 3, 2022 entered into by and between the City and Developer, whereby all or a portion of the Actual Costs as set forth herein will be paid to the Developer from Improvement Area #2 Assessments to reimburse the Developer for Actual Costs paid by the Developer, that are eligible to be paid with Improvement Area #2 Assessments plus interest.

**“Improvement Area #2 Reimbursement Obligation”** means an amount not to exceed \$2,744,000 secured by Improvement Area #2 Assessments to be paid to Developer pursuant to the Improvement Area #2 Reimbursement Agreement.

**“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 City and a Trustee setting forth terms and conditions related to PID Bonds.

**“Lot”** means a tract of land upon which the levy of Assessments is based in this 2022 Amended and Restated Service and Assessment Plan, that is (1) a “lot” in a subdivision plat recorded in the official records of the County, (2) a development/concept plan or (3) a preliminary plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. general retail, light industrial, multi-family, single family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council.

**“Lot Type 1”** means a residential Lot within Improvement Area #1 marketed to homebuilders as a 50’ Lot as shown on **Exhibit K**.

**“Lot Type 2”** means a residential Lot within Improvement Area #2 marketed to homebuilders as a 50’ Lot as shown on **Exhibit K**.

**“Maximum Assessment”** means for each Lot Type within the District, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit J**.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefited Property at the time the Assessments (1) are levied or (2) are reallocated pursuant to a subdivision of a Parcel that receives no benefit. Assessed Property converted to Non-Benefited

Property, if the Assessments are not reallocated pursuant to the provisions herein, remain subject to the Assessments and requires the Assessments to be prepaid as provided herein.

**“Owner”** means the person in whom is vested the ownership, dominion, or title of property.

**“Parcel(s)”** means a property, within the District, identified by either a tax map identification number assigned by the Harris County Appraisal District for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

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

**“PID Bonds”** means bonds issued by the City to finance the Authorized Improvements and secured in whole or in part by Assessments, including Annual Installments thereof; and include Improvement Area #1 Series 2020, Improvement Area #1 Series 2022 Bonds and Improvement Area #2 Series 2022 Bonds.

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

**“Prepayment Costs”** means principal and interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment, and including any penalties.

**“Reimbursement Agreement”** means any reimbursement agreement, including the Improvement Area #2 Reimbursement Agreement, between the City and the Developer pursuant to which the City agrees to levy Assessments on an Improvement Area and all or a portion of such Assessments are paid to the Developer to reimburse the Actual Costs related to such Improvement Area.

**“Reimbursement Obligation”** means the amount to be paid to the Developer pursuant to a Reimbursement Agreement.

**“Residential Lot”** means a Lot designed to include a residential home within a final subdivision plat and as determined by the Administrator and confirmed by the City Council.

**“Service Plan”** means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, more specifically described in **Section IV**.

**“Trustee”** means a trustee (or successor trustee) under the applicable Indenture.



## SECTION II: THE DISTRICT

The District includes approximately 110.12 contiguous acres located within the City, as more particularly described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B**. Development of the District is anticipated to include approximately 391 single-family homes, as shown on **Exhibit K**.

Improvement Area #1 includes approximately 38.50 acres as more particularly described in the Improvement Area #1 Plat on **Exhibit O** and depicted on **Exhibit B**. Development of Improvement Area #1 contains 133 single-family homes.

Improvement Area #2 includes approximately 35.15 acres as more particularly described in the Improvement Area #2 Plat on **Exhibit P** and depicted on **Exhibit B**. Development of Improvement Area #2 is anticipated to contain 118 single-family homes.

It is anticipated there will be one additional Future Improvement Area within the District. As Future Improvement Areas are developed and in connection with the issuance of any Future Improvement Area Bonds, this 2022 Amended and Restated Service and Assessment Plan will be amended to update the Exhibits. A map of the property that will comprise the Future Improvement Areas is depicted on **Exhibit B**.

## SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements confer a special benefit on the Assessed Property. 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

#### ▪ Streets

Improvements including subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, and retaining walls. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.



- *Water*

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines will include all necessary appurtenances to be fully operational transmission lines extending water service to the limits of the Improvement Area. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational extending wastewater services to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Detention, Clearing and Grubbing*

Improvements include clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds including spreading and compaction of excavated materials. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the Improvement Area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City, except for detention ponds.

- *Natural Gas*

Improvements include excavation and embedment, trench safety, plastic piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, and erosion control. These will include the necessary appurtenances to be fully operational to convey natural gas to the limits of the improvement area. The Natural Gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, District Formation Expenses, and contingency.

## **B. Improvement Area #2 Improvements**

### ▪ *Streets*

Improvements including subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### ▪ *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines will include all necessary appurtenances to be fully operational transmission lines extending water service to the limits of the Improvement Area. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### ▪ *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### ▪ *Detention, Clearing and Grubbing*

Improvements including earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water. The storm water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The improvements include clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds including spreading and compaction of excavated materials. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the Improvement Area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

City, except for detention ponds.

- *Natural Gas*

Improvements include excavation and embedment, trench safety, plastic piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, and erosion control. These will include the necessary appurtenances to be fully operational to convey natural gas to the limits of the improvement area. The Natural Gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, District Formation Expenses, and contingency.

### **C. Future Improvement Area Improvements**

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this 2022 Amended and Restated Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

### **D. First Year Annual Collection Costs**

Equals the estimated cost of first year District administration.

### **E. Bond Issuance Costs**

- *Debt Service Reserve Fund*

Equals the amount required to fund a reserve under an applicable Indenture.

- *Capitalized Interest*

Equals the amount of capitalized interest available for payment of interest 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.

- *Deposit to Delinquency and Prepayment Reserve Fund*

Includes initial deposit to Delinquency and Prepayment Reserve Fund.

- *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, City costs, fees charged by the Texas Attorney General, paying agent fees, Trustee fees and any other cost or expense directly associated with the issuance of PID Bonds.

Upon completion of construction of the Authorized Improvements, any cost underruns within a line item of Authorized Improvements, may be available to pay cost overruns on any other Authorized Improvement line item with the approval of the City; such changes shall be set forth in an Annual Service Plan Update.

#### **SECTION IV: SERVICE PLAN**

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan must be reviewed and updated, at least annually, and approved by the City Council. The Service Plan for the District is summarized on **Exhibit D**.

The sources and uses of funds required to construct the Authorized Improvements and pay the District Formation Expenses and Bond Issuance Costs are summarized on **Exhibit E**. The sources and uses of funds shown on **Exhibit E** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

#### **SECTION V: ASSESSMENT PLAN**

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future Owners and developers of the Assessed Property.

#### **A. Assessment Methodology**

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and on review by the City staff and by third-party consultants retained by the City, has determined that the Improvement Area #1 Improvements and Improvement Area #2 Improvements shall be allocated between Improvement Area #1 and Improvement Area #2 as follows:

- Improvement Area #1 Improvements shall be allocated 100% to Improvement Area #1 Assessed Property.
- Improvement Area #2 Improvements shall be allocated 100% to the Improvement Area #2 Assessed Property.
- First Year Annual Collection Costs shall be allocated entirely to the Assessed Property securing the applicable Assessment levy.
- Bond Issuance Costs shall be allocated entirely to the Assessed Property securing the applicable PID Bond.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this 2022 Amended and Restated Service and Assessment Plan will be amended to determine the assessment methodology necessary to apply equal shares of Actual Costs of Future Improvement Area Improvements on Assessed Property similarly benefited within that Future Improvement Area.

#### **B. Assessments**

Improvement Area #1 Assessments were levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

Improvement Area #2 Assessments will be levied entirely on the Improvement Area #2 Assessed Property as shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit H**. The projected Improvement Area #2 Annual Installments are shown on **Exhibit I**, subject to revisions made during any Annual Service Plan Update.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this 2022 Amended and Restated Service and Assessment Plan will be amended to determine the Assessment and Annual Installment associated with the costs

of Future Improvement Area Improvements or each Lot located within a Future Improvement Area. The Assessment shall not exceed the benefit received by the Assessed Property.

### **C. Findings of Special Benefit**

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by City, has found and determined:

- *Improvement Area #1*
  1. The costs of Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1 equal \$5,843,420, as shown on **Exhibit C**; and
  2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1 equal to or greater than the Actual Costs of the Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1; and
  3. The Improvement Area #1 Assessed Property was allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property for Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1, which equal \$4,208,000, of which \$4,133,000 remains outstanding, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
  4. The special benefit ( $\geq$  \$5,843,420) received by the Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1 is equal to or greater than the amount of the Improvement Area #1 Assessments (\$4,208,000) levied on the Improvement Area #1 Assessed Property; and
  5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Developer owned 100% of the Improvement Area #1 Assessed Property. The Developer acknowledged that Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1 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 Improvement Area #1 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #1 associated therewith. The Developer ratified, confirmed, accepted, agreed to, and

approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

**Exhibit J** shows the estimated special benefit per Lot Type within Improvement Area #1 based on the Improvement Area #1 Plat attached as **Exhibit O**.

▪ *Improvement Area #2*

1. The costs of Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2 equal \$5,174,000, as shown on **Exhibit C**; and
2. The Improvement Area #2 Assessed Property receives special benefit from Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2 equal to or greater than the Actual Costs of the Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2; and
3. The Improvement Area #2 Assessed Property will be allocated 100% of the Improvement Area #2 Assessments levied on the Improvement Area #2 Assessed Property for Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2, which equal \$5,174,000, as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit H**; and
4. The special benefit ( $\geq$  \$5,174,000) received by the Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2 is equal to or greater than or equal to the amount of the Improvement Area #2 Assessments (\$5,174,000) levied on the Improvement Area #2 Assessed Property; and
5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #2 Assessments, the Developer owned 100% of the Improvement Area #2 Assessed Property. The Developer acknowledged that Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2 confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for Improvement Area #2 Improvements, First Year Annual Collection Costs and Bond Issuance Costs allocated to Improvement Area #2 associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special

benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property.

**Exhibit J** shows the estimated special benefit per Lot Type within Improvement Area #2.

#### **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 Assessments remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of Annual Installments in the amounts shown on **Exhibit G** and **Exhibit I**, 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 for purposes of paying debt service on the PID Bonds shall exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest will not be collected on the Improvement Area #2 Reimbursement Obligation. Additional Interest shall be collected as part of each Annual Installment collected for purposes of paying debt service on the PID Bonds *and* shall be deposited into the Delinquency and Prepayment Reserve Fund, pursuant to the Indenture.

#### **F. Future Bonds to Finance Improvement Area #2 Reimbursement Obligation**

The City may issue PID Bonds in the future to finance the remaining Improvement Area #2 Reimbursement Obligation. At the time of such financing, the interest currently charged and paid on the portion of the Improvement Area #2 Assessments allocated to Improvement Area #2 Reimbursement Obligation shall cease being paid to the Developer and the portion of the Improvement Area #2 Assessments currently allocated to the Improvement Area #2 Reimbursement Obligation shall then bear interest at the rate of the PID Bonds issued to finance the Improvement Area #2 Reimbursement Obligation plus the Additional Interest.

### **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 an update to this 2022 Amended and Restated Service and Assessment Plan approved by the City Council.

## *2. Upon Subdivision by a Recorded Subdivision Plat*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel 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 Developer shall provide the City 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 Parcels shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant

to this section shall be reflected in an update to this 2022 Amended and Restated Service and Assessment Plan approved by the City Council.

### *3. Upon Consolidation*

If two or more Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit J** 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 approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Developer must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City'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 such Assessments.

### **C. Mandatory Prepayment of Assessments**

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the Owner transferring the Assessed Property shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, 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 to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

### **D. Reduction of Assessments**

If, as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the costs estimated herein, each Assessment shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Any excess PID Bond proceeds remaining as a result of a cost savings for Authorized Improvements shall be applied to

redeem the applicable series of outstanding PID Bonds. Any such reduction in the costs of the Authorized Improvements shall also reduce the Reimbursement Obligation under the related Reimbursement Agreement. The Assessments for each Improvement Area shall not, however, be reduced to an amount less than the related outstanding PID Bonds.

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

Similarly, if a portion of the Authorized Improvements to be funded with a series of PID Bonds or pursuant to a Reimbursement Agreement are not undertaken resulting in excess PID Bond proceeds or excess Assessment revenues, then the City may, in its discretion (i) in accordance with the applicable Indenture, reduce the Assessment for each Assessed Property securing the applicable PID Bonds on a pro-rata basis, or as otherwise determined by the City in accordance with the Indenture, to reflect only the Actual Costs that were expended and deposit and apply such excess PID Bond proceeds as described in the paragraph above or as authorized in the Indenture or (ii) reduce the applicable Improvement Area Assessment and the corresponding Reimbursement Obligation.

The Assessments shall not be reduced to an amount less than the amount due on the related outstanding series of PID Bonds and any related Reimbursement Obligation, as such Reimbursement Obligation may be reduced pursuant to this Section. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Assessed Properties from the Authorized Improvements completed.

If all the Authorized Improvements are not undertaken in any Improvement Area resulting in excess PID Bonds proceeds and excess Assessment revenues, then the City shall, at its discretion (i) in accordance with the applicable Indenture, reduce Assessments and Annual Installments for each applicable Assessed Property on a pro-rata basis to reflect only the amounts required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, Annual Collection Costs, and/or (ii) reduce the outstanding Reimbursement Obligation relating to the applicable Reimbursement Agreement and reduce the applicable Assessments and Annual Installments to reflect only the amount required to repay the resulting reduced Reimbursement Obligation, if any. The applicable excess PID Bond proceeds shall be applied to redeem PID Bonds as set forth in the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the amount due on the related outstanding PID Bonds.

The City Council may reduce the Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Authorized Improvements provided for each property; (2)

by an equal percentage per Residential Lot; or (3) In any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Assessed Property, such that the sum of the resulting reduced Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, the Annual Collection Costs portion of the Assessment, and any Reimbursement Obligation.

#### **E. Prepayment of Assessments**

The Owner of the Assessed Property may pay, at any time, all or any portion of an Assessment in accordance with the PID Act, including all Prepayment Costs. If Prepayments will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of reserve funds applied to the redemption under the Indenture, net of any other costs applicable to the redemption of PID Bonds as set forth in 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 the principal portion of an Assessment is paid in full, with interest accrued to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the Owner with a recordable "Notice of PID Assessment Termination," a form of which is attached hereto as **Exhibit N**.

If an Assessment is paid in part, with interest: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment 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**

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. The Owner will remain liable to pay in Annual Installments, or payable as otherwise provided by this 2022 Amended and Restated Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property.

Following the initiation of the Taking, the Administrator will be required to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefited Property based on a manner that results in imposing equal shares of the costs of the applicable Authorized Improvements on property similarly benefited.

The Owner shall make a Prepayment of the Assessment in an amount equal to the amount determined by the Administrator in the above paragraph prior to the transfer of ownership of the Taken Property.

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, and the Owner shall owe \$10 as a prepayment for the Taken Property.

Notwithstanding the previous paragraphs in this subsection if the Administrator determines that the Taking prevents the Remaining Property from being developed as shown on the final plat, the Owner shall be required to prepay the total amount of the Assessment levied against the Remaining Property within sixty (60) days of such determination.

#### **G. Payment of Assessment in Annual Installments**

**Exhibit G** shows the projected Annual Installments for Improvement Area #1 and **Exhibit I** shows the projected Annual Installments for Improvement Area #2. Assessments that are not paid in full shall be due and payable in Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

If any Parcel shown on the Assessment Roll is assigned multiple tax identification numbers, the Annual Installment shall be allocated pro rata based on the acreage of the property as shown by Harris County Appraisal District for each tax identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of

Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Property for which Assessments remain unpaid based on the amount of the outstanding Assessment on each Assessed Property. Annual Installments shall be collected 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 City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Foreclosure 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 non-delinquent Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act, Indenture, and Development Agreement. 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 to receive an invoice for an Annual Installment on the property tax bill shall not relieve the Owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act.

#### **H. Allocating Annual Installments if Assessed Property is Sold**

If Assessed Property is sold, the Annual Installment shall be allocated between the buyer and seller in the same methodology as property taxes.

### **SECTION VII: ASSESSMENT ROLL**

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit H**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

As Future Improvement Areas are developed, this 2022 Amended and Restated Service and Assessment Plan will be amended to determine the Assessment for each Lot located within such Future Improvement Areas.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Administrative Review**

To the extent consistent with the PID Act, an Owner of Assessed Property claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date the invoice or other bill for the Annual Installment is received. If the Owner fails to give such notice, such Owners shall be deemed to have accepted the calculation of the Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred. The City may elect to designate a third party who is not an officer or employee of the City to serve as administrator of the District.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property Owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property Owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the District for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council, shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property Owner shall be a condition precedent to any other appeal or legal action by such Owner.

## **B. Termination of Assessments**

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the Owner of the affected Assessed Property a recordable “Notice of the PID Assessment Termination,” attached hereto as **Exhibit N**.

## **C. Amendments**

Amendments to this 2022 Amended and Restated Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this 2022 Amended and Restated 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; (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this 2022 Amended and Restated Service and Assessment Plan; and (4) for any other purpose authorized by the PID Act.

## **D. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this 2022 Amended and Restated Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this 2022 Amended and Restated Service and Assessment Plan. Interpretations of this 2022 Amended and Restated Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by Owners or Developers adversely affected by the interpretation. Appeals shall be decided by the City Council during which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the Owners and Developers and their successors and assigns.

## **E. Form of Buyer Disclosure**

Per Section 5.014 of the Texas Property Code, as amended, this 2022 Amended and Restated 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 as **Exhibit P-1**, and **Exhibit P-2**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance of this Amended and Restated Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Amended and Restated Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.



## **F. Severability**

If any provision of this 2022 Amended and Restated 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.

## LIST OF EXHIBITS

The following Exhibits are attached to and made a part of this 2022 Amended and Restated Service and Assessment Plan for all purposes:

<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</b>	District Boundary Map
<b>Exhibit C</b>	Authorized Improvements
<b>Exhibit D</b>	Service Plan
<b>Exhibit E</b>	Sources and Uses
<b>Exhibit F</b>	Improvement Area #1 Assessment Roll
<b>Exhibit G</b>	Improvement Area #1 Annual Installments
<b>Exhibit H</b>	Improvement Area #2 Assessment Roll
<b>Exhibit I</b>	Improvement Area #2 Annual Installments
<b>Exhibit J</b>	Maximum Assessment and Special Benefit per Lot Type
<b>Exhibit K</b>	Concept Plan
<b>Exhibit L</b>	Improvement Area #1 Improvements Maps
<b>Exhibit M</b>	Improvement Area #2 Improvements Maps
<b>Exhibit N</b>	Notice of PID Assessment Termination
<b>Exhibit O</b>	Improvement Area #1 Plat
<b>Exhibit P</b>	Improvement Area #2 Plat
<b>Exhibit Q-1</b>	Lot Type 1 Buyer Disclosure
<b>Exhibit Q-2</b>	Lot Type 2 Buyer Disclosure

## EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

**METES AND BOUNDS DESCRIPTION  
BEING 110.12 ACRES  
IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629  
CITY OF TOMBALL  
HARRIS COUNTY, TEXAS**

A 110.12 ACRE TRACT OF LAND IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629, CITY OF TOMBALL, HARRIS COUNTY, TEXAS, BEING ALL OF OUTLOT 347 OUT OF THE CORRECTED MAP OF TOMBALL OUTLOTS AS RECORDED UNDER VOLUME (VOL.) 4, PAGE (PG.) 75 OF THE HARRIS COUNTY MAP RECORDS (H.C.M.R.) CONVEYED TO MICHAEL A. OTT IN DOCUMENT RECORDED UNDER HARRIS COUNTY CLERK'S FILE NUMBER (H.C.C.F. NO.) Y659052, AND ALL OF A CALLED 105.0452 ACRE TRACT OF LAND, CONVEYED TO HT RABURN RESERVE DEVELOPMENT LP, AS RECORDED UNDER H.C.C.F. NO. RP-2019-536600, THE SAID 110.12 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS, (WITH BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE, AS DETERMINED BY GPS MEASUREMENTS):

**BEGINNING** at a 1/2" iron rod found on the east Right-of-Way (R.O.W.) line of South Persimmon Street (30-foot-wide) as recorded under Vol. 2, Pg. 65, H.C.M.R., marking the northwest corner of said 105.0452 acre tract and the herein described tract, and the southwest corner of Lot 1, Block 1 of Persimmon Properties, map or plat thereof recorded under Film Code Number (F.C. No.) 679815, H.C.M.R.;

**THENCE**, North 87°35'04" East, along the common line of said 105.0452 acre tract and said Persimmon Properties, a distance of 1,156.29 feet to a capped 5/8 inch iron rod stamped "Hovis" found on the west R.O.W. line of an unimproved 30-foot-wide R.O.W. as recorded under Vol. 2, Pg. 65, H.C.M.R., marking the northeast corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 02°32'22" East, along the west R.O.W. line of said unimproved R.O.W., a distance of 1,672.68 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, North 87°47'53" East, along a northerly line of said 105.0452 acre tract, a distance of 508.88 feet to a capped 5/8 inch iron rod stamped "LJA" found marking an exterior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 02°08'45" East, a distance of 375.13 feet to a capped 5/8 inch iron rod stamped "LJA" found marking an exterior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 87°15'14" West, a distance of 506.29 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 02°32'22" East, a distance of 832.20 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, North 87°15'10" East, a distance of 572.96 feet to a capped 5/8 inch iron rod (unable to read) found marking an exterior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 02°32'04" East, a distance of 397.96 feet to a 5/8 inch iron rod found marking an exterior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 87°22'37" West, a distance of 572.93 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 02°32'22" East, a distance of 496.74 feet to a capped 5/8 inch iron rod stamped "Hovis" found marking the southeast corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, South 87°51'27" West, a distance of 1,162.57 feet to a Mag Nail found on the East R.O.W. line of said South Persimmon Street, marking the southwest corner of said 105.0452 acre tract and the herein described tract;

**THENCE**, North 02°26'40" West, along the east R.O.W. line of said South Persimmon Street, a distance of 3,772.74 feet to the **POINT OF BEGINNING** and containing 110.12 acres of land.

**EDMINSTER, HINSHAW, RUSS AND ASSOCIATES, INC. dba EHRA, Inc. TBPLS No. 10092300**



Kevin M. Reidy, R.P.L.S.  
Texas Registration No. 6450  
10011 Meadowglen Lane  
Houston, Texas 77042  
713-784-4500



Date: December 02, 2020

Job No: 181-056-00

File No: R:\2018\181-056-00\Docs\Description\Boundary\181-056-00\_110AC-MB.doc

## EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

**METES AND BOUNDS DESCRIPTION  
BEING 38.50 ACRES  
IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629  
CITY OF TOMBALL  
HARRIS COUNTY, TEXAS**

A 38.50 ACRE TRACT OF LAND IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629, CITY OF TOMBALL, HARRIS COUNTY, TEXAS, BEING ALL OF LOTS 1-56, RESTRICTED RESERVE "E", AND RESTRICTED RESERVE "J", BLOCK 1, LOTS 1-32, AND RESTRICTED RESERVE "F", BLOCK 2, LOTS 1-11, AND RESTRICTED RESERVE "C", BLOCK 3, LOTS 1-34, RESTRICTED RESERVE "A", RESTRICTED RESERVE "B", RESTRICTED RESERVE "D", AND RESTRICTED RESERVE "L", BLOCK 4, OF RABURN RESERVE SEC 1, MAP OR PLAT THEREOF RECORDED UNDER FILM CODE NUMBER (F.C. NO.) 692320 OF THE HARRIS COUNTY MAP RECORDS (H.C.M.R.), THE SAID 38.50 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS, (WITH BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE, AS DETERMINED BY GPS MEASUREMENTS):

**BEGINNING** at a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found in the east Right-of-Way (R.O.W.) line of South Persimmon Street (width varies) as recorded under Volume (Vol.) 2, Page (Pg.) 65 H.C.M.R., and F.C. No. 692320 H.C.M.R., marking the northwest corner of Reserve "J" of said Block 1;

**THENCE**, along the northerly boundary lines of said Blocks 1 and 4, the following ten (10) courses and distances:

- 1) North 87°33'20" East, a distance of 328.46 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner, and the beginning of a non-tangent curve to the right;
- 2) In a northerly direction, along said non-tangent curve to the right having a radius of 525.00 feet, a central angle of 01°20'19", an arc length of 12.26 feet and a chord bearing North 04°54'22" West, a distance of 12.26 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;
- 3) North 83°07'24" East, a distance of 50.06 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner and the beginning of a non-tangent curve to the left;
- 4) In a southerly direction, along said non-tangent curve to the left having a radius of 475.00 feet, a central angle of 08°17'17", an arc length of 68.71 feet and a chord bearing South 08°06'10" East, a distance of 68.65 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point of tangency;
- 5) South 12°14'49" East, a distance of 98.61 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior corner;
- 6) North 77°45'11" East, a distance of 149.58 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;
- 7) South 02°18'20" East, a distance of 349.16 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior;
- 8) North 87°44'47" East, a distance of 585.84 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;
- 9) South 02°32'22" East, a distance of 162.27 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior corner;
- 10) North 87°47'53" East, a distance of 488.88 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the northeast corner of the herein described tract;

**THENCE**, along the easterly boundary lines of said Blocks 3 and 4, the following three (3) courses and distances:

- 1) South 02°08'45" East, a distance of 375.31 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;
- 2) South 87°15'12" West, a distance of 486.29 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior corner;
- 3) South 02°32'22" East, a distance of 642.39 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the southeast corner of the herein described tract;

**THENCE**, along the southerly boundary lines of said Blocks 1, 2, and 3, the following thirteen (13) courses and distances:

- 1) South 87°27'38" West, a distance of 132.01 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;

- 2) North 02°32'22" West, a distance of 8.74 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior corner;
- 3) South 87°27'38" West, a distance of 115.00 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an angle point;
- 4) South 84°22'50" West, a distance of 46.42 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an angle point;
- 5) South 77°31'46" West, a distance of 46.09 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an angle point;
- 6) South 69°51'19" West, a distance of 493.36 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the most southerly corner of the herein described tract;
- 7) North 02°26'40" West, a distance of 340.28 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an angle point;
- 8) North 28°51'33" East, a distance of 111.29 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking an interior corner;
- 9) North 52°49'40" West, a distance of 146.35 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the beginning of a non-tangent curve to the left;
- 10) In a southwesterly direction, along said non-tangent curve to the left having a radius of 275.00 feet, a central angle of 08°39'39", an arc length of 41.57 feet and a chord bearing South 35°03'12" West, a distance of 41.53 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking a point for corner;
- 11) North 59°16'38" West, a distance of 50.00 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the beginning of a non-tangent curve to the left;
- 12) In a northeasterly direction, along said non-tangent curve to the left having a radius of 25.00 feet, a central angle of 27°40'56", an arc length of 12.08 feet and a chord bearing North 16°52'54" East, a distance of 11.96 feet;
- 13) South 87°33'20" West, a distance of 208.91 feet to a capped 5/8-inch iron rod, stamped "E.H.R.A. 713-784-4500" found marking the southwest corner of the herein described tract;

**THENCE**, North 02°26'40" West, along the westerly boundary line of said Block 1, a distance of 1,277.49 feet to the **POINT OF BEGINNING** and containing 38.50 acres of land.

**EDMINSTER, HINSHAW, RUSS AND ASSOCIATES, INC. dba EHRA, Inc. TBPLS No. 10092300**

  
Kevin M. Reidy, R.P.L.S.  
Texas Registration No. 6450  
10011 Meadowglen Lane  
Houston, Texas 77042  
713-784-4500



Date: February 03, 2022  
Job No: 181-056-00  
File No: R:\2018\181-056-00\Docs\Description\Boundary\38.50AC-MB.doc



## EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

**METES AND BOUNDS DESCRIPTION  
BEING 35.15 ACRES  
IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629  
CITY OF TOMBALL  
HARRIS COUNTY, TEXAS**

A 35.15 ACRE TRACT OF LAND IN THE JESSE PRUETT SURVEY, ABSTRACT NO. 629, CITY OF TOMBALL, HARRIS COUNTY, TEXAS, BEING OUT OF UNRESTRICTED RESERVE "H" OF RABURN RESERVE SEC 1, MAP OR PLAT THEREOF RECORDED UNDER FILM CODE NUMBER (F.C. NO.) 692320 OF THE HARRIS COUNTY MAP RECORD (H.C.M.R.), THE SAID 35.15 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS, (WITH BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE, AS DETERMINED BY GPS MEASUREMENTS):

**BEGINNING** at a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking the southeast corner of Lot 11, Block 3 of said Raburn Reserve Sec 1, and the northeast corner of the herein described tract;

**THENCE**, South 02°32'22" East, a distance of 189.81 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an interior corner of said Unrestricted Reserve "H", and the herein described tract;

**THENCE**, North 87°15'10" East, a distance of 572.96 feet to a capped 5/8 inch iron rod (unable to read) found marking an exterior corner of said Unrestricted Reserve "H", and the herein described tract;

**THENCE**, South 02°32'04" East, a distance of 397.96 feet to a 5/8 inch iron rod found marking an exterior corner of the herein described tract;

**THENCE**, South 87°22'37" West, a distance of 572.93 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an interior corner of the herein described tract;

**THENCE**, South 02°32'22" East, a distance of 496.74 feet to a capped 5/8 inch iron rod stamped "Hovis" found marking the southeast corner of the herein described tract;

**THENCE**, South 87°51'27" West, a distance of 1,121.94 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found on the East R.O.W. line of said South Persimmon Street, marking the southwest corner of the herein described tract, being in the arc of a non-tangent curve to the left;

**THENCE**, along the easterly R.O.W. line of said South Persimmon Road, the following six (6) courses and distances;

- 1) In a northerly direction, along said non-tangent curve to the left having a radius of 2,040.00 feet, a central angle of 00°31'32", an arc length of 18.71 feet and a chord bearing North 02°19'12" West, a distance of 18.71 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point of tangency;
- 2) North 02°34'58" West, a distance of 851.89 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point of curvature to the left;
- 3) In a northerly direction along said curve to the left having a radius of 2,040.00 feet, a central angle of 02°41'21", an arc length of 95.75 feet and a chord bearing North 03°55'39" West, a distance of 95.74 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point of tangency;
- 4) North 05°16'19" West, a distance of 152.73 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point of curvature to the right;
- 5) In a northerly direction, along said curve to the right having a radius of 2,960.00 feet, a central angle of 02°49'39", an arc length of 146.07 feet and a chord bearing North 03°51'30" West, a distance of 146.06 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point of tangency;

- 6) North 02°26'40" West, a distance of 194.61 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking the southwest corner of lot 56, block 1 of said Raburn Reserve Sec 1 and the northwest corner of the herein described tract;

**THENCE**, North 87°33'20" East, a distance of 208.91 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found on the westerly R.O.W. line of Sam Raburn Drive (50-feet-wide) as recorded under F.C. No. 692320, H.C.M.R, marking a point for corner, being in the arc of a non-tangent curve to the right;

**THENCE**, in a southwesterly direction, along said non-tangent curve to the right having a radius of 25.00 feet, a central angle of 27°40'56", an arc length of 12.08 feet and a chord bearing South 16°52'54" West, a distance of 11.96 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner;

**THENCE**, South 59°16'38" East, a distance of 50.00 feet a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking an interior corner, being in the arc of a non-tangent curve to the right;

**THENCE**, along said non-tangent curve to the right having a radius of 275.00 feet, a central angle of 08°39'39", an arc length of 41.57 feet and a chord bearing North 35°03'12" East, a distance of 41.53 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point for corner;

**THENCE**, South 52°49'40" East, a distance of 146.35 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking a point for corner;

**THENCE**, South 28°51'33" West, a distance of 111.29 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an angle point;

**THENCE**, South 02°26'40" East, a distance of 340.28 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an interior corner;

**THENCE**, North 69°51'19" East, a distance of 493.36 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an angle point;

**THENCE**, North 77°31'46" East, a distance of 46.09 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an angle point;

**THENCE**, North 84°22'50" East, a distance of 46.42 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an angle point;

**THENCE**, North 87°27'38" East, a distance of 115.00 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" set marking a point for corner;

**THENCE**, South 02°32'22" East, a distance of 8.74 feet to a capped 5/8 inch iron rod stamped "E.H.R.A. 713-784-4500" found marking an interior corner;

**THENCE**, North 87°27'38" East, a distance of 132.01 feet to the **POINT OF BEGINNING** and containing 35.15 acres of land.

**EDMINSTER, HINSHAW, RUSS AND ASSOCIATES, INC. dba EHRA, Inc. TBPLS No. 10092300**

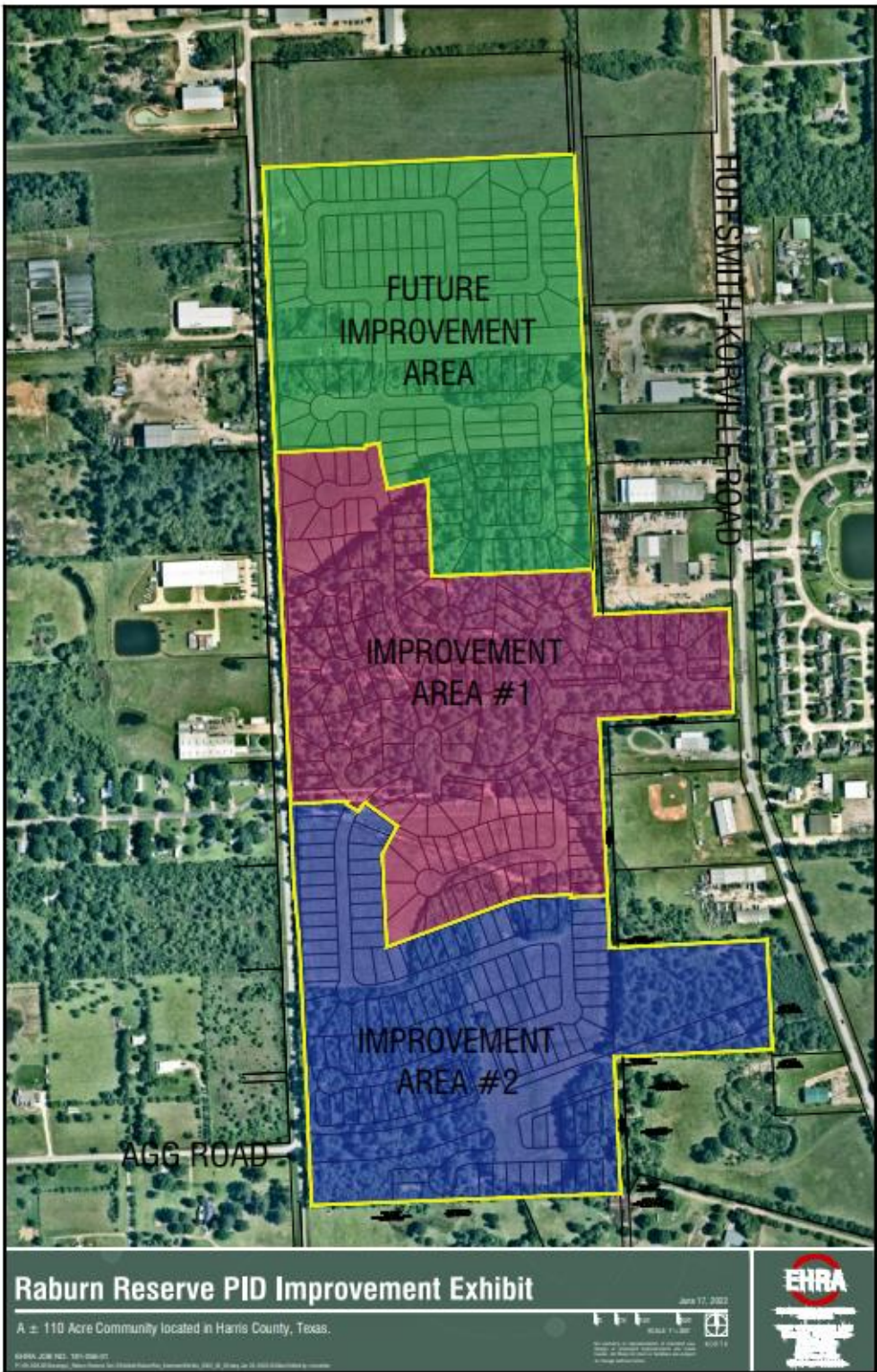
  
Kevin M. Reidy, R.P.L.S.  
Texas Registration No. 6450  
10011 Meadowglen Lane  
Houston, Texas 77042  
713-784-4500



Date: February 03, 2021  
Job No: 181-056-02  
File No: R:\2018\181-056-02\Docs\Description\Boundary\Raburn\_Sec-2\_MB.doc



EXHIBIT B – DISTRICT BOUNDARY MAP



## EXHIBIT C – AUTHORIZED IMPROVEMENTS

Authorized Improvements		Total Costs [a]	Improvement Area #1		Improvement Area #2	
			%	Cost	%	Cost
<i>Improvement Area #1 Improvements</i>						
Streets [b]	\$	1,882,152	100.00%	\$ 1,882,152	0.00%	\$ -
Water		212,679	100.00%	212,679	0.00%	-
Wastewater		499,294	100.00%	499,294	0.00%	-
Detention, Clearing and Grubbing [c]		1,362,175	100.00%	1,362,175	0.00%	-
Natural Gas		150,840	100.00%	150,840	0.00%	-
Soft Costs [d]		910,656	100.00%	910,656	0.00%	-
	\$	5,017,795		\$ 5,017,795		\$ -
<i>Improvement Area #2 Improvements</i>						
Streets[b]	\$	1,961,714	0.00%	\$ -	100.00%	\$ 1,961,714
Water		435,468	0.00%	-	100.00%	435,468
Wastewater		374,869	0.00%	-	100.00%	374,869
Detention, Clearing and Grubbing [c]		364,958	0.00%	-	100.00%	364,958
Natural Gas		235,000	0.00%	-	100.00%	235,000
Soft Costs [d]		769,942	0.00%	-	100.00%	769,942
	\$	4,141,950		\$ -		\$ 4,141,950
<i>First Year Annual Collection Costs</i>						
	\$	91,600		\$ 60,000		\$ 31,600
	\$	91,600		\$ 60,000		\$ 31,600
<i>Series 2020 Bond Issuance Costs</i>						
Debt Service Reserve Fund	\$	156,000		\$ 156,000		\$ -
Capitalized Interest		87,237		87,237		-
Deposit to Delinquency and Prepayment Reserve		12,450		12,450		-
Underwriter's Discount		100,000		100,000		-
Cost of Issuance		168,240		168,240		-
	\$	523,927		\$ 523,927		\$ -
<i>Series 2022 Bond Issuance Costs</i>						
Debt Service Reserve Fund	\$	260,280		\$ 69,530		\$ 190,750
Capitalized Interest		132,758		-		132,758
Deposit to Delinquency and Prepayment Reserve		20,590		8,440		12,150
Underwriter's Discount		123,540		50,640		72,900
Cost of Issuance		299,218		113,088		186,130
Rounding		-		-		-
	\$	836,387		\$ 241,698		\$ 594,689
<i>Improvement Area #2 Additional Bond Issuance Costs [e]</i>						
Debt Service Reserve Fund	\$	103,106		\$ -		\$ 103,106
Capitalized Interest		-		-		-
Deposit to Delinquency and Prepayment Reserve		13,720		-		13,720
Underwriter's Discount		101,042		-		101,042
Cost of Issuance		187,892		-		187,892
Rounding		-		-		-
	\$	405,761		\$ -		\$ 405,761
<b>Total</b>	<b>\$</b>	<b>11,017,420</b>		<b>\$ 5,843,420</b>		<b>\$ 5,174,000</b>

**Footnotes:**

[a] Costs pursuant to EHRA Engineering's Preliminary Cost Estimate with estimates for IA#2 updated as of 8/2/2022.

[b] Roadway includes excavation, paving, clearing, grubbing and site prep.

[c] Includes on and off-site costs as well as storm water pollution prevention plan.

[d] Soft Costs include engineering fees, geotech and construction materials testing fees and construction staking fees.

[e] The Bond Issuance Costs associated with the Improvement Area #2 Additional Bonds are preliminary estimates.

## EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Annual Installments Due		1/31/2023	1/31/2024	1/31/2025	1/31/2026	1/31/2027
<i>Improvement Area #1 Series 2020 Bonds</i>						
Principal		\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 55,000.00	\$ 55,000.00
Interest		\$ 95,112.48	\$ 93,593.72	\$ 91,906.22	\$ 90,218.72	\$ 88,362.48
	(1)	\$ 140,112.48	\$ 143,593.72	\$ 141,906.22	\$ 145,218.72	\$ 143,362.48
<i>Improvement Area #1 Series 2022 Bonds</i>						
Principal		\$ 30,000.00	\$ 24,000.00	\$ 23,000.00	\$ 23,000.00	\$ 28,000.00
Interest		\$ 88,192.00	\$ 98,265.00	\$ 97,005.00	\$ 95,797.50	\$ 94,590.00
	(2)	\$ 118,192.00	\$ 122,265.00	\$ 120,005.00	\$ 118,797.50	\$ 122,590.00
Annual Collection Costs	(3)	\$ 48,665.54	\$ 48,665.54	\$ 48,665.54	\$ 48,665.54	\$ 48,665.54
Additional Interest	(4)	\$ 21,015.00	\$ 20,705.00	\$ 20,280.00	\$ 19,855.00	\$ 19,405.00
<b>Total Annual Installment</b>	<b>(5)=(1)+(2)+(3)+(4)</b>	<b>\$ 327,985.02</b>	<b>\$ 335,229.26</b>	<b>\$ 330,856.76</b>	<b>\$ 332,536.76</b>	<b>\$ 334,023.02</b>
Improvement Area #2						
Annual Installments Due		1/31/2023	1/31/2024	1/31/2025	1/31/2026	1/31/2027
<i>Improvement Area #2 Series 2022 Bonds</i>						
Principal		\$ -	\$ 30,000.00	\$ 32,000.00	\$ 34,000.00	\$ 36,000.00
Interest		\$ 132,758.38	\$ 150,292.50	\$ 148,642.50	\$ 146,882.50	\$ 145,012.50
Capitalized Interest		\$ (132,758.38)				
	(1)	\$ -	\$ 180,292.50	\$ 180,642.50	\$ 180,882.50	\$ 181,012.50
<i>Improvement Area #2 Reimbursement Obligation</i>						
Principal		\$ -	\$ 36,000.00	\$ 38,000.00	\$ 41,000.00	\$ 42,000.00
Interest		\$ -	\$ 157,780.00	\$ 155,710.00	\$ 153,525.00	\$ 151,168.00
	(2)	\$ -	\$ 193,780.00	\$ 193,710.00	\$ 194,525.00	\$ 193,168.00
Annual Collection Costs	(3)	\$ -	\$ 31,600.00	\$ 31,600.00	\$ 31,600.00	\$ 31,600.00
Additional Interest <sup>[a]</sup>	(4)	\$ -	\$ 13,720.00	\$ 13,540.00	\$ 13,350.00	\$ 13,145.00
<b>Total Annual Installment</b>	<b>(5)=(1)+(2)+(3)+(4)</b>	<b>\$ -</b>	<b>\$ 419,392.50</b>	<b>\$ 419,492.50</b>	<b>\$ 420,357.50</b>	<b>\$ 418,925.50</b>

Notes:

<sup>[a]</sup> Additional Interest will not be charged on the Improvement Area #2 Reimbursement Obligation

## EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Improvement Area #2	Project Total
<b>Sources of Funds</b>			
Improvement Area #1 Series 2020 Bonds	\$ 2,445,000	\$ -	\$ 2,445,000
Improvement Area #1 Reimbursement Obligation <sup>[d]</sup>	30,000	-	30,000
Improvement Area #1 Series 2022 Bonds	1,688,000	-	1,688,000
Developer Contribution <sup>[c]</sup>	1,680,420	-	1,680,420
Improvement Area #2 Series 2022 Bonds	-	2,430,000	2,430,000
Improvement Area #2 Reimbursement Obligation	-	2,744,000	2,744,000
<b>Total Sources</b>	<b>\$ 5,843,420</b>	<b>\$ 5,174,000</b>	<b>\$ 11,017,420</b>
<b>Uses of Funds</b>			
Improvement Area #1 Improvements	\$ 5,017,795	\$ -	\$ 5,017,795
Improvement Area #2 Improvements <sup>[b]</sup>	-	4,141,950	4,141,950
<b>Total Project Improvements</b>	<b>\$ 5,017,795</b>	<b>\$ 4,141,950</b>	<b>\$ 9,159,746</b>
<i>Bond Issuance Costs <sup>[a]</sup></i>			
Debt Service Reserve Fund	\$ 225,530	\$ 293,856	\$ 519,386
Capitalized Interest	87,237	132,758	219,995
Deposit to Delinquency and Prepayment Reserve	20,890	25,870	46,760
Underwriter's Discount	150,640	173,942	324,582
Cost of Issuance	281,328	374,023	655,351
	<b>\$ 765,625</b>	<b>\$ 1,000,450</b>	<b>\$ 1,766,074</b>
<i>Other Costs</i>			
Deposit to Administrative Fund	\$ 60,000	\$ 31,600	\$ 91,600
	<b>\$ 60,000</b>	<b>\$ 31,600</b>	<b>\$ 91,600</b>
<b>Total Uses</b>	<b>\$ 5,843,420</b>	<b>\$ 5,174,000</b>	<b>\$ 11,017,420</b>

Notes:

<sup>[a]</sup> Bond Issuance Costs for Improvement Area #1 include Series 2020 and 2022 Bonds. Bond Issuance Costs for Improvement Area #2 include Series 2022 and estimated future issuance costs.

<sup>[b]</sup> Updated cost provided by Developer as of 8/2/2022.

<sup>[c]</sup> The Developer Contribution was paid by the developer at project onset for improvements that are not reimbursed by the PID.

<sup>[d]</sup> The Improvement Area #1 Reimbursement Obligation will be paid to the Developer from existing funds prior to October 27, 2022.

## EXHIBIT F – IMPROVEMENT AREA #1 TOTAL ASSESSMENT ROLL

Property ID	Lot and Block	Lot Type <sup>[c]</sup>	Improvement Area #1					
			Outstanding Assessment	Principal	Interest	Additional Interest <sup>[b]</sup>	Annual Collection Costs <sup>[a]</sup>	Annual Installment due 1/31/23
141-629-001-0001	Block 1, Lot 1	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0002	Block 1, Lot 2	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0003	Block 1, Lot 3	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0004	Block 1, Lot 4	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0005	Block 1, Lot 5	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0006	Block 1, Lot 6	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0007	Block 1, Lot 7	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0008	Block 1, Lot 8	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0009	Block 1, Lot 9	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0010	Block 1, Lot 10	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0011	Block 1, Lot 11	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0012	Block 1, Lot 12	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0013	Block 1, Lot 13	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0014	Block 1, Lot 14	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0015	Block 1, Lot 15	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0016	Block 1, Lot 16	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0017	Block 1, Lot 17	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0018	Block 1, Lot 18	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0019	Block 1, Lot 19	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0020	Block 1, Lot 20	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0021	Block 1, Lot 21	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0022	Block 1, Lot 22	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0023	Block 1, Lot 23	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0024	Block 1, Lot 24	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0025	Block 1, Lot 25	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0026	Block 1, Lot 26	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0027	Block 1, Lot 27	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0028	Block 1, Lot 28	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0029	Block 1, Lot 29	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0030	Block 1, Lot 30	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0031	Block 1, Lot 31	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0032	Block 1, Lot 32	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0033	Block 1, Lot 33	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0034	Block 1, Lot 34	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0035	Block 1, Lot 35	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0036	Block 1, Lot 36	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0037	Block 1, Lot 37	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0038	Block 1, Lot 38	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0039	Block 1, Lot 39	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0040	Block 1, Lot 40	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05

**Notes:**

<sup>[a]</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

<sup>[b]</sup> Includes Additional Interest collected pursuant to the Improvement Area #1 Series 2020 Bond and the Improvement Area #2 Series 2022 Bonds upon issuance.

<sup>[c]</sup> See Exhibit Q-1 for the Lot Type 1 Annual Installment details and Exhibit Q-2 for the Lot Type 2 Annual Installment details.

			Improvement Area #1					
Property ID	Lot and Block	Lot Type <sup>[c]</sup>	Outstanding Assessment	Principal	Interest	Additional Interest <sup>[b]</sup>	Annual Collection Costs <sup>[a]</sup>	Annual Installment due 1/31/23
141-629-001-0041	Block 1, Lot 41	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0042	Block 1, Lot 42	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0043	Block 1, Lot 43	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0044	Block 1, Lot 44	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0045	Block 1, Lot 45	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0046	Block 1, Lot 46	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0047	Block 1, Lot 47	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0048	Block 1, Lot 48	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0049	Block 1, Lot 49	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0050	Block 1, Lot 50	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0051	Block 1, Lot 51	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0052	Block 1, Lot 52	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0053	Block 1, Lot 53	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0054	Block 1, Lot 54	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0055	Block 1, Lot 55	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0056	Block 1, Lot 56	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-001-0057	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-001-0058	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-002-0001	Block 2, Lot 1	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0002	Block 2, Lot 2	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0003	Block 2, Lot 3	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0004	Block 2, Lot 4	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0005	Block 2, Lot 5	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0006	Block 2, Lot 6	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0007	Block 2, Lot 7	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0008	Block 2, Lot 8	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0009	Block 2, Lot 9	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0010	Block 2, Lot 10	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0011	Block 2, Lot 11	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0012	Block 2, Lot 12	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0013	Block 2, Lot 13	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0014	Block 2, Lot 14	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0015	Block 2, Lot 15	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0016	Block 2, Lot 16	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0017	Block 2, Lot 17	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0018	Block 2, Lot 18	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0019	Block 2, Lot 19	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0020	Block 2, Lot 20	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0021	Block 2, Lot 21	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0022	Block 2, Lot 22	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05

**Notes:**

<sup>[a]</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

<sup>[b]</sup> Includes Additional Interest collected pursuant to the Improvement Area #1 Series 2020 Bond and the Improvement Area #2 Series 2022 Bonds upon issuance.

<sup>[c]</sup> See Exhibit Q-1 for the Lot Type 1 Annual Installment details and Exhibit Q-2 for the Lot Type 2 Annual Installment details.



			Improvement Area #1					
Property ID	Lot and Block	Lot Type <sup>(c)</sup>	Outstanding Assessment	Principal	Interest	Additional Interest <sup>(b)</sup>	Annual Collection Costs <sup>(a)</sup>	Annual Installment due 1/31/23
141-629-002-0023	Block 2, Lot 23	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0024	Block 2, Lot 24	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0025	Block 2, Lot 25	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0026	Block 2, Lot 26	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0027	Block 2, Lot 27	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0028	Block 2, Lot 28	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0029	Block 2, Lot 29	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0030	Block 2, Lot 30	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0031	Block 2, Lot 31	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0032	Block 2, Lot 32	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-002-0033	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-003-0001	Block 3, Lot 1	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0002	Block 3, Lot 2	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0003	Block 3, Lot 3	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0004	Block 3, Lot 4	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0005	Block 3, Lot 5	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0006	Block 3, Lot 6	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0007	Block 3, Lot 7	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0008	Block 3, Lot 8	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0009	Block 3, Lot 9	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0010	Block 3, Lot 10	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0011	Block 3, Lot 11	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-003-0012	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-004-0001	Block 4, Lot 1	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0002	Block 4, Lot 2	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0003	Block 4, Lot 3	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0004	Block 4, Lot 4	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0005	Block 4, Lot 5	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0006	Block 4, Lot 6	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0007	Block 4, Lot 7	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0008	Block 4, Lot 8	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0009	Block 4, Lot 9	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0010	Block 4, Lot 10	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0011	Block 4, Lot 11	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0012	Block 4, Lot 12	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0013	Block 4, Lot 13	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0014	Block 4, Lot 14	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0015	Block 4, Lot 15	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0016	Block 4, Lot 16	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05
141-629-004-0017	Block 4, Lot 17	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05

**Notes:**

<sup>(a)</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

<sup>(b)</sup> Includes Additional Interest collected pursuant to the Improvement Area #1 Series 2020 Bond and the Improvement Area #2 Series 2022 Bonds upon issuance.

<sup>(c)</sup> See Exhibit Q-1 for the Lot Type 1 Annual Installment details and Exhibit Q-2 for the Lot Type 2 Annual Installment details.

			Improvement Area #1						
Property ID	Lot and Block	Lot Type <sup>[c]</sup>	Outstanding Assessment	Principal	Interest	Additional Interest <sup>[b]</sup>	Annual Collection Costs <sup>[a]</sup>	Annual Installment due 1/31/23	
141-629-004-0018	Block 4, Lot 18	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0019	Block 4, Lot 19	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0020	Block 4, Lot 20	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0021	Block 4, Lot 21	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0022	Block 4, Lot 22	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0023	Block 4, Lot 23	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0024	Block 4, Lot 24	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0025	Block 4, Lot 25	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0026	Block 4, Lot 26	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0027	Block 4, Lot 27	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0028	Block 4, Lot 28	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0029	Block 4, Lot 29	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0030	Block 4, Lot 30	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0031	Block 4, Lot 31	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0032	Block 4, Lot 32	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0033	Block 4, Lot 33	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0034	Block 4, Lot 34	1	\$ 31,075.19	\$ 563.91	\$ 1,378.23	\$ 158.01	\$ 365.91	\$ 2,466.05	
141-629-004-0035	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-004-0036	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-004-0037	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-004-0038	Landscape, Utility and Open Space	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-005-0001	Block 5, Reserve G, 28.7007 Acres	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-006-0001	Block 6, Reserve H, 24.7532 Acres	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-007-0001	Block 7, Reserve I, 6.3087 Acres	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-008-0001	Block 8, Reserve K, .3195 Acres	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-008-0002	ROW-STREET WIDENING	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141-629-008-0003	ROW-ALL STREETS IN THIS SUBD	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total			\$ 4,133,000.00	\$ 75,000.00	\$ 183,304.48	\$ 21,015.00	\$ 48,665.54	\$ 327,985.02	

**Notes:**

<sup>[a]</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

<sup>[b]</sup> Includes Additional Interest collected pursuant to the Improvement Area #1 Series 2020 Bond and the Improvement Area #2 Series 2022 Bonds upon issuance.

<sup>[c]</sup> See Exhibit Q-1 for the Lot Type 1 Annual Installment details and Exhibit Q-2 for the Lot Type 2 Annual Installment details.



## EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installments Due	Improvement Area #1 Series 2020 Bonds		Improvement Area #1 Series 2022 Bonds		Additional Interest	Annual Collection Costs <sup>3</sup>	Total Annual Installment
	Principal	Interest <sup>1</sup>	Principal	Interest <sup>2</sup>			
1/31/2023	\$ 45,000.00	\$ 95,112.48	\$ 30,000.00	\$ 88,192.00	\$ 21,015.00	\$ 48,665.54	\$ 327,985.02
1/31/2024	\$ 50,000.00	\$ 93,593.72	\$ 24,000.00	\$ 98,265.00	\$ 20,705.00	\$ 48,665.54	\$ 335,229.26
1/31/2025	\$ 50,000.00	\$ 91,906.22	\$ 23,000.00	\$ 97,005.00	\$ 20,280.00	\$ 48,665.54	\$ 330,856.76
1/31/2026	\$ 55,000.00	\$ 90,218.72	\$ 23,000.00	\$ 95,797.50	\$ 19,855.00	\$ 48,665.54	\$ 332,536.76
1/31/2027	\$ 55,000.00	\$ 88,362.48	\$ 28,000.00	\$ 94,590.00	\$ 19,405.00	\$ 48,665.54	\$ 334,023.02
1/31/2028	\$ 55,000.00	\$ 86,506.24	\$ 32,000.00	\$ 93,120.00	\$ 18,990.00	\$ 48,665.54	\$ 334,281.78
1/31/2029	\$ 60,000.00	\$ 84,650.00	\$ 32,000.00	\$ 91,440.00	\$ 18,490.00	\$ 48,665.54	\$ 335,245.54
1/31/2030	\$ 60,000.00	\$ 82,625.00	\$ 37,000.00	\$ 89,760.00	\$ 18,020.00	\$ 48,665.54	\$ 336,070.54
1/31/2031	\$ 65,000.00	\$ 80,600.00	\$ 32,000.00	\$ 87,540.00	\$ 17,525.00	\$ 48,665.54	\$ 331,330.54
1/31/2032	\$ 65,000.00	\$ 78,000.00	\$ 42,000.00	\$ 85,620.00	\$ 17,030.00	\$ 48,665.54	\$ 336,315.54
1/31/2033	\$ 70,000.00	\$ 75,400.00	\$ 42,000.00	\$ 83,100.00	\$ 16,485.00	\$ 48,665.54	\$ 335,650.54
1/31/2034	\$ 75,000.00	\$ 72,600.00	\$ 42,000.00	\$ 80,580.00	\$ 15,915.00	\$ 48,665.54	\$ 334,760.54
1/31/2035	\$ 75,000.00	\$ 69,600.00	\$ 47,000.00	\$ 78,060.00	\$ 15,320.00	\$ 48,665.54	\$ 333,645.54
1/31/2036	\$ 80,000.00	\$ 66,600.00	\$ 47,000.00	\$ 75,240.00	\$ 14,700.00	\$ 48,665.54	\$ 332,205.54
1/31/2037	\$ 85,000.00	\$ 63,400.00	\$ 53,000.00	\$ 72,420.00	\$ 14,055.00	\$ 48,665.54	\$ 336,540.54
1/31/2038	\$ 85,000.00	\$ 60,000.00	\$ 58,000.00	\$ 69,240.00	\$ 13,360.00	\$ 48,665.54	\$ 334,265.54
1/31/2039	\$ 90,000.00	\$ 56,600.00	\$ 63,000.00	\$ 65,760.00	\$ 12,635.00	\$ 48,665.54	\$ 336,660.54
1/31/2040	\$ 95,000.00	\$ 53,000.00	\$ 64,000.00	\$ 61,980.00	\$ 11,860.00	\$ 48,665.54	\$ 334,505.54
1/31/2041	\$ 100,000.00	\$ 49,200.00	\$ 69,000.00	\$ 58,140.00	\$ 11,055.00	\$ 48,665.54	\$ 336,060.54
1/31/2042	\$ 105,000.00	\$ 45,200.00	\$ 75,000.00	\$ 54,000.00	\$ 10,200.00	\$ 48,665.54	\$ 338,065.54
1/31/2043	\$ 110,000.00	\$ 41,000.00	\$ 81,000.00	\$ 49,500.00	\$ 9,290.00	\$ 48,665.54	\$ 339,455.54
1/31/2044	\$ 115,000.00	\$ 36,600.00	\$ 82,000.00	\$ 44,640.00	\$ 8,325.00	\$ 48,665.54	\$ 335,230.54
1/31/2045	\$ 120,000.00	\$ 32,000.00	\$ 93,000.00	\$ 39,720.00	\$ 7,335.00	\$ 48,665.54	\$ 340,720.54
1/31/2046	\$ 125,000.00	\$ 27,200.00	\$ 99,000.00	\$ 34,140.00	\$ 6,265.00	\$ 48,665.54	\$ 340,270.54
1/31/2047	\$ 130,000.00	\$ 22,200.00	\$ 106,000.00	\$ 28,200.00	\$ 5,135.00	\$ 48,665.54	\$ 340,200.54
1/31/2048	\$ 135,000.00	\$ 17,000.00	\$ 113,000.00	\$ 21,840.00	\$ 3,950.00	\$ 48,665.54	\$ 339,455.54
1/31/2049	\$ 140,000.00	\$ 11,600.00	\$ 124,000.00	\$ 15,060.00	\$ 2,710.00	\$ 48,665.54	\$ 342,035.54
1/31/2050	\$ 150,000.00	\$ 6,000.00	\$ 127,000.00	\$ 7,620.00	\$ 1,385.00	\$ 48,665.54	\$ 340,670.54
<b>Total</b>	<b>\$ 2,445,000.00</b>	<b>\$ 1,676,774.86</b>	<b>\$ 1,688,000.00</b>	<b>\$ 1,860,569.50</b>	<b>\$ 371,295.00</b>	<b>\$ 1,362,635.12</b>	<b>\$ 9,404,274.48</b>

Notes:

The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

<sup>1</sup> Interest on the Improvement Area #1 Series 2020 Bonds is calculated at the actual rate of the Series 2020 Bonds.

<sup>2</sup> Interest on the Improvement Area #1 Series 2022 Bonds is calculated at the actual rate of the Series 2022 Bonds.

<sup>3</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

## EXHIBIT H – IMPROVEMENT AREA #2 TOTAL ASSESSMENT ROLL

		Improvement Area #2						
Property ID	Legal Description	Outstanding Assessment	Principal	Interest <sup>(a)</sup>	Additional Interest	Annual Collection	Costs	Annual Installment due 1/31/23
141-629-006-0001	Improvement Area #2 Initial Parcel	\$ 4,081,178.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-007-0001	Improvement Area #2 Initial Parcel	\$ 1,040,145.94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-008-0001	Improvement Area #2 Initial Parcel	\$ 52,675.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141-629-008-0003	ROW-ALL STREETS IN THIS SUBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 5,174,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

For billing purposes only, until a plat has been recorded with the Improvement Area #2 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #2 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Harris County Appraisal District.

<sup>(a)</sup> Interest costs for each parcel was reduced by the capitalized interest totaling \$111,741.67 based on acreage of the Tax Parcel as calculated by the Harris County Appraisal District.

## EXHIBIT I – IMPROVEMENT AREA #2 ANNUAL INSTALLMENTS

Annual Installments Due	Improvement Area #2 Series 2022 Bonds			Improvement Area #2 Reimbursement Obligation		Additional Interest	Annual Collection Costs <sup>3</sup>	Total Annual Installment
	Principal	Interest <sup>1</sup>	Capitalized Interest	Principal	Interest <sup>2</sup>			
1/31/2023	\$ -	\$ 132,758.38	\$ (132,758.38)	\$ -	\$ -	\$ -		\$ -
1/31/2024	\$ 30,000.00	\$ 150,292.50	\$ -	\$ 36,000.00	\$ 157,780.00	\$ 13,720.00	\$ 31,600.00	\$ 419,392.50
1/31/2025	\$ 32,000.00	\$ 148,642.50	\$ -	\$ 38,000.00	\$ 155,710.00	\$ 13,540.00	\$ 31,600.00	\$ 419,492.50
1/31/2026	\$ 34,000.00	\$ 146,882.50	\$ -	\$ 41,000.00	\$ 153,525.00	\$ 13,350.00	\$ 31,600.00	\$ 420,357.50
1/31/2027	\$ 36,000.00	\$ 145,012.50	\$ -	\$ 42,000.00	\$ 151,168.00	\$ 13,145.00	\$ 31,600.00	\$ 418,925.50
1/31/2028	\$ 38,000.00	\$ 143,032.50	\$ -	\$ 46,000.00	\$ 148,753.00	\$ 12,935.00	\$ 31,600.00	\$ 420,320.50
1/31/2029	\$ 41,000.00	\$ 140,942.50	\$ -	\$ 48,000.00	\$ 146,108.00	\$ 12,705.00	\$ 31,600.00	\$ 420,355.50
1/31/2030	\$ 43,000.00	\$ 138,687.50	\$ -	\$ 52,000.00	\$ 143,348.00	\$ 12,465.00	\$ 31,600.00	\$ 421,100.50
1/31/2031	\$ 46,000.00	\$ 136,000.00	\$ -	\$ 55,000.00	\$ 140,358.00	\$ 12,205.00	\$ 31,600.00	\$ 421,163.00
1/31/2032	\$ 49,000.00	\$ 133,125.00	\$ -	\$ 58,000.00	\$ 137,195.00	\$ 11,930.00	\$ 31,600.00	\$ 420,850.00
1/31/2033	\$ 52,000.00	\$ 130,062.50	\$ -	\$ 62,000.00	\$ 133,860.00	\$ 11,640.00	\$ 31,600.00	\$ 421,162.50
1/31/2034	\$ 56,000.00	\$ 126,812.50	\$ -	\$ 65,000.00	\$ 130,295.00	\$ 11,330.00	\$ 31,600.00	\$ 421,037.50
1/31/2035	\$ 60,000.00	\$ 123,312.50	\$ -	\$ 69,000.00	\$ 126,558.00	\$ 11,005.00	\$ 31,600.00	\$ 421,475.50
1/31/2036	\$ 64,000.00	\$ 119,562.50	\$ -	\$ 73,000.00	\$ 122,590.00	\$ 10,660.00	\$ 31,600.00	\$ 421,412.50
1/31/2037	\$ 68,000.00	\$ 115,562.50	\$ -	\$ 78,000.00	\$ 118,393.00	\$ 10,295.00	\$ 31,600.00	\$ 421,850.50
1/31/2038	\$ 72,000.00	\$ 111,312.50	\$ -	\$ 84,000.00	\$ 113,908.00	\$ 9,905.00	\$ 31,600.00	\$ 422,725.50
1/31/2039	\$ 77,000.00	\$ 106,812.50	\$ -	\$ 89,000.00	\$ 109,078.00	\$ 9,485.00	\$ 31,600.00	\$ 422,975.50
1/31/2040	\$ 83,000.00	\$ 102,000.00	\$ -	\$ 94,000.00	\$ 103,960.00	\$ 9,040.00	\$ 31,600.00	\$ 423,600.00
1/31/2041	\$ 88,000.00	\$ 96,812.50	\$ -	\$ 99,000.00	\$ 98,555.00	\$ 8,570.00	\$ 31,600.00	\$ 422,537.50
1/31/2042	\$ 94,000.00	\$ 91,312.50	\$ -	\$ 107,000.00	\$ 92,863.00	\$ 8,075.00	\$ 31,600.00	\$ 424,850.50
1/31/2043	\$ 100,000.00	\$ 85,437.50	\$ -	\$ 113,000.00	\$ 86,710.00	\$ 7,540.00	\$ 31,600.00	\$ 424,287.50
1/31/2044	\$ 107,000.00	\$ 79,187.50	\$ -	\$ 120,000.00	\$ 80,213.00	\$ 6,975.00	\$ 31,600.00	\$ 424,975.50
1/31/2045	\$ 114,000.00	\$ 72,500.00	\$ -	\$ 127,000.00	\$ 73,313.00	\$ 6,375.00	\$ 31,600.00	\$ 424,788.00
1/31/2046	\$ 122,000.00	\$ 65,375.00	\$ -	\$ 136,000.00	\$ 66,010.00	\$ 5,740.00	\$ 31,600.00	\$ 426,725.00
1/31/2047	\$ 130,000.00	\$ 57,750.00	\$ -	\$ 144,000.00	\$ 58,190.00	\$ 5,060.00	\$ 31,600.00	\$ 426,600.00
1/31/2048	\$ 139,000.00	\$ 49,625.00	\$ -	\$ 153,000.00	\$ 49,910.00	\$ 4,340.00	\$ 31,600.00	\$ 427,475.00
1/31/2049	\$ 148,000.00	\$ 40,937.50	\$ -	\$ 163,000.00	\$ 41,113.00	\$ 3,575.00	\$ 31,600.00	\$ 428,225.50
1/31/2050	\$ 159,000.00	\$ 31,687.50	\$ -	\$ 173,000.00	\$ 31,740.00	\$ 2,760.00	\$ 31,600.00	\$ 429,787.50
1/31/2051	\$ 169,000.00	\$ 21,750.00	\$ -	\$ 184,000.00	\$ 21,793.00	\$ 1,895.00	\$ 31,600.00	\$ 430,038.00
1/31/2052	\$ 179,000.00	\$ 11,187.50	\$ -	\$ 195,000.00	\$ 11,213.00	\$ 975.00	\$ 31,600.00	\$ 428,975.50
<b>Total</b>	<b>\$ 2,430,000.00</b>	<b>\$ 3,054,375.88</b>	<b>\$ (132,758.38)</b>	<b>\$ 2,744,000.00</b>	<b>\$ 3,004,210.00</b>	<b>\$ 261,235.00</b>	<b>\$ 916,400.00</b>	<b>\$ 12,277,462.50</b>

**Notes:**

The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

<sup>1</sup> Interest on the Improvement Area #2 Series 2022 Bonds is calculated at the actual of the Series 2022 Bonds

<sup>2</sup> Interest Rate on the Improvement Area #2 Reimbursement Obligation is calculated at 5.75% which is less than 2% above the S&P Municipal Bond High Yield Index.

<sup>3</sup> \$60 per lot (\$7,080 for Improvement Area #2) is budgeted for costs incurred by City staff for administering the PID.

## EXHIBIT J – MAXIMUM ASSESSMENT AND SPECIAL BENEFIT PER LOT TYPE

Lot Type	Units	Estimated Buildout Value Per Unit	Estimated Buildout Value	% Allocation	Outstanding Assessment [a]	Maximum Assessment per Lot Type	Special Benefit	Special Benefit per Lot Type
<b>Improvement Area #1</b>								
1	133	\$ 442,000	\$ 58,786,000	100.00%	\$ 4,133,000	\$ 31,075	\$ 5,843,420	\$ 43,935
<b>Total</b>	<b>133</b>		<b>\$ 58,786,000</b>	<b>100.00%</b>	<b>\$ 4,133,000</b>		<b>\$ 5,843,420</b>	
<b>Improvement Area #2</b>								
2	118	\$ 442,000	\$ 52,156,000	100.00%	\$ 5,174,000	\$ 43,847	\$ 5,174,000	\$ 43,847
<b>Total</b>	<b>118</b>		<b>\$ 52,156,000</b>	<b>100.00%</b>	<b>\$ 5,174,000</b>		<b>\$ 5,174,000</b>	

[a] The outstanding Assessment for Lot Type 1 has been reduced from the amount shown in the 2020 Service and Assessment Plan by the amount of principal paid to date.

# EXHIBIT K – CONCEPT PLAN

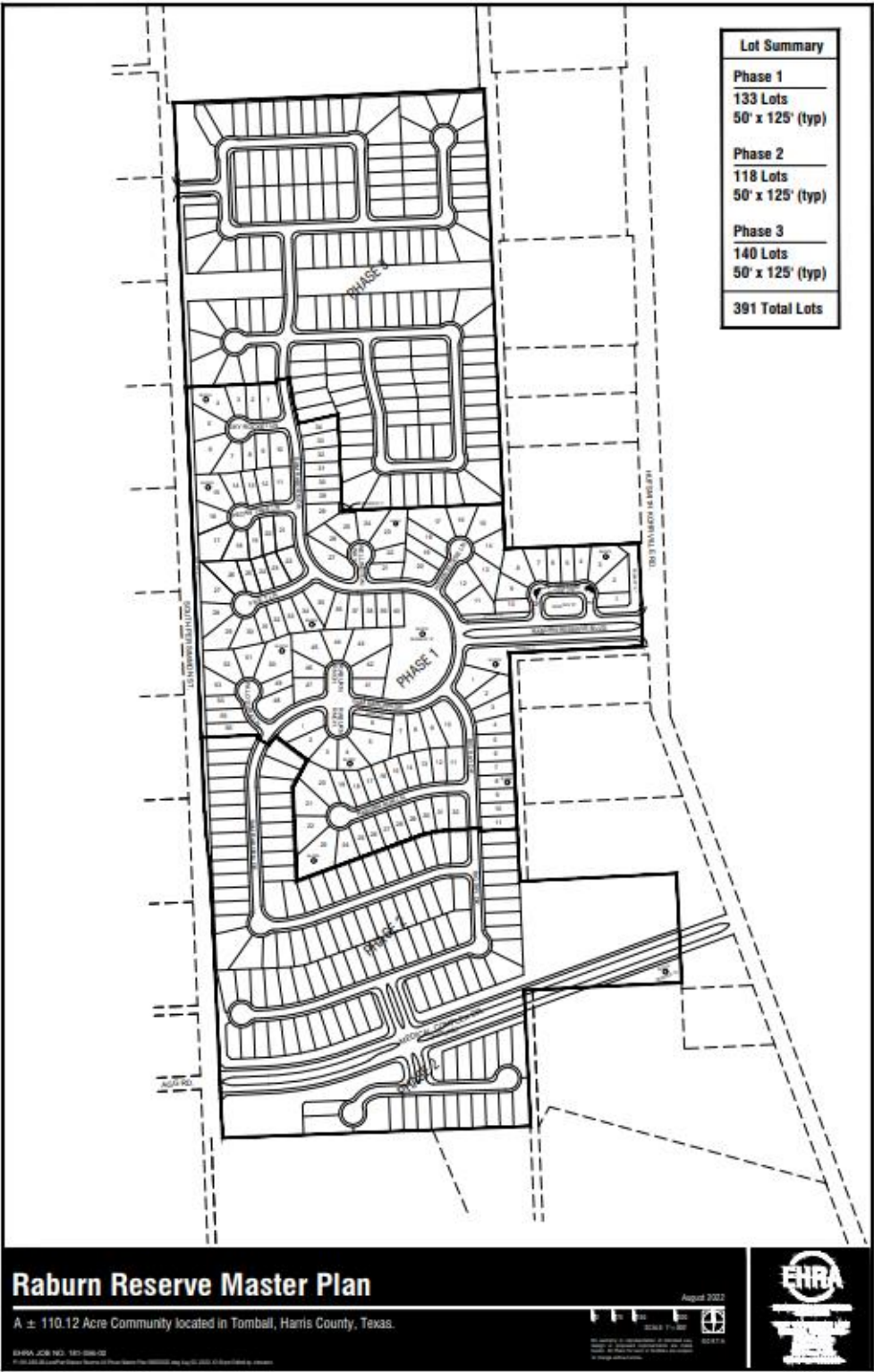
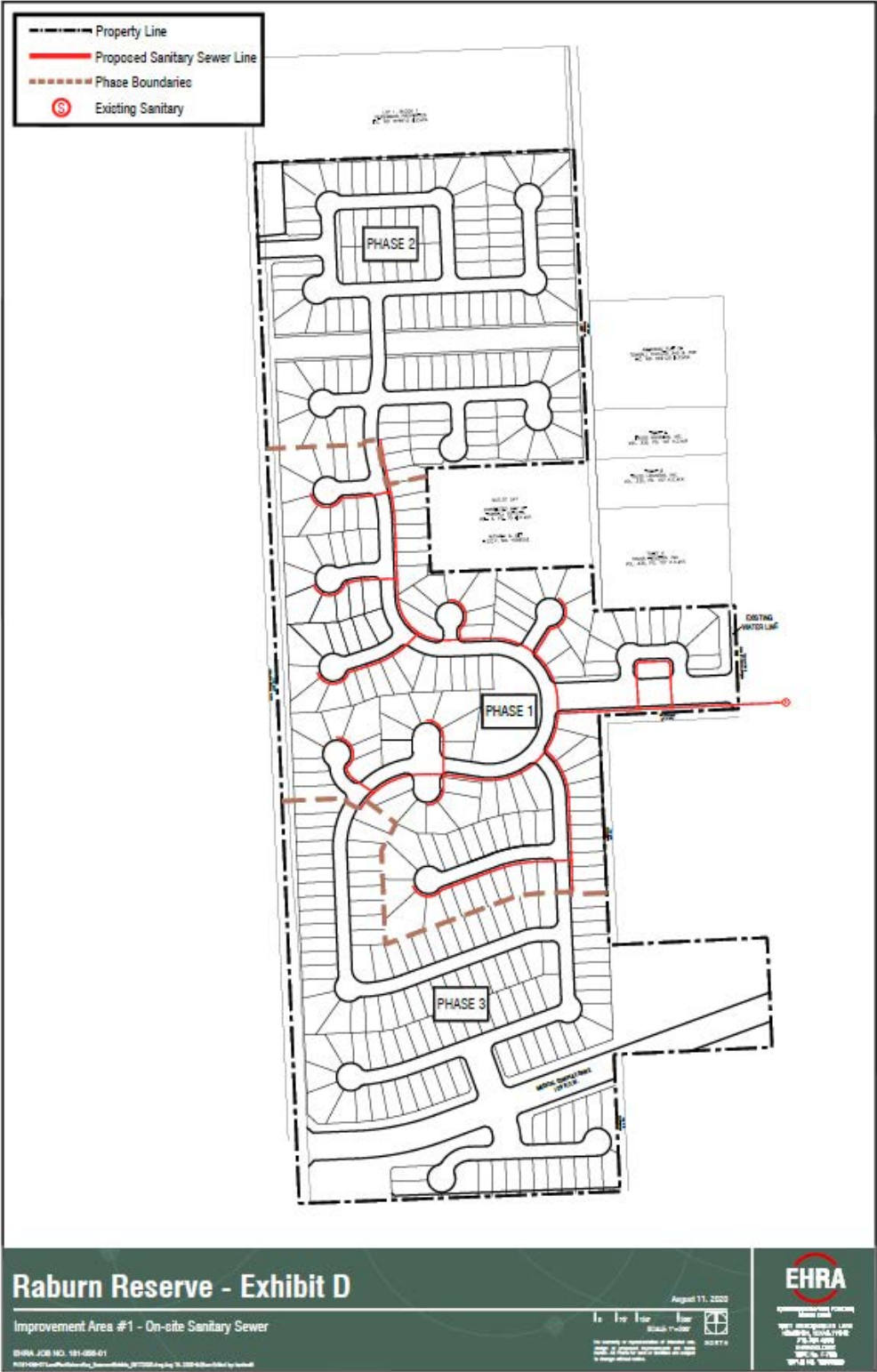


EXHIBIT L – IMPROVEMENT AREA #1 IMPROVEMENTS MAPS

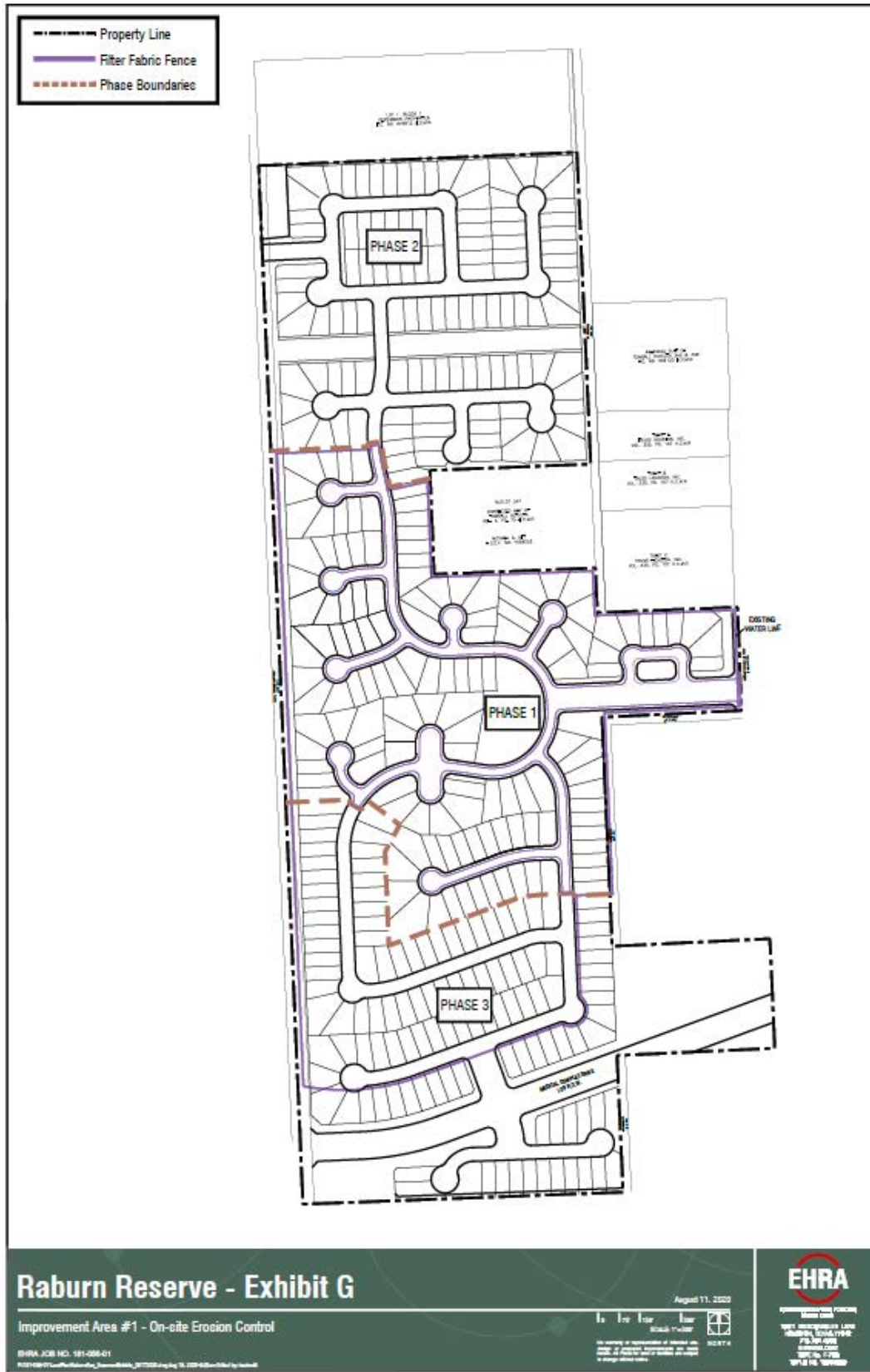


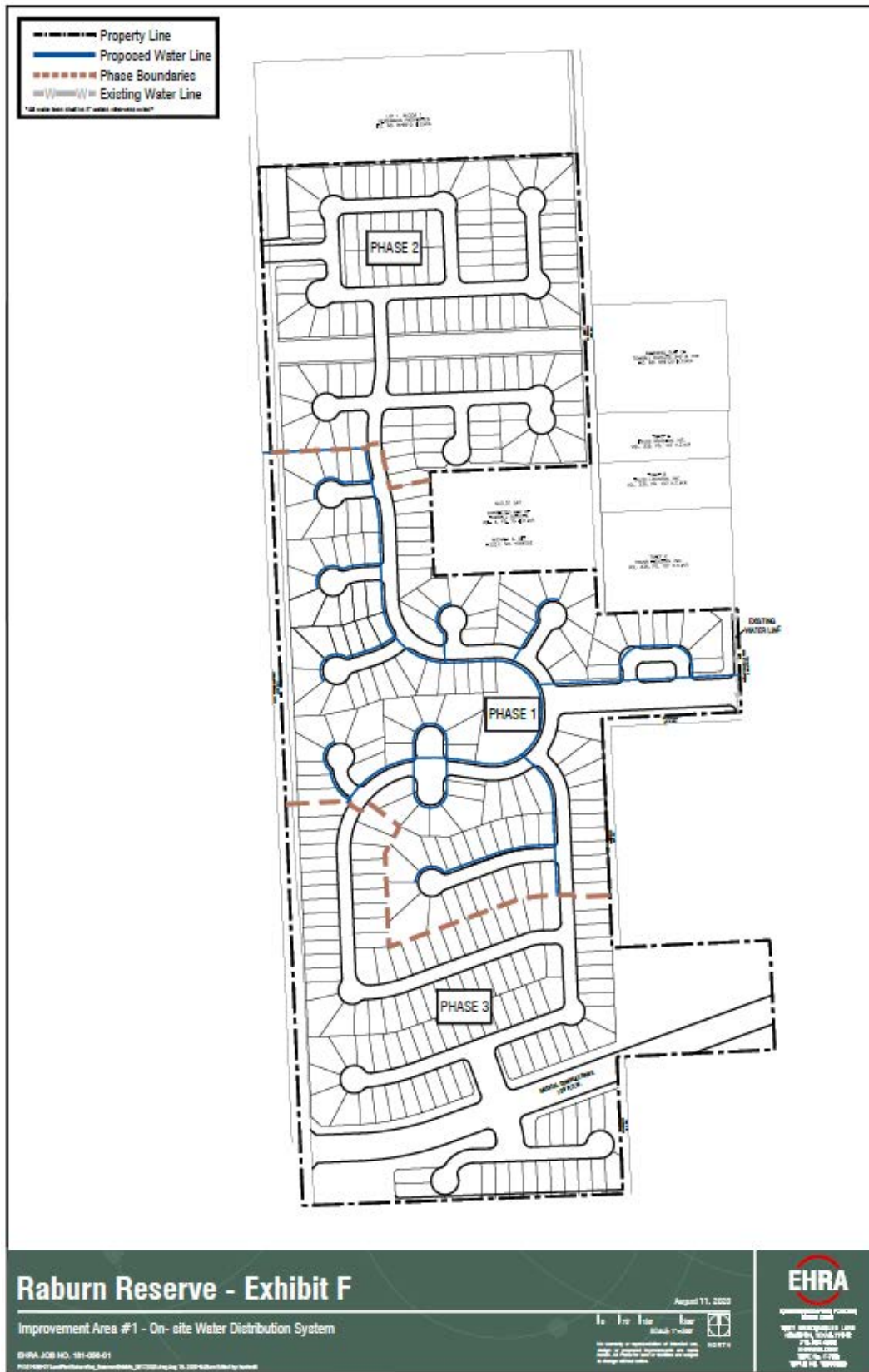












## EXHIBIT M – IMPROVEMENT AREA #2 IMPROVEMENTS MAPS













## EXHIBIT N – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[Date]  
Harris County Civil Courthouse  
Honorable [County Clerk Name]  
201 Caroline, Suite 310  
Houston, Texas 77002

**Re: City of Tomball Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Tomball 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:

City of Tomball  
Attn: [City Secretary]  
401 Market Street  
Tomball, Texas 77375

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
P: (817)393-0353  
admin@p3-works.com







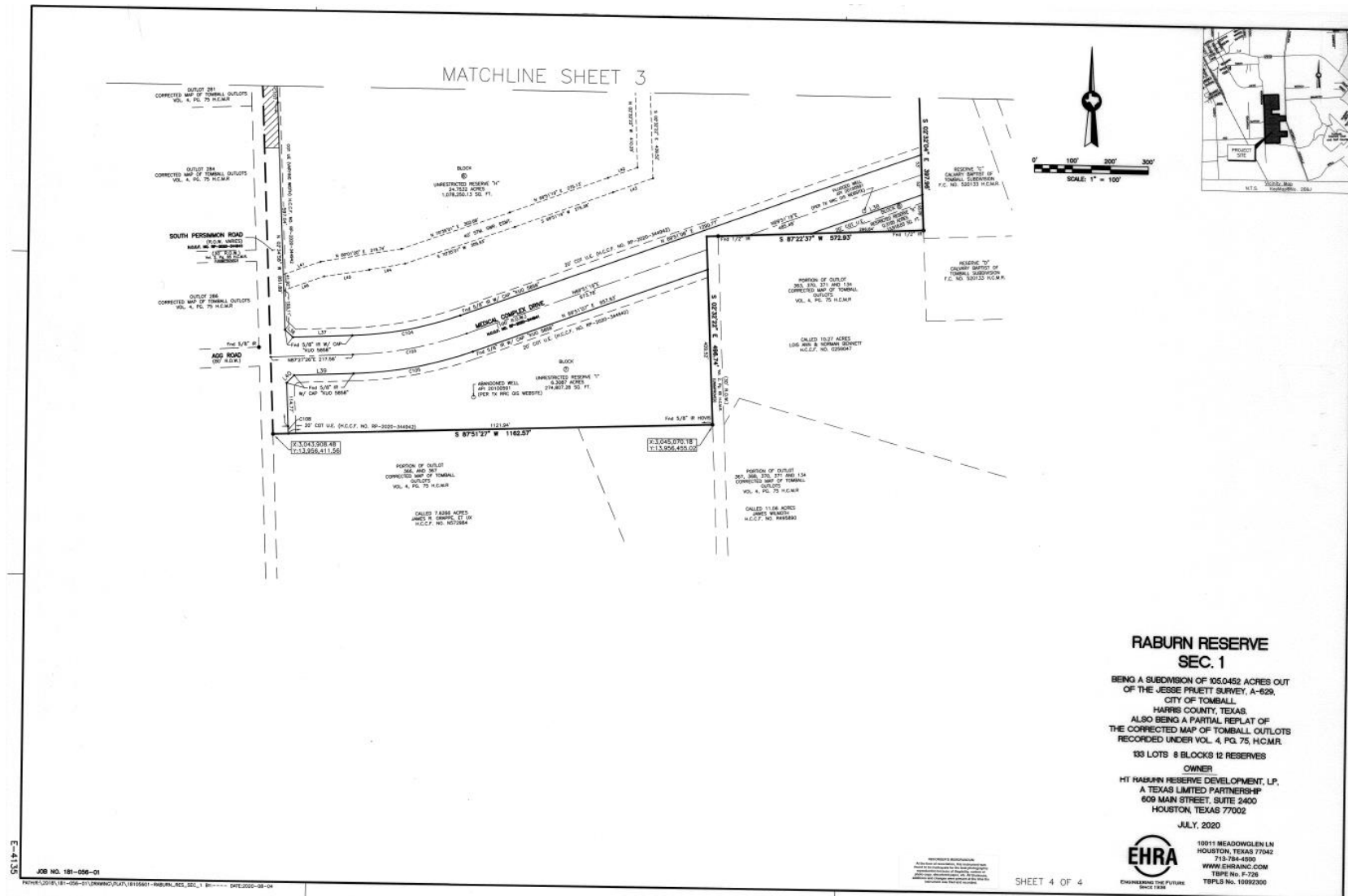
**RABURN RESERVE PID**  
**2022 AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN**

[illegible]



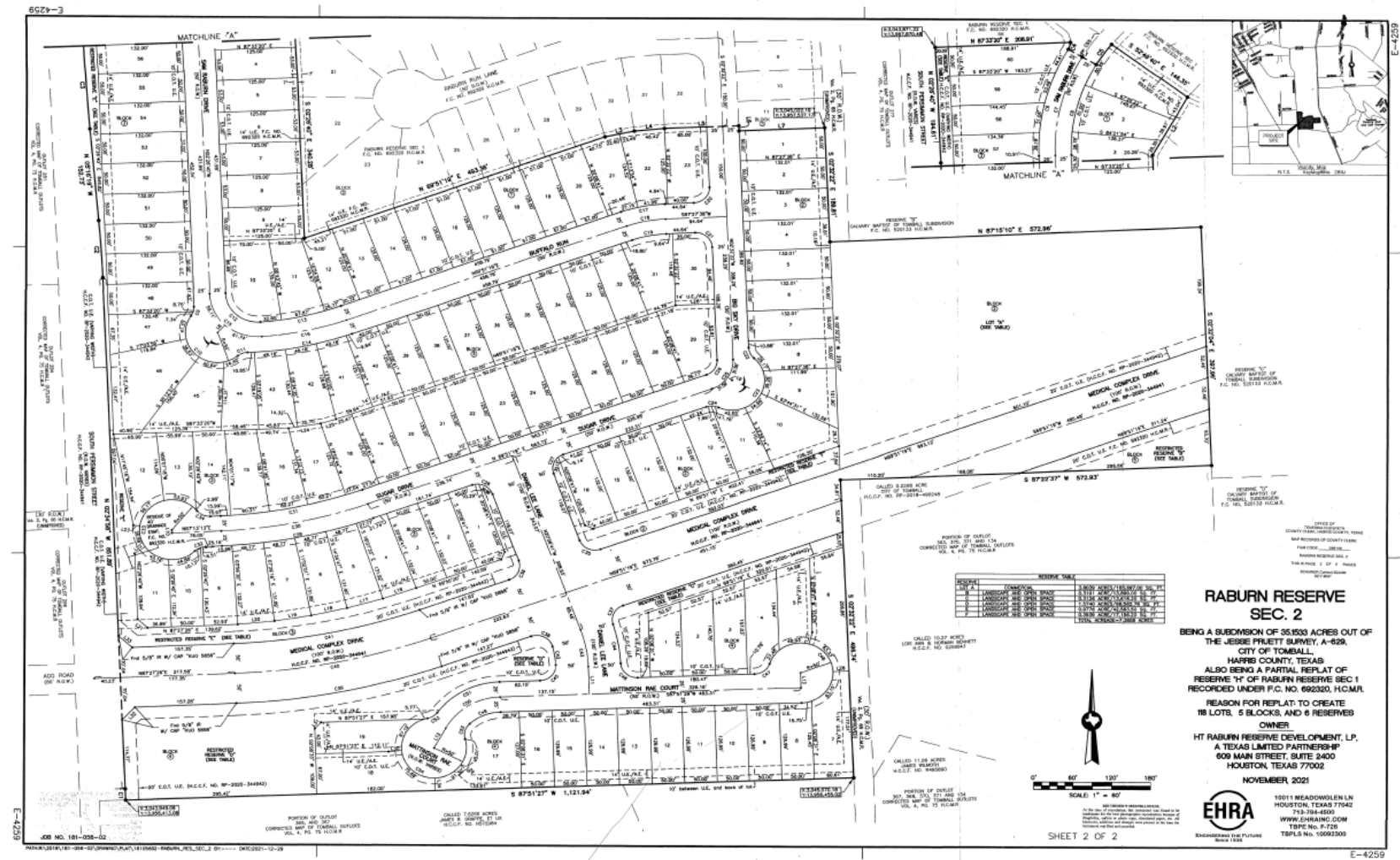






[illegible]







**EXHIBIT Q-1 – RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT – 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  
TOMBALL, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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PROPERTY ADDRESS

**LOT TYPE 1 PRINCIPAL ASSESSMENT: \$31,075.19**

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, 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 ***Raburn Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

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 Harris 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 HARRIS

§

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 Harris 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 HARRIS

§

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 Harris County.

Seller Signature Page to Final Notice with Current Information  
of Obligation to Pay Improvement District Assessment

## ANNUAL INSTALLMENTS - LOT TYPE 1

	Improvement Area #1 Series 2020 Bonds		Improvement Area #1 Series 2022 Bonds					
	Principal	Interest <sup>1</sup>	Principal	Interest <sup>2</sup>	Additional Interest	Annual Collection Costs <sup>3</sup>	Total Annual Installment	
1/31/2023	\$ 338.35	\$ 715.13	\$ 225.56	\$ 663.10	\$ 158.01	\$ 365.91	\$ 2,466.05	
1/31/2024	\$ 375.94	\$ 703.71	\$ 180.45	\$ 738.83	\$ 155.68	\$ 365.91	\$ 2,520.52	
1/31/2025	\$ 375.94	\$ 691.02	\$ 172.93	\$ 729.36	\$ 152.48	\$ 365.91	\$ 2,487.64	
1/31/2026	\$ 413.53	\$ 678.34	\$ 172.93	\$ 720.28	\$ 149.29	\$ 365.91	\$ 2,500.28	
1/31/2027	\$ 413.53	\$ 664.38	\$ 210.53	\$ 711.20	\$ 145.90	\$ 365.91	\$ 2,511.45	
1/31/2028	\$ 413.53	\$ 650.42	\$ 240.60	\$ 700.15	\$ 142.78	\$ 365.91	\$ 2,513.40	
1/31/2029	\$ 451.13	\$ 636.47	\$ 240.60	\$ 687.52	\$ 139.02	\$ 365.91	\$ 2,520.64	
1/31/2030	\$ 451.13	\$ 621.24	\$ 278.20	\$ 674.89	\$ 135.49	\$ 365.91	\$ 2,526.85	
1/31/2031	\$ 488.72	\$ 606.02	\$ 240.60	\$ 658.20	\$ 131.77	\$ 365.91	\$ 2,491.21	
1/31/2032	\$ 488.72	\$ 586.47	\$ 315.79	\$ 643.76	\$ 128.05	\$ 365.91	\$ 2,528.69	
1/31/2033	\$ 526.32	\$ 566.92	\$ 315.79	\$ 624.81	\$ 123.95	\$ 365.91	\$ 2,523.69	
1/31/2034	\$ 563.91	\$ 545.86	\$ 315.79	\$ 605.86	\$ 119.66	\$ 365.91	\$ 2,517.00	
1/31/2035	\$ 563.91	\$ 523.31	\$ 353.38	\$ 586.92	\$ 115.19	\$ 365.91	\$ 2,508.61	
1/31/2036	\$ 601.50	\$ 500.75	\$ 353.38	\$ 565.71	\$ 110.53	\$ 365.91	\$ 2,497.79	
1/31/2037	\$ 639.10	\$ 476.69	\$ 398.50	\$ 544.51	\$ 105.68	\$ 365.91	\$ 2,530.38	
1/31/2038	\$ 639.10	\$ 451.13	\$ 436.09	\$ 520.60	\$ 100.45	\$ 365.91	\$ 2,513.27	
1/31/2039	\$ 676.69	\$ 425.56	\$ 473.68	\$ 494.44	\$ 95.00	\$ 365.91	\$ 2,531.28	
1/31/2040	\$ 714.29	\$ 398.50	\$ 481.20	\$ 466.02	\$ 89.17	\$ 365.91	\$ 2,515.08	
1/31/2041	\$ 751.88	\$ 369.92	\$ 518.80	\$ 437.14	\$ 83.12	\$ 365.91	\$ 2,526.77	
1/31/2042	\$ 789.47	\$ 339.85	\$ 563.91	\$ 406.02	\$ 76.69	\$ 365.91	\$ 2,541.85	
1/31/2043	\$ 827.07	\$ 308.27	\$ 609.02	\$ 372.18	\$ 69.85	\$ 365.91	\$ 2,552.30	
1/31/2044	\$ 864.66	\$ 275.19	\$ 616.54	\$ 335.64	\$ 62.59	\$ 365.91	\$ 2,520.53	
1/31/2045	\$ 902.26	\$ 240.60	\$ 699.25	\$ 298.65	\$ 55.15	\$ 365.91	\$ 2,561.81	
1/31/2046	\$ 939.85	\$ 204.51	\$ 744.36	\$ 256.69	\$ 47.11	\$ 365.91	\$ 2,558.43	
1/31/2047	\$ 977.44	\$ 166.92	\$ 796.99	\$ 212.03	\$ 38.61	\$ 365.91	\$ 2,557.90	
1/31/2048	\$ 1,015.04	\$ 127.82	\$ 849.62	\$ 164.21	\$ 29.70	\$ 365.91	\$ 2,552.30	
1/31/2049	\$ 1,052.63	\$ 87.22	\$ 932.33	\$ 113.23	\$ 20.38	\$ 365.91	\$ 2,571.70	
1/31/2050	\$ 1,127.82	\$ 45.11	\$ 954.89	\$ 57.29	\$ 10.41	\$ 365.91	\$ 2,561.43	
<b>Total</b>	<b>\$ 18,383.46</b>	<b>\$ 12,607.33</b>	<b>\$ 12,691.73</b>	<b>\$ 13,989.24</b>	<b>\$ 2,791.69</b>	<b>\$ 10,245.38</b>	<b>\$ 70,708.83</b>	

Notes:

The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

<sup>1</sup> Interest on the Improvement Area #1 Series 2020 Bonds is calculated at the actual rate of the Series 2020 Bonds.

<sup>2</sup> Interest on the Improvement Area #1 Series 2022 Bonds is calculated at the actual rate of the Series 2022 Bonds.

<sup>3</sup> \$60 per lot (\$7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

### Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**EXHIBIT Q-2 – RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT – LOT TYPE 2**  
**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  
TOMBALL, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

---

PROPERTY ADDRESS

**LOT TYPE 2 PRINCIPAL ASSESSMENT: \$43,847.46**

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, 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 ***Raburn Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

---

<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris 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 HARRIS

§

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 Harris 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 HARRIS

§

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 Harris County.

## ANNUAL INSTALLMENTS - LOT TYPE 2

Annual Installments Due	Improvement Area #2 2022 Bonds			Improvement Area #2 Reimbursement Obligation		Additional Interest	Annual Collection Costs <sup>3</sup>	Total Annual Installment
	Principal	Interest <sup>1</sup>	Capitalized Interest	Principal	Interest <sup>2</sup>			
1/31/2023	\$ -	\$ 1,125.07	\$ (1,125.07)	\$ -	\$ -	\$ -	\$ -	\$ -
1/31/2024	\$ 254.24	\$ 1,273.67		\$ 305.08	\$ 1,337.12	\$ 116.27	\$ 267.80	\$ 3,554.17
1/31/2025	\$ 271.19	\$ 1,259.68		\$ 322.03	\$ 1,319.58	\$ 114.75	\$ 267.80	\$ 3,555.02
1/31/2026	\$ 288.14	\$ 1,244.77		\$ 347.46	\$ 1,301.06	\$ 113.14	\$ 267.80	\$ 3,562.35
1/31/2027	\$ 305.08	\$ 1,228.92		\$ 355.93	\$ 1,281.08	\$ 111.40	\$ 267.80	\$ 3,550.22
1/31/2028	\$ 322.03	\$ 1,212.14		\$ 389.83	\$ 1,260.62	\$ 109.62	\$ 267.80	\$ 3,562.04
1/31/2029	\$ 347.46	\$ 1,194.43		\$ 406.78	\$ 1,238.20	\$ 107.67	\$ 267.80	\$ 3,562.33
1/31/2030	\$ 364.41	\$ 1,175.32		\$ 440.68	\$ 1,214.81	\$ 105.64	\$ 267.80	\$ 3,568.65
1/31/2031	\$ 389.83	\$ 1,152.54		\$ 466.10	\$ 1,189.47	\$ 103.43	\$ 267.80	\$ 3,569.18
1/31/2032	\$ 415.25	\$ 1,128.18		\$ 491.53	\$ 1,162.67	\$ 101.10	\$ 267.80	\$ 3,566.53
1/31/2033	\$ 440.68	\$ 1,102.22		\$ 525.42	\$ 1,134.41	\$ 98.64	\$ 267.80	\$ 3,569.17
1/31/2034	\$ 474.58	\$ 1,074.68		\$ 550.85	\$ 1,104.19	\$ 96.02	\$ 267.80	\$ 3,568.11
1/31/2035	\$ 508.47	\$ 1,045.02		\$ 584.75	\$ 1,072.53	\$ 93.26	\$ 267.80	\$ 3,571.83
1/31/2036	\$ 542.37	\$ 1,013.24		\$ 618.64	\$ 1,038.90	\$ 90.34	\$ 267.80	\$ 3,571.29
1/31/2037	\$ 576.27	\$ 979.34		\$ 661.02	\$ 1,003.33	\$ 87.25	\$ 267.80	\$ 3,575.00
1/31/2038	\$ 610.17	\$ 943.33		\$ 711.86	\$ 965.32	\$ 83.94	\$ 267.80	\$ 3,582.42
1/31/2039	\$ 652.54	\$ 905.19		\$ 754.24	\$ 924.39	\$ 80.38	\$ 267.80	\$ 3,584.54
1/31/2040	\$ 703.39	\$ 864.41		\$ 796.61	\$ 881.02	\$ 76.61	\$ 267.80	\$ 3,589.83
1/31/2041	\$ 745.76	\$ 820.44		\$ 838.98	\$ 835.21	\$ 72.63	\$ 267.80	\$ 3,580.83
1/31/2042	\$ 796.61	\$ 773.83		\$ 906.78	\$ 786.97	\$ 68.43	\$ 267.80	\$ 3,600.43
1/31/2043	\$ 847.46	\$ 724.05		\$ 957.63	\$ 734.83	\$ 63.90	\$ 267.80	\$ 3,595.66
1/31/2044	\$ 906.78	\$ 671.08		\$ 1,016.95	\$ 679.77	\$ 59.11	\$ 267.80	\$ 3,601.49
1/31/2045	\$ 966.10	\$ 614.41		\$ 1,076.27	\$ 621.30	\$ 54.03	\$ 267.80	\$ 3,599.90
1/31/2046	\$ 1,033.90	\$ 554.03		\$ 1,152.54	\$ 559.41	\$ 48.64	\$ 267.80	\$ 3,616.31
1/31/2047	\$ 1,101.69	\$ 489.41		\$ 1,220.34	\$ 493.14	\$ 42.88	\$ 267.80	\$ 3,615.25
1/31/2048	\$ 1,177.97	\$ 420.55		\$ 1,296.61	\$ 422.97	\$ 36.78	\$ 267.80	\$ 3,622.67
1/31/2049	\$ 1,254.24	\$ 346.93		\$ 1,381.36	\$ 348.42	\$ 30.30	\$ 267.80	\$ 3,629.03
1/31/2050	\$ 1,347.46	\$ 268.54		\$ 1,466.10	\$ 268.98	\$ 23.39	\$ 267.80	\$ 3,642.27
1/31/2051	\$ 1,432.20	\$ 184.32		\$ 1,559.32	\$ 184.69	\$ 16.06	\$ 267.80	\$ 3,644.39
1/31/2052	\$ 1,516.95	\$ 94.81		\$ 1,652.54	\$ 95.03	\$ 8.26	\$ 267.80	\$ 3,635.39
<b>Total</b>	<b>\$ 20,593.22</b>	<b>\$ 25,884.54</b>	<b>\$ (1,125.07)</b>	<b>\$ 23,254.24</b>	<b>\$ 25,459.41</b>	<b>\$ 2,213.86</b>	<b>\$ 7,766.10</b>	<b>\$ 104,046.29</b>

**Notes:**

The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

<sup>1</sup> Interest on the Improvement Area #2 Series 2022 Bonds is calculated at the actual of the Series 2022 Bonds

[2] Interest Rate on the Improvement Area #2 Reimbursement Obligation is calculated at 5.75% which is less than 2% above the S&P Municipal Bond High Yield Index.

<sup>3</sup> \$60 per lot (\$7,080 for Improvement Area #2) is budgeted for costs incurred by City staff for administering the PID.

### Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$1,688,000

CITY OF TOMBALL, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS SERIES 2022

(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

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

CITY OF TOMBALL, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1), dated [Date of Delivery], issued in the principal amount of \$1,688,000.

IN SUCH capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

THE BONDS have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on October 3, 2022 (the “Ordinance”). The Bonds are issued pursuant to a Master Indenture of Trust Indenture, dated as of September 1, 2020, and a Second Supplemental Indenture of Trust dated September 15, 2022 (together, the “Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.



Page 3

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1)**

**CONTINUING DISCLOSURE AGREEMENT OF ISSUER**

This Continuing Disclosure Agreement of Issuer dated as of October 1, 2022 (this “Disclosure Agreement”) is executed and delivered by and between the City of Tomball, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1)” (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 Master Indenture of Trust dated as of September 1, 2020 (the “Master Indenture”), and the Second Supplemental Indenture, dated October 1, 2022 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”) relating to the Bonds, which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Administrator” shall mean an officer or employee of the City or third-party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, the Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC, as the initial Administrator.

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

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

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the government Accounting Standards Board from time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual 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.

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

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

“Developer” shall mean HT Raburn Reserve Development, LP, a Texas Limited Partnership, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of October 1, 2022, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

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

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., 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 Raburn Reserve Public Improvement District.

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

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

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period beginning October 1 and ending the following 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 5(a) of this Disclosure Agreement.

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

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

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

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

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

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

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

### SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall, not later than six (6) months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending September 30, 2022, provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, an Annual Issuer Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Issuer Report pursuant to Section 4 of this Disclosure Agreement. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Upon delivery by the Issuer of the Annual Issuer Report to the Dissemination Agent together with written instructions to file such report with the MSRB, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a); 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 together with written instructions to file such with the MSRB 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, the following:

(a) Within six (6) months after the end of each Fiscal Year the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

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

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding;

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

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

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

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

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total Assessments levied within Improvement Area #1, the Annual Issuer Report (in the SAP Update or otherwise) shall include the number of certificates of occupancy ("COs") issued for new homes completed in Improvement Area #1 during such Fiscal Year and the aggregate number of COs issued for new homes completed within Improvement Area #1 since filing the initial Annual Issuer Report for Fiscal Year ending September 30, 2022.

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

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) The Issuer agrees to provide or cause to be provided to the Dissemination Agent the Annual Financial Statements of the Issuer for the most recently ended Fiscal Year. Such Annual Financial Statements shall be provided to the Dissemination Agent within 12 months after the end of each Fiscal Year. If the audit of such Annual Financial Statements is not complete within 12 months after any such Fiscal Year, then the Issuer shall provide unaudited Annual Financial Statements within such 12-month period and audited Annual Financial Statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.



See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs.

(c) The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator shall prepare and provide the Annual Financial Information required (except for the information of the type included under the heading “Debt Service Requirements on the Bonds” and audited or unaudited financial statements of the Issuer) under Section 4(a) above to the Dissemination Agent no later than five (5) Business Days prior to the day that is six (6) months after the end of each Fiscal Year. If no Administrator has been designated, the Issuer shall prepare and provide the Annual Financial Information required under Section 4(a) above to the Dissemination Agent no later than five (5) Business Days prior to the day that is six (6) months after the end of each Fiscal Year.

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

#### SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the bonds, if material.

11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Developer of real property within Improvement Area #1 in the ordinary course of the Developer's business to be considered a material event for the purposes of paragraph (10) above.

For these purposes, determinations regarding whether an event is "material" will be based on whether the information would be important to a reasonable investor, taking into account the total mix of facts of circumstances.

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 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release. For the avoidance of doubt, the issuance of additional bonds under the Indenture or 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 5 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; provided, however, any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

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

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

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

(b) The Dissemination Agent shall, promptly, and not more than three (3) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer

shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

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

**SECTION 7. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use its best efforts to appoint a successor Dissemination Agent within 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 HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer.

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

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

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

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

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

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

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may (and the Trustee, at the request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, upon such Dissemination Agent being indemnified to its satisfaction) take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

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

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

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

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

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

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

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

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Improvement Area #1 Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council

members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

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

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

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

SECTION 17. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement. The Dissemination Agent and the Administrator both separately agree and represent that the total compensation due to the Dissemination Agent or the Administrator, as the case may be, pursuant to this Disclosure Agreement shall not exceed the dollar limitation set forth in Section 2271.002, Texas Government Code, Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87<sup>th</sup> Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87<sup>th</sup> Texas Legislature, Regular Session).

SECTION 18. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not



boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Dissemination Agent and the Administrator, each respectively, and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

SECTION 22. Affiliate. As used in Sections 18 through 21, the Dissemination Agent and Administrator, each respectively, understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17.C.F.R. § 230.405, and exists to make a profit.

SECTION 23. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

SECTION 24. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 25. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the

same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

*Signature pages follow.*

CITY OF TOMBALL, TEXAS

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

HTS CONTINUING DISCLOSURE SERVICES, a  
Division of Hilltop Securities Inc.  
(solely in its capacity as Dissemination Agent)

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

P3WORKS, LLC  
(as Administrator)

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

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
ANNUAL ISSUER REPORT**

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve  
Public Improvement District Improvement Area #1)  
Date of Delivery: \_\_\_\_\_, 20\_\_\_\_  
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Tomball, Texas, has not provided [an Annual Issuer Report] [annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of October 1, 2022, between the Issuer, P3Works, LLC, as Administrator and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report] [annual audited financial statements] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

HTS CONTINUING DISCLOSURE SERVICES, a  
Division of Hilltop Securities Inc.,  
on behalf of the City of Tomball, Texas  
(solely in its capacity as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Tomball, Texas

## EXHIBIT B

### CITY OF TOMBALL, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022 (RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

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#### ANNUAL ISSUER REPORT\*

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [insert CUSIP Numbers]

#### DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.,  
Address:  
City:  
Telephone:  
Contact Person: Attn:

#### Section 4(a)(i)(A)

##### BONDS OUTSTANDING

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

#### Section 4(a)(i)(B)

##### INVESTMENTS

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

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\* Excluding Audited Financial Statements of the Issuer

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

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

**LIABILITIES**

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

**EQUITY**

Assets Less Liabilities	_____
Parity Ratio	_____

**Form of Accounting**    ☐ Cash    ☐ Accrual    ☐ Modified Accrual

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

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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**Top Improvement Area #1 Assessment Payers<sup>(1)</sup>**

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

**Assessed Value of the Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the land in the Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Harris County Appraisal District.



**Section 4(a)(ii)(B)****FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR****Foreclosure History Related to the Assessments**

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

<sup>(1)</sup> As of February 1, 20\_\_.**Collection and Delinquency History of Assessments**

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

<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.

<sup>(3)</sup> Collected as of February 1, 20\_\_.

**History of Prepayment of Assessments**

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

<sup>(1)</sup> As of February 1, 20\_\_.

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

[Insert a line item for each applicable listing]

## EXHIBIT C

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES\*

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	<p>Upon receipt, but no later than February 15, Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. <b>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.</b></p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. <b>For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</b></p> <p><b>If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund</b></p>

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\* Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment

		<p><b>for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.</b></p>
March 15	43/44	<p>Trustee pays bond interest payments to Owners.</p> <p>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.</p>
<b>July 1</b>	<b>152/153</b>	<p>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.</p> <p><b>Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.</b></p> <p><b>Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.</b></p> <p>If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.</p> <p>If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 10.2 of the Master Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.</p>
August 15	197/198	<p>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</p>

foreclosure actions is a filing by no later than August 15 (day 197/198).

**Foreclosure action to be filed with the court.**

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

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

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

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**CITY OF TOMBALL, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1)**

**CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER**

This Continuing Disclosure Agreement of Developer dated as of October 1, 2022 (this “Disclosure Agreement”) is executed and delivered by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (acting solely in its capacity as the “Dissemination Agent”) with respect to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1)” (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 Master Indenture of Trust dated as of September 1, 2020 (the “Master Indenture”), and the Second Supplemental Indenture, dated October 1, 2022 (the “Second Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), relating to the Bonds (the “Bonds”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Additional Improvements” shall mean improvements necessary to provide finished lots to homebuilders within Improvement Area #1, which may include excavation and grading, paving, storm sewer, water, retaining walls, erosion control, franchise utility services, and other miscellaneous items.

“Administrator” shall mean an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, the Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Agreement of Sale and Purchase” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement of sale and purchase between a Homebuilder and the Developer to purchase lots or to purchase land.

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

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

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

“Assessment” 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 the Developer or Significant Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean HT Raburn Reserve Development, LP, a Texas Limited Partnership, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements and their designated successors and assigns.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer dated as of October 1, 2022 executed and delivered by and among the Issuer, the Administrator, and the Dissemination Agent.

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

“District” shall mean Raburn Reserve Public Improvement District.

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

“HOA Amenities” shall mean the following: clubhouse, park, pool, playground, walking trails, roads lined with trees, and cul-de-sacs, constructed by the Developer within the District and owned and/or operated by a homeowners’ association.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Agreement of Sale and Purchase with the Developer, and the successors and assigns of such homebuilder under such Agreement of Sale and Purchase.

“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.

“Issuer” shall mean the City of Tomball, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“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 have the meaning assigned to such term in the Indenture.

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

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 2022.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

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

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

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

“Significant Homebuilder” shall mean a Homebuilder that then owns fourteen (14) 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 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 December 31, 2022, the information required for the preparation of the Quarterly Report (with respect to each party, the “Quarterly Information”). The Developer and any Significant Homebuilder shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. 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 with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Developer and/or Significant Homebuilder pursuant to subsection (a) above and (ii) provide to the Developer and/or Significant Homebuilder, as applicable, each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. The Developer and/or any Significant Homebuilder, as applicable, shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, the Developer and/or any Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all of the Quarterly Information provided by such party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in this Section 3 and the Certification Letter(s) provided by the Developer and/or any Significant Homebuilder, as applicable. 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 the Developer, any Significant Homebuilder, 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 Developer, Significant Homebuilder, or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information is provided by the Developer or any Significant Homebuilder to the Dissemination Agent, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If the Developer and/or any Significant Homebuilder timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner, shall not be deemed a default by the Developer or any Significant Homebuilder, as applicable, under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to that as Table 3(d)(i) in Exhibit A attached hereto, the landowner composition of Improvement Area #1, including:

A. The number of lots owned by each type of landowner (i.e., Developer, Homebuilders, end-user); and

B. The percentage of single family residential lots relative to the total single family residential lots for the Developer, each Homebuilder, and end-users (end-users reported collectively), as of the Quarterly Ending Date;

(ii) In a form similar to that as Table 3(d)(ii) in Exhibit A attached hereto, for each parcel designated as single family residential, lot absorption statistics by lot type, on a running total basis, including:

A. The number of single family lots platted in Improvement Area #1;

B. The number of single family lots in Improvement Area #1 previously owned by the Developer and closed with a Homebuilder;

C. The number of single family lots in Improvement Area #1 owned by the Developer under contract (but not closed) with a Homebuilder; and

D. The number of single family lots in Improvement Area #1 owned by the Developer and not closed or under contract with a Homebuilder;

(iii) In a form similar to that as Table 3(d)(iii) in Exhibit A attached hereto, for each parcel designated as single family residential, for each Homebuilder, broken down by lot type and phase, on a running total basis:

A. The number of homes under construction in Improvement Area #1;

B. The number of completed homes not under contract with end-users in Improvement Area #1;

C. The number of homes under contract with end-users in Improvement Area #1;

D. The number of homes closed with (delivered to) end-users in Improvement Area #1;

E. The average sales price of homes closed with end-users; and

F. The estimated date of completion of all homes to be constructed by the Homebuilder;

(iv) In a form similar to that as Table 3(d)(iv) in Exhibit A attached hereto, the occurrence of any new or modified mortgage debt on the land owned by the Developer, including the amount, interest rate and terms of repayment.

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 a parcel owned by the Developer; provided, however, that the 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 within Improvement Area #1, including the Improvement Area #1 Improvements, the Additional Improvements, and the HOA 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 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 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 change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 herein.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the 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(c) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under an Agreement of Sale and Purchase; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever the Developer obtains knowledge of the occurrence of a Developer Listed Event, the Developer shall promptly notify the Issuer, the Administrator, and the Dissemination Agent in writing and the Developer shall 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 Developer becomes aware of the occurrence of such Developer Listed Event. If the Developer timely notifies the Dissemination Agent of the occurrence of a Developer Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

Whenever a Significant Homebuilder obtains knowledge of the occurrence of a Significant Homebuilder Listed Event, the applicable Significant Homebuilder shall promptly notify the Issuer, the Administrator, and the Dissemination Agent in writing and such Significant Homebuilder shall direct the Dissemination Agent in writing to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Significant Homebuilder becomes aware of the occurrence of such Significant Homebuilder Listed Event. If the Significant Homebuilder timely notifies the Dissemination Agent of the occurrence of a Significant Homebuilder Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice

to the Participating Underwriter in a timely manner shall not be deemed a default by the Significant Homebuilder under this Disclosure Agreement.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Developer or Significant Homebuilder, as applicable, desires to make, the written authorization of the Developer or the Significant Homebuilder, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer or Significant Homebuilder, as applicable, desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the Developer Listed Event or Significant Homebuilder Listed Event, as applicable).

In all cases, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures. In addition, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the applicable Listed Event.

(d) The Dissemination Agent shall promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer, the Developer, and the Significant Homebuilder, if applicable, of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Developer or Significant Homebuilder, as applicable, to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer or Significant Homebuilder, as applicable, and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Developer and Significant Homebuilder, as applicable, as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Developer, Significant Homebuilder, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by the Developer or Significant Homebuilder to report the occurrence of a Listed Event in accordance with subsections (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 the Developer or Significant Homebuilder, as applicable; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

#### SECTION 5. Assumption of Reporting Obligations by Developers.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements to assume and comply with the disclosure obligations of the Developer under



this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements, in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a “Developer” in the future.

#### SECTION 6. Assumption of Reporting Obligations by Significant Homebuilders.

If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer shall cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Sections 3(d)(iv) and 4(b) hereof with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement; provided, however, a Significant Homebuilder who is also a Developer shall be required to provide the disclosure information required by Sections 3 and 4(a), as applicable, pursuant to Section 5 above. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Sections 4(a)(ix) and 4(b)(vi) above, the Developer or Significant Homebuilder, as applicable, shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Significant Homebuilder comply with obligations of this Section 6 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.

#### SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) the later of

(a) when all of the Improvement Area #1 Improvements and Additional Improvements are complete and at least one hundred twenty-three (123) of the single family residential lots within Improvement Area #1 are either under contract with Homebuilders or sold to end-users, or (b) when the Developer no longer owns at least twenty-eight (28) of the single family residential lots within Improvement Area #1 and at least one hundred twenty-three (123) of the single family residential lots within Improvement Area #1 are either under contract with Homebuilders or sold to end-users.

(b) The reporting obligations of a Significant Homebuilder, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) when the Significant Homebuilder no longer owns at least fourteen (14) of the single family residential lots within Improvement Area #1.

(c) At such time that the reporting obligations of the Developer or Significant Homebuilder, if any, terminate in accordance with subsection (a) or (b) of this Section 7, the Administrator shall provide written notice to the Developer or Significant Homebuilder, as applicable, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating the applicable party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to the Developer or Significant Homebuilder occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of the Developer's and all Significant Homebuilder's, if any, reporting obligations in accordance with subsection (a) or (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Developer, Significant Homebuilder, if any, and the Administrator under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements,

change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. 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 Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 10 of this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of the Developer, any Significant Homebuilder or the Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, and upon such Dissemination Agent being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Developer, Significant Homebuilder and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Significant Homebuilder or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer, or any Significant Homebuilder, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure

Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Significant Homebuilder or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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

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

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, any Significant Homebuilder, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, any Significant Homebuilder, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

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

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only

with funds to be provided from the 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 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Signature pages follow.*

HTS CONTINUING DISCLOSURE SERVICES,  
a Division of Hilltop Securities Inc.  
(solely in its capacity as Dissemination Agent)

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

HT RABURN RESERVE DEVELOPMENT, LP,  
a Texas Limited Partnership  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022  
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1)**

---

**DEVELOPER QUARTERLY REPORT  
[INSERT QUARTERLY ENDING DATE]**

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [Insert CUSIP Numbers]

**DISSEMINATION AGENT**

Name: HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

Address:

City:

Telephone:

Contact Person: Attn:

**TABLE 3(d)(i)**

LANDOWNER COMPOSITION (as of <i>[Insert Quarterly Ending Date]</i> ) OF IMPROVEMENT AREA #1		
Landowner Composition	Number of Actual Single Family Residential Lots Owned	Percentage of Total Actual Single Family Residential Lots
<b>Developer Owned</b>		
50' Lot		
<i>Total Developer Owned SF Lots:</i>		
<b>[Homebuilder] Owned</b>		
50' Lot		
<i>Total Homebuilder Owned SF Lots:</i>		
<b>End-User Owned</b>		
50' Lot		
<i>Total End-User Owned SF Lots:</i>		
<i>Total Development:</i>		

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

**TABLE 3(d)(ii)**

DEVELOPER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1											
	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__
# of platted SF lots: • 50' <b>TOTAL</b>											
# of SF lots under contract with Homebuilders: • [Homebuilder] ○ 50' <b>Subtotal</b> <b>TOTAL</b>											
# of SF lots closed with Homebuilders: • [Homebuilder] ○ 50' <b>Subtotal</b> <b>TOTAL</b>											
# of SF lots not under contract with Homebuilders: • 50' <b>TOTAL</b>											

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**TABLE 3(d)(iii)**

[Homebuilder] ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1								
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__
# of SF homes under construction: • 50' <b>TOTAL</b>								
# of completed SF homes NOT under contract with end-user: • 50' <b>TOTAL</b>								
# of SF homes under contract with end-user: • 50' <b>TOTAL</b>								
# of SF homes delivered to end-users: • 50' <b>TOTAL</b>								
Average home prices of homes delivered to end-users: • 50' • Average								

The estimated date of completion of all homes to be constructed by [Homebuilder] is \_\_\_\_\_, \_\_\_\_.

STATUS OF DEVELOPMENT:

**TABLE 3(d)(iv)**

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms of Repayment

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**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve  
Public Improvement District Improvement Area #1) (the “Bonds”)  
CUSIP Numbers: [insert CUSIP Numbers]  
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 Developer, dated  
as of October 1, 2022, by and among HT Raburn Reserve Development, LP, a Texas Limited  
Partnership (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Continuing  
Disclosure Services, a Division of Hilltop Securities Inc., as the “Dissemination Agent.” The  
[Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly  
Report] will be [provided][filed] by \_\_\_\_\_.

Dated: \_\_\_\_\_

HTS CONTINUING DISCLOSURE SERVICES, a  
Division of Hilltop Securities Inc.,  
on behalf of the Developer  
(acting solely in its capacity as  
Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Tomball, Texas

---

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT C**

**TERMINATION NOTICE**

[DATE]

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) (the “Bonds”)  
CUSIP Numbers. [insert CUSIP Numbers]  
Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-V  
Frisco, Texas 75034

HTS Continuing Disclosure Services, a Division of  
Hilltop Securities Inc.

City of Tomball, Texas  
401 Market Street  
Tomball, Texas 77375

[Developer or Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer, dated as of October 1, 2022, by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as the “Dissemination Agent.”

Dated: \_\_\_\_\_

P3WORKS, LLC  
on behalf of the [Developer] [Significant Homebuilder]  
(solely in its capacity as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

---

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

## EXHIBIT D

### CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1) (the “Bonds”)  
CUSIP Numbers: [insert CUSIP Numbers]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Raburn Reserve Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer, dated as of October 1, 2022, by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership<sup>1</sup> (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as the “Dissemination Agent,” this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][\_\_\_\_\_, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

HT RABURN RESERVE DEVELOPMENT, LP,  
a Texas Limited Partnership  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OR

[SIGNIFICANT HOMEBUILDER  
(as Significant Homebuilder)

By: \_\_\_\_\_  
Title: \_\_\_\_\_]

---

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT E**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Raburn Reserve Public Improvement District Improvement Area #1 – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

Per [*Insert name of applicable agreement*], as of \_\_\_\_\_, 20\_\_, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements (as those terms are defined in the Disclosure Agreement of Developer) within Improvement Area #1 of the Raburn Reserve Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer, dated as of October 1, 2022 (the “Disclosure Agreement of Developer”), by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the “Initial Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”) with respect to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1),” any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements within Improvement Area #1 of the District is defined as a Developer.

As a Developer, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

HT RABURN RESERVE DEVELOPMENT, LP  
a Texas Limited Partnership  
(as Developer)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by:

**[INSERT ASSIGNEE NAME]**

By: \_\_\_\_\_

Title: \_\_\_\_\_



## EXHIBIT F

### FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

**Re: Raburn Reserve Public Improvement District Improvement Area #1 – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 20\_\_\_\_, you own \_\_\_\_\_ lots within Improvement Area #1 of the Raburn Reserve Public Improvement District (the “District”), which is equal to or more than fourteen (14) of the single family residential lots within Improvement Area #1 of the District.

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer, dated as of October 1, 2022 (the “Disclosure Agreement of Developer”), by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Raburn Reserve Public Improvement District Improvement Area #1),” any entity that owns fourteen (14) or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 7 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

HT RABURN RESERVE DEVELOPMENT, LP  
a Texas Limited Partnership  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:  
[INSERT ASSIGNEE NAME]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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## APPENDIX F

### DEVELOPMENT AGREEMENT

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## **FIRST AMENDMENT TO RABURN RESERVE DEVELOPMENT AGREEMENT**

THIS FIRST AMENDMENT TO RABURN RESERVE DEVELOPMENT AGREEMENT (this "First Amendment") is made by and between the City of Tomball, Texas, a Texas home-rule municipality (the "City") and HT Raburn Reserve Development L.P., a Texas limited partnership (the "Developer") to be effective June 15, 2020 (the "Effective Date").

### **RECITALS:**

**WHEREAS**, the City and Developer are sometimes individually referred to as a "Party" and collectively as the "Parties"; and

**WHEREAS**, the City and the Developer entered into that certain Raburn Reserve Development Agreement (the "Agreement") relating to the development of certain real property within the corporate limits of the City; and

**WHEREAS**, the recitals contained in this First Amendment: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this First Amendment; and (c) reflect the final intent of the Parties with regard to the subject matter of this First Amendment; and

**WHEREAS**, the Parties acknowledge and agree that, except to the extent amended herein, all provisions and terms contained in the Agreement remain in full force and effect; and

**WHEREAS**, the City Council passed and approved the Agreement on October 7, 2019; and

**WHEREAS**, the Parties desire to amend the Agreement again as set forth herein; and

**NOW, THEREFORE**, for and in consideration of the mutual covenants of the Parties set forth in this First Amendment, and for good and valuable consideration the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

1. Defined Terms. All capitalized terms used in this First Amendment, to the extent not otherwise expressly defined herein, shall have the meanings ascribed to them in the Agreement.
2. Amendment to Definition of Public Improvement Financing Date. The definition of Phase A Public Improvement Financing Date on Page 5 of the Agreement shall be amended again to read as follows:

"Phase A Public Improvement Financing Date" means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase A of the Property, such date to be no later than November 1, 2020 for Phase A, which date may be extended by written agreement of the Developer and the City."

3. Miscellaneous.

(a) This First Amendment amends the Agreement in no other manner except as expressly set forth herein. Except as amended herein, the terms, provisions, agreements, covenants and conditions of the Agreement shall continue in full force and effect. In the event of a conflict between this First Amendment and the Agreement, the terms of this First Amendment shall control.

(b) This First Amendment together with the Agreement shall constitute the entire agreement between the Parties and supersedes all prior agreements and understandings, whether oral or written, concerning the subject matter of this First Amendment and the Agreement. This First Amendment and the Agreement shall not be modified or amended except in writing signed by the Parties.

(c) If any provision of this First Amendment is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this First Amendment; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the Parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this First Amendment shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

(d) This First Amendment may be executed in one (1) or more counterparts, each of which when taken together shall constitute one and the same instrument.

(e) The City represents and warrants that the individual executing this First Amendment on behalf of the City has been duly authorized to do so. Developer represents and warrants that this First Amendment has been approved by appropriate action of Developer, and that each individual executing this First Amendment on behalf of Developer has been duly authorized to do so.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the Effective Date.

HT RABURN RESERVE DEVELOPMENT LP

By: HT Raburn Reserve Development LLC, its general partner

By: HT Raburn Reserve LP, its sole member

By: Hines Raburn Reserve LLC, its general partner


By: Hines Raburn Reserve Associates LP, its sole member

By: Hines Investment Management Holdings Limited Partnership,  
its general partner

By: HIMH GP LLC, its general partner

By: Hines Real Estate Holdings Limited  
Partnership, its sole member

By: JCH Investments, Inc.,  
its general partner

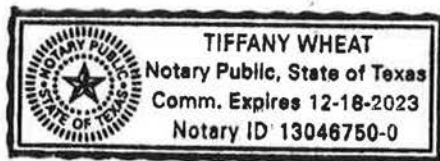
By:   
Name: Adil Noorani  
Title: Senior Managing Director

STATE OF TEXAS           §

§

COUNTY OF Harris       §

This instrument was acknowledged before me on the 21 day of August, 2020 by Adil Noorani, as Senior Managing Director, a Texas partnership on behalf of said company.



Tiffany Wheat

Notary Public, State of Texas

[SEAL]

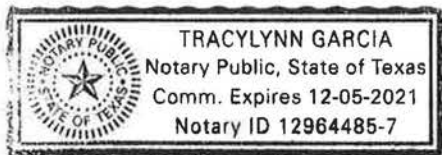


STATE OF TEXAS §

§

COUNTY OF Harris §

This instrument was acknowledged before me on the 25 day of August, 2020 by Robert Stauck, as City Manager, a Texas partnership on behalf of said company.



Tracy Lynn Garcia  
Notary Public, State of Texas

#### CITY OF TOMBALL

By: [Signature]  
Name: ROBERT S. STAUCK  
Title: City Manager

ATTEST:

[Signature]  
City Secretary

**RABURN RESERVE  
DEVELOPMENT AGREEMENT**

**BETWEEN**

**HT RABURN RESERVE DEVELOPMENT L.P.**

**THE CITY OF TOMBALL, TEXAS**

**Dated: October 7, 2019**

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## **RABURN RESERVE DEVELOPMENT AGREEMENT**

This Raburn Reserve Development Agreement (this “**Agreement**”), dated as of October 7, 2019 (the “**Effective Date**”), is entered into between HT Raburn Reserve Development L.P. a Texas limited partnership (the “**Developer**”), and the City of Tomball, Texas (the “**City**”), a home-rule city and municipal corporation, acting by and through its duly authorized representative.

### Recitals:

WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean to sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council of the City of Tomball (the “City Council”); and

WHEREAS the Developer currently has under contract to purchase and plans to acquire and to develop, in phases, approximately 105 acres of real property depicted on Exhibit A attached hereto (the “Property”) within the corporate limits of the City as a single-family residential development, in accordance with the applicable City Regulations (the “Project”); and

WHEREAS, in order to incentivize the development of the Property and encourage and support economic development within the City and to promote employment, the City desires to facilitate the development of the Property through the financing of certain public infrastructure (the “Public Improvements” as defined herein) and constructing additional public improvements within the Property; and

WHEREAS, in order to finance the Public Improvements, the City Council intends to create a public improvement district that is coterminous with the boundaries of the Property (the “PID”) in accordance with Chapter 372 Texas Local Government Code, as amended (the “PID Act”); and

WHEREAS, the City recognizes that financing of the Public Improvements confers a special benefit to the Property within the PID; and

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), adopt the Assessment Ordinance (as defined herein) and adopt the SAPs (as defined herein) which provide for the construction, and financing of the Public Improvements pursuant to the Service and Assessment Plan (“SAP”), payable in whole or in part by and from Assessments levied against property within the PID (whether through a cash reimbursement or through an issuance of PID Bonds); and

WHEREAS, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, the City intends to levy Assessments on all benefitted property located within the PID and issue PID Bonds (as defined herein) up to a maximum aggregate principal amount of \$15,000,000 for payment or reimbursement of the Public Improvements included in the SAP; and

WHEREAS the payment and reimbursement for the Public Improvements shall be solely from the installment payments of Assessments and/or proceeds of the PID Bonds and the City shall never be responsible for the payment of the Public Improvements or the PID Bonds from its general fund or its ad valorem tax collections, past or future or any other source of City revenue or any assets of the City of whatsoever nature; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Public Improvements for the PID will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the City; for the development and diversification of the economy of the State; development and expansion of commerce in the State, and elimination of employment or underemployment in the State;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

“Actual Costs” is defined in the Service and Assessment Plan.

“Affiliates” of Hines Acquisitions, LLC means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

“Agreement” has the meaning stated in the first paragraph of this Agreement.

“Annual Installments” means with respect to each parcel subject to Assessments, each annual payment of the Assessments, including any applicable interest, as set forth and calculated in the SAP.

“Applicable Law” means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.



“Appraisal” means an appraisal of the property to be assessed in each PID by a licensed MAI Appraiser, such Appraisal to include as-complete improvements, including the Public Improvements and Private Improvements, necessary to get a Final Lot Value.

“Assessment Ordinance” means the City’s ordinances approving the SAP and levying Assessments on the benefitted Property within the PID.

“Assessments” means those certain assessments levied by the City pursuant to the PID Act and on benefitted parcels within the PID for the purpose of paying the costs of the Public Improvements, which Assessments shall be structured to be amortized over 30 years, including interest, all as set forth in or modified by the Service and Assessment Plan.

“City Regulations” mean provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development, including zoning and the City’s Planned Development - 12.

“City Representative” means the City Manager or designee which may include a third party inspector or representative.

“City” means the City of Tomball, Texas.

“Closing Disbursement Request” means the Closing Disbursement Request described in Section 4.06, the form of which is attached as Exhibit G.

“Commencement of Construction” shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the applicable improvement, or portion thereof, as the case may be, on the Property; (ii) all necessary permits for the initiation of construction of the improvement, or portion thereof, as the case may be, on the Property pursuant to the respective plans therefore having been issued by all applicable governmental authorities; and (iii) grading of the Property for the construction of the applicable improvement, or portion thereof, as the case may be, has commenced.

“Completion of Construction” shall mean that (i) the construction of the applicable Public Improvement, or portion or segment thereof, as the case may be, benefitting the Property has been substantially completed pursuant to the City’s determination; and (ii) the City has with respect to applicable Public Improvements accepted the respective Public Improvements or segment or portion thereof.

“Completed Lots” means Fully Developed and Improved Lots for which (i) water, sanitary sewer, drainage and roads have been extended, and (ii) the City has authorized that a building permit may be obtained for construction on each lot.

“Construction Agreements” mean the contracts for the construction of the Public Improvements.

“Cost Overruns” means those Public Improvement Project Costs that exceed the budget cost set forth in the SAP(s) plus the Developer Cash Contribution.

“Cost Underruns” means Public Improvement Project Costs that are less than the budgeted cost set forth in the SAP(s).

“Delinquent Collection Costs” shall be defined in the SAP(s).

“Developer Cash Contribution” means that portion of the Public Improvement Project Costs that the Developer is contributing to initially fund the Public Improvements for each series of PID Bonds, as set forth in the SAP.

“Developer” means Hines Acquisitions, LLC its successors and permitted assigns.

“Development” means that single-family residential development consisting of approximately 400 single family homes to be developed and constructed on the Property pursuant to the City Regulations.

“Effective Date” means the date set forth in the first paragraph of this Agreement.

“End Buyer” means any developer, homebuilder, tenant, user, or owner of a Fully Developed and Improved Lot.

“Final Lot Value” means the developed lot values established by an Appraisal.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; and (f) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (g) economic hardship; (h) changes in market condition; (i) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (j) weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (k) the occurrence of any manpower, material or equipment shortages; or (l) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Project Improvement and Public Improvements.

“Fully Developed and Improved Lot” means any lot in the Property, regardless of proposed use, intended to be served by the Public Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Harris County, Texas.

“Governmental Authority” means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

“Home or Property Buyer Disclosure Program” means the disclosure program, as set forth in a document in the form of Exhibit H that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

“Impact Fees” means all utility impact fees relating to the Public Improvements in each case assessed, imposed and collected by the City on the Property in accordance with the City Regulations adopted by the City, as may be revised or amended from time to time.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Developer, or any property or any business owned by Developer within City.

“Indenture(s)” means the applicable trust indenture pursuant to which PID Bonds are issued.

“Landowner Consent” means a consent by the applicable owner(s) of the Property consenting to the formation of the PID and the levy of Assessments in the form attached hereto as Exhibit E.

“Net Bond Proceeds” means the proceeds of the PID Bonds issued pursuant to Sections 3.02, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the project fund for such bonds.

“Parties” or “Party” means the City and the Developer as parties to this Agreement.

“Payment Certificate” means a Payment Certificate as set forth in Section 9.03, the form of which is attached as Exhibit F.

“Phase” means a phase of development of the Property. The Development will consist of three (3) phases.

“Phase A” means the first phase of development in the PID, consisting of approximately 143 lots, as depicted on Exhibit I.

“Phase A Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase A of the Property, such date to be no later than March 1, 2020 for Phase A, which date may be extended by written agreement of the Developer and the City.

“Phase B” means the second phase of development in the PID, consisting of approximately 110 lots, as depicted on Exhibit I.

“Phase B Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase B of the Property, such date to be no more than three years after the Completion of Construction of the Public Improvements in Phase A.

“Phase C” means the third phase of development in the PID, consisting of approximately 118 lots, as depicted on Exhibit I.

“Phase C Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase C of the Property, such date to be no more than three years after the Completion of Construction of the Public Improvements in Phase B.

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

“PID Bond Proceeds” means the proceeds of the PID Bonds, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the Project Fund.

“PID Bonds” means one or more series special assessment revenue bonds issued by the City pursuant to the PID Act for the payment and/or reimbursement of the Public Improvement Project Costs, including bonds issued to fund construction of the Public Improvements, and, if any, issued to reimburse the Developer for a portion of the costs of the Public Improvements, not previously funded with bond proceeds.

“PID” means the Raburn Reserve (PID No. 10) Public Improvement District.

“Plans and Specifications” means the plans and specifications for Public Improvements approved by the City.

Planned Development – 12” means that certain zoning ordinance No. 2019-13 of the City set forth in Exhibit B.

“Private Improvements” means these horizontal improvements described in the Plans and Specifications submitted to the City as part of the zoning process, other than the Public Improvements, being constructed in each Phase to get to a Final Lot Value.

“Project Fund” means the fund by that name created under each Indenture into which PID Bond Proceeds shall be deposited.

“Property” means approximately 103.7 acres of real property located within the City described in Exhibit A.

“Public Improvement Completion Date” means a date that is no later than eighteen (18) months after Commencement of Construction for the Public Improvements funded for such phase by each series of PID Bonds.

“Public Improvement Project Costs” means the estimated cost of the Public Improvements to be constructed to benefit the land within the PID as set forth in Exhibit C, as may be amended pursuant to this Agreement, such costs to be eligible “project costs,” as defined in the PID Act.

“Public Improvements” means public improvements to be developed and constructed or caused to be developed or constructed inside and outside the PID by the Developer to benefit the PID and the Property, which will include improvements described in Exhibit C.

“Reimbursement Agreement(s)” means the agreement(s) between the City and the Developer in which Developer agrees to fund the certain costs of Public Improvements and the City agrees to reimburse the Developer for a portion of such costs of the Public Improvements from the proceeds of Assessments pursuant to the SAP(s) or from future PID Bond proceeds, if any.

“Service and Assessment Plan” or “SAP” means the service and assessment plans drafted pursuant to the PID Act for the PID and any amendments or updates thereto, adopted and approved by the City that identifies and allocates the Assessments on benefitted parcels within the PID and sets forth the method of assessment, the parcels assessed, the amount of the Assessments, the Public Improvements and the method of collection of the Assessment.

“Trustee” means the trustee under the Indenture.

“Waiver of Liens” means a complete, final and unconditional waiver of all liens with respect to the Public Improvements.

## ARTICLE II

### THE DEVELOPMENT

Section 2.01. Scope of Agreement. This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property within the PID, the construction of the Public Improvements, reimbursement, acquisition, ownership and maintenance of the Public Improvements, and the issuance of PID Bonds for the financing of the Public Improvements benefitting the property within the PID.

#### Section 2.02. Project Overview – The Development.

(a) The Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of the Public Improvements. The Development will consist of the following elements:

- (i) Up to 400 single family homes;
- (ii) 1.5 acre recreational reserve
- (iii) Swimming pool with dressing rooms, playground and picnic facilities

(iv) 5% of the Development to be open space

(b) Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete or cause the planning, designing, construction and completion of the Public Improvements to the City's standards and specifications and subject to the City's approval as provided herein and in accordance with City Regulations and Applicable Law.

(c) Upon completion and acceptance by the City, the City shall own and maintain all of the Public Improvements.

### ARTICLE III

#### PUBLIC IMPROVEMENT DISTRICT

##### Section 3.01. Creation.

The Developer intends to request the creation of the PID that in total, encompasses the Property, by submitting a petition to the City that contain a list of the Public Improvements to be funded or acquired with the PID Bond Proceeds and the estimated or actual costs of such Public Improvements. Such petition shall also allow for the City's levy of Assessments for maintenance purposes and for administration of the PID. Upon receipt and acceptance of such petition, the City has held a public hearing to consider the creation of the PID in accordance with the PID Act. Developer agrees that the City may require at any time a professional services agreement that obligates Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from PID Bond Proceeds. The Developer agrees to enter into any such agreement upon request by the City.

##### Section 3.02. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Article III, the City intends to authorize the issuance of PID Bonds in three or more series (each to coincide with the Developer's phased development of the Property) up to an aggregate principal amount of \$15,000,000 to construct, reimburse or acquire the Public Improvements benefitting the Property. The Public Improvements to be constructed and funded in connection with the PID Bonds are detailed in Exhibit C, which may be amended from time to time, and in the Service and Assessment Plan for the PID or any updates thereto. The net proceeds from the sale of each series of PID Bonds (i.e., net of costs and expenses of issuance of each series of PID Bonds and amounts for debt service reserves and capitalized interest) will be used to pay for, reimburse or acquire the Public Improvements. Notwithstanding the foregoing, the issuance of PID Bonds is a discretionary action by the City Council and is further conditioned upon the adequacy of the bond security and the financial ability and obligation of the Developer to pay the Developer Cash Contribution and perform its obligations hereunder.

(b) The Developer shall complete all Public Improvements within each phase in the PID and such Public Improvements shall be completed by the Public Improvement Completion Date.

(c) The issuance of PID Bonds is subject to the discretion of the City Council and each series of PID Bonds shall be issued with the terms deemed appropriate by the City Council at the time of issuance, if at all.

(d) The following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

(i) The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$15,000,000.

(ii) The maximum "tax rate" for the projected annual assessment for each Phase shall be no greater than \$0.96 per \$100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each Phase and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots).

(iii) Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an Appraisal.

(iv) The Developer or its Affiliates shall own all property within a Phase of the PID prior to the levy of Assessments for such Phase.

(v) The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities set forth in 2.02(a)(iii) above.

(vi) The Developer shall not be in default under this Agreement.

(e) The City intends to levy Assessments on each Phase prior to the issuance of the first series of PID Bonds for each Phase and to issue two series of PID Bonds for each Phase as set forth in this Agreement (an initial series for construction and an additional series pursuant to Section 8.04), subject to the discretion of the City Council.

### Section 3.03. Apportionment and Levy of Assessments.

(a) The City intends to levy Assessments on property located within the PID in accordance herewith and with the Service and Assessment Plans (as such plans are amended supplemented or updated from time to time) and the Assessment Ordinances on or before such time as each series of PID Bonds are issued. The City's apportionment and levy of Assessments shall be made in accordance with the PID Act.

(b) Concurrently with the levy of the Assessments on each Phase, the Developer and its Affiliates shall execute and deliver a Landowner Consent in the form attached as Exhibit E for all land owned or controlled by Developer or its Affiliates, or otherwise evidence consent to the creation of the and the levy of Assessments therein and shall record evidence and notice of the Assessments in the real property records of Harris County. The City shall not levy Assessments on property within the PID without an executed Landowner Consent from each landowner within the PID whose property is being assessed.

Section 3.04. Developer Cash Contribution. At closing on any series of PID Bonds intended to fund construction of Public Improvements that have not already been constructed by the Developer, Developer shall deposit into a designated account with the Trustee under the applicable Indenture a pro-rata amount of the Developer Cash Contribution. If the Public Improvements relating to each series of PID Bonds have already been constructed and the PID Bonds are intended to acquire the Public Improvements, then Developer shall not be required to deposit the Developer Cash Contribution as provided in this paragraph for such series. The amount of the Developer Cash Contribution for each series of PID Bonds shall be equal to the difference between the costs of the Public Improvements and the Net PID Bonds Proceeds available to fund such costs of the Public Improvements related to such series of PID Bonds, as set forth in the SAP.

Section 3.05. Transfer of Property. Other than the sale of the Property to the Developer, notwithstanding anything to the contrary contained herein, no sale of property within a Phase of the PID shall occur prior to the City's levy of Assessments in such Phase of the PID unless the Developer provides the City with an executed consent to the creation of the PID and the levy of Assessments, in a form acceptable to the City with respect to the purchased property. In addition, evidence of any transfer of Property in the PID prior to the levy of Assessments on such property shall be provided to the City prior to the levy of Assessments on such property. The City shall require consent of each of the owners of Assessed Property in the PID to the levy of Assessments on each property and to the creation of the PID prior to Assessments being levied on such owner's property. The Developer understands and acknowledges that evidence of land transfer, the execution of the Landowner Consent, appraisal district certificate and property record recording will be required from each Assessed Property Owner in order to levy the Assessments and issue PID Bonds. The Developer shall provide all necessary documentation to the City with respect to any land transfers.

## ARTICLE IV

### DEVELOPMENT

#### Section 4.01. Full Compliance with City Standards.

Development and use of the Property by Developer and its Affiliates, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the then current applicable City Regulations.

Section 4.02. Development Standards and Planned Development - 12. As consideration for the City's obligations under this Agreement and in consideration for the issuance of the PID Bonds, the Developer agrees that its development and use of the Property, including, without limitation, the construction, installation, maintenance, repair and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the City Regulations and the Planned Development - 12 attached as Exhibit B. Any changes to the Planned Development - 12 attached hereto must be approved by the City. Upon approval by the City of an updated Planned Development - 12, this Agreement shall be deemed amended to include such approved updated Planned Development - 12.



Section 4.03. Property Acquisition. The Parties acknowledge that the Developer is responsible for the acquisition of certain off-site property rights and interests to allow the Public Improvements to be constructed to serve the Property. Developer shall use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, needed to construct the off-site Public Improvements. The Developer shall provide evidence of costs, maps, locations and size of infrastructure to the City and obtain the City's consent prior to such acquisition of third-party rights-of-way, consents, or easements needed to construct the off-site Public Improvements.

Section 4.04. Zoning of Property. The Developer consents and agrees to the zoning of the Property pursuant to the planned development process and that such zoning shall be consistent with the Planned Development - 12 set forth in Exhibit B.

Section 4.05. Conflicts. In the event of any conflict between this Agreement and any City Regulation, the City Regulations and Planned Development – 12 shall control.

Section 4.06. Replat. The Developer may submit a replat for all or any portion of the Property. Any replat shall be in conformance with City Regulations and may require a prepayment of Assessments as set forth in the applicable SAP.

## ARTICLE V

### DEVELOPMENT CHARGES

Section 5.01. Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's preliminary and final plat review and approval process according to the fee schedule adopted by the City Council and in effect at the time of platting.

Section 5.02. Plan Review and Permit Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's review of plans and specifications and issuance of permits (including building permits) for construction of the Public Improvements according to the fee schedule adopted by the City Council at the time of plan review and permit issuance.

Section 5.03. Inspection Fees. Development of the Property shall be subject to the payment to the City of inspection fees according to the fee schedule adopted by the City Council at the time of inspection.

Section 5.04. Impact Fees. All impact fees associated with the Development shall be paid pursuant to the City Regulations.

## ARTICLE VI

### DEVELOPMENT SPECIFIC REQUIREMENTS

Section 6.01. Extension of Water Service.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost (but subject to the payment of any water impact fees as provided in the City Regulations) agrees to have available water supply capacity sufficient to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available water supply capacity sufficient to serve the full development of the Property as described in Section 2.02(a) hereof.

Section 6.02. Extension of Sanitary Sewer Facilities.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost (but subject to the payment of any sewer impact fees as provided in the City Regulations), agrees to have available sewer capacity sufficient to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available sanitary sewer capacity sufficient to serve the full development of the Property as described in Section 2.02(a) hereof.

Section 6.03. Drainage.

On or before the date which is forty-five (45) days prior to completion of the first phase of the Development, the City, at its sole cost (but subject to the payment of any drainage impact fees as provided in the City Regulations) shall extend a box culvert or other means of drainage conveyance ("Box Culvert") for storm water from the perimeter of the Property to M118 ("Detention Pond"). The Box Culvert or other means of drainage conveyance and Detention Pond shall be of sufficient size and capacity to accommodate the storm water outfall from the Property in its fully developed condition as described in Section 2.02(a) hereof.

Section 6.04. Extension of Gas Service.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost, agrees to have available natural gas capacity to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available natural gas capacity sufficient to serve the full development of the Property as described in Section 2.02(a).

Section 6.05. Extension of Agg Road (Medical Complex).

The City shall extend Agg Road to the perimeter pursuant to the City Regulations. The City anticipates completion of the road extension within 24 months of the Effective Date of this Agreement. Prior to Commencement of Construction for such extension, the Developer shall dedicate right of way for such extension to the City at no cost.

Section 6.06. Additional Right of Way.

In addition, to the twenty-five (25) feet of right of way to be dedicated by plat along South Persimmon Street, the Developer shall dedicate to the City additional right-of-way in an amount not to exceed twenty (20) feet (or a total of forty-five (45) feet from the existing South Persimmon Street right-of-way/property line), at no cost. The additional dedication will be determined during the design of the future widening of South Persimmon Street. The additional dedication will only

impact the proposed twenty (20) foot buffer and will not impact any of the proposed single-family lots. The City will not require that the rear property line of lots to be any further than forty-five (45) feet from the existing South Persimmon Street right-of-way/property line. The City will ensure that none of the street paving or curb associated with South Persimmon Street is designed or installed any farther than thirty-six (36) feet from the existing eastern edge of the South Persimmon Street right-of-way. This will ensure that no paving or curb is installed any closer than nine (9) feet from the rear property line of the proposed single-family lots.

Section 6.07. Water Loop Completion.

The Developer shall complete the loop for water service for Phase A through Persimmon and such loop shall be completed no later than the Completion of Construction of the Public Improvements in Phase A.

## ARTICLE VII

### CONSTRUCTION OF THE PUBLIC IMPROVEMENTS

Section 7.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Public Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Public Improvements and shall obligate each general contractor, architect, and consultants who work on the Public Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection and supervision of the construction of the Public Improvements to be undertaken in accordance with City Regulations and Applicable Law.

(b) The Developer shall design and construct or cause the design and construction of the Public Improvements, together with and including the acquisition, at its sole costs, of any and all easements or fee simple title to such land necessary to provide for and accommodate the Public Improvements.

(c) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations regarding the design and construction of the Public Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance and two- year maintenance bonds for the Public Improvements.

(d) Upon Completion of Construction of any portion of the Public Improvements, Developer shall provide City with a final cost summary of all Public Improvement Project Costs incurred and paid associated with the construction of that portion of the Public Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by the "all bills paid" affidavits and lien releases executed by Developer and/or its

contractors with regard to that portion of the Public Improvements. Evidence of payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Public Improvements.

(e) Developer agrees to require the contractors and subcontractors which construct the Public Improvements to provide payment, performance and two-year maintenance bonds in forms reasonably satisfactory to the City Attorney. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City Attorney has the right to reasonably reject any surety company regardless of such company's authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to Commencement of Construction of any such Public Improvements.

(f) Unless otherwise approved in writing by the City, all Public Improvements shall be constructed and dedicated to the City in accordance with City Regulations and Applicable Law.

(g) The Developer shall dedicate or convey by final plat or separate instrument, without cost to the City and in accordance with the Applicable Law, all property rights necessary for the construction, operation, and maintenance of the road, water, drainage, gas and sewer Public Improvements, at the completion of the Public Improvements and acceptance by the City.

Section 7.02. Construction Agreements. The Construction Agreements shall be let in the name of the Developer. The Developer's engineers shall prepare and provide, or cause the preparation and provision of all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Public Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Public Improvements that the contractor will indemnify the City and its officers and employees against any costs or liabilities thereunder. The Developer or its designee (Engineer) shall administer the contracts. The Public Improvement Project Costs, which are estimated on Exhibit C, shall be paid proceeds of PID Bonds or the Developer Cash Contribution in accordance with the Bond Indentures, or reimbursed by the Assessments levied pursuant to the terms of a Reimbursement Agreement.

(a) The following requirements apply to Construction Agreements for Public Improvements:

(i) Plans and specifications shall comply with all Applicable Law and City Regulations and all Plans and Specification shall be reviewed and approved by the City prior to the issuance of permits. The City shall have thirty (30) business days from its receipt of the first submittal of the Plans and Specifications to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have thirty (30) business days from its receipt of such amended or supplemented Plans and Specifications to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other regulatory agencies that have jurisdiction over the Development.

(ii) Each Construction Agreement shall provide that the Contractor is an independent contractor, independent of and not the agent of the City and that the Contractor is responsible for retaining, and shall retain, the services of necessary and appropriate architects and engineers; and

(iii) Each Construction Agreement for improvements not yet under construction shall provide that the Contractor shall indemnify the City, its officers and employees for any costs or liabilities thereunder and for the negligent acts or omissions of the Contractor.

(b) City's Role.

The City shall have no responsibility for the cost of planning, design, engineering construction, furnishing/equipping the Public Improvements (before, during or after construction) except to the extent of the reimbursement or funding of the Public Improvements Project Costs as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Public Improvements other than the reimbursements or fundings described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Public Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Public Improvements.

Section 7.03. Project Scope Verification.

(a) The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Public Improvements are being constructed substantially in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer, to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer or general contractor to consult with the Developer and the City regarding such concerns.

Section 7.04. Joint Cooperation; Access for Planning and Development.

(a) Cooperation and Timely Response. During the planning, design, development and construction of the Public Improvements, the parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this project. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall cause the architect, engineer and other design professionals to attend City meetings if requested by the City.

Section 7.05. City Not Responsible.

By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove) any such Plans and Specifications, including the Site Plan, submitted

with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

Section 7.06. Construction Standards and Inspection.

The Public Improvements will be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by separate instrument. The Public Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Public Improvements, and this Agreement, provided, however, that if there is any conflict, the regulations of the governing body or entity with jurisdiction over the Public Improvement being constructed shall control.

Section 7.07. Public Improvements to be Owned by the City – Title Evidence.

The Developer shall furnish to the City a preliminary title report for land with respect to the Public Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of a Public Improvement to the City. The City Representative shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City Representative does not approve the preliminary title report, the City shall not be obligated to accept title to the Public Improvement until the Developer has cured such objections to title to the satisfaction of the City Representative.

Section 7.08. Public Improvement Constructed on City Land or the Property.

If the Public Improvement is on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvement. If the Public Improvement is on land owned by the Developer, the Developer shall dedicate easements by plat or shall execute and deliver to the City such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants to the City a permanent access and maintenance easement to enter upon such land for purposes related to inspection and maintenance of the Public Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Public Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Public Improvement. The provisions for inspection and acceptance of such Public Improvement otherwise provided herein shall apply.

Section 7.09. Additional Requirements.

In connection with the design and construction of the Public Improvements, the Developer shall take or cause the following entities or persons to take the following actions and to undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Public Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Public Improvements, in accordance with Applicable Law;

(b) In accordance with the requirements between the Developer and the City with regard to the development and construction of the Public Improvements, the Developer or such person selected by and contracting with the Developer shall provide the City with a copy of the detailed construction schedule outlining the major items of work of each major construction contractor, and any revisions to such schedule;

(c) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(d) The Developer shall provide the City with reasonable advance notice of any regularly-scheduled construction meetings regarding the Public Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the project, and shall provide the City with copies of any construction schedules as are discussed and reviewed at any such regularly-scheduled construction meeting;

(e) The Developer or any general contractor shall comply with, and shall require that its agents and subcontractors comply with, all Applicable Laws regarding the use, removal, storage, transportation, disposal and remediation of hazardous materials;

(f) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in material changes to the portion of the Plans and Specifications for the Public Improvements that describe the connection of such improvements with City streets, storm sewers and utilities;

(g) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Public Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(h) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Public Improvements and with City Regulations;

(i) If the Developer performs any soils, construction and materials testing during construction of the Public Improvements, the Developer shall make available to the City copies of the results of all such tests; and

(j) If any of the foregoing entities or persons shall fail in a material respect to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(k) The Developer shall provide any other information or documentation or services required by City Regulations; and

(l) The Developer shall allow the City Representative to conduct a reasonable pre-final and final inspection of the Public Improvements. Upon acceptance by the City of the Public Improvements, the City shall become responsible for the maintenance of the Public Improvements and making any bond or warranty claim, if applicable.

#### Section 7.10. Revisions to Scope and Cost of Public Improvements.

(a) The Public Improvement Project Costs, as set forth in Exhibit C, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Public Improvements shall not exceed such amounts as set forth in the applicable SAP plus the Developer Cash Contribution. Should the Public Improvements be amended by the City Council in a SAP pursuant to the PID Act, the City Representative shall be authorized to make corresponding changes to the applicable Exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Public Improvement Project Costs exceed the amounts set forth in the SAPs, the Developer must make a Developer Cash Contribution at the time of each PID Bond issuance such that the net proceeds of each series of PID Bonds plus the Developer Cash Contribution, is sufficient to fund the Public Improvement Project Costs for which the PID Bonds are being issued.

#### Section 7.11. City Police Powers.

The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with applicable laws to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors and shall not be reimbursable from PID Bond Proceeds.



Section 7.12. Title and Mechanic's Liens.

(a) Title. The Developer agrees that the Public Improvements shall not have a lien or cloud on title upon their dedication to and acceptance by the City.

(i) Mechanic's Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Public Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Public Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged no later than thirty (30) days after the Developer's receipt of written notice of the filing thereof.

Section 7.13. City Consents.

Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement or replacement of the Public Improvements or otherwise under this Agreement shall not be unreasonably withheld, delayed, or conditioned. Any review associated with any determination to give or withhold any such consent or approval shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

Section 7.14. Right of the City to Make Inspection.

(a) At any time during the construction of the Public Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Public Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its General Contractor or subcontractors. The Developer shall pay the City's costs for the retention of a third-party inspector.

(b) Inspection of the construction of all Public Improvements shall be by the City Representative or his/her designee. In accordance with Sections 5.03 and 7.03, the Developer shall pay the inspection fee which may be included as a Public Improvement Project Cost.

(c) City may enter the Property in accordance with customary City procedures and Applicable Law to make any repairs or perform any maintenance of Public Improvements which the City has accepted for maintenance. If, during construction of the Public Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Public Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after reasonable notice (other than in the case of an emergency in which notice is impossible or impractical). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing

contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

Section 7.15. Competitive Bidding. The construction of the Public Improvements (which are funded from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9). In the event that the actual costs of the Public Improvement do not meet the parameters for exemption from the competitive bid requirement, then either competitive bidding or alternative delivery method may be utilized by the City as allowed by Applicable Law.

## ARTICLE VIII

### PAYMENT OF PUBLIC IMPROVEMENTS

#### Section 8.01. Overall Requirements.

(a) The City shall not be obligated to provide funds for any Public Improvement except from the proceeds of the PID Bonds or from Assessments pursuant to a Reimbursement Agreement. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for the payment or reimbursement of the Public Improvement Project Costs or for the payment of the cost to construct or acquire a Public Improvement by the City will be sufficient for the construction or acquisition of all of the Public Improvements. Any costs of the Public Improvements in excess of the available PID Bond Proceeds or Assessments pursuant to a Reimbursement Agreement, shall not be paid or reimbursed by the City. The Developer acknowledges and agrees that any lack of availability of monies in the Project Funds established under the Indentures to pay the costs of the Public Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Public Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the Developer or Property is subject.

(b) Upon written acceptance of a Public Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Public Improvement, including all costs thereof and relating thereto.

(c) The City's obligation with respect to the reimbursement or payment of the Public Improvement Project Costs shall be limited to the lower of Actual Costs or the available Net PID Bond Proceeds or Assessment revenues, and shall be payable solely from amounts on deposit in the Project Funds from the sale of the PID Bonds as provided herein and in the Indentures, or Assessments collected for the reimbursement or payment of such costs pursuant to Reimbursement Agreement. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Public Improvements in excess of the available Net PID Bond Proceeds and that the Developer Cash Contribution must be deposited at the time of the issuance of PID Bonds.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for

liquidation of an investment. Any such loss may diminish the amounts available in the Project Fund to pay or reimburse the Public Improvement Project Costs in the PID. The obligation of Developer to pay the Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Public Improvements Project Costs hereunder.

Section 8.02. Remaining Funds after Completion of a Public Improvement.

With respect to the PID, if, upon the Completion of Construction of a Public Improvement (or segment or stage thereof) and payment or reimbursement for such Public Improvement, there are Cost Underruns, any remaining budgeted cost(s) may be available to pay Cost Overruns on any other Public Improvement with the approval of the City Representative and provided that all Public Improvements as set forth in the applicable Service and Assessment Plan are undertaken at least in part. The elimination of a category of Public Improvements in the Service and Assessment Plans will require an amendment to the SAP. Upon completion of the Public Improvements, or segment or stage thereof, any Cost Underrun for any Public Improvement within the PID is available to pay Cost Overruns on any other Public Improvement within the PID, and may be added to the amount approved for payment in any Payment Certificate, as approved by the City Representative.

Section 8.03. Payment Process for Public Improvements.

(a) The City shall authorize payment or reimbursement of the Public Improvement Project Costs from PID Bond Proceeds or from Assessments collected in the PID as set forth in 8.04 below. The Developer shall submit a Payment Certificate to the City (no more frequently than monthly) for Public Improvement Project Costs including a completed segment, section or portion of a Public Improvement, as approved by the City. The form of the Payment Certificate is set forth in Exhibit F, as may be modified by the applicable Indenture or Reimbursement Agreement. The City shall review the sufficiency of each Payment Certificate with respect to compliance with this Agreement, compliance with the Applicable Law, and compliance with the applicable SAP and Plans and Specifications. The City shall review each Payment Certificate within thirty (30) Business Days of receipt thereof and upon approval, certify the Payment Certificate pursuant to the provisions of the applicable Indenture or Reimbursement Agreement, and payment shall be made to the Developer or its designee pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement. Notwithstanding the foregoing, the City shall review the first Payment Certificate within forty-five (45) business days of receipt thereof. If a Payment Certificate is approved only in part, the City shall specify the extent to which the Payment Certificate is approved and payment for such partially approved Payment Certificate shall be made to the Developer pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement.

(b) If the City requires additional documentation, timely disapproves or questions the correctness or authenticity of the Payment Certificate, the City shall deliver a detailed notice to the Developer within fifteen (15) Business Days of receipt thereof, then payment with respect to disputed portion(s) of the Payment Certificate shall not be made until the Developer and the City have jointly settled such dispute or additional information has been provided to the City's reasonable satisfaction.

(c) The City shall reimburse the Public Improvement Project Costs as set forth in Exhibit C and the SAP, from funds available pursuant to the applicable Indenture or Reimbursement Agreement.

(d) Reimbursement to the Developer and the City for administrative costs relating to the creation of the PID, the levy of assessments and issuance of the PID Bonds may be distributed at closing of the applicable series of PID Bonds pursuant to a Closing Disbursement Request, in the form attached as Exhibit G.

Section 8.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) In the event that, (i) the City does not issue PID Bonds by the Public Improvement Financing Date, or (ii) PID Bonds cannot be issued for the full costs of the Public Improvements of a result of the parameters set forth in Section 3.02(d), the reimbursement for costs of the Public Improvements set forth in Exhibit C and in the Service and Assessments Plan that are not paid with PID Bond Proceeds shall be made on an annual basis from Assessments levied by the City for the Public Improvements pursuant to Chapter 372, Texas Local Government Code, as amended, unless the Public Improvement Financing Date has been extended by written agreement between the Developer and the City and approved by City Council. Such reimbursement shall be made pursuant to the terms and provisions of one or more Reimbursement Agreements. Such Reimbursement Agreement shall set forth the terms of the annual reimbursement for the costs of the Public Improvements. If the City does not issue additional PID Bonds to fund subsequent Public Improvement Project Costs that have not been previously funded by PID Bonds, such unfunded costs may be funded from Assessments pursuant to additional Reimbursement Agreements. These Reimbursement Agreement obligations may be reimbursed through the issuance of PID Bonds by the City once the parameters set forth in Section 3.02(d) can be met. The issuance of any PID Bonds to fund obligations under a Reimbursement Agreement is subject to the City's discretion and shall be determined by the City. In any event, the issuance of PID Bonds to Fund any obligations under a Reimbursement Agreement, if the City determines to issue such PID Bonds, shall occur no later than three (3) years after the Phase C Public Improvement Financing Date.

(b) Reimbursement or payment of the costs of the Public Improvements shall only be made from the levy of Assessments within the PID as set forth herein.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement.

(d) Reimbursement or payment shall be made only for the costs of the Public Improvements as set forth in this Agreement, the Service and Assessment Plan or in the Reimbursement Agreement, as approved by the City. Any additional public improvements other than the Public Improvements constructed by the Developer and dedicated to the City, shall not be subject to payment or reimbursement under the terms of this Agreement.

Section 8.05. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Public Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of, the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Public Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard, and shall retain and maintain all such records for at least 2 years from the date of Completion of Construction of the Public Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES

Section 9.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act). The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

Section 9.02. Representations and Warranties of Developer.

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) Due Organization and Ownership. The Developer is a Texas [limited liability company] validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority: No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any governmental authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

(d) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(e) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

(f) Ownership. The Developer represents that it or one or more Affiliates will be the sole owners of the Property within the PID at the time of their creation and will be the sole owners at the time of the levy of Assessments. The Developer shall consent to the levy of Assessments in substantially the form of the Landowner Consent attached hereto as Exhibit E, and shall not transfer title of any land within the PID prior to the levy of all Assessments within each PID.

## ARTICLE X

### MAINTENANCE OF LANDSCAPE IMPROVEMENTS

#### Section 10.01. Mandatory Property Owners' Association.

(a) The Developer will create a mandatory homeowners' association ("HOA") over the portion of the Property then being developed as single family homes ("the "Single Family Property"), which HOA, through its conditions and restrictions filed of record in the property records of Harris County, shall be required to assess and collect from owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, trails, lawns, landscaped entrances to the Single Family Property and any other common improvements or appurtenances (the "HOA Maintained Improvements").

(b) While the Parties anticipate that the HOA established to maintain and operate the HOA Maintained Improvements, will adequately perform such duties, in the event that the City determines that the HOA is not adequately performing the duties for which it was created, which non-performance shall be evidenced by violations of applicable deed restrictions and/or applicable City ordinances, the City reserves the right to levy an assessment each year equal to the actual costs of operating and maintaining the HOA Maintained Improvements that are owned by the City. The City agrees that it will not levy such assessments without first giving the HOA written notice of the deficiencies and providing the HOA with sixty (60) days in which to cure the deficiencies.

(c) Covenants, conditions and restrictions for the HOA must be filed before more than ten percent (10%) of the first series of PID Bond Proceeds may be released from the applicable Project Fund pursuant to a Certificate for Payment.

## ARTICLE XI

### TERMINATION EVENTS

#### Section 11.01. Developer Termination Events.

The Developer may terminate this Agreement as to a phase of Development if the City does not either (i) sell PID Bonds by the Public Improvement Financing Date (i.e., the Phase A Public Improvement Financing Date, the Phase B Public Improvement Financing Date and the Phase C Public Improvement Financing Date) or (ii) levy Assessments and enter into a Reimbursement Agreement pursuant to Section 8.04 for such phase of the Development.

#### Section 11.02. City Termination Events.

(a) The City may terminate this Agreement for each Phase if the City determines both (i) not to issue a series of PID Bonds for such phase of Development to fund the construction of the Public Improvements, and (ii) not to levy Assessments and enter into a Reimbursement Agreement for such phase of the Development.

(b) The City may terminate this Agreement and any Reimbursement Agreement, upon an Event of Default by the Developer pursuant to Article XIV herein.

(c) The City may terminate this Agreement and any Reimbursement Agreement, if Commencement of Construction of the private horizontal improvements within the Development has not occurred within three years of the Effective Date.

(d) The City may terminate this Agreement if the Developer does not pay the Developer Cash Contribution at closing of the applicable series of PID Bonds.

(e) The City may terminate this Agreement if the Developer has not purchased the Property prior to the levy of Assessments in Phase A.

#### Section 11.03. Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, including the reimbursement of any of Developer's costs that were previously advanced or incurred. Provided, however, that as of the date of termination, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City, shall still be subject to reimbursement.

#### Section 11.04. City Actions Upon Termination.

In the event of termination of this Agreement, the City may (i) use any remaining PID Bond Proceeds to redeem PID Bonds pursuant to the provisions of the Indenture or (ii) construct or cause to be constructed the remaining Public Improvements, payable from PID Bond Proceeds. Upon termination the Developer shall have no claim or right to any further payments for Public Improvements Project Costs pursuant to this except that, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City shall still be subject to reimbursement.

### ARTICLE XII

#### TERM

This Agreement shall terminate upon the earlier of: (i) the expiration of 30 years from the Effective Date, (ii) the date on which the City and the Developer discharge all of their obligations hereunder, including (a) The Public Improvements have been completed and the City has accepted



all of the Public Improvements and (b) all PID Bond Proceeds have been expended for the construction of all of the Public Improvements and the Developer has been reimbursed for all completed and accepted Public Improvements (iii) an event of default under Article XIII, or (iv) the occurrence of a termination event under Article XI.

## ARTICLE XIII

### DEFAULT AND REMEDIES

#### Section 13.01. Developer Default.

Each of the following events shall be an “Event of Default” by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure.

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor’s rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID if such failure is not cured within thirty (30) calendar days after written notice by the City; OR

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue in any material respect as of the Effective Date.

### Section 13.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 13.01(f) above). Except with respect to cure periods set forth in 13.01 above, which shall be controlling, 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 thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days subject.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by 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 and the length of the Force Majeure event is reasonably expected to last not later than seven (7) days after the claiming Party becomes aware of the same, 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. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

### Section 13.03. City's Remedies.

With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.04. City Default.

Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the Developer to the City.

Section 13.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal remedy or remedies specifically including damages as set forth below (specifically excluding specific performance and other equitable remedies), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.06. Limited Waiver of Immunity.

(a) The City and the Developer hereby acknowledge and agree that to the extent this Agreement is subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code, as amended, and the City's immunity from suit is waived only as set forth in such statute.

(b) Should a court of competent jurisdiction determine the City's immunity from suit is waived in any manner other than as provided in Subchapter I of Chapter 271, TEXAS LOCAL GOVERNMENT CODE, as amended, the Parties hereby acknowledge and agree that in a suit against the City for breach of this Agreement:

(i) The total amount of money awarded is limited to actual damages in an amount not to exceed the balance due and owed by City under this Agreement or any Reimbursement Agreement and is payable solely from Assessment revenues;

(ii) The recovery of damages against City or the Developer may not include consequential damages or exemplary damages;

(iii) The Parties may not recover attorney's fees; and

(iv) The Parties are not entitled to specific performance or injunctive relief against the City.

Section 13.07. Limitation on Damages.

In no event shall any Party have any liability under this Agreement for any exemplary or consequential damages.

Section 13.08. Waiver.

Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

## ARTICLE XIV

### INSURANCE, INDEMNIFICATION AND RELEASE

Section 14.01. Insurance.

With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Public Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Public Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of \$500,000 Per Occurrence or a limit equal to the amount of the contract amount, \$2,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a Master or Controlled Insurance policy to satisfy the requirements of this section,

which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death and property damage liability.

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the Commencement of Construction of the Public Improvements and within 10 days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition the contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

#### Section 14.02. Waiver of Subrogation Rights.

The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

#### Section 14.03. Additional Insured Status.

With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

#### Section 14.04. Certificates of Insurance.

Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Public Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

#### Section 14.05. Carriers.

All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

#### Section 14.06. INDEMNIFICATION.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, VIOLATIONS OF LAW, OR BY ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, SUBCONTRACTORS, OR SUB-SUBCONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL

NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE CITY.

## ARTICLE XV

### GENERAL PROVISIONS

#### Section 15.01. 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 or other electronic transmittal, 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 may 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:

To the City:	City Manager
	401 Market Street
	Tomball, TX 77375

With a copy to: Attn: City Attorney  
Olson & Olson, LLP  
2727 Allen Parkway, Suite 600  
Houston, TX 77019

To the Developer: Attn: Brian Stidham  
Hines Acquisitions LLC  
609 Main Street, Suite 2400  
Houston, Texas 77002

With a copy to: c/o HT Raburn Reserve Development L.P.  
Attn: Corporate Counsel  
609 Main Street, Suite 2400  
Houston, Texas 77002

Section 15.02. Make-Whole Provision. If the issuance of the PID Bonds in any calendar year precludes the City from issuing bank qualified debt for that calendar year, then the Developer shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been bank qualified. The City's financial advisor shall calculate the PID Bond Fee based on the planned debt issuances for the City in the year in which each series of PID Bonds are issued, and shall notify the Developer of the total amount due prior to the issuance of the applicable series of PID Bonds. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. The PID Bond Fee shall be held in a segregated account of the City and if the total amount of debt obligations sold or entered into by the City in the calendar year in which the applicable series of PID Bonds are issued are less than the bank qualification limits (currently \$10 million per calendar year), then the PID Bond Fee shall be returned to the Developer. If, at the time of the City's notification to the Developer as set forth above, there are additional bonds to be issued by the City in that year that will be issued to accommodate additional developers within the City, the PID Bond Fee shall be shared by all parties in a pro-rata amount based upon the estimated par amounts of each series of bonds issued for the benefit of each, as determined by the City and its financial advisor.

Section 15.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements or covenants to develop the Property, including construction of the Public Improvements may be assigned to an Affiliate without the prior written consent of the City. The obligations, requirements or covenants to the development of the Property, including construction of the Public Improvements shall not be assigned to any non-Affiliate without the prior written consent of the City Council, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Council. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the



City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property.

(b) Developer may assign any receivables or revenues due pursuant to this Agreement or any Reimbursement Agreement to a third party without the consent of, but upon written notice to the City. Provided, however, that notwithstanding the above, the City shall not be required to make partial payments to more than two parties as a result of an assignment.

(c) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written Notice to the lender, not to be unreasonably withheld. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

(d) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

(e) The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

#### Section 15.04. 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 15.05. Entire Agreement; Amendment.

This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

Section 15.06. 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 15.07. 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 15.08. 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 15.09. No Third-Party Beneficiaries.

The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third party beneficiary, or any individual or entity other than the City, the Developer or assignees of such Parties.

Section 15.10. Notice of Assignment. Developer shall not transfer any portion of the Property prior to the levy of Assessments, except as provided in Section 3.05. Subject to Section 15.03 herein, the requirements set forth below shall apply in the event that the Developer sells, assigns, transfers or otherwise conveys the Property or any part thereof and/or any of its rights, benefits or obligations under this Agreement. Developer must provide the following:

- (a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written notice of same to the City;

- (b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;
- (c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;
- (d) the Notice must be signed by a duly authorized person representing the Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment transfer or other conveyance.

Section 15.11. No Joint Venture.

Nothing contained in this Agreement or any other agreement between the Developer and the City is intended by the Parties to create a partnership or joint venture between the Developer, on the one hand, and the City on the other hand and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

Section 15.12. Estoppel Certificates. From time to time within fifteen (15) business days of a written request of the Developer or any future Developer, and upon the payment of a \$100.00 fee to the City, the City Manager, or his/her designee is authorized, in his official capacity and to his reasonable knowledge and belief, to execute a written estoppel certificate in form approved by the City Attorney, identifying any obligations of a Developer under this Agreement that are in default. No other representations in the Estoppel shall be made by the City.

Section 15.13. Independence of Action.

It is understood and agreed by and among the Parties that in the design, construction and development of the Public Improvements and any of the related improvements described herein, and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third parties in connection to the Developer's obligations hereunder.

Section 15.14. Limited Recourse.

No officer, director, employee, agent, attorney or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

Section 15.15. Exhibits.

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 15.16. Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

Section 15.17. No Acceleration.

All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

Section 15.18. Conditions Precedent.

This Agreement is expressly subject to, and the obligations of the Parties are conditioned upon the City levy of the Assessments and the issuance of the PID Bonds or approval of a Reimbursement Agreement.

Section 15.19. No Reduction of Assessments.

Following the issuance of each series of PID Bonds, the Developer agrees not to take any action or actions to reduce the total amount of the Assessments levied in payment of such PID Bonds. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

Section 15.20. Anti-Boycott Verification.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, 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 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.21. Iran, Sudan and Foreign Terrorist Organizations

The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas

Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.22. Governing Law.

The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement and the Reimbursement Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

Section 15.23. Conflict.

In the event of any conflict between this Agreement and any Indenture authorizing the PID Bond, the Indenture controls. In the event of any conflict between this Agreement and the Reimbursement Agreement, the Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF TOMBALL

By:   
Name: ROBERT S. HAUCK  
Title: City Manager

ATTEST:

  
City Secretary

[SIGNATURES CONTINUE ON NEXT PAGE]

HT RABURN RESERVE DEVELOPMENT LP

By: HT Raburn Reserve Development LLC, its general partner

By: HT Raburn Reserve LP, its sole member

By: Hines Raburn Reserve LLC, its general partner

By: Hines Raburn Reserve Associates LP, its sole member

By: Hines Investment Management Holdings Limited Partnership,  
its general partner

By: HIMH GP LLC, its general partner

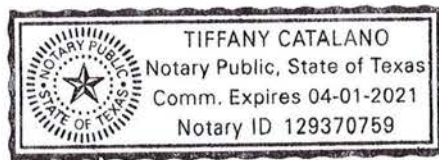
By: Hines Real Estate Holdings Limited  
Partnership, its sole member

By: JCH Investments, Inc.,  
its general partner

By:   
Name: Adil Noorani  
Title: Senior Managing Director

STATE OF TEXAS  
HARRIS COUNTY

This instrument was acknowledged before me on the 20 day of October, 2019 by Adil Norani Senior Managing Director of JCH Investments, Inc., general partner of Hines Real Estate Holdings Limited Partnership, sole member of HIMH GP, LLC, general partner of Hines Investment Management Holdings Limited Partnership, general partner of Hines Raburn Reserve Associates L.P., sole member of Hines Raburn Reserve, LLC, general partner of HT Raburn Reserve, LP, sole member of HT Raburn Reserve Development, LLC, general partner of HT Raburn Reserve Development, L.P., on behalf of such limited partnership.



Notary Public, State of Texas



## EXHIBIT A

### PROPERTY DESCRIPTION DEPICTION

#### DESCRIPTION TRACT 1

39.4982 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 355, 356, 358, 359, 361, 362, 363 and 364 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 39.4982 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a PK Nail set in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwestern corner of that certain Outlot 366 of said Corrected Map of Tomball Outlots and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 1,480.41 feet to a PK Nail set at the intersection with the Southerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northwestern corner of said Outlot 355;

Thence, N 87°44'47" E, along the Southerly right-of-way line of said Sutton Lane, a distance of 1,160.10 feet to a 5/8 inch iron rod with cap set at the intersection with the Westerly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 356;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 1,482.67 feet to a 5/8 inch iron rod with cap set for the Southwesterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of said Outlot 366 and 367, a distance of 1,162.57 feet to the POINT OF BEGINNING and containing 39.4982 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.  
TEXAS FIRM REGISTRATION NO. 10030400

By: \_\_\_\_\_

Date: November 4, 2018  
Job No: 18-102-00  
Dwg No: HSC 03137-E  
File No: A18-102.00D  
Dwg. File: 1810200.dwg



SWIG PID Petition  
#6004568.1  
015363.000004/4852-8538-6909.v2

DESCRIPTION  
TRACT 2

Exhibit "A"

4.9530 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being that certain Outlot 365 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 4.9530 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Northwestern corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number G259047, the Southwesterly corner of said Outlot 365 and the Northwestern corner of that certain Outlot 368 of said Corrected Map of Tomball Outlots;

Thence, N 02°32'22" W, along the Easterly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 396.79 feet to a 5/8 inch iron rod with cap found for the Southwesterly corner of that certain Reserve "B" of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and the Northwestern corner of said Outlot 365;

Thence, N 87°15'10" E, along the Southerly line of said Reserve "B", a distance of 542.96 feet to a 5/8 inch iron rod with cap found for the Northwestern corner of that certain Reserve "C" of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve "C", a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of said 10.27 acre tract and the Northeasterly corner of said Outlot 368;

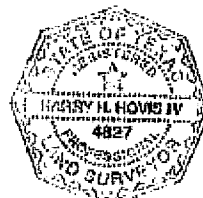
Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368, a distance of 542.93 feet to the POINT OF BEGINNING and containing 4.9530 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.  
TEXAS FIRM REGISTRATION NO. 10030400

By: \_\_\_\_\_



Date: November 4, 2018  
Job No: 18-102-00  
Dwg No: HSC 03137-E  
File No: B18-102.00D  
Dwg. File: 1810200.dwg

SWIG PLD Petition  
#6004568.1  
015363.00000414852-8538-6909.v2

DESCRIPTION  
TRACT 3

4.1376 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being a portion of that certain Outlot 354 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 4.1376 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8 inch iron rod found in the Easterly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Southwesterly corner of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and the Northwesterly corner of said Outlot 354, from which a found 1/2 inch iron rod bears S 87°47'53" W, 0.72 feet;

Thence, N 87°47'53" E, along the Southerly line of said Tract C, a distance of 478.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffamith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffamith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane, a distance of 476.29 feet to a 5/8 inch iron rod with cap set at the intersection with the Easterly right-of-way line of said 30 foot Unimproved right-of-way, for the Southwesterly corner of said Outlot 354, from which a found 1/2 inch iron rod bears N 87°15'14" E, 1.33 feet;

Thence, N 02°32'22" W, along the Easterly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 379.66 feet to the POINT OF BEGINNING and containing 4.1376 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.  
TEXAS FIRM REGISTRATION NO. 10030400

By: \_\_\_\_\_

Date: November 4, 2018  
Job No: 18-102-00  
Dwg No: HSC 03137-E  
File No: C18-102.00D  
Dwg. File: 1810200.dwg



SWIG PID Petition  
#6004568.1  
015363.0000044852-8538-6909.v2

Exhibit "A"  
DESCRIPTION  
TRACT 4

55.1226 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352 and 353 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 55.1226 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of a Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 755.21 feet to a 5/8 inch iron rod with cap found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Southeasterly corner of said Outlot 353, from which a found 5/8 inch iron rod bears N 57°57'42" W, 2.35 feet;

Thence, S 87°44'47" W, along the Northerly right-of-way line of said Sutton Lane, a distance of 1,160.05 feet to a PK Nail set at the intersection with the Easterly right-of-way line of said South Persimmon Road, for the Southwesterly corner of said Outlot 352;

Page 1 of 2

SWIG PID Petition  
#6004568.1  
015363.0000044852-8338-6909.v2

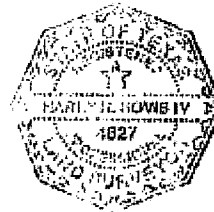
Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 2,262.34 feet to the POINT OF BEGINNING and containing 55.1226 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.  
TEXAS FIRM REGISTRATION NO. 10030400

By: 



Date: November 4, 2018  
Job No: 18-102-00  
Dwg No: HSC 03137-E  
File No: D18-102.00D  
Dwg. File: 1810200.dwg

Page 2 of 2

SWIG PID Petition  
#6004568.1  
015363.0000044852-8338-6909.v2



SWG PID Petition  
#6004568.1  
015363.0000044852-8538-6909.v2

**EXHIBIT B**

**PLANNED DEVELOPMENT - 12**

[See attached]

## EXHIBIT C

### PUBLIC IMPROVEMENTS AND PROJECT COSTS

	BUDGET ITEM	PHASE 1	PHASE 2	PHASE 3	TOTAL
1	Cleaning, Grubbing, and Site Prep	235,500.00	113,000.00	141,000.00	\$489,500.00
2	Water Distribution System	227,660.00	176,330.00	151,385.00	\$555,375.00
3	Wastewater Collection System	422,620.00	388,180.00	300,820.00	\$1,111,620.00
4	Storm Water Collection System (On-site)	834,180.00	312,530.00	142,080.00	\$1,288,790.00
5	Storm Water Collection System (Off-site)	582,040.00			\$582,040.00
6	Excavation and Paving	1,691,905.00	1,262,700.00	1,140,440.00	\$4,095,045.00
7	Construction Staking Services (2.5%	99,847.63	56,318.50	46,893.13	\$203,059.26
	<b>Sub-Total Construction Cost</b>	<b>4,093,752.63</b>	<b>2,309,058.50</b>	<b>1,922,618.13</b>	<b>8,325,429.26</b>
	Contingencies (10%)	409,375.26	230,905.85	192,261.81	832,542.93
	<b>TOTAL CONSTRUCTION COSTS</b>	<b>4,503,127.89</b>	<b>2,539,964.35</b>	<b>2,114,879.94</b>	<b>9,157,972.19</b>
	Drainage Impact Fees (\$5,750/Acre)	224,250.00	169,625.00	202,400.00	\$596,275.00
	Engineering Fees (14%)	630,437.90	355,595.01	296,083.19	\$1,282,116.10
	Storm Water Pollution Prevention Plan (2.5%)	112,578.20	63,499.11	52,872.00	\$228,949.31
	Geotechnical Eng. & Construction Materials Testing (2.5%	112,578.20	63,499.11	52,872.00	\$228,949.31
	<b>Sub-Total Impact Fees, Eng., SWPPP, Geotech. Eng. &amp; Const. Materials Testing Fees</b>	<b>1,079,844.30</b>	<b>652,218.23</b>	<b>604,227.19</b>	<b>2,336,289.72</b>
	<b>TOTAL PRELIMINARY CONSTRUCTION COST ESTIMATE</b>	<b>5,582,972.19</b>	<b>3,192,182.58</b>	<b>2,719,107.13</b>	<b>11,494,261.91</b>

Costs are estimates and final costs of the Public Improvements shall be as set forth in the applicable Service and Assessment Plan. The Service and Assessment Plan will also include costs of issuance for the PID Bonds.



**EXHIBIT D**

**RESERVED**

## **EXHIBIT E**

### **LANDOWNER CONSENT**

#### **CONSENT AND AGREEMENT OF LANDOWNERS**

This Consent and Agreement of Landowner is issued by \_\_\_\_\_, A Texas limited partnership, as the landowner (the "Landowner") who collectively hold record title to all property located within the [\_\_\_\_\_ Public Improvement District] (the "PID") created by the City of Tomball pursuant to a petition of Landowner. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, dated \_\_\_\_\_, 2019, including the Service and Assessment Plan and Assessment Rolls attached thereto (the "Assessment Ordinance"). [TO BE EXECUTED PRIOR TO THE LEVY OF ASSESSMENTS FOR EACH SERIES OF BONDS WITH EACH PID]

Landowner hereby declare and confirm that they collectively hold record title to all property in the PID which are subject to the Assessment Ordinances, as set forth on Exhibit A. Further, Landowner hereby ratify, declare, consent to, affirm, agree to and confirm each of the following:

1. The creation and boundaries of the PID, the boundaries of each Assessed Property, and the Authorized Improvements for which the Assessments are being made, as set forth in the Service and Assessment Plan.
2. The determinations and findings as to benefits by the City in the Assessment Ordinance and the Service and Assessment Plan.
3. The Assessment Ordinance and the Service and Assessment Plan and Assessment Roll.
4. The right, power and authority of the City Council to adopt the Assessment Ordinances and the Service and Assessment Plans and Assessment Roll;
5. Each Assessment levied on each Assessed Property as shown in the Service and Assessment Plan (including interest and Administrative Expenses as identified in the Service and Assessment Plan and as updated from time to time as set forth in the Service and Assessment Plan).
6. The Authorized Improvements specially benefit the Assessed Property in an amount in excess of the Assessment levied on each Assessed Property, as such Assessments are shown on the Assessment Roll.
7. Each Assessment is final, conclusive and binding upon such Landowners, regardless of whether such Landowners may be required to pay Assessments under certain circumstances pursuant to the Service and Assessment Plan.

8. The then-current owner of each Assessed Property shall pay the Assessment levied on the Assessed Property owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Assessment Ordinance.
9. Delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act.
10. The "Annual Installments" of the Assessments may be adjusted, decreased and extended in accordance with the Service and Assessment Plan, and the then-current owner of each Assessed Property shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the City.
11. All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowners hereby waive any notice requirements and consents to all actions taken by the City with respect to the creation of the PID and the levy of the Assessments.
12. That the resolution creating the PID, the Ordinance levying the Assessments, the Service and Assessment Plan and a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the City, shall be filed in the records of the County Clerk of Harris County, with copies of the recorded documents delivered to the City promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Property.
13. Each Assessed Property owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll are wholly within the boundaries of the PID.
14. There are no Parcels owned by the Landowners within the boundaries of the PID that are not identified in the Service and Assessment Plan and the Assessment Roll.
15. Each Parcel owned by the Landowners identified in the Service and Assessment Plan and Assessment Roll against which no Assessment has been levied was Non-Benefited Property as of \_\_\_\_\_, 2019.

Originals and Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

*[Execution page follows]*

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of \_\_\_\_\_, 2019.

\_\_\_\_\_, LP,  
a Texas limited partnership

By:

By:

By: \_\_\_\_\_  
Name:  
Its

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, as, a Texas limited liability company on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT F**  
**FORM OF PAYMENT CERTIFICATE**

PAYMENT CERTIFICATE NO. \_\_\_\_\_

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of \_\_\_\_\_ (the “Indenture”) relating to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 20\_\_ (\_\_\_\_\_ Public Improvement District Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the \_\_\_\_\_, LP Texas limited partnership (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

\_\_\_\_\_ the Public Improvement Account of the Project Fund

\_\_\_\_\_ the Developer Improvement Account of the Project Fund

from The Bank of New York Mellon Trust Company, N.A., (the “Trustee”), in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the \_\_\_\_\_ Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Public Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Public Improvements below is a true and accurate representation of the Public Improvements associated with the creation, acquisition, or construction of said Public Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. The Developer has timely paid all ad valorem taxes and Annual Installments of Public Assessments it owes or an entity the Developer controls owes, located in the \_\_\_\_\_ Public Improvement District and has no outstanding delinquencies for such Public Assessments.
6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.
7. The work with respect to Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).
8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
9. No more than ninety percent (90%) of the budgeted or contracted costs for the Public Improvements identified may be paid until the work with respect to such Public Improvements (or segment) has been completed and the City has accepted such Public Improvements (or segment).

**Payments requested are as follows:**

Payee / Description of Public Improvement	Total Cost Public Improvement	Budgeted Cost of Public Improvement	Amount requested be paid from the Public Improvement Account	Amount requested to be paid from the Developer Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Public Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

**Payments requested hereunder shall be made as directed below:**

- a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

\_\_\_\_\_, LP.,  
a Texas limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPROVAL OF REQUEST**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Public Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account	Amount to be paid by Trustee from Developer Improvement Account
\$ _____	\$ _____	\$ _____

### **CITY OF TOMBALL, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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



## EXHIBIT G

### FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for \_\_\_\_\_, LP, (the "Developer") and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from \_\_\_\_\_, (the "Trustee") in the amount of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) for costs incurred in the establishment, administration, and operation of the \_\_\_\_\_ Public Improvement District (the "District"), as follows:

<b>Closing Costs Description</b>	<b>Cost</b>	<b>PID Allocated Cost</b>
<b>TOTAL</b>		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested hereunder shall be made as directed below:**

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

\_\_\_\_\_, P, a Texas limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**APPROVAL OF REQUEST**

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount to be paid by Trustee from Improvement Account
\$ _____	\$ _____	\$ _____

**CITY OF TOMBALL, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

## **EXHIBIT H**

### **HOME BUYER DISCLOSURE PROGRAM**

The Assessment Company (as defined in the Service and Assessment Plan) for the \_\_\_\_\_ Public Improvement District (the “PID”) shall facilitate notice to prospective homebuyers in accordance with the following minimum requirements:

1. Record notice of the PID in the appropriate land records for the Property.
2. Require homebuilders to attach the Recorded Notice of the Authorization and Establishment of the PID and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each residential homebuyer’s contract on brightly colored paper.
3. Collect a copy of the addendum signed by each buyer from homebuilders and provide to the City.
4. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places in all model homes.
5. Prepare and provide to homebuilders an overview of the existence and effect of the PID for those homebuilders to include in each sales packet of information that it provides to prospective homebuyers.
6. Notify homebuilders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.
7. Notify Settlement Companies through the homebuilders that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.
8. Include notice of the PID in the homeowner association documents in conspicuous bold font.

The Developer and the Assessment Company shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these notices to be provided when one of them discovers that any requirement is not being complied with.

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of \_\_\_\_\_, 2019.

CITY OF TOMBALL

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: City Manager

ATTEST:

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

**EXHIBIT I**  
**DEVELOPMENT PHASES**



