

NEW ISSUE

NOT RATED

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

**\$6,174,000*****CITY OF MUSTANG RIDGE, TEXAS****(a municipal corporation of the State of Texas located in Travis and Caldwell Counties)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023****(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)****Dated Date: December 1, 2023****Due: September 1, as shown on page i****Interest to Accrue from the Closing Date (as defined below)**

The City of Mustang Ridge, Texas Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Mustang Ridge, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on page i hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing September 1, 2024, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by UMB Bank, N.A., Austin, Texas, as trustee (the “Trustee”), to Cede & Co. as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council (the “City Council”) on November 20, 2023, and an Indenture of Trust, dated as of December 1, 2023 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects (as defined herein), (ii) funding a reserve account for payment of principal and interest on the Bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs (as defined herein), and (iv) paying the costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments levied against assessable properties in Improvement Area #1 (as defined herein) of the Durango Public Improvement District (the “District”) in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. The Assessments are expected to be levied in accordance with the Assessment Ordinance (as defined herein) of the City. See “SECURITY FOR THE BONDS.”

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

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by 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 Orrick, Herrington & Sutcliffe LLP, Austin, Texas, 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 City by its counsel, the RashChapman, L.L.P., the Underwriter by its counsel, Locke Lord LLP, Dallas, Texas and for the Developer by its counsel Metcalfe Wolff Stuart & Williams, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about December 14, 2023 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change

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

CUSIP Prefix: _____ (a)

\$6,174,000*

CITY OF MUSTANG RIDGE, TEXAS

(a municipal corporation of the State of Texas located in Travis and Caldwell Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$ _____ Term Bonds

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP _____ (a) (c)

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP _____ (a) (c)

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP _____ (a) (b) (c)

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any day on or after September 1, 20__ at the redemption price of 100% of the principal amount plus accrued and unpaid interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

(c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

* Preliminary; subject to change.

**CITY OF MUSTANG RIDGE, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Term Expires</u>
David Bunn, Mayor	November 2024
Gregory Dailey, Mayor Pro Tem	November 2023*
Dennis Dorsett	November 2023*
Gabriel Vallejo	November 2024
Nicolas Espino	November 2023*
Moraima Duran	November 2024

** The City has called an election for November 7, 2023 relating to the City Council positions for which the term expires in November 2023.*

CITY ADMINISTRATOR
Christina Gomez

CITY SECRETARY
Evelyn Vega

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP

UNDERWRITER'S COUNSEL
Locke Lord LLP

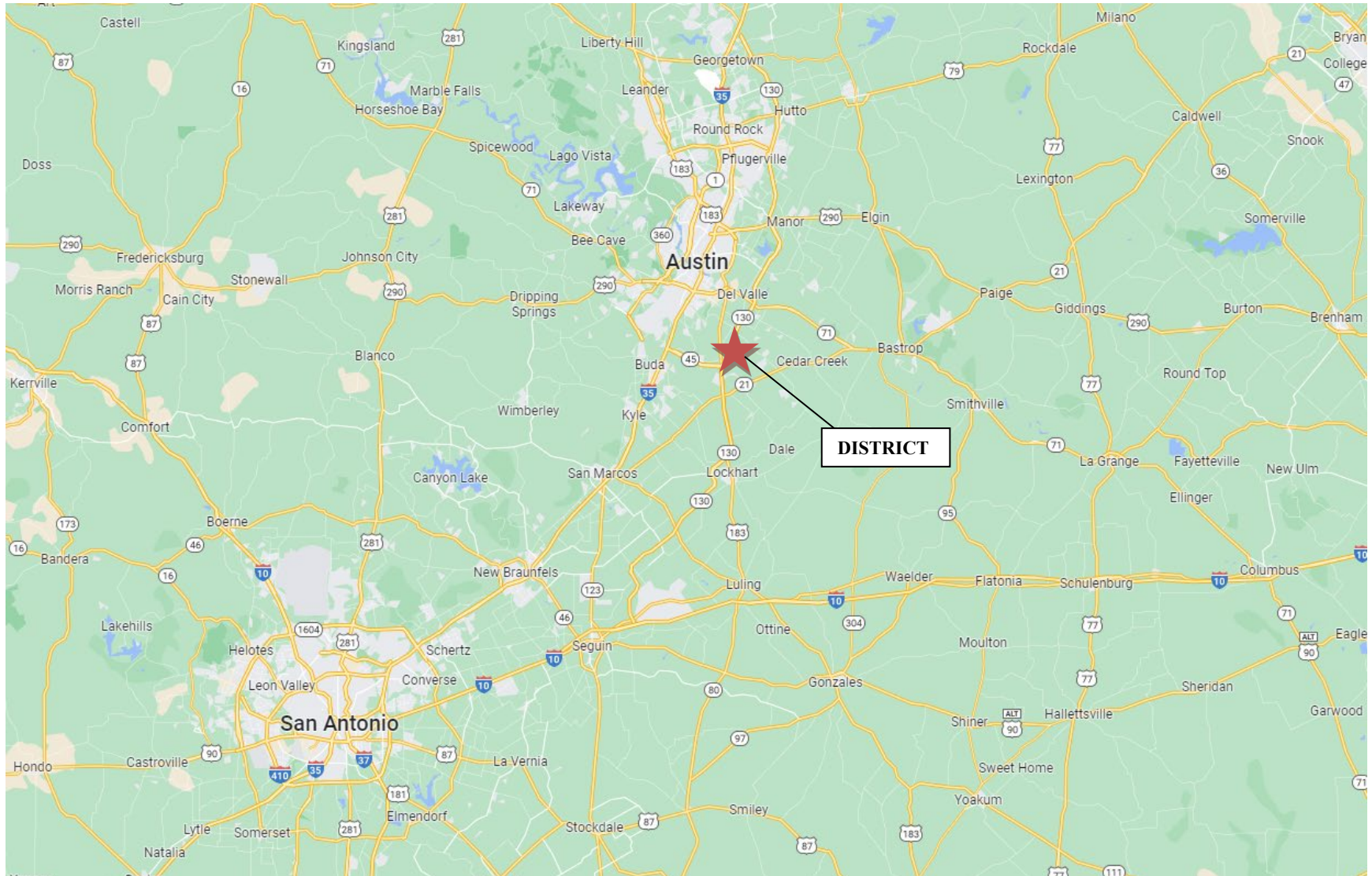
For additional information regarding the City, please contact:

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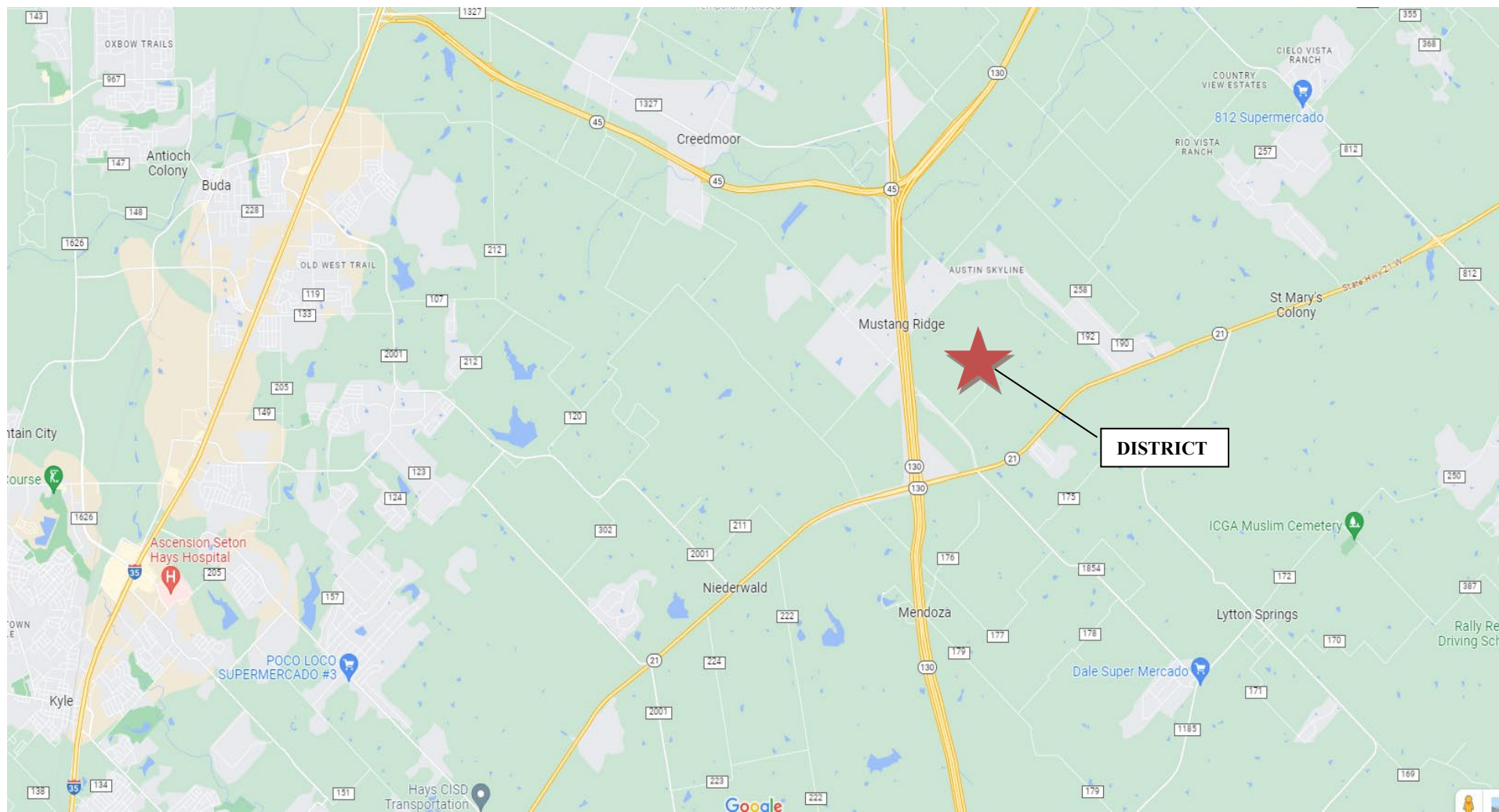
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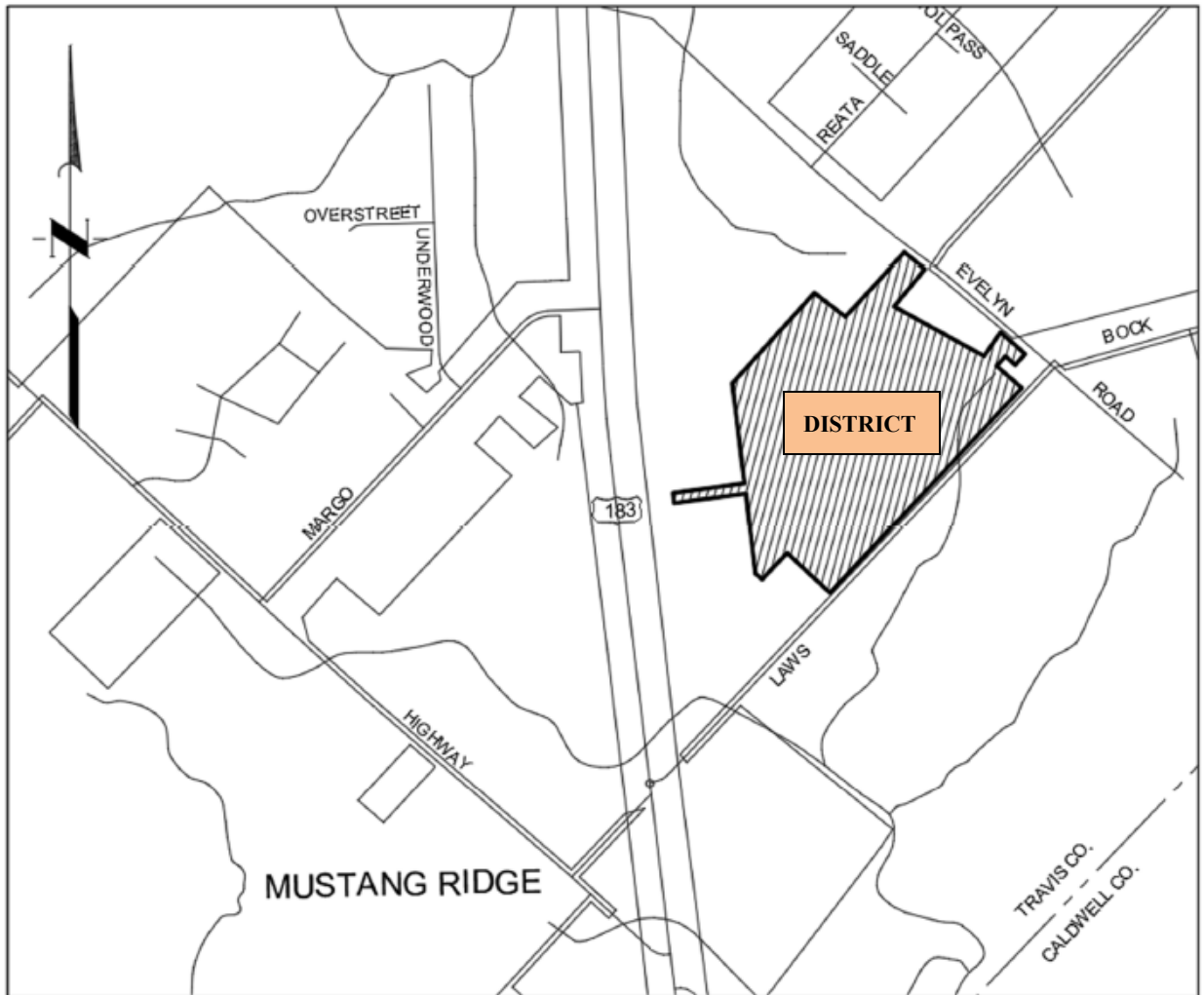
REGIONAL LOCATION MAP OF THE DISTRICT



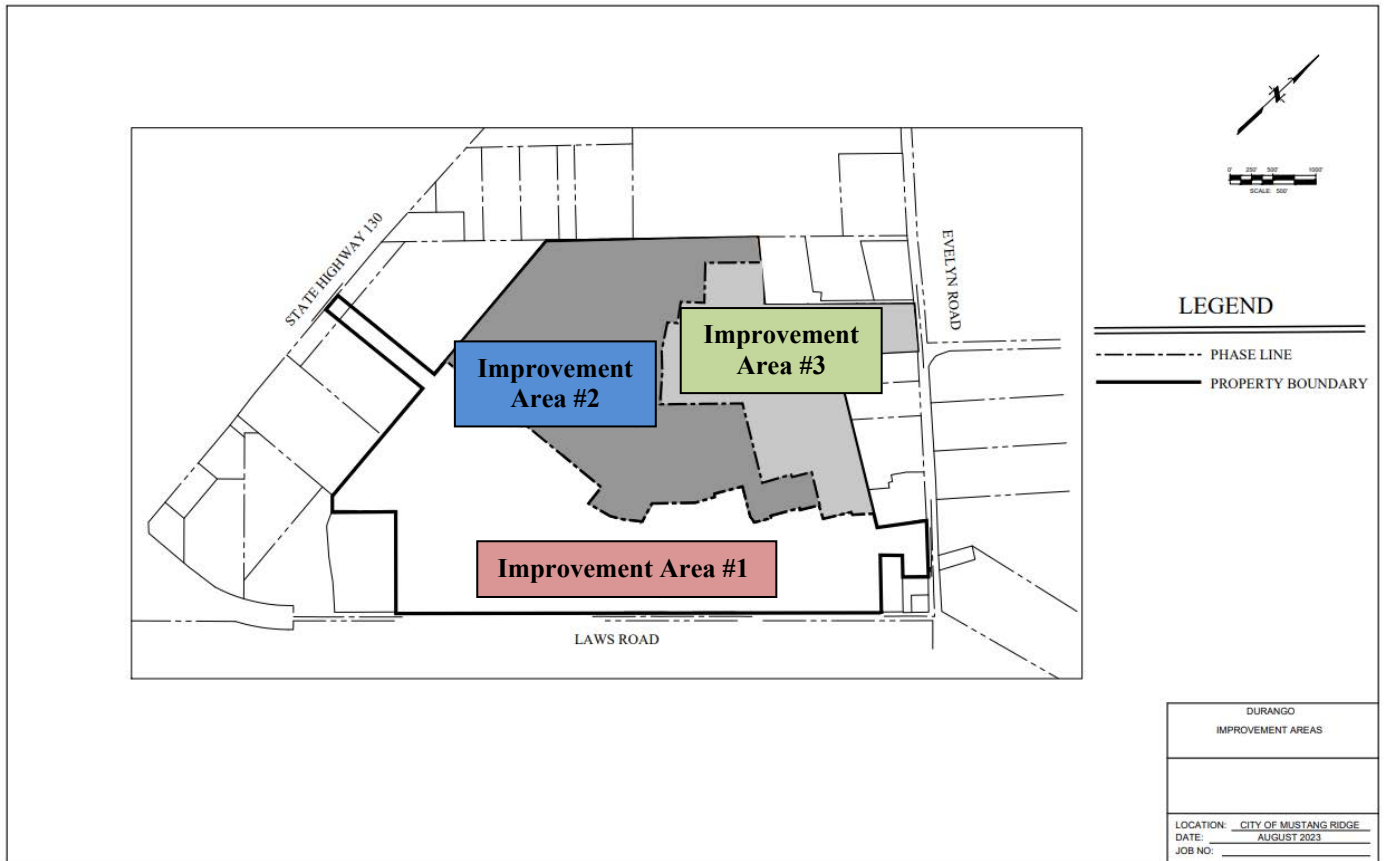
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



MAP SHOWING IMPROVEMENT AREA#1 AND FUTURE IMPROVEMENT AREAS



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

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") AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN. EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER "BONDHOLDERS' RISKS" HEREIN. EACH PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO PROSPECTIVE PURCHASERS."

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

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE CITY AND 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.

NONE OF THE CITY, THE FINANCIAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

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

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

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

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

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APPENDIX F	Appraisal
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APPENDIX H	Photographs of Development in Improvement Area #1 of the District

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$6,174,000*

CITY OF MUSTANG RIDGE, TEXAS

(a municipal corporation of the State of Texas located in Travis and Caldwell Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Mustang Ridge, Texas (the “City”), of its \$6,174,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on November 20, 2023 (the “Bond Ordinance”), and an Indenture of Trust, dated as of December 1, 2023, (the “Indenture”), entered into by and between the City and UMB Bank, N.A., Austin, Texas, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the “Assessments”) to be levied against assessable property (the “Assessed Property”) located within Improvement Area #1 (as defined below) of the Durango Public Improvement District (the “District”) pursuant to an ordinance (the “Assessment Ordinance”) expected to be adopted by the City Council on November 20, 2023. The City created the District as “The Trails Public Improvement District” pursuant to Resolution #21-190 adopted by the City Council on June 14, 2021 (the “Creation Resolution”) and changed the name of the District to “Durango Public Improvement District” pursuant to Resolution #23-218 adopted by the City Council on June 12, 2023.

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, Laws126, LP, a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), the Creation Resolution, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Development Agreement (as defined herein), the Durango Public Improvement District Financing and Reimbursement Agreement dated as of October 19, 2021 between the City and Continental Homes of Texas, L.P. (“Continental”), as consented to by The Trails, LLC (the “Original Owner”), as assigned to the Developer on November 23, 2021, and as amended by that First Amendment to the Durango Public Improvement District Financing and Reimbursement Agreement between the City and the Developer, effective as of September 11, 2023 (together, the “PID Financing Agreement”), 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

* Preliminary; subject to change.

the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2245. The form of the Indenture appears in APPENDIX B and the Form of Service and Assessment Plan appears as 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

The District

The PID Act authorizes political subdivisions, such as the City, to create public improvement districts and to impose assessments within the public improvement district to pay for public improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects (as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District. The District is not a separate political entity from the City but rather reflects an area within the City that City Council has designated and within which the City is authorized to levy assessments for public improvements.

Development Plan, Status of Development, and Plan of Finance

The District is composed of approximately 128.26 acres which are being developed as a master-planned residential development. The District is expected to be developed in different stages, designated “Improvement Areas.” See “THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1.” The term “Improvement Area #1” is used herein to describe the approximately 59.751 acres of property shown on the “MAP SHOWING IMPROVEMENT AREA #1 AND FUTURE IMPROVEMENT AREAS” on page vi hereof. The term “Remainder Area” is used herein to describe the land within the District, save and except Improvement Area #1, which consists of approximately 68.511 acres, and shown as “Improvement Area #2” and “Improvement Area #3” on the “MAP SHOWING IMPROVEMENT AREA #1 AND FUTURE IMPROVEMENT AREAS” on page vi hereof. The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v.

Development in the District is expected to include approximately 604 single-family homes on a mixture of 40’ and 50’ lots. Development in the District began with the development of Improvement Area #1 which consists of 225 lots in a combination of 40’ and 50’ lots. See “THE DEVELOPMENT — Development Plan and Status of Development in Improvement Area #1.”

The Developer purchased the land within the District from the Original Owner on December 1, 2021 at a purchase price of \$5,540,035.30, which was funded with earnest money provided by Continental and with equity provided by the Developer. The Developer is the owner of all land in the District except for 75 lots which have been transferred to Continental.

As further described herein, the Developer has constructed (i) improvements consisting of certain drainage improvements, detention pond improvements, street improvements, landscape and entry improvements that will benefit the District, and expended or will expend certain soft costs and contingency related thereto, and will dedicate certain public land within the District to the City (such improvements and the dedication of the public land, the “Major Improvements”) and (ii) certain street improvements benefitting only Improvement Area #1 of the District and expended certain soft costs related thereto (the “Improvement Area #1 Improvements”). The Improvement Area #1 Improvements and the portion of the Major Improvements benefitting Improvement Area #1 (the “Improvement Area #1 Major Improvements”) are collectively referred to herein as the “Improvement Area #1 Projects.”

Construction of Improvement Area #1 Projects began in June 2022. Construction of the portion of the Improvement Area #1 Projects necessary for delivery of lots, which includes the Improvement Area #1 Improvements, was completed in July 2023. The Developer anticipates that the Major Improvements will be completed by Q1 2026. A final plat for Improvement Area #1 was filed on August 4, 2023. See “THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1.” As of October 25, 2023, the Developer has advanced

approximately \$5,249,678 relating to costs of the Improvement Area #1 Projects and \$4,775,415 on an additional portion of the Major Improvements benefitting the Remainder Area, which costs were funded by a loan (the “Development Loan”) from Texas Bank and Trust Company (the “Lender”) and Developer equity. The Development Loan has a maximum principal amount of \$16,691,250 and, as of August 28, 2023 is outstanding in the amount of \$12,601,332. See “THE DEVELOPER – History and Financing of the District.” All lots in the District, including the 225 lots in Improvement Area #1 of the District, are under contract with Continental, which is a subsidiary of D.R. Horton. Continental has advanced \$2,224,825 in earnest money to the Developer (the “Earnest Money Deposit”), all of which has been released to the Developer and was used for the purchase of the property in the District and the repayment to Continental of certain engineering costs associated with the District. Homes in the District are expected to be marketed under the D.R. Horton brand. The first closing of 75 lots in Improvement Area #1 occurred on October 5, 2023. See “THE DEVELOPMENT — Homebuilder Lot Contract in the District.”

The City will pay a portion of the project costs for the Improvement Area #1 Projects from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Improvement Area #1 Projects and be paid in accordance with the Indenture and the PID Financing Agreement. See “THE IMPROVEMENT AREA #1 PROJECTS – General,” “THE DEVELOPMENT,” and “APPENDIX G – Form of PID Financing Agreement.”

In addition to the portion of the Improvement Area #1 Projects necessary for delivery of lots, which includes the Improvement Area #1 Improvements, the Developer has also constructed the Water Improvements and the Wastewater Improvements (each as defined herein) as described under “THE DEVELOPMENT – Utilities.” The Water Improvements have been dedicated to and accepted by CMWSC (as defined herein). The Wastewater Improvements have been dedicated to and accepted by CRU (as defined herein). The Water Improvements cost approximately \$4,669,021.55 and were funded by the Development Loan and Developer equity. The Wastewater Improvements cost approximately \$1,341,760.81 and were funded by the Development Loan and Developer equity.

Additionally, the Developer has constructed or will construct certain private improvements to serve the entire District consisting of HOA-owned landscaping, electric systems, and other miscellaneous soft costs (collectively, the “Private Improvements”). The approximate cost of the Private Improvements in the District is expected to be approximately \$4,386,534. The costs of the Private Improvements were paid or will be paid with funds from the Development Loan and Developer equity.

The City expects to issue one or more series of bonds (collectively, the “Future Improvement Area Bonds”) to finance the cost of local improvements and the portion of the Major Improvements benefitting distinct portions of the District within the Remainder Area developed as an individual improvement area after Improvement Area #1 (each a “Future Improvement Area” and collectively, the “Future Improvement Areas”). The estimated costs of the local improvements benefitting each Future Improvement Area of the District will be determined as such Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within such Future Improvement Area and financed by each new 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 applicable Future Improvement Area. See “THE DEVELOPMENT – Future Improvement Area Bonds.”

The Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

The Bonds

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal and interest on the Bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs (as defined herein), and (iv) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount shall be transferred, first, pro rata to the Improvement Accounts of the Project Fund and,

second, to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 PROJECTS,” “APPENDIX B – Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments levied against the Assessed Property within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX B – Form of Indenture.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth on page i of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the “Closing Date”) to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing September 1, 2024 (each, an “Interest Payment Date”), until maturity or prior redemption. UMB Bank, N.A., Austin, Texas, is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”), provided, however, that if the total principal amount of the Outstanding Bonds is less than \$25,000 then the Authorized Denomination shall be the amount of the Outstanding Bonds. Notwithstanding the foregoing, Authorized Denominations shall also include Bonds issued in \$1,000 in principal amount and integral multiples of \$1,000 in the following instances: (A) any Bonds or any portion thereof that have been redeemed in part pursuant to an extraordinary optional redemption or (B) any Bonds or any portion thereof that have been defeased in part pursuant to an extraordinary optional redemption. 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 right and option to redeem the Bonds maturing on or after September 1, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, with such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

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

\$ Bonds Maturing September 1, 20

Mandatory Sinking Fund

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

\$ Bonds Maturing September 1, 20

Mandatory Sinking Fund

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

\$ Bonds Maturing September 1, 20

Mandatory Sinking Fund

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

[†] Stated Maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select 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 principal amount of such Bonds to be redeemed on such mandatory sinking fund redemption date, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to the mandatory sinking fund redemption provisions described above 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 mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis by the principal amount of any Bonds of such maturity, which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture, and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Upon delivery of a City Certificate to the Trustee directing redemption of the Bonds received at least forty-five (45) days prior to redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by the DTC as security depository, Owner means Cede & Co., as nominee for DTC. 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 the terms of the Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

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

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

If less than all of the Bonds are called for optional redemption, the City shall, pursuant to a City Certificate, determine the Bond or Bonds or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged and represented 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 or a “qualified institutional buyer” under Rule 144A of the Securities Act, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act 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 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the District (which has no taxing power), the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest

on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Indenture.

- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE BONDS

General

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

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues (as defined herein), consisting primarily of Assessments to be levied against the Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Improvement Area #1 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

Pledged Revenues

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

Under the Indenture:

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

“Additional Interest Rate” means the 0.50% additional interest rate charged on the Assessments securing the Bonds pursuant to Section 372.018 of the PID Act.

“Administrative Assessment Revenues” means monies collected by or on behalf of the City from any one or more of the following: (i) the portion of the Annual Installment of Assessments allocable to Annual Collection Costs, and (ii) Delinquent Collection Costs.

“Annual Installment” means the annual installment payment of an 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.

“Other 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, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

“Pledged Assessment Revenues” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, but excluding any portion of the Annual Installment allocable to Annual Collection Costs, (ii) a Prepayment, and (iii) Foreclosure Proceeds. Pledged Assessment Revenues do not include Delinquent Collection Costs.

“Pledged Funds” means the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund, and each Account established in any of the foregoing.

“Pledged Revenues” means the sum of (i) Pledged Assessment Revenues, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

Collection and Deposit of Assessments

The City has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll will show the land within Improvement Area #1 of the District that has been assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “SECURITY FOR THE BONDS — Pledged Revenue Fund.”

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

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

Unconditional Levy of Assessments

The City will impose Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest Rate, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, will be calculated annually during the Annual Service Plan Update and will be billed on or about October 1 of each year. The initial Annual Installments will be due when billed, and will be delinquent if not paid prior to February 1, 2024.

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

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

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

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

Perfected Security Interest

Any security interest created by the Indenture is valid and binding and automatically and fully perfected from and after the Closing Date and shall remain perfected continuously through the termination of the Indenture in accordance with the terms set forth in the Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any document, or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the security interests created by the Indenture. If the security interests created by the Indenture ever are subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the Owners of the Bonds the perfection of the security interests created by the Indenture, the City shall 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 make all filings necessary or advisable to perfect the security interests created by the Indenture.

Pledged Revenue Fund

On or before February 15, 2024, and on or before the fifteenth (15th) day of each month thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited the Pledged Assessment Revenues into the Pledged Revenue Fund. As soon as practicable following deposit to the Pledged Revenue Fund, the Trustee shall

deposit or cause to be deposited Pledged Assessment Revenues, from amounts deposited to the Pledged Revenue Fund, in the following order of priority:

- (i) *first*, to the Bond Pledged Revenue Account in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement;
- (iii) *third*, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected, up to the Additional Interest Reserve Requirement; and
- (iv) *fourth*, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Assessment Revenues to the Pledged Revenue Fund, the City shall provide a City Certificate to the Trustee identifying (i) the portions of the Pledged Assessment Revenues attributable to principal (including Sinking Fund Installments) and interest on the Bonds, Additional Interest, Prepayments and Foreclosure Proceeds, (ii) the Funds and Accounts into which the amounts are to be deposited and (iii) the amounts of any payments to be made from such Funds and Accounts.

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) and interest due on the Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund, there are insufficient funds to make the payments provided in the paragraph above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) on the Bonds.

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

Notwithstanding the deposit priority outlined above, the Trustee shall deposit Foreclosure Proceeds (as such are identified by a City Certificate) to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds (pursuant to a City Certificate as described above) first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the Assessed Property or Assessed Properties to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement and second, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account in the Reserve Fund, the Trustee shall, at the direction of the City pursuant to a City Certificate, apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid. The Trustee may rely on such City Certificate and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) and interest then due and payable on the Bonds.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the immediately preceding paragraph, the Trustee shall withdraw, first, from the Additional Interest Reserve Account and second, from the 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

Pursuant to the Indenture, the City has established a Project Fund and, within such Project Fund, the following accounts: (i) Improvement Area #1 Improvements Account; (ii) Improvement Area #1 Major Improvements Account; and (iii) Costs of Issuance Account.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to and in accordance with one or more City Certificates or "Closing Disbursement Requests" in the form attached as Exhibit E-1 to the PID Financing Agreement, as applicable, providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

Except as provided in the Indenture, (i) money on deposit in the Improvement Area #1 Improvements Account shall only be used to pay Actual Costs of the Improvement Area #1 Improvements and (ii) money on deposit in the Improvement Area #1 Major Improvements Account shall only be used to pay Actual Costs of the Improvement Area #1 Major Improvements. Disbursements from the Improvement Accounts to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment in the form attached as Exhibit E-2 to the PID Financing Agreement. All disbursements of funds from the Improvement Accounts pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the PID Financing Agreement.

If the City Representative determines in his or her sole discretion that amounts then on deposit in an Improvement Account are not expected to be expended for purposes of such Improvement Account due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements or Improvement Area #1 Major Improvements, as applicable, such that, in the opinion of the City Representative, it is unlikely that the amounts in such Improvement Account will ever be expended for the purposes of such Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer at least thirty (30) days prior to filing with the Trustee, which identifies the amounts then on deposit in the applicable Improvement Account that are not expected to be used for purposes of such Improvement Account. If such City Certificate is so filed, the amounts on deposit in such Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and such Improvement Account shall be closed.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, (i) the Trustee shall transfer, pursuant to written direction in such City Certificate, the amount, if any, remaining within the Improvement Area #1 Improvements Account first, to the Improvement Area #1 Major Improvements Account, if open, and second, to the Redemption Fund, and (ii) the Improvement Area #1 Improvements Account shall be closed. Upon the filing of a City Certificate stating that all Improvement Area #1 Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Major Improvements have been paid, (i) the Trustee shall transfer, pursuant to written direction in such City Certificate, the amount, if any, remaining within the Improvement Area #1 Major Improvements Account first, to the Improvement Area #1 Improvements Account, if open, and second, to the Redemption Fund, and (ii) the Improvement Area #1 Major Improvements Account shall be closed.

Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Costs of Issuance Account of the Project Fund that are not expected to be used for purposes of the Costs of Issuance Account. If such City Certificate is so filed, the amounts on deposit in the Costs of Issuance Account shall be transferred, first, pro rata to the Improvement Accounts of the Project Fund, to the extent such Accounts have not

been closed, and used to pay Actual Costs of the Improvement Area #1 Projects and, second, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account of the Project Fund shall be closed.

In making any determination described under this subheading, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

In providing any disbursement from the Improvement Accounts of the Project Fund, the Trustee may conclusively rely as to the completeness and accuracy of all statements in a Certification for Payment if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Certification for Payment by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of, as of the date of issuance of the Bonds, (i) Maximum Annual Debt Service on the Bonds, (ii) 125% of average Annual Debt Service on the Bonds, and (iii) 10% of the proceeds of the Bonds; provided, however, that the Reserve Account Requirement shall be reduced by the amount of any transfers made pursuant to the provisions of the succeeding paragraphs in this subheading; and provided further that as a result of an optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Closing Date of the Bonds, the Reserve Account Requirement is \$_____.

The City agrees with the Owners of the Bonds to accumulate from Bond proceeds and the deposits outlined under "— Pledged Revenue Fund" above, and, when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in the Indenture.

The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, in accordance with the City Certificate provided as set forth in the Indenture, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority outlined under "— Pledged Revenue Fund" above, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, the Trustee shall resume depositing Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. If, after such deposits, there is surplus Additional Interest remaining in the Pledged Revenue Fund, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to an extraordinary optional redemption, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds.

The amount so transferred from the Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the 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 and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall or any additional amounts necessary to permit the redemption of Bonds to be redeemed in minimum principal amounts of \$1,000 from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess (the "Excess Reserve Amount"). The Excess Reserve Amount shall be transferred first, to the Additional Interest Reserve Account to the extent the Additional Interest Reserve Account Requirement has not been met and second, to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Indenture, unless within forty-five (45) days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply the Excess Reserve Amount: (i) to pay amounts to be deposited in the Rebate Fund under the Indenture, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, or (iii) to an Improvement Account of the Project Fund if such application and the expenditure of funds is expected to occur within three (3) years of the date of the Indenture.

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

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

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

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

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the Administrative Fund the Administrative Assessment Revenues and other funds directed by the Indenture to be deposited therein. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs. See "APPENDIX C — Form of Service and Assessment Plan."

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

Defeasance

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

Events of Default

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

- i. The failure of the City to deposit the Pledged Assessment 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 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 other covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of sixty (60) days after written notice to the City by the Trustee, or by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds then Outstanding with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

Nothing in (i)-(iv) above will be viewed to be an Event of Default if it is in violation of any applicable state law or court order. Nothing in (iii) above shall require the City to advance funds other than Pledged Revenues that have been received by the City or other funds available in the Pledged Funds to pay principal of or interest on the Bonds.

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of at least 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 by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless

(i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for sixty (60) days after such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds, Pledged Revenues, Pledged Funds and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, notwithstanding the provisions under “— Remedies in Event of Default” above, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to the Indenture. In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of the Indenture.

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

Investment or Deposit of Funds

Money in any Fund or Account shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two days in advance of the making of such investment (or as directed in the Indenture) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA, or any successor law, as in effect from time to time. The City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Absent written direction, the Trustee shall invest funds into the Morgan Stanley Government Fund #8352 (CUSIP 61747C889) as standing instructions. The Trustee shall have no discretion for investing funds or advising any parties with regard to investment of funds. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by the Indenture or to prevent any default.

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

The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments or depreciation of value of any investments made pursuant to the Indenture. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with the Indenture.

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

The Trustee will furnish to the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

Additional Obligations and Other Liens; Refunding Bonds

The City reserves the right, subject to the provisions described under this subheading, to issue Other Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from Pledged Revenues or any other portion of the Trust Estate.

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

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

Notwithstanding anything to the contrary in the Indenture no Refunding Bonds or subordinate obligations described by the preceding paragraph may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds or subordinate obligations must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

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SOURCES AND USES OF FUNDS

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

Deposit to Improvement Area #1 Improvements Account of the Project Fund	\$
Deposit to Improvement Area #1 Major Improvements Account of the Project Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Deposit to Costs of Issuance Account of the Project Fund	\$
TOTAL USES	\$

⁽¹⁾ Includes Underwriter's Counsel fee of \$_____.

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DEBT SERVICE REQUIREMENTS

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

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$	\$	\$
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
Total	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

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 other than the City. Such taxes are payable in addition to the Assessments expected to be levied by the City.

In addition, the City, Travis County, Texas (the “County”), the Del Valle Independent School District, Travis County Healthcare District, Austin Community College District, Travis County Emergency Services District #11 (“Travis County ESD #11”) and Travis County Emergency Services District #15 (“Travis County ESD #15”) may each levy ad valorem taxes upon land in Improvement Area #1 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 such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1.

<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.265200
Travis County, Texas	0.304655
Austin Community College District	0.098600
Travis County Healthcare District	0.100692
Travis County ESD #11	0.100000
Travis County ESD #15	0.100000
Del Valle Independent School District	<u>1.002800</u>
Total Existing Tax Rate	<u>\$1.971947</u>
 Estimated Average Annual Installment as tax rate equivalent ⁽²⁾	 <u>\$0.689185</u>
 Estimated Total Tax Rate and Average Annual Installment as tax rate equivalent⁽²⁾	 <u>\$2.661132</u>

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

⁽²⁾ *Preliminary; subject to change.* Derived from information presented in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.” The PID Financing Agreement provides that the maximum tax equivalent rate of the annual installments relating or allocable to each Improvement Area within the District, including Improvement Area #1, shall not exceed \$0.69 per \$100 taxable assessed valuation, inclusive of principal, interest, Additional Interest and budgeted Annual Collection Costs as determined by the Administrator. See “APPENDIX G – Form of PID Financing Agreement.”

Sources: Travis Central Appraisal District, the Administrator, and the City.

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As noted above, Improvement Area #1 includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1, as of October 15, 2023, and City debt to be secured by the Assessments.

<u>Taxing or Assessing Entity⁽²⁾</u>	<u>Total Outstanding Debt</u>	<u>Estimated % Applicable⁽²⁾</u>	<u>Direct and Estimated Overlapping Debt</u>
The City (Assessments – The Bonds) ⁽¹⁾	\$6,174,000	100.000%	\$6,174,000
The City (Ad Valorem Taxes)	342,000	5.815%	19,888
Travis County	900,550,000	0.005%	42,260
Austin Community College District	562,445,000	0.004%	23,713
Travis County Healthcare District	173,145,000	0.005%	8,128
Del Valle Independent School District	<u>655,350,000</u>	0.091%	<u>598,447</u>
TOTAL	<u>\$2,298,006,000</u>		<u>\$6,866,436</u>

(1) Preliminary, subject to change.

(2) Based on the Appraisal (as defined herein) and on the Tax Year 2023 Net Taxable Assessed Valuations for the taxing entities. Travis County ESD #11 and Travis County ESD #15 do not have general obligation debt outstanding.

Source: Travis Central Appraisal District, Caldwell County Appraisal District, Lee Central Appraisal District, Bastrop Central Appraisal District, Hays Central Appraisal District and Williamson Central Appraisal District, and The Municipal Advisory Council of Texas.

Homeowners' Association

In addition to the Assessments described above, all lot owners in Improvement Area #1 of the District will pay an annual maintenance and operation fee and/or a property owner's association fee to the homeowner's association for the property within the District (the "HOA"), which has been formed by Continental. The expected HOA fees in the District are \$65/month.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this "ASSESSMENT PROCEDURES" caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Assessments to pay the cost therefor. The City has caused the preparation of the Assessment Roll, which Assessment Roll identifies the land within Improvement Area #1 of the District that will be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been filed with the City Secretary and made available for public inspection. Statutory notice will be given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Assessments. The City expects to levy the Assessments pursuant to the Assessment Ordinance immediately prior to adoption of the Bond Ordinance. Upon such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the costs of the Improvement Area #1 Projects 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 Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of costs on Assessed Property similarly benefited. The allocation of benefits and Assessments to the benefitted land within Improvement Area #1 of the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Service and Assessment Plan."

Assessment Methodology

The Service and Assessment Plan describes the special benefit received by each Parcel within Improvement Area #1 as a result of the Improvement Area #1 Projects and 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 Projects to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessments.

As further set forth in the Service and Assessment Plan, the benefits received by Improvement Area #1 as a result of the Improvement Area #1 Improvements will be allocated entirely to the Assessed Property, which currently consists of two parcels on the tax rolls. Costs of the Major Improvements shall be allocated to the Assessed Property and the Remainder Area pro rata based on Estimated Buildout Value. The entire Assessment will be levied against the Assessed Property. The Assessments levied on such Assessed Property shall be further allocated based on the Estimated Buildout Value of the Lot Types (defined below) on any subdivided Parcel as described under “— Assessment Amounts” below.

The Service and Assessment Plan uses classifications of final building lots with similar characteristics (“Lot Type”) as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential lots, the Lot Type is further defined by classifying the residential lots by the Estimated Buildout Value of the lot as determined by the Administrator and approved by the City Council. As used below, the following terms have the following meanings:

“Lot Type 1” means a residential Lot within Improvement Area #1 designated as a 40’ Lot by the Developer.

“Lot Type 2” means a residential Lot within Improvement Area #1 designated as a 50’ Lot by the Developer.

The following table and calculations, including the value to assessment burden ratio of the Assessments to average lot value and ratio of Assessments to average home value, related to the Bonds are derived from information presented in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

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LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND ASSESSMENT RATIO PER UNIT IN IMPROVEMENT AREA #1*

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit⁽¹⁾	Projected Average Home Value per unit⁽¹⁾	Maximum Assessment per unit⁽²⁾	Average Annual Installment per unit	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value)⁽³⁾	Ratio of Finished Lot Value per Lot Type to the Assessments	Ratio of Average Home Value to Assessment
Lot Type 1 (40')	143	\$70,000	\$340,000	\$27,005.79	\$2,343.23	\$3.3475	\$0.6892	2.59	12.59
Lot Type 2 (50')	82	\$87,500	\$355,000	\$28,197.22	\$2,446.61	\$2.7961	\$0.6892	3.10	12.59

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

⁽¹⁾ Per values provided in the Appraisal, which values may differ than those provided by the Developer under "THE DEVELOPMENT." See "APPRAISAL" and APPENDIX F.

⁽²⁾ The Service and Assessment Plan establishes a Maximum Assessment as defined and described under "ASSESSMENT PROCEDURES — Assessment Amounts – Maximum Assessment."

⁽³⁾ In accordance with the PID Financing Agreement, the maximum tax equivalent rate of the Annual Installments relating or allocable to such Improvement Area shall not exceed \$0.69 per \$100 taxable assessed valuation, inclusive of principal, interest, Additional Interest and budgeted Annual Collection Costs as determined by the Administrator. See "APPENDIX G – Form of PID Financing Agreement."

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* Preliminary; subject to change.

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

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

Collection and Enforcement of Assessment Amounts

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be reflected by the methodology described in the Service and Assessment Plan as shown below under “— Maximum Assessment”. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property as calculated by the Administrator and approved by the City Council consisting of the annual payment allocable to (i) the principal and interest on the Bonds, (ii) Annual Collection Costs, and (iii) the Additional Interest as described in the Service and Assessment Plan. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Assessed Property as indicated on the Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan.”

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

Maximum Assessment. The Service and Assessment Plan establishes a “Maximum Assessment” for each Lot Type. In Improvement Area #1, the Maximum Assessment per Lot Type is as follows:

<u>Lot type</u>	<u>Maximum Assessment per Lot Type</u>
Lot Type 1	\$27,005.79
Lot Type 2	\$28,197.22

Method of Apportionment of Assessments. The City Council has determined that the costs of Major Improvements shall be allocated to the Assessed Property and the Remainder Area pro rata based on the Estimated Buildout Value. The Improvement Area #1 Improvements are allocated entirely to the Assessed Property as described in the Service and Assessment Plan. The entire Assessment will be levied against the Assessed Property and will be allocated based on the Estimated Buildout Value of the Lot Types on any subdivided Parcel as described below.

Reallocation of Assessments. Assessments levied on an Assessed Property shall be reallocated upon subdivision or consolidation of an Assessed Property as follows.

Upon Division Prior to Recording of Subdivision Plat: Upon the division of any Assessed Property (without the recording of a 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 of 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 State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to the above shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat: Upon the subdivision of any Assessed Property based on a recorded subdivision plat and the assignment of a Property ID by the Appraisal District, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly subdivided Lots based on the Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State 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.

Upon Consolidation: If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

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

Prepayment of Assessments

The Service and Assessment Plan provides for certain voluntary and mandatory prepayments of Assessments as described below. Such voluntary and mandatory prepayments are referred to herein as "Prepayments."

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

Mandatory Prepayment of Assessments. The Service and Assessment Plan requires mandatory prepayment of Assessments upon the occurrence of certain events as follows.

Transfer to exempt person or entity. 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 Administrator 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 the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

True-Up of Assessments if Maximum Assessment Exceeded at Plat. 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 landowner shall 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.

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

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

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited

Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

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 to the date of payment, at any time.

Foreclosure Proceedings

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

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

In the Indenture the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds 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."

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

THE CITY

Background

The City is located in Travis and Caldwell Counties, approximately 20 miles south of the City of Austin, 17 miles east of the City of Kyle, and 28 miles northwest of the City of San Marcos. The City is approximately 10 miles east of I-35 and access to the City is provided by TX-45, SH 130 and US Highway 183. The City covers approximately 3.7 square miles. The City’s 2020 census population was 944, and its estimated current population is 962.

City Government

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

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

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

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District. The PID Act provides that the City may levy and collect Assessments on property in the District, or portions thereof, payable in full or 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 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of the Improvement Area #1 Projects and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX C — Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects include the Improvement Area #1 Improvements and Improvement Area #1's proportionate share of the costs of the Major Improvements. A portion of the costs of construction of the Improvement Area #1 Projects will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects will be paid by the Developer. The Developer is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Projects. See "THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1."

Improvement Area #1 Improvements. The Improvement Area #1 Improvements include street improvements and soft costs related thereto benefitting only Improvement Area #1 of the District.

- *Streets*
Improvements include subgrade stabilization (including excavation and drainage), HMAC pavement and limestone base for roadways, sidewalks, handicapped ramps, curb and gutter, and clearing and grubbing. Intersections and signage are included. These roadway improvements include streets that will provide street access to all Lots in Improvement Area #1 of the District.
- *Soft Costs*
Includes the costs related to designing, engineering, constructing, installing and financing the hard costs, inclusive of a 4% construction management fee.

Major Improvements. The Improvement Area #1 Projects also include Improvement Area #1's allocable share of certain Major Improvements, as described below:

- *Drainage*
Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operations to convey stormwater to all Lots in the District.
- *Detention Pond*
Improvements include five Detention Pond facilities to accommodate all of the District's stormwater detention requirements and to vastly improve the storm water handling throughout the neighborhood. Ponds also include extensive stone wall upgrades to the walls to add to the beautification of the neighborhood.
- *Streets*
Improvements include subgrade stabilization (including excavation and drainage), HMAC pavement and limestone base for roadways, sidewalks, handicapped ramps, curb and gutter, and clearing and grubbing. Intersections and signage are included. These roadway improvements include streets that will provide street access to all Lots in the District. These projects will provide access to collector roadways and state highways.
- *Public Land Dedications*
Lands totaling 46.84 acres within the District consisting of right of way dedications, detention Ponds and drainage lots, open space and additional landscape lots that will be dedicated to the City.
- *Public Landscape and Entry*
Improvements include community and neighborhood entry monument signs and landscape entries are intended to identify the character of the community by expressing distinctive qualities and/or features of the neighborhood. Common Areas include landscaped areas along the collector streets, including street trees, planting, and irrigation. Fencing for Common Areas may include perimeter walls and walls along collector streets. These walls may consist of durable materials including native stone, concrete fence, and masonry units or similar materials.
- *Contingency*
Estimated to be 15% of hard costs to be constructed during the development of the Future Improvement Areas.

▪ *Soft Costs*

Includes the costs related to designing, engineering, constructing, installing, and financing the hard costs, inclusive of a 4% construction management fee.

The following table reflects the total expected costs of the Improvement Area #1 Projects, Bond Issuance Costs (as defined in the Service and Assessment Plan) and first year's Annual Collection Costs, as well as the allocation of the Major Improvements to the Remainder Area. For additional information about the costs of the Improvement Area #1 Projects, see "APPENDIX C – Form of Service and Assessment Plan."

	Total Costs [a]		Improvement Area #1		Remainder Area	
			% [b]	Cost	% [b]	Cost
Major Improvements						
Drainage	\$ 4,515,201	37.30%	\$ 1,684,060	62.70%	\$ 2,831,141	
Detention Pond	2,304,301	37.30%	859,448	62.70%	1,444,853	
Streets	1,654,248	37.30%	616,994	62.70%	1,037,254	
Public Land Dedications	2,341,950	37.30%	873,490	62.70%	1,468,460	
Public Landscape and Entry	1,100,000	37.30%	410,273	62.70%	689,727	
Contingency	1,461,465	37.30%	545,091	62.70%	916,374	
Soft Costs	2,139,691	37.30%	798,053	62.70%	1,341,639	
	<u>\$ 15,516,856</u>		<u>\$ 5,787,410</u>		<u>\$ 9,729,446</u>	
Improvement Area #1 Improvements						
Streets	\$ 1,974,595	100.00%	\$ 1,974,595	0.00%	\$ -	
Soft Costs	301,709	100.00%	301,709	0.00%	-	
	<u>\$ 2,276,304</u>		<u>\$ 2,276,304</u>		<u>\$ -</u>	
Bond Issuance Costs [c]						
Debt Service Reserve Fund	\$ 471,039		\$ 471,039		\$ -	
Capitalized Interest	-		-		-	
Underwriter's Discount	185,220		185,220		-	
Cost of Issuance	402,741		402,741		-	
	<u>\$ 1,059,000</u>		<u>\$ 1,059,000</u>		<u>\$ -</u>	
Administrative Reserves [c]						
First Year Annual Collection Costs	<u>\$ 20,000</u>		<u>\$ 20,000</u>		<u>\$ -</u>	
	\$ 20,000		\$ 20,000		\$ -	
Total	\$ 18,872,160		\$ 9,142,714		\$ 9,729,446	

Notes:

[a] Costs were determined by the Engineer's Report prepared by Quiddity dated October 12, 2023.

[b] The costs of the Major Improvements are allocated between Improvement Area #1 and the Remainder Area based on Estimated Buildout Value as shown on **Exhibit I**.

[c] If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to the Future Improvement Areas, Bond Issuance Costs and/or Administrative Reserves, as applicable, associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.

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The cost of the Improvement Area #1 Projects, first year's Annual Collection Costs and Bond Issuance Costs is expected to be approximately \$9,142,714*. A portion of the Improvement Area #1 Projects will be funded by the Bonds. The remaining portion of the costs of the Improvement Area #1 Projects will be funded by the Developer and will not be reimbursed by the City.

Ownership and Maintenance of the Improvement Area #1 Projects

The Improvement Area #1 Projects have been or will be dedicated to and accepted by the City in accordance with City standards and specifications. A final plat for Improvement Area #1 was filed on August 4, 2023. The City will provide for the ongoing operation, maintenance and repair of such Improvement Area #1 Projects constructed and conveyed, as outlined in the Service and Assessment Plan, except for certain right-of-way, ponds, drainage lots and landscaping and open space lots which will be maintained by the HOA, pursuant to a License and Maintenance Agreement between the HOA and the City.

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. See "SOURCES OF INFORMATION – Source of Certain Information."

Overview

The Development is an approximately 128-acre master planned residential project to be known as "Durango." The Development is located at the intersection of State Highway 183 and Laws Road, with access to the Development directly from State Highway 183. The Development is within the corporate limits of the City, in Travis County, Texas, located approximately 22 miles southeast of the City of Austin, Texas, approximately 19 miles east of the City of Kyle, Texas, and approximately 22 miles northeast of the City of San Marcos, Texas. The Development is approximately 15 miles south of Austin-Bergstrom International Airport, 10 miles from Circuit of the Americas, and 15 miles from the Austin Tesla factory. The City, located in the southeastern region of the Austin-Round Rock-San Marcos, Texas Metropolitan Statistical Area (the "Austin MSA"), is poised for growth as the overall Austin MSA continues its growth trajectory.

The Development is expected to include a variety of open spaces, hike and bike trails, and an amenity center for residents to enjoy. This combination will provide its residents a community environment in which to live. The Development is located within the Del Valle Independent School District.

Development Plan and Status of Development in Improvement Area #1

Development in the District is expected to include approximately 604 single-family homes on a mixture of 40' and 50' lots. The District is expected to be developed in four phases which will be designated as three "Improvement Areas." The Development will be the first in the area that provides full utility services to its residents including natural gas and high-speed fiber internet services. Durango will also serve as the City's lead development and provide upgraded utility services to serve the entire area. The Development also includes a new sewer system to serve further communities, upgraded water line capacities, and 3 phase power solutions, all of which the Developer expects will aid in the City's desire to bring additional growth to the area in the future. See "THE DEVELOPMENT – Utilities."

Development in the District began with the development of Improvement Area #1 which consists of 225 lots in a combination of 40' and 50' lots. Construction of Improvement Area #1 Projects began in June 2022. Construction of the portion of the Improvement Area #1 Projects necessary for delivery of lots, which includes the Improvement Area #1 Improvements, was completed in July 2023. The Developer anticipates that the Major Improvements will be completed by Q1 2026. As of October 25, 2023, the Developer has advanced approximately \$5,249,678 relating to costs of the Improvement Area #1 Projects and \$4,775,415 on an additional portion of the Major Improvements

* Preliminary; subject to change.

benefitting the Remainder Area, which costs were funded by the Development Loan and Developer equity. A final plat for Improvement Area #1 was filed on August 4, 2023. The first closing of 75 lots in Improvement Area #1 occurred on October 5, 2023. See “— Homebuilder Lot Contract in the District.”

Additional Developer Constructed Utility Improvements and Private Improvements

In addition to the portion of the Improvement Area #1 Projects necessary for delivery of lots, which includes the Improvement Area #1 Improvements, the Developer has also constructed the Water Improvements and the Wastewater Improvements (each as defined herein) as described under “THE DEVELOPMENT – Utilities.” The Water Improvements have been dedicated to and accepted by CMWSC. The Wastewater Improvements have been dedicated to and accepted by CRU. The Water Improvements cost approximately \$4,669,021.55 and were funded by the Development Loan and Developer equity. The Wastewater Improvements cost approximately \$1,341,760.81 and were funded by the Development Loan and Developer equity.

Additionally, the Developer has constructed or will construct certain private improvements to serve the entire District consisting of certain HOA-owned landscaping, electric systems, and other miscellaneous soft costs (collectively, the “Private Improvements”). The approximate cost of the Private Improvements in the District is expected to be approximately \$4,386,534. The costs of the Private Improvements were paid or will be paid with funds from the Development Loan and Developer equity.

Photographs of Development in Improvement Area #1 of the District

Photographs of development within Improvement Area #1 of the District are included herein in Appendix H.

Concept Plan

Below is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City’s zoning and subdivision regulations. The area shown as “Phase 1A” below corresponds to Improvement Area #1. The areas shown as “Phase 1B” and “Phase 2A” below are expected to constitute “Improvement Area #2” of the District. The area shown as “Phase 2B” below is expected to constitute “Improvement Area #3” of the District.

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Homebuilder Lot Contract in the District

All lots in the District, including the 225 lots in Improvement Area #1 of the District, are under contract with Continental pursuant to a Contract of Sale (the “Lot Contract”). Homes in the District are expected to be constructed under the D.R. Horton brand.

Continental has advanced the Earnest Money Deposit in the amount of \$2,224,825 to the Developer, all of which has been released to the Developer and was used for the purchase of the property in the District and the repayment of certain engineering costs to Continental as described below. The Developer has executed an earnest money deed of trust securing the Earnest Money Deposit, which deed of trust grants Continental a second lien on certain property within the District.

The Lot Contract provides that the Developer shall construct an amenity center, landscaping, entryway signage and improvements, and perimeter fencing (collectively, the “Required Amenities”) and spend not less than \$2,110,500 (the “Minimum Amenities Budget”) on the design and construction of all of the Required Amenities. A portion of such Required Amenities consisting of certain landscaping and entryway signage constitute Authorized Improvements, a portion of which will be funded or reimbursed with the Bonds and a portion of which is expected to be funded or reimbursed with the Future Improvement Area Bonds.

The Developer must complete construction of the Required Amenities as part of the substantial completion requirements for Phase 2A of the District (which phase is included in Improvement Area #2 and shown on the Concept Plan above). If the Developer fails to complete construction of the Required Amenities by the Target SC Date (as defined below) for the Phase 2A lots, then (i) Continental’s closing obligations shall abate until such time as the Required Amenities are completed, (ii) the Additional Consideration (as defined herein) shall abate and no such Additional Consideration shall accrue during the time period commencing on the Target SC Date for the Phase 2A lots and continuing until the Required Amenities are completed in accordance with the “Amenities Plans” approved by Continental pursuant to the Lot Contract, (iii) Continental may, in its sole discretion, after providing the Developer with at least sixty (60) days written notice and opportunity to cure, elect to construct and complete the Required Amenities, and the Developer will reimburse Continental upon demand for all costs and expenses incurred by Continental in connection with constructing and completing the Required Amenities, not to exceed the Minimum Amenities Budget, and (iv) if the Developer fails to reimburse Continental for the costs and expenses incurred by Continental in connection with constructing and completing the Required Amenities, then the abatement of the Additional Consideration shall continue until Continental receives such reimbursement, and Continental may offset such costs and expenses against the purchase price of lots. Such rights and remedies of Continental are in addition to and cumulative of all other rights and remedies of Continental under the Lot Contract, which include waiver, extension of time, termination, specific performance or recovery of actual damages if specific performance is not available. The Lot Contract provides that the Developer shall use good faith efforts to achieve and satisfy substantial completion of the lots for each Phase (each, a “Target SC Date”) so as to assure the requisite number of lots are substantially complete in order to allow closings to occur in accordance with the takedown schedule (shown below). The Developer indicates it expects to construct the Required Amenities with the target timeline set forth in the Lot Contract and expend the required Minimum Amenities Budget.

The Lot Contract also required the Developer to reimburse Continental for \$772,775 in engineering costs expended by Continental with respect to the property in the District. The Developer has provided such reimbursement utilizing a portion of the Earnest Money Deposit.

The following table provides a summary of the total lots by Improvement Area, base purchase price, and the takedown schedule for the Lot Contract. As of October 5, 2023, Continental has closed on 75 lots under the Lot Contract.

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LOT PURCHASE AND SALE AGREEMENT

<u>Homebuilder</u>	<u>Improvement Area</u>	<u>Total Lots</u>	<u>Lot Size</u>	<u>Base Price Per Lot*</u>	<u>Lots per Takedown</u>
Continental (D.R. Horton)	1	225	143 x 40'	\$60,200	75 total lots (62 x 40' and 13 x 50') at Initial Closing (Occurred on October 5, 2023);
			82 x 50'	\$65,000	50 total lots (47 x 40' and 3 x 50' lots) 180 days after Initial Closing ("2 nd Closing");
	2	228			50 total lots (7 x 40' and 43 x 50') 90 days after 2 nd Closing ("3 rd Closing");
					50 total lots (27 x 40' and 23 x 50') 90 days after 3 rd Closing ("4 th Closing").
					50 total lots (49 x 40' and 1 x 50') 90 days after 4 th Closing ("5 th Closing");
					51 total lots (45 x 40' and 6 x 50') 90 days after 5 th Closing ("6 th Closing");
3	151	133 x 40'	\$60,200	45 total lots (31 x 40' and 14 x 50') 90 days after 6 th Closing ("7 th Closing");	
		18 x 50'	\$65,000	45 total lots (45 x 50') 90 days after 7 th Closing ("8 th Closing");	
					37 total lots (37 x 50') 90 days after 8 th Closing ("9 th Closing").
					45 total lots (45 x 40') 90 days after 9 th Closing ("10 th Closing");
					106 total lots (88 x 40' and 18 x 50') 90 days after 10 th Closing.
TOTAL		<u>604</u>			

* Excludes 8% annual escalator (the "Additional Consideration") applicable to all lots and \$900/lot grading reimbursement applicable to lots in Improvement Area #1.

Expected Build-Out and Home Prices in the Development

The Developer's current expectations regarding estimated home prices in the District are as follows:

ESTIMATED HOME PRICES

<u>Improvement Area</u>	<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Average Base Lot Price*</u>	<u>Average Base Home Price**</u>
1	40'	143	\$65,964	\$345,467
1	50'	82		
2	40'	125	\$67,983	\$357,180
2	50'	103		
3	40'	133	\$69,864	\$362,603
3	50'	18		

* Average across lot types, inclusive of Additional Consideration. Contracted lot price differs from values provided in the Appraisal. See "APPRAISAL" and APPENDIX F.

** Developer estimates. Average across both lot types.

The Developer expects to complete the Development in multiple phases, which are expected to be combined as Improvement Areas, over a four year period. The following tables provide the Developer's expected build-out schedule of the District and absorption schedule of lots for the District.

<u>Improvement Area</u>	<u>Single-Family Lots</u>	<u>Actual/Expected Infrastructure Start Date</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Final Lot Sale Date</u>
1	225	Q2 2022	July 2023	Q4 2024
2	228	Q2 2024	Q1 2025	Q1 2026
3	<u>151</u>	Q2 2025	Q1 2026	Q3 2026
Total	<u>604</u>			

EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

<u>Improvement Area #1</u>		<u>Improvement Area #2</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q4 2023	75	Q1 2025	50
Q1 2024	0	Q2 2025	50
Q2 2024	50	Q3 2025	50
Q3 2024	50	Q4 2025	50
Q4 2024	<u>50</u>	Q1 2026	<u>28</u>
Total	<u>225</u>	Total	<u>228</u>

<u>Improvement Area #3</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q1 2026	22
Q2 2026	50
Q3 2026	<u>79</u>
Total	<u>151</u>

The Phasing Agreement

The Developer and the County have entered into the “Phasing Agreement – Trails at Mustang Ridge” (the “Phasing Agreement”) with respect to the Development. Under the Phasing Agreement, the Developer agreed to (i) design and construct both “Roadway 1” (as defined in the Phasing Agreement) and a northbound right turn lane at US 183 northbound frontage road and Roadway 1 (collectively, the “TxDOT Turn Lane Improvement”); (ii) clear brush on Laws Road at Roadway 2 (as defined in the Phasing Agreement) to remove sight distance obstructions (the “Laws Road Brush Clearing”); and (iii) clear brush on Evelyn Road at Schriber Road to remove sight distance obstructions (the “Evelyn Road Brush Clearing”). The TxDOT Turn Lane Improvement, Laws Road Brush Clearing, and Evelyn Road Brush Clearing are collectively referred to as the “Trails at Mustang Ridge Improvements.” The Developer has agreed in the Phasing Agreement to construct the Trails at Mustang Ridge Improvements consistent with the applicable requirements set forth by either the County standards, Chapter 482, Travis County Development Regulations, or by Texas Department of Transportation (“TxDOT”).

Under the Phasing Agreement, the Developer also elected to satisfy its legal obligations by contributing financially toward the County’s future Capital Improvement Program Project along Doyle Overton Road, Brock Road, Laws Road, or other projects in the vicinity (the “Roadway Improvements”) by paying a total of \$805,503.32 to the County in two separate payments of \$250,000.00 (the “Phase 1 Mitigation Payment”) and \$555,503.32 (the “Phase 2 Mitigation Payment”) and, collectively with the Phase 1 Mitigation Payment, the “Mitigation Payments”). The County will use the Mitigation Payments solely for the Roadway Improvements.

Under the Phasing Agreement, Improvement Area #1 and the approximately 15 acres comprising Improvement Area #2 are referred to as “Phase 1” and the approximately 53.4 acres comprising Improvement Area #3 are referred to as “Phase 2.”

The Phasing Agreement required the Developer to (i) submit the Phase 1 Mitigation Payment of \$250,000.00 to the County prior to the issuance of a site development permit for Phase 1 and (ii) construct the TxDOT Turn Lane Improvement at the same time as the driveway to be located at the intersection of Street N and Law Road. In addition, for Phase 1, prior to the County issuing a driveway permit for Roadway 2 the Developer was required to (i) provide the County a copy of a valid TxDOT driveway permit for the TxDOT Turn Lane Improvement, evidencing that the TxDOT Turn Lane Improvement has been accepted by TxDOT and (ii) complete the Laws Road Brush Clearing. The Developer has submitted the Phase 1 Mitigation Payment to the County, constructed the TxDOT Turn Lane Improvement and completed the Laws Road Brush Clearing in accordance with the Phasing Agreement, and the County has issued the driveway permit for Roadway 2.

With respect to Phase 2 under the Phasing Agreement, (i) prior to the issuance of any site development permit for any portion of Phase 2, the Developer must submit to the County the Phase 2 Mitigation Payment of \$555,503.32; and (ii) prior to the issuance of the driveway permit for the drive to be located at Street A and Evelyn Road, the Developer must complete the Evelyn Road Brush Clearing. The Developer must also dedicate to the City, via plat, the 10-foot right-of-way along Evelyn Road and the 32-foot right-of-way along Laws Road (the “Right of Way Dedication”). The Right-of-Way Dedication shall be approved by the County prior to the recording of the final plat for Phase 2.

Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of local improvements benefitting each of the Future Improvement Areas and the portion of the Major Improvements allocable to each such Future Improvement Area are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas of the District will be determined at the time each Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within the Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds, including the portion of the Major Improvements allocable to such Future Improvement Area. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District. It is anticipated that Future Improvement Area Bonds will be issued beginning in 2025.

The Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities. The City reserves the right to issue Future Improvement Area Bonds for any purpose permitted by the PID Act, including those described above.

Zoning

The City has not zoned the property in the District but has approved the final plat reflecting the development plan for Improvement Area #1, which was filed in the Travis County property records on August 4, 2023.

Amenities

The Developer has constructed and will construct certain amenities within the District, including an amenity center, open spaces, gathering spaces, and hike and bike trails. Land dedication for the open spaces is expected to be financed as part of the costs of the Improvement Area #1 Projects.

The amenity center will consist of an in-ground swimming pool, play area, shade structures, a playground, cabanas, air conditioned facilities, and restroom. The amenity center is expected to cost approximately \$1,000,000 and will be funded with a construction loan. The Developer expects to commence construction of the amenities in Q2 2024 and complete such construction by Q1 2025.

The Lot Contract includes an agreement by the Developer to construct the “Required Amenities” and to complete such Required Amenities contemporaneously with development in Improvement Area #2 of the District. See “— Homebuilder Lot Contract in the District.” The Developer indicates that it expects to complete the Required Amenities by the deadline set forth in the Lot Contract.

Education

The Del Valle Independent School District (“Del Valle ISD”), which serves the District, encompasses approximately 174 square miles, is located in Southeast Travis County, Texas and serves the communities of Austin, Garfield, Creedmoor, Mustang Ridge, Elroy, Pilot Knob, Webberville, and Hornsby Bend. Del Valle ISD enrolls over 11,000 students in one high school, one early college high school, three middle schools, nine elementary schools, two alternative campuses and three child development centers. Students in the District desiring to attend public schools will attend Creedmoor Elementary School (approximately 4.4 miles from the Development), Del Valle Middle School (approximately 11.7 miles from the Development) and Del Valle High School (approximately 11.6 miles from the Development). According to the Texas Education Agency (“TEA”), Del Valle ISD, Creedmoor Elementary School and Del Valle Middle School received a “B” District Accountability Rating and Del Valle High School received a “C” District Accountability Rating from the TEA for 2021-2022. The categories for public school districts and campuses are A, B, C, or Not Rated. GreatSchools.org currently rates Creedmoor Elementary School a 4-out-of-10, Del Valle Middle School a 5-out-of-10, and Del Valle High School a 3-out-of-10.

Environmental

According to information obtained from the Developer, Continental obtained a Phase One Environmental Site Assessment of the land in the District which indicated that there was no evidence of recognized environmental conditions involving the site. **Continental has a company policy of not disclosing such site assessments to third parties, and as such, the environmental site assessment was not provided to or reviewed by the City, the Underwriter or the Financial Advisor in connection with the Bonds. The Developer has represented that it believes the property in the District is free from environmental issues.**

Flood Designation

According to Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map Panel No. 48453C0710J effective January 6, 2016, Panel No. 48453C0720H effective September 26, 2008, Panel No. 48453C0705K effective January 22, 2020, and Panel No. 48453C0715H effective September 26, 2008, no property in the District lies in an area of special flood hazard designation.

Existing Mineral Rights, Easements and Other Third Party Property Rights

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

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

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

Utilities

Water. Creedmoor-Maha Water Supply Corporation (“CMWSC”) will provide water to the District. CMWSC is a Texas nonprofit corporation, member owned and controlled corporation. CMWSC furnishes water services to homes and businesses in the central Texas area and is headquartered in Buda, Texas. CMWSC sources its water from the Edwards Aquifer and City of Austin Water. The Developer expects that CMWSC has and will have sufficient capacity to serve the District as it is developed.

The Developer has entered into a Non-Standard Service Agreement for water service to the District (the “CMWSC Agreement”) pursuant to which the Developer agreed to construct certain water improvements on the property and dedicate such system to CMWSC, and CMWSC has agreed to provide water service to up to 615 single family home lots and associated open space, and amenity center through CMWSC’s water system. In addition, under the CMWSC Agreement, the Developer is required to pay a \$6,185 per lot capital improvement recovery fee to CMWSC, which capital improvement recovery fee is expected to cover the cost of a water system extension to the Development. The water system extension has been completed and dedicated to CMWSC. The Developer shall receive a credit toward the capital improvement recovery fees for any monies expended by the Developer to design and construct water production, storage, treatment, pressure, transmission (trunklines) facilities outside the property and other non-distribution system facilities being part of the water system extension, which credit shall not exceed the total amount of capital recovery fees that would otherwise be collected (projected at \$3,711,000 in the CMWSC Agreement). To date, the Developer has received capital improvement recovery fee credits in the amount of \$3,307,544.38 from CMWSC in connection with its construction of the Water Improvements. The Developer has constructed certain water improvements in connection with the provision of water service to the District (“Water Improvements”), and such Water Improvements were dedicated to and accepted by CMWSC. The Water Improvements cost approximately \$4,669,021.55 and were funded by the Development Loan and Developer equity.

Wastewater. Camino Real Utility (“CRU”), a subsidiary of BVRT Water Resources, will provide sewer services to the District. CRU is managed and operated by Operations & Maintenance Management Services Company, LLC (“OMMS”). OMMS is a Texas-based company situated in Central Texas. The City has executed a non-exclusive franchise agreement with Camino Real Utility, LLC for the provision of wastewater services to lands within the City including the lands covered by the District. The Developer expects that CRU has and will have sufficient capacity to serve the District as it is developed.

The Developer has entered into a Non-Standard Service Agreement for wastewater treatment service to the District (the “CRU Agreement”) pursuant to which the Developer agreed to construct a wastewater collection system on the property and dedicate such system to CRU, and CRU has agreed to provide service to the District for up to 620 living equivalent units (“LUEs”). The CRU Agreement requires the payment of a \$5,000 “service initiation fee,” and a \$300 sewer tap fee for each LUE prior to the commencement of service, which fees are fixed for five years beginning on the date of the first tap or until the last home is built, whichever is earlier.

The Developer has constructed certain wastewater improvements in connection with the provision of wastewater service to the District (“Wastewater Improvements”), and such Wastewater Improvements were dedicated to and accepted by CRU. The Wastewater Improvements cost approximately \$1,341,760.81 and were funded by the Development Loan and Developer equity. An additional offsite connection to CRU’s wastewater treatment plant is expected to be constructed by CRU. CRU is obligated to provide pump and haul service to the Development if such connection is not complete at the time homes are occupied.

Under the CRU Agreement, CRU has agreed to make annual repayments of the cost of the Wastewater Improvements and the cost of complying with insurance requirements under the CRU Agreement (referred to in the CRU Agreement as the “Developer’s Advance Subject to Refund”), without interest, for a period not to exceed fifteen (15) years from the date of first repayment, commencing on the first anniversary date upon the earlier of (i) the date at least fifty percent (50%) of the LUEs purchased for the District have received Certificates of Occupancy, or (ii) one hundred percent (100%) of the homes in the first phase (identified in the CRU Agreement as “Phase 1A,” consisting of 129 lots) are occupied. Each such annual payment shall equal six and sixty-seven one hundredths percent (6.67%) of Developer’s Advance Subject to Refund. If any portion of the Developer’s Advance Subject to Refund shall not have been refunded at the end of said fifteen (15) year period, CRU shall refund the remaining portion to the Developer

with the last refund payment under the CRU Agreement. To date, the Developer has not received any refund payments under the CRU Agreement.

Other Utilities. Additional utilities in the District are expected to be provided by: (1) Phone/Data – Centric; (2) Electric – Pedernales Electric Cooperative; (3) Cable – Centric; and (4) Natural Gas – Centric Gas Services (a division of Centric).

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor, and the Underwriter, and none of the City, the City’s Financial Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information. See “SOURCES OF INFORMATION – Source of Certain Information.”

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots to homebuilders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property that it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land that the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of Developer

The Developer, Laws126, LP, is a Texas limited partnership. The general partner of the Developer is Packsaddle Real Estate Partners, LLC, a Texas limited liability company (“Packsaddle”). The members of Packsaddle are LWR Family Trust of 2012 (60%), Scott Rempe (30%) (managing member), Christopher Rogers (5%) and Kyle Rother (5%). The limited partners of the Developer are SDR Family Partnership, LP (29.5%) and Waterford Capital Partners, LLC (69.5%). Scott Rempe serves as the managing partner of SDR Family Partnership, LP. The members of Waterford Capital Partners, LLC are LWR Family Trust of 2010 (50%) and James Mills (50%).

Packsaddle has a history of development and real estate holdings that reach across the United States. Based in Austin, Texas, Packsaddle’s partners have combined development and construction experience of over 60 years in four states including Arizona, Nebraska, New Mexico and Texas. Packsaddle has funded and developed over \$400,000,000 in real estate projects with a variety of project types including single family communities, retail, multi-tenant office, single tenant ground up and finish out, warehouse and hospitality.

A snapshot of some of the communities the principals of the Developer have developed in the Austin, Texas market is presented below.

Name of Community	Projects		
	City	Number of Lots	Status of Development
Parks at Westhaven ⁽¹⁾	Georgetown	401	Under Development
Mustang Creek ⁽¹⁾	Hutto	603	Under Development

⁽¹⁾ Development was funded partly through a public improvement district.

Executive Biographies of Developer Principals

Scott Rempe, Managing Partner, Packsaddle. Scott Rempe is a co-founder and managing member of the General Partner of the Developer. In this role, he is responsible for the General Partner's operations throughout Texas, Arizona, Kansas, Nebraska, and New Mexico and oversees the funding and development of various project types including single family communities, commercial and industrial subdivisions, multiple-tenant offices, industrial warehouses and hospitality. Additionally, Rempe is the manager of one of the limited equity partners of the Developer, SDR Family Partnership, LP. Rempe has been involved in business development, real estate development and construction for 18 years.

Rempe has a 14 year history as the President of Sundance Canyon Construction, a successful commercial construction company developing all types of construction. He is responsible for overseeing all operations of the business, including site selection and value engineering. Sundance Canyon Construction has completed over \$40,000,000 in construction projects including projects for national brands such as Marriott and Hilton Hospitality Groups. Additionally, Rempe has a 14 year history as Managing Partners of Northwest Fence & Iron. Northwest Fence & Iron offers a full line of fencing products, including iron fence manufactured in Austin, Texas. They also own and operate Sundance Metal Fabricators, LLC, a central Texas fence supply, custom fabrication, and powder coating facility with locations in North and Central Austin. Rempe is a graduate of the University of Nebraska College of Business Administration, where he received his Bachelor of Science in Business Administration in Marketing.

Larry W. Rother, Manager, Packsaddle and LWR Family Trust of 2012. Larry Rother is a Manager of Packsaddle, the Manager for LWR Family Trust of 2012 and a 50% member Waterford Capital Partners (through the LWR Family Trust of 2010), a limited equity partner of the Developer. Rother has a 47 year history of business and real estate development of various types. After graduation from Texas A&M University in 1976, Rother developed University Bookstore operations and real estate at 17 locations in Texas, New Mexico and Arizona, and sold the business operations to Nebraska Book Company in 1999. He also has a combined 42 year history in developing entitlement and construction of childcare sites under the Children's Courtyard brand and the X-Plor brand. He has sold business operations of both brands to a publicly traded company in 2006 and a worldwide education company in 2016, respectively. Today, Rother continues to develop ground up projects in both commercial and residential markets including construction for multiple single family subdivisions, national brands of childcare, Marriott, Hilton, Starbucks, Pet Paradise and Dollar General.

History and Financing of the District

The Property Acquisition. The Developer purchased the land within the District from the Original Owner on December 1, 2021 at a purchase price of \$5,540,035.30 with funds from the Earnest Money Deposit and equity provided by the Developer.

The Development Financing. The Developer obtained the Development Loan from the Lender, Texas Bank and Trust Company, in a principal amount not to exceed \$16,691,250, for the purpose of financing construction and other costs associated with the development of the first 321 lots in the District.

The rate of interest on the Development Loan is equal to the Prime Rate set by the Lender, plus 0.50%, and is subject to a floor rate of 4.00%. Interest on the Development Loan is payable monthly, with the full principal due at maturity. The Development Loan matures on May 8, 2024. As of August 28, 2023, the outstanding balance of the Development Loan is \$12,601,332.

The Developer intends to repay the Development Loan primarily from the revenue generated from sales of the lots developed in the District. The Development Loan is secured by a first lien Deed of Trust covering the land in the District (except any lots that have been delivered to Continental and released from the Deed of Trust) in favor of the Lender. Scott Rempe, Larry Rother, and James Mills are each a guarantor of the Development Loan.

The Developer expects to fund future development in the District with Developer cash and an additional development loan.

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 Lender will acknowledge the creation of the District, the levy of the Assessments, and the subordination of the liens securing the Development Loan to the Assessment Lien. The Assessment Lien will have priority over the liens on the property within the District securing the Development Loan, the Earnest Money Deposit, and any other loans that may be obtained by the Developer or its affiliates.

THE ADMINISTRATOR

The following information has been provided by the Administrator. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Administrator has reviewed this Limited Offering Memorandum and warrant and represent that the information herein under the caption "THE ADMINISTRATOR" does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

The City has selected P3Works, LLC as the initial Administrator for the District. The Administrator is a consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. The City has entered into an agreement 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 district services relating to the formation and administration of public improvement districts, and is based in North Richland Hills, Texas and Austin, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for City billing and collection
- Establishing and maintaining a database of all City parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquiries
- Determination of Prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL

The Appraisal

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report effective as of September 4, 2023 (the "Appraisal"). The Appraisal was prepared at the request of the Underwriter.

The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX F — Appraisal."

Value Estimates. The Appraiser estimated the aggregate "As Is Bulk Market Value" (as defined in the Appraisal) of the fee simple interest in various tracts of land in Improvement Area #1 of the District. The Appraisal provides the fee simple estate value for Improvement Area #1 of the District. See "APPENDIX F — Appraisal."

The value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and extraordinary assumptions set forth in the Appraisal, as of September 4, 2023, is \$15,210,000. For further information about the value of the land

within Improvement Area #1 and the lien relating to the Assessments, see “ASSESSMENT PROCEDURES – Assessment Methodology.”

None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX F.

BONDHOLDERS’ RISKS

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

General

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

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

The rate of development of the property in Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Improvement Area #1 of the District should proceed more slowly than expected and the Developer or Continental is unable to pay the Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

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

Deemed Representations and Acknowledgment by Investors

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

Assessment Limitations

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

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

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

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

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, neither the Developer nor Continental is eligible to claim homestead rights and the Developer has represented that it will own all property within Improvement Area #1 of the District as of the date of the Assessment Ordinance other than the 75 lots transferred to Continental. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

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

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

Competition

The housing industry in the Austin area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will be completed in accordance with the Developer’s expectations. The competitive position of the Developer in the sale of developed lots or of any other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise be able to compete with the Development. A sample of competitive projects near the Development is below.

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer or Builders</u>	<u>Expected Average Home Sale Prices</u>	<u># of Units Remaining</u>
Stallion Run	633	3	Century Communities	\$372,000	472
Sunfield	698	13	Brightland Homes, Taylor Morrison, Pulte	\$404,524	360
Turner’s Crossing	569	8	Taylor Morrison, Meritage, Tri Pointe	\$467,675	445

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

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser

of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Improvement Area #1 of the District do not provide the required notice and prospective purchasers of property within Improvement Area #1 of the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or homebuilders within Improvement Area #1 of the District do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

Completion of Homes

The cost and time for completion of homes by the homebuilders is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development and could reduce the ability or desire of property owners in Improvement Area #1 of the District to pay the Assessments.

Risks Related to Current Increase in Costs of Building Materials

As a result of low supply, high demand, and the ongoing trade war, there have been substantial increases in the cost of materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in Improvement Area #1 of the District are substantially higher than the estimated costs or if the homebuilders within Improvement Area #1 of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in Improvement Area #1 of the District to complete the construction of homes or pay the Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of Improvement Area #1 of the District.

Loss of Tax Exemption

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

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Account of the Reserve Fund

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

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in Improvement Area #1 of the District be affected by a hazardous substance, the marketability and value of such parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within Improvement Area #1 of the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in Improvement Area #1 of the District. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to the property in the District; 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 Improvement Area #1 of the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. The actual occurrence of any of these possibilities could significantly negatively affect the value of a parcel that is realizable upon a foreclosure.

As discussed under “THE DEVELOPMENT – Environmental,” Continental has a company policy of not disclosing environmental site assessments to third parties, and as such, an environmental site assessment was not provided to or reviewed by the City, the Underwriter or the Financial Advisor in connection with the Bonds. The Developer has represented that it believes the property in the District is free from environmental issues, but no assurance can be given by the City, the Underwriter or the Financial Advisor as to the environmental status of the property in the District.

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third Party Property Rights,” there are certain Third Party Property Rights reservations located within Improvement Area #1 of the District and not owned by the Developer or any of its affiliates. 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 Travis County.

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

Regulation

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

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal or of interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 of the District or sell property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this

regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Improvement Area #1 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

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

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

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

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

Tax-Exempt Status of the Bonds

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has announced that its audit efforts will focus in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. In recent audits, the IRS has asserted that interest on such "developer-driven" obligations can be taxable, in certain circumstances, even when those transactions otherwise meet all applicable tax law requirements. 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.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a

new developer or new officers in management positions may not have comparable experience in development projects comparable to that of the Development.

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract's conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back. See "THE DEVELOPMENT – Expected Build-Out and Home Prices in the Development" herein.

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, Continental or its homebuilding affiliates 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 Improvement Area #1 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.

Availability of Utilities

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

Dependence Upon Developer and Continental

The Developer, as the owner of the Assessed Property in Improvement Area #1 of the District other than the 75 lots transferred to Continental, currently has the obligation for payment of 66.94% the Assessments. Continental as the owner of 75 lots in the District, currently has the obligation for payment of 33.06% the Assessments. The ability of the Developer and/or Continental to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Developer and/or Continental to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer or Continental will advance such funds.

Neither the Developer nor Continental will guarantee or otherwise be obligated to pay debt service on the Bonds.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of the Texas Senate and Texas House of Representatives which suggest or recommend changes to the PID Act relating oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State concluded on May 29, 2023, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a special legislative session, which convened on May 29, 2023 and ended on June 27, 2023, and a second special legislative session, which convened on June 27, 2023 and adjourned on July 13, 2023, both of which ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a third special session that began on October 9, 2023. The proclamation for such session does not include legislation recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The Appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation and specified therein. The estimated market value specified in the Appraisal is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's forecasts for properties in Improvement Area #1 of the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Improvement Area #1 of the District.

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

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

Risk from Weather Events

All of the State, including the City and the District, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City or the District, including land within the District.

100-Year Flood Plain

According to FEMA Flood Insurance Rate Panel No. 48453C0710J effective January 6, 2016, Panel No. 48453C0720H effective September 26, 2008, Panel No. 48453C0705K effective January 22, 2020 and Panel No. 48453C0715H effective September 26, 2008, no portion of property in the District lies in a special flood hazard area.

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

Judicial Foreclosures

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

No Credit Rating

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

Limited Secondary Market for the Bonds

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by (i) 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, (ii) 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.

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

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney

General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special, 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 thereof and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of this 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 this Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds" (except for the final paragraph thereof), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the last paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the final paragraph thereof), "LEGAL MATTERS — Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B — Form of Indenture," excluding any material that may be treated as included under such captions or subcaptions by cross references or reference to other documents or sources, and such firm is of the opinion that the statements relating to the Bonds and legal matters contained under such captions and subcaptions accurately describes the laws and legal matters addressed therein and, with respect to the Bonds, insofar as such statements expressly summarize certain provisions of or refer to the Bonds, the Bond Ordinance and the Indenture, or set out content of such firm's Bond Opinion, are accurate in all material respects.

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 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its 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 PID Financing Agreement, the Phasing Agreement, the CRU Agreement, the CMWSC 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.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

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

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

The City's Compliance with Prior Undertakings

The City has not previously entered into a continuing disclosure undertaking pursuant to the Rule.

The Developer

The Developer will enter into a Continuing Disclosure Agreement (the "Developer Disclosure Agreement") with the Administrator, and the Dissemination Agent for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the applicable portion of Improvement Area #1 of the District and the applicable portions of the Improvement Area #1 Projects (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 Developer Disclosure Agreement."

Under certain circumstances, the failure of Developer or the Administrator to comply with their respective obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and are not entered into pursuant to the Rule.

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

The Developer's Compliance with Prior Undertakings

The Developer has not previously entered into any continuing disclosure undertakings.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter"), has agreed to purchase the Bonds from the City at a purchase price of \$ _____ (the par amount of the Bonds, less an underwriting discount of \$ _____, which includes Underwriter's Counsel's fee of \$ _____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Securities Act 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

Under the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) 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 that have adopted investment policies and guidelines in accordance with the PFIA, the Bonds may have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See “NO RATING” above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits only to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

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

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

or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) above or clause (12) below, which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (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 (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7; and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus

payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., 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.umb.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 and 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 Projects, the Development, the Developer, generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan, Status of Development and Plan of Finance," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS," (only as it pertains to the Developer, the Improvement Area #1 Projects and the Development), "LEGAL MATTERS — Litigation — The Developer," "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings," APPENDIX G and APPENDIX H has been provided by the Developer, and the Developer warrants and represents, solely with respect to information pertaining to the Developer, the Development and the Improvement Area #1 Projects that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC and has been included in reliance upon the authority of such firm as experts in the field of formation and administration of public improvement districts.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by the Appraiser and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

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

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

Major Employers (Travis County)

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
State of Texas	Government	58,614
The University of Texas at Austin	Education & Research	29,270
H.E.B. Grocery Co.	Grocery Stores	20,749
City of Austin	Government	16,261
Dell Inc.	Electronics	13,000
Federal Government	Government	12,278
Ascension Texas	Health Services	12,086
Amazon.com, LLC	Retail	11,000
St. David's Healthcare	Health Services	10,854
Austin ISD	Education	9,991

Source: Municipal Advisory Council of Texas

Historical Employment in Travis County

	<u>Average Annual</u> ⁽¹⁾				
	<u>2023</u> ⁽²⁾	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Civilian Labor Force	857,703	822,494	778,563	735,013	731,331
Total Employed	824,630	799,306	747,009	688,176	712,144
Total Unemployed	33,073	23,188	31,554	46,837	19,187
Unemployment Rate	3.9%	2.8%	4.1%	6.4%	2.6%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through August 2023.

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Surrounding Economic Activity

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

City of Austin		City of Kyle		City of Round Rock	
Approximately 19 miles from the City		Approximately 17 miles from the City		Approximately 35 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
State Government	39,306	Hays CISD	2,383	Dell Inc.	13,000
University of Texas - Austin	29,597	Seton Medical Center Hays	610	Round Rock ISD	6,750
HEB	20,749	City of Kyle	251	City of Round Rock	1,021
City of Austin	15,548	HEB Plus	208	Kalahari Resorts & Conventions	1,000
Federal Government	15,000	Legend Oaks Healthcare	116	Round Rock Premium Outlets	800
Dell Computer Corp.	13,000	Lowe's	108	Seton Medical Center Williamson	750
Ascension Seton	12,086	Home Depot	100	Scott & White University Medical Campus	750
Amazon	11,000	Warm Springs Rehab Hospital	100	St. David's Round Rock Medical Center	689
St. David's Healthcare Partnership	10,854	Austin Community College Hays	80	Emerson Automation Solutions	682
Austin ISD	10,565	RSI, Inc.	58	Amazon	600

City of New Braunfels	
Approximately 39 miles from the City	
Employer	Employees
Comal ISD	3,132
Schlitterbahn Water Park	2,300
New Braunfels ISD	1,238
Wal-Mart Distribution Center	1,215
City of New Braunfels	960
Rush Enterprises	859
Hunder Industries	826
Comal County	792
TaskUs	700
Sysco	570

City of San Marcos	
Approximately 21 miles from the City	
Employer	Employees
Amazon	5,000
Texas State University	3,730
Premium Outlets San Marcos	1,600
Tanger Factory Outlet Center	1,540
San Marcos CISD	1,400
Hays County	885
City of San Marcos	870
HEB Distribution Center	750
Central Texas Medical Center	675
CFAN	500

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF MUSTANG RIDGE, TEXAS

and

UMB BANK, N.A.,
as Trustee

DATED AS OF DECEMBER 1, 2023

SECURING

\$(PRINCIPAL]
CITY OF MUSTANG RIDGE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE, dated as of December 1, 2023, is by and between the CITY OF MUSTANG RIDGE, TEXAS (the “City”), and UMB BANK, N.A., 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 I.

WHEREAS, a petition (the “Petition”) requesting the creation of a public improvement district located in the City to be known as The Trails Public Improvement District (the “District”) was signed and submitted by Charles Preston Laws, individually and as manager of Creedmoor Investments, L.L.C., Ranch Gone, L.L.C. and Creedmoor Holdings, L.L.C., Roderick Wayne Holcombe, manager of Holcombe Ranchland Investments, L.L.C., Holcombe Prairie Holdings, L.L.C. and Holcombe Family Holdings, L.L.C., James David Walker, individually and as manager of Prudent Path Equity Group, L.L.C. and Sentimental Asset Holders, L.L.C., Cheryl Elaine Laws Walker, individually and as manager of Frugal Choice Investments, L.L.C., Andrew David Holcombe, William Charles Holcombe and Gloria Laws (as joined by The Trails, LLC, as the intended successor in interest to certain owners of taxable real property within the area proposed for the proposed public improvement district) representing (i) the then owners of taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment in the proposed District, and (ii) the then record owners of taxable real property that constituted more than 50% of the area of all taxable real property that was liable for assessment in the proposed District, and filed with the City Secretary of the City (the “City Secretary”), pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “PID Act”); and

WHEREAS, on June 14, 2021, after due notice, the City Council of the City (the “City Council”) held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act, made the findings required by Section 372.009(b) of the PID Act and, by Resolution # 21-190 adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on July 16, 2021, the City published notice of its authorization of the creation of the District in the *Austin Chronicle*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after July 16, 2021; and

WHEREAS, in connection with the development of property within the District, the City and Continental Homes of Texas, L.P., a Texas limited partnership (the “Original Developer”), entered into that certain The Trails Public Improvement District Financing and Reimbursement Agreement, dated effective as of October 19, 2021 (the “Financing Agreement”);

WHEREAS, the Original Developer was under contract (the “Sale Contract”) to purchase the property within the District from The Trails, LLC, a Texas limited liability company (the “Original Owner”); and

WHEREAS, the Original Developer assigned its rights under the Sale Contract to Laws126 LP, a Texas limited partnership (the “Developer”); and

WHEREAS, on November 23, 2021, the Original Developer and the Developer entered into that certain Assignment of PID Financing Agreement Relating to The Trails Public Improvement District, in which the Original Developer assigned its rights, title and interest in the Financing Agreement to the Developer; and

WHEREAS, on December 1, 2021, the Original Owner sold and conveyed the property within the District to the Developer; and

WHEREAS, on June 12, 2023, upon request of the Developer, the City Council adopted a Resolution changing the name of the District to “Durango Public Improvement District”; and

WHEREAS, on October 16, 2023, the City Council by resolution made findings and determinations relating to the Actual Costs (as defined herein) of certain Improvement Area #1 Projects (as defined herein), received and accepted a preliminary service and assessment plan and proposed assessment roll, called a public hearing for November 20, 2023, and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act and (ii) publish notice as required by Section 372.016(b) of the PID Act relating to the November 20, 2023 hearing; and

WHEREAS, on [_____], 2023, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in the *Austin Chronicle*, a newspaper of general circulation in the City, to consider the proposed Assessment Roll, the Service and Assessment Plan and the levy of the Assessments (each term as defined herein) on property in Improvement Area #1 (as defined herein) of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessment Roll, the Service and Assessment Plan and the levy of the Assessments on property in Improvement Area #1 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 hearing on November 20, 2023, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs, the Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City Secretary or the City, if any; and

WHEREAS, on November 20, 2023, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted an ordinance (the “Assessment Ordinance”) and therein 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 purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal and interest on the bonds, (iii) funding the initial deposit to the Administrative Fund for payment of the initial Annual Collection Costs (each term as defined herein), and (iv) paying costs of issuance of such bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of bonds to be entitled “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” (the “Bonds”), such Bonds being payable solely as provided in this Indenture; and

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

NOW, THEREFORE, the 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, the City and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I DEFINITIONS, FINDINGS, AND INTERPRETATION

Section 1.1. Definitions.

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

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

“Actual Costs” means, with respect to Improvement Area #1 Projects, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage

of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

“Additional Interest Rate” means the 0.50% interest rate charged on Assessments securing the Bonds pursuant to Section 372.018 of the PID Act.

“Additional Interest Reserve Account” means the Account established pursuant to Section 6.1 hereof.

“Additional Interest Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which will be funded from the payment of the Additional Interest deposited to the Pledged Revenue Fund.

“Administrative Assessment Revenues” means monies collected by or on behalf of the City from any one or more of the following: (i) the portion of the Annual Installment of Assessments allocable to Annual Collection Costs, and (ii) Delinquent Collection Costs.

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

“Administrator” means the City or the person or independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and 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; (4) preparing and maintaining records with respect to the Assessment Roll and Annual Service Plan Updates; (5) 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 the Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemption dates), and (ii) the principal

amount of the Outstanding Bonds due in such Bond Year (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) due in such Bond Year).

“Annual Installment” means, the annual installment payment of an 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.

“Annual Service Plan Update” means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“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 any Parcel within Improvement Area #1 of the District that benefits from the Improvement Area #1 Projects and on which an Assessment is levied as shown on the Assessment Roll.

“Assessment Ordinance” means the ordinance adopted by the City Council on November 20, 2023, that levied the Assessments on the Assessed Properties in Improvement Area #1 of the District.

“Assessment Roll” means the assessment roll for the Assessed Property within Improvement Area #1 of the District and included in the Service and Assessment Plan as Exhibit F-1, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

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

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of the Outstanding Bonds is less than \$25,000 then the Authorized Denomination shall be the amount of the Outstanding Bonds. Notwithstanding the foregoing, Authorized Denominations shall also include Bonds issued in \$1,000 in principal amount and integral multiples of \$1,000 in the following instances: (A) any Bonds or any portion thereof that have been redeemed in part pursuant to an extraordinary optional redemption or (B) any Bonds or any portion thereof that have been defeased in part pursuant to an extraordinary optional redemption.

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

“Bond” means any of the Bonds.

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

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

“Bond Ordinance” means the ordinance adopted by the City Council on November 20, 2023, authorizing the issuance of the Bonds pursuant to this Indenture.

“Bond Pledged Revenue Account” means the Account of such name established pursuant to Section 6.1 hereof.

“Bonds” means the City’s bonds authorized to be issued by Section 3.1(a) of this Indenture entitled “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” and, in the event the City issues Refunding Bonds pursuant to Section 13.2 hereof, the term “Bonds” shall include such Refunding Bonds.

“Bond 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.

“Certification for Payment” means a certificate substantially in the form attached as Exhibit E-2 to the Financing Agreement or otherwise approved by the Developer and the City Representative executed by the Developer and an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the applicable Accounts within the Project Fund as further described in Section 6.5 herein.

“City” means the City of Mustang Ridge, Texas.

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

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

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

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

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

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

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located at UMB Bank, N.A., 6034 West Courtyard Dr., Suite 370, Austin, Texas 78730, 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” has the meaning assigned to such term in the Recitals.

“District” means the Durango Public Improvement District.

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

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

“Event of Default” shall have the meaning, with respect to this Indenture, set forth in Section 11.1 hereof.

“Excess Reserve Amount” shall have the meaning set forth in Section 6.7(e) hereof.

“Financing Agreement” means The Durango Public Improvement District Financing and Reimbursement Agreement, dated as of October 19, 2021, between the City and the Original Developer, as assigned to the Developer on November 23, 2021, and as amended on September 11, 2023, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of Actual Costs of Improvement Area #1 Projects, the reimbursement of Actual Costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay Actual Costs of Improvement Area #1 Projects and other matters related thereto.

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

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

“Improvement Accounts” shall mean, collectively, the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account.

“Improvement Area #1” means approximately 59.751 acres located within the District, as shown on Exhibit B-2, and more specifically described in Exhibit A-2, to the Service and Assessment Plan.

“Improvement Area #1 Improvements” mean the Authorized Improvements that only benefit Improvement Area #1, more specifically described in Section III.B of the Service and Assessment Plan.

“Improvement Area #1 Improvements Account” means the Account established pursuant to Section 6.1 hereof.

“Improvement Area #1 Major Improvements” means Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #1 Major Improvements Account” means the Account established pursuant to Section 6.1 hereof.

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements and the Improvement Area #1 Major Improvements.

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

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

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

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing September 1, 2024.

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

“Major Improvements” means the Authorized Improvements that benefit the entire District and are more specifically described in Section III.A of the Service and Assessment Plan.

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

“Other 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, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

“Outstanding” means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.11 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 3.12 herein.

“Parcel” means a specific property within the boundaries of the District identified by either a tax map identification number assigned by the Travis Central Appraisal District for real property tax purpose, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of Travis County, or by any other means determined by the City.

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

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

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

“Pledged Assessment Revenues” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment, or Annual Installment payment thereof, including any interest on such Assessment, or Annual Installment thereof during any period of delinquency, but excluding any portion of the Annual Installment allocable to Annual Collection Costs, (ii) a Prepayment, and (iii) Foreclosure Proceeds. Pledged Assessment Revenues do not include Delinquent Collection Costs.

“Pledged Funds” means the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund, and each Account established in any of the foregoing.

“Pledged Revenue Fund” means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

“Pledged Revenues” means the sum of (i) Pledged Assessment Revenues, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

“Principal and Interest Account” means the Account established pursuant to Section 6.1 hereof.

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

“Purchaser” means the initial purchaser of the Bonds.

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

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

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

“Redemption Fund” means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 hereof.

“Redemption Price” means 100% of the principal amount of such Bonds called for redemption, or portions thereof, to be redeemed plus accrued and unpaid interest to the date fixed for redemption.

“Refunding Bonds” means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

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

“Reserve Account” means that Account established pursuant to Section 6.1 hereof.

“Reserve Account Requirement” means the least of, as of the date of issuance of the Bonds: (i) Maximum Annual Debt Service on the Bonds, (ii) 125% of average Annual Debt Service on the Bonds, or (iii) 10% of the proceeds of the Bonds; provided, however, the Reserve Account Requirement shall be reduced by the amount of any transfers made pursuant to subsections (d) and

(e) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Closing Date of the Bonds, the Reserve Account Requirement is \$[____], which is an amount equal to the [Maximum Annual Debt Service on the Bonds] as of the date of issuance, and the City shall promptly consult with the Trustee to establish any necessary reduction to the Reserve Account Requirement.

“Service and Assessment Plan” means the document, including the Assessment Roll, as amended, including any annual updates thereto, which is attached as Exhibit A to the Assessment Ordinance.

“Stated Maturity” means the date the Bonds are scheduled to mature without regard to any redemption or Prepayment.

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

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

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

“Trustee” means UMB Bank, N.A., a national banking association, duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

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.

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.

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

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

ARTICLE II
GRANTING CLAUSES; THE BONDS

Section 2.1. Granting Clauses.

(a) In order to secure the payment of debt service on all Bonds equally and ratably, and the performance and observance by the City of all the covenants expressed or implied herein, the City does hereby grant to the Trustee a security interest in, mortgage, create a first lien on, and pledge to the Trustee, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the following (the "Trust Estate"):

(i) all Pledged Revenues and all investments thereof, all Pledged Funds and all moneys, instruments, securities, investment property, and other property from time to time on deposit in or credited to the Pledged Funds;

(ii) any and all property (other than amounts in, or required to be deposited in, the Rebate Fund) of every kind or description now or hereafter owned by the City which may now or hereafter be deposited, pledged, mortgaged, granted or delivered to, or deposited with the Trustee by or on behalf of the City as additional security hereunder, or which pursuant to any of the provisions of the Indenture may come into the possession or control of the Trustee, or of a receiver lawfully appointed pursuant to this Indenture, as such additional security; and

(iii) all proceeds of the foregoing.

The Trustee is hereby authorized to receive any and all such property or money at any and all times as additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms of this Indenture.

(b) The Trustee shall have and hold the Trust Estate, whether now owned or hereafter acquired or received, in trust upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture.

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

Except as otherwise provided in the remaining provisions of this Indenture, nothing in the Granting Clauses of this Indenture shall prohibit the Trustee from bringing any actions or proceedings for the enforcement of the obligation of the City hereunder except that nothing in this provision shall prejudice the rights of the Trustee under Articles IX and XI hereof; provided further that the priority of payment and the source for the repayment of the debt service on the Bonds shall be subject to the terms as set forth herein, including without limitation Article VI herein; provided further that the right to direct remedies following an Event of Default shall be limited to the Owners of the Bonds to the extent provided and set forth in Articles XI and XV herein.

(c) The Bonds are to be issued, registered, authenticated, and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements, and trusts set forth in this Indenture.

Section 2.2. Security for the Bonds.

Any security interest created by this Indenture is valid and binding and automatically and fully perfected from and after the Closing Date and shall remain perfected continuously through the termination of this Indenture in accordance with the terms set forth herein, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any document, or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the security interests created by this Indenture. If the security interests created by this Indenture ever are subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the Owners of the Bonds the perfection of the security interests created by this Indenture, the City shall 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 make all filings necessary or advisable to perfect the security interests created by this Indenture.

Without limiting any of the foregoing, the City agrees and accepts the appointment of the Trustee pursuant to the terms of this Indenture, and further agrees that, subject to the terms of this Indenture, this Indenture shall constitute a security agreement and the Trustee, as secured party, shall be entitled to exercise any and all rights and remedies that the Trustee may have hereunder or applicable law with respect thereto.

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.5. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$[PRINCIPAL] for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal and interest on the Bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying the costs of issuance of the Bonds.

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

(f) The Bonds shall be dated December 1, 2023, 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.

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery (which delivery may be via electronic mail in portable document (PDF) or similar format) to the Trustee of:

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of the executed Financing Agreement;
- (d) a copy of this Indenture executed by the Trustee and the City; and
- (e) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date that continues for thirty (30) days or more thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law

or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem of the City and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to hold such office before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

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

Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding

Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas.

(b) Upon their authorization by the City, the Refunding Bonds of a series issued under this Section 3.6 and in accordance with Article IV hereof shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 3.3 above.

Section 3.7. Ownership.

(a) The City, the Trustee the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee, and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the City and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the

same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first-class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

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

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed in part.

Section 3.9. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.10. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.11. Replacement Bonds.

(b) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the City shall issue and the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(c) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the City shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

(d) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of

any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(e) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

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

Section 3.12. Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

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

relevant Record Date, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

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

Section 3.14. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.2. Mandatory Sinking Fund Redemption.

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

<u>\$ Bonds Maturing September 1, 20</u>	
Mandatory Sinking Fund	
<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 20	\$
September 1, 20	
September 1, 20	
September 1, 20	
September 1, 20*	
*Stated Maturity	

<u>\$ Bonds Maturing September 1, 20</u>	
Mandatory Sinking Fund	
<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 20	\$
September 1, 20	
September 1, 20	
September 1, 20	
September 1, 20*	
*Stated Maturity	

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

(c) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis by the principal amount of any Bonds of such maturity, which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, hereof, and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of this Indenture.

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 \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5. Partial Redemption.

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

(b) If less than all of the Bonds are called for optional redemption pursuant to Section 4.3 hereof, the City shall, pursuant to a City Certificate, determine the Bond or Bonds or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

(c) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

Section 4.6. Notice of Redemption to Owners.

(a) Upon delivery of a City Certificate to the Trustee directing redemption of the Bonds received at least forty-five (45) days prior to redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by the DTC as security depository, Owner means Cede & Co., as nominee for DTC.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon receipt of a City Certificate directing rescission, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the designated 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 Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V
FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services managed by FactSet Research Systems Inc. on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. 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, Trustee or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect

that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 5.3. Legal Opinion.

The legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VI
FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account;

(ii) The following Account is hereby created and established under the Bond Fund:

- (B) Principal and Interest Account;

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

- (A) Reserve Account; and

(B) Additional Interest Reserve Account;

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

(A) Improvement Area #1 Improvements Account;

(B) Improvement Area #1 Major Improvements Account; and

(C) Costs of Issuance Account.

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

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

(i) to the Reserve Account of the Reserve Fund: \$_____;

(ii) to the Costs of Issuance Account of the Project Fund: \$_____;

(iii) to the Improvement Area #1 Improvements Account of the Project Fund: \$_____;

(iv) to the Improvement Area #1 Major Improvements Account of the Project Fund: \$_____; and

(v) to the Administrative Fund: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15, 2024, and on or before the fifteenth (15th) day of each month thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited

the Pledged Assessment Revenues into the Pledged Revenue Fund. As soon as practicable following deposit to the Pledged Revenue Fund, the Trustee shall deposit or cause to be deposited Pledged Assessment Revenues, from amounts deposited to the Pledged Revenue Fund, in the following order of priority:

- (i) *first*, to the Bond Pledged Revenue Account in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement;
- (iii) *third*, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected, up to the Additional Interest Reserve Requirement; and
- (iv) *fourth*, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Assessment Revenues to the Pledged Revenue Fund, the City shall provide a City Certificate to the Trustee identifying (i) the portions of the Pledged Assessment Revenues attributable to principal (including Sinking Fund Installments) and interest on the Bonds, Additional Interest, Prepayments and Foreclosure Proceeds, (ii) the Funds and Accounts into which the amounts are to be deposited and (iii) the amounts of any payments to be made from such Funds and Accounts.

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

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) on the Bonds.

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

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds (as such are identified by a City Certificate) to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds (pursuant to a City Certificate as outlined in this Section) first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the Assessed Property or Assessed Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement and

second, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account in the Reserve Fund, the Trustee shall, at the direction of the City pursuant to a City Certificate, apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid. The Trustee may rely on such City Certificate and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) and interest then due and payable on the Bonds.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw, *first*, from the Additional Interest Reserve Account and *second*, from the 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.

Section 6.5. Project Fund.

(a) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to and in accordance with one or more City Certificates or "Closing Disbursement Requests" in the form attached as Exhibit E-1 to the Financing Agreement, as applicable, providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

(b) Except as provided herein, (i) money on deposit in the Improvement Area #1 Improvements Account shall only be used to pay Actual Costs of the Improvement Area #1 Improvements and (ii) money on deposit in the Improvement Area #1 Major Improvements Account shall only be used to pay Actual Costs of the Improvement Area #1 Major Improvements. Disbursements from the Improvement Accounts to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment in the form attached as Exhibit E-2 to the Financing Agreement. All disbursements of funds from the Improvement Accounts pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement. Such provisions and procedures related to such disbursement contained in the Financing Agreement are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in an Improvement Account are not expected to be expended for purposes of such Improvement Account due to the abandonment, or constructive abandonment, of the Improvement

Area #1 Improvements or Improvement Area #1 Major Improvements, as applicable, such that, in the opinion of the City Representative, it is unlikely that the amounts in such Improvement Account will ever be expended for the purposes of such Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer at least thirty (30) days prior to filing with the Trustee, which identifies the amounts then on deposit in the applicable Improvement Account that are not expected to be used for purposes of such Improvement Account. If such City Certificate is so filed, the amounts on deposit in such Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture and such Improvement Account shall be closed.

(d) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, (i) the Trustee shall transfer, pursuant to written direction in such City Certificate, the amount, if any, remaining within the Improvement Area #1 Improvements Account, first, to the Improvement Area #1 Major Improvements Account, if open, and second, to the Redemption Fund, and (ii) the Improvement Area #1 Improvements Account shall be closed. Upon the filing of a City Certificate stating that all Improvement Area #1 Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Major Improvements have been paid, (i) the Trustee shall transfer, pursuant to written direction in such City Certificate, the amount, if any, remaining within the Improvement Area #1 Major Improvements Account, first, to the Improvement Area #1 Improvements Account, if open, and second, to the Redemption Fund, and (ii) the Improvement Area #1 Major Improvements Account shall be closed.

(e) Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Costs of Issuance Account of the Project Fund that are not expected to be used for purposes of the Costs of Issuance Account. If such City Certificate is so filed, the amounts on deposit in the Costs of Issuance Account shall be transferred, first, pro rata to the Improvement Accounts of the Project Fund, to the extent such Accounts have not been closed, and used to pay Actual Costs of the Improvement Area #1 Projects and, second, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account of the Project Fund shall be closed.

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

(g) In providing any disbursement from the Improvement Accounts of the Project Fund, the Trustee may conclusively rely as to the completeness and accuracy of all statements in a Certification for Payment if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Certification for Payment by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4.

Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate from Bond proceeds and the deposits outlined in Section 6.3(a) hereof, and, when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture.

(b) The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, in accordance with the City Certificate provided as set forth in Section 6.3(a), to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority in Section 6.3(a) hereof, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, the Trustee shall resume depositing Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. If, after such deposits, there is surplus Additional Interest remaining in the Pledged Revenue Fund, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption

Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the 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 and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall or any additional amounts necessary to permit the redemption of Bonds to be redeemed in minimum principal amounts of \$1,000 from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess (the "Excess Reserve Amount"). The Excess Reserve Amount shall be transferred *first*, to the Additional Interest Reserve Account to the extent the Additional Interest Reserve Account Requirement has not been met and *second*, to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within forty-five (45) days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply the Excess Reserve Amount: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, or (iii) to an Improvement Account of the Project Fund if such application and the expenditure of funds is expected to occur within three (3) years of the date hereof.

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

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

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

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding

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

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds (Durango Public Improvement District Improvement Area #1) Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount instructed by City Certificate to be transferred thereto.

(b) In order to assure that the Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate. The Trustee shall withdraw from the Rebate Fund and pay to the United States the amounts instructed by a City Certificate.

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

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

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the Administrative Assessment Revenues and other funds directed by this Indenture to be deposited therein.

(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.

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be

invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time. The City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Absent written direction, the Trustee shall invest funds into the Morgan Stanley Government Fund #8352 (CUSIP 61747C889) as standing instructions. The Trustee shall have no discretion for investing funds or advising any parties with regard to investment of funds. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by this Indenture or to prevent any default.

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

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments or depreciation of value of any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

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

election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City further understands that trade confirmations for securities effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 6.11. Advances from Available Funds.

In the event of a delinquency in the payment of any installment of the Assessment levied upon any property for the payment of the principal portion of an Annual Installment, the City may, but is not obligated to, be the purchaser of the delinquent property upon which any of said Assessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general ad valorem property taxes, and in the event the City does so become the purchaser of such property, shall pay and transfer and deposit into the Pledged Revenue Fund the amount of any remaining amount of unpaid Assessment, delinquent Annual Installments and interest thereon. The City may also pay and transfer from available funds and deposit into the Pledged Revenue Fund, but shall not be so obligated, the amount of any such Assessment pending redemption or sale. Any amounts so advanced by the City shall be recoverable upon sale or redemption of the property. The City shall not be obligated to advance available funds to cure any deficiency in the Pledged Revenue Fund, or any other Fund created hereunder, and has determined that it would not obligate itself to advance available funds from other funds of the City to cure any such deficiency.

Section 6.12. Security of Funds.

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

ARTICLE VII
COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the 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 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. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

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

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

Section 7.4. Records, Accounts, Accounting Reports.

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

Section 7.5. Covenants to Maintain Tax-Exempt Status.

For any Bonds for which the City intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable temporary, proposed and final regulations (the "Regulations") and procedures promulgated thereunder and applicable to the Bonds, the City covenants that it will monitor and

control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Bonds) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the City shall comply with each of the following covenants:

(a) The City will use all of the proceeds of the Bonds to provide funds for the purposes described in Section 3.1 hereof. The City will not use any portion of the proceeds of the Bonds to pay the principal of or interest or redemption premium on, any other obligation of the City or a related person.

(b) The City will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Bonds to constitute “private activity bonds” within the meaning of Section 141(a) of the Code.

(c) Principal of and interest on the Bonds will be paid solely from the Assessments collected by the City and investment earnings on such collections.

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the City reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(e) At all times while the Bonds are outstanding, the City will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The City will monitor the yield on the investments of the proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting “arbitrage bonds,” the City will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

(f) The City will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.

(g) The City represents that not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the City reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the three-year period beginning on the date of issue of the Bonds.

(h) The City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Bonds, if any, be rebated

to the federal government. Specifically, the City will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the City allocable to other obligations of the City or moneys which do not represent gross proceeds of any obligations of the City and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the City will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

(i) The City will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) The City will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.

(k) The City will not issue or use the Bonds as part of an “abusive arbitrage device” (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(l) Proper officers of the City charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the City’s expectations. On or after the date of issuance of the Bonds, the City will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(m) The covenants and representations made or required by this Section are for the benefit of the Owners and any subsequent Owner, and may be relied upon by the Owners and any subsequent Owners and bond counsel to the City.

(n) In complying with the foregoing covenants, the City may rely upon an unqualified opinion issued to the City by nationally recognized bond counsel that any action by the City or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

(o) Notwithstanding any other provision of this Indenture, the City's representations and obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

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

ARTICLE VIII LIABILITY OF CITY

Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance

of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

ARTICLE IX THE TRUSTEE

Section 9.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 9.2. Trustee Entitled to Indemnity.

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

Section 9.3. Responsibilities of the Trustee.

(a) The recitals contained in this Indenture shall be taken as the statements of the City and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture, or the Bonds, or the right, title, or interest of the City therein, or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; or (v) any loss suffered in connection with any investment of funds in accordance with this Indenture.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, or consequential damages.

(d) 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 Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(e) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee is notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by an Owner of the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above, unless an officer of the Trustee with responsibility for administration of this Indenture has actual knowledge of an Event of Default.

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

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any such agent, attorney or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of its own counsel.

(h) Before taking any action under this Indenture, Article XI or otherwise at the request or direction of an Owner or beneficial owners of the Bonds, the Trustee may require that indemnity satisfactory to it be furnished to it for the payment or reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability for which it adjudicate to have resulted from its negligence or willful misconduct.

(i) The Trustee shall not be responsible for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Financing Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter or is selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry and shall not be deemed to have knowledge into any statements contained or matters referred to in any such instrument. The Trustee may consult with any counsel, who may or may not be Bond Counsel, and any advice from of such counsel with respect to compliance with the provisions of this Indenture 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. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent to the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

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

or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, upon written direction of the City, compensation for all services rendered by the Trustee 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, upon delivery of an invoice therefor to the City, and the Trustee shall have a lien therefor on the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City fails to make any payment required by this Section, the Trustee may make such payment from any moneys in the Administrative Fund. The right of the Trustee to fees, expenses, and indemnification shall survive the release, discharge, and satisfaction of this Indenture.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 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 appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by the Owners of at least a majority of the aggregate principal amount of the Bonds Outstanding 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. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds Outstanding.

Section 9.10. Successor Trustee.

If the Trustee resigns, is removed, is dissolved, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property is appointed, or if any public officer takes 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 becomes vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed after any such vacancy occurs by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds Outstanding by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor Trustee shall have been appointed by the Owners of the Bonds in accordance with the immediately preceding paragraph, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.

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 pursuant to the provisions set forth herein, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

If in a proper case no appointment of a successor Trustee is made within sixty (60) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein

or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, but the payment of the fees and expenses owed to the predecessor Trustee, other than those incurred in connection with the aforementioned appointment process, shall survive until paid in full.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of its 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 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to

such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective, and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement, at the City's expense. Unless the Trustee is otherwise notified in writing by the City, the Trustee may conclusively rely upon the initial financing statement in filing any continuation statement hereunder.

Section 9.14. Offering Documentation.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, financial report or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.15. Expenditure of Funds and Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured. The Trustee shall not be required to make any disbursement of funds until having collected funds.

Section 9.16. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or 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, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to the pledge and lien created for the benefit of the Bonds, (iii) except for the issuance of Refunding Bonds or as otherwise permitted by this Indenture and Applicable Law, permit the creation by the City of any pledge or lien upon the Trust Estate, or any portion thereof, on a parity with the pledge and lien created for the benefit of the Bonds, or (iv) reduce the percentage of the Owners of Bonds required for the amendment of this Indenture. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

(b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

(iv) to authorize Refunding Bonds in accordance with the provisions of this Indenture; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(c) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted by and in compliance with this Indenture and will not adversely affect the (A) interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Refunding Bonds in accordance with the provisions hereof are each deemed to not be a material adverse effect for purposes of such opinion, or (B) exclusion of interest on any Bond from gross income for purposes of federal income taxation. Any modification made pursuant to this Section 10.1 shall not be subject to the notice procedures specified in Section 10.3 below.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for the conduct of said meeting; provided, however, that the same may not conflict with the terms of this Indenture. Without limiting the generality of the immediately preceding sentence, such rules and regulations may not reduce the percentage of Owners of Bonds required for the amendment of this Indenture as provided herein.

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

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture, a notice shall have been mailed as hereinafter in this Section provided and the City has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that

the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of forty-five (45) 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 forty-five (45) day period; provided, however, that the Trustee during such forty-five (45) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee, and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 below.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond Counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

Any such amendment shall not modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of Bond Counsel addressed and delivered to the Trustee in accordance with this Article X.

ARTICLE XI
DEFAULT AND REMEDIES

Section 11.1. Events of Default.

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

- (i) The failure of the City to deposit the Pledged Assessment 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 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 other covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of sixty (60) days after written notice to the City by the Trustee, or by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds then

Outstanding with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

Nothing in this Section will be viewed to be an Event of Default if it is in violation of any applicable state law or court order. Nothing in (iii) above shall require the City to advance funds other than Pledged Revenues that have been received by the City or other funds available in the Pledged Funds to pay principal of or interest on the Bonds.

Section 11.2. Immediate Remedies for Default.

(d) Subject to Article VIII, upon the happening and continuance of any one or more of the Events of Default described in Section 11.1, 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 this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

(e) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(f) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(g) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase

money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for sixty (60) 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 written direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce by action at law payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues, Pledged Funds, and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

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

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee, if previously directed in writing by Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, shall waive any Event of Default hereunder and its consequences.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City shall be promptly delivered to the Trustee and cancelled. Such Bonds will not be deemed Outstanding for any purpose, including without limitation, the purpose of consent or other action or any calculation of Outstanding Bonds

provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

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

Section 11.11. Direction by Owners.

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

ARTICLE XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate and will provide written direction to the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, during the Trustee's regular business hours and the Owner or Owners of not less than ten percent (10%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing providing reasonable notice to the Trustee.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

Section 12.4. No Israel Boycott.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott Israel," a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Section 12.5. No Terrorist Organization.

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, as amended, and posted under the following Divestment Statute Lists: "Scrutinized Companies with ties to Foreign Terrorist Organizations," "Scrutinized Companies with ties to Iran," or "Scrutinized Companies with ties to Sudan" of such officer's Internet website that are available at:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>.

The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such section does not contravene applicable Texas or 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.

Section 12.6. No Discrimination Against Fossil-Fuel Companies.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2276.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

Section 12.7. No Discrimination Against Firearm Entities and Firearm Trade Associations.

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

(a) “discriminate against a firearm entity or firearm trade association” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing

business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

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

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

Section 12.8. Affiliate.

As used in Sections 12.4 through 12.7, the Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17. C.F.R. § 230.133(f), and exists to make a profit.

Section 12.9. Disclosure of Interested Parties.

Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Trustee hereby represents that it is a publicly traded business entity or a wholly owned direct or indirect

subsidiary of a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Indenture.

ARTICLE XIII SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe, and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Other Obligations or Other Liens; Refunding Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Other Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from Pledged Revenues or any other portion of the Trust Estate.

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

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

(d) Notwithstanding anything to the contrary herein no Refunding Bonds or subordinate obligations described by Section 13.2(c) above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such

Refunding Bonds or subordinate obligations must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Trust Estate, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents and has no duty to verify the accuracy of such information.

ARTICLE XIV
PAYMENT AND CANCELLATION OF THE BONDS
AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of

and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

Until all defeased Bonds shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar for such defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Indenture.

ARTICLE XV MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture sets forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

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

If to the City:

City of Mustang Ridge, Texas
12800 US Hwy 183 S
Mustang Ridge, Texas 78610
Attn: Christina Gomez, City Administrator
Telephone: (512) 243-1775
Email: cgomez@mustangridgetx.gov

If to the Trustee
or the Paying Agent/Registrar:

UMB Bank, N.A.
6034 West Courtyard Dr., Suite 370
Austin, Texas 78730
Attn: Saúl Ramirez
Telephone: (512) 582-5858
Email: saul.ramirez@umb.com

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

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

(c) The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method and the Trustee in its sole discretion elects to act upon such instructions), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a previous or a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date, but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

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

[Signature page follows]

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

CITY OF MUSTANG RIDGE, TEXAS

By: _____
Mayor

UMB BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE
TAXING POWER OF THE STATE OF TEXAS, THE
CITY, OR ANY OTHER POLITICAL CORPORATION,
SUBDIVISION OR AGENCY OF THE STATE OF
TEXAS, IS PLEDGED TO THE PAYMENT OF THE
PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF MUSTANG RIDGE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)
INTEREST RATE MATURITY DATE DATE OF DELIVERY CUSIP NUMBER

% September 1, 20__ December 14, 2023 _____

The City of Mustang Ridge, Texas (the “City”), for value received, hereby promises to pay,
solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing September 1, 2024, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Austin, Texas (the “Designated Payment/Transfer Office”), of UMB Bank, N.A., 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 acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth (15th) calendar day (whether or not a Business 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 that continues for thirty (30) days or more thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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 December 1, 2023 and issued in the aggregate principal amount of \$[PRINCIPAL] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of December 1, 2023 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the Owners, 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 Owner of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve account for payment of principal and interest

on the Bonds, (iii) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (iv) paying the costs of issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee, and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective Stated Maturity and will be redeemed by the City in part at a price equal to 100% of the principal amount thereof, or portions thereof, to be redeemed 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 VI of the Indenture, on the dates and in the respective principal amounts as set forth in the following schedule:

<u>\$ _____ Bonds Maturing September 1, 20</u>	
Mandatory Sinking Fund	
<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 20	\$
September 1, 20	
September 1, 20	
September 1, 20	
September 1, 20*	
*Stated Maturity	

<u>\$ _____ Bonds Maturing September 1, 20</u>	
Mandatory Sinking Fund	
<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 20	\$
September 1, 20	
September 1, 20	
September 1, 20	
September 1, 20*	
*Stated Maturity	

At least forty-five (45) days prior to each mandatory sinking fund redemption date and subject to any prior reduction authorized by the Indenture, the Trustee shall select 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 principal amount of such Bonds to be redeemed on such mandatory sinking fund redemption date, 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 of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis by the principal amount of any Bonds of such maturity, which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions, and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at 100% of the principal amount of such Bonds called for redemption, or portions thereof, to be redeemed plus accrued and unpaid interest to the date fixed for redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at a redemption price equal to 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 or any other transfers to the Redemption Fund under the terms of the Indenture.

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

If less than all of the Bonds are called for optional redemption, the pursuant to a City Certificate, determine the Bond or Bonds or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or 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.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the Owners under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners, 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 Owner of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner and upon all future Owners thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar 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 prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

The City reserved the right to issue Refunding Bonds payable from and secured by a lien on and pledge of the sources described above on a parity with this Bond.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF MUSTANG RIDGE, TEXAS, TRAVIS COUNTY, TEXAS, OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

Mayor, City of Mustang Ridge, Texas

City Secretary, City of Mustang Ridge, Texas

[City Seal]

* * *

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
	§	
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

* * *

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

UMB BANK, N.A.,
as Trustee

DATED: _____

By: _____
Authorized Signatory

* * *

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

Authorized Signatory

* * *

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-------------------------	----------------------

(Information to be inserted from Section 3.2(c) of the Indenture); and

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

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Durango Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN
OCTOBER 17, 2023



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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in Section I unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Appendix” or an “Exhibit” shall be a reference to a Section of this Service and Assessment Plan, or an Appendix or Exhibit attached to and made a part of this Service and Assessment Plan for all purposes.

On June 14, 2021, the City passed and approved Resolution #21-190 authorizing the creation of The Trails Public Improvement District. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 128.263 acres located within the City, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

On May 17, 2023, the Developer formally requested that the name of the District be changed to “Durango Public Improvement District.” The City changed the name of the District to “Durango Public Improvement District” pursuant to Resolution #23-218 adopted by the City Council on June 12, 2023.

On _____, 2023, the City approved Ordinance No. _____ approving this Service and Assessment Plan and the Assessment Roll for Improvement Area #1 of the District (the “Improvement Area #1 Assessment Ordinance”). The Improvement Area #1 Assessment Ordinance also levied the Improvement Area #1 Assessments for the costs of Improvement Area #1 Projects against benefited properties within Improvement Area #1 and established a lien on such properties.

The PID Act requires a Service Plan that covers a period of at least five years, defines the annual indebtedness and projected cost of the Authorized Improvements and includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the form of notice is attached as **Exhibit O**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay its share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized

Improvements. The Improvement Area #1 Assessment Roll as it will be billed for the Annual Installment due January 31, 2024 is included as **Exhibit F-1** and the Improvement Area #1 Assessment Roll by Lot created by the Improvement Area #1 Plat is included as **Exhibit F-2**.

SECTION I: DEFINITIONS

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

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

“Additional Interest Rate” means the interest rate, not to exceed 0.50% charged on Assessments securing PID Bonds, pursuant to Section 372.018 of the PID Act.

“Administrative Reserves” means the estimated first year Annual Collection Costs.

“Administrator” means the City or the person or independent firm designated by the City who shall have the responsibility provided in this Service and Assessment Plan, an Indenture, or any other agreement or document approved by the City related to the duties and responsibility of the administration of the District.

“Annual Collection Costs” mean the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and 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; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable.

“Annual Service Plan Update” means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Appraisal District” means Travis Central Appraisal District.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment 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 Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, more specifically described in **Section V**.

“Assessment Roll(s)” means one or more assessment rolls 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 as it will be billed for the Annual Installment due January 31, 2024 is included as **Exhibit F-1** and the Improvement Area #1 Assessment Roll by Lot created by the Improvement Area #1 Plat is included as **Exhibit F-2**.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act as described in **Section III** and depicted on **Exhibit L** and **Exhibit M**.

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

“City” means the City of Mustang Ridge, Texas.

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

“County” means Travis County, Texas.

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

“Developer” means Laws 126, LP, and its successors and assigns.

“District” means the Durango Public Improvement District containing approximately 128.263 acres located within the City and shown on **Exhibit B-1** and more specifically described in **Exhibit A-1**.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the 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 information that may impact value.

“Financing and Reimbursement Agreement” means that certain Durango Public Improvement District Financing and Reimbursement Agreement by and between Continental Homes of Texas, L.P. and the City, as consented to by The Trails, LLC, dated as of October 19, 2021, as assigned to the Developer effective November 23, 2021, and as amended by that First Amendment to the Durango Public Improvement District Financing and Reimbursement Agreement between the City and the Developer, effective as of September 11, 2023.

“Future Improvement Areas” means one or more Improvement Areas to be created within the Remainder Area.

“Improvement Area” means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and the Future Improvement Areas.

“Improvement Area #1” means approximately 59.751 acres located within the District, as shown on **Exhibit B-2** and more specifically described in **Exhibit A-2**.

“Improvement Area #1 Annual Installment” means the annual installment payment of 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 at the rate of 0.50%.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessments” means an Assessment levied against Improvement Area #1 Assessed Property and imposed pursuant to the Improvement Area #1 Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll included in this Service and Assessment Plan as **Exhibit F-1**, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property and included in this Service and Assessment Plan as **Exhibit F-1**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Improvement Area #1 Authorized Improvements” mean the Improvement Area #1 Projects, and the Administrative Reserves and Bond Issuance Costs related to the Improvement Area #1 Bonds.

“Improvement Area #1 Bonds” mean those certain “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” that are payable solely as provided in the Indenture relating to such bonds.

“Improvement Area #1 Improvements” mean those Authorized Improvements that only benefit Improvement Area #1, more specifically described in **Section III.B**.

“Improvement Area #1 Major Improvements” means Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #1 Plat” means the Durango Phase 1A Final Plat attached hereto as **Exhibit K**.

“Improvement Area #1 Projects” mean the Improvement Area #1 Improvements and the Improvement Area #1 Major Improvements.

“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 such PID Bonds, if issued.

“Landowner” shall mean, collectively, the Developer and Continental Homes of Texas, L.P.

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multi-family, single-family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as determined by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a Lot within Improvement Area #1 designated as a 40’ single-family residential lot by the Developer, as shown on the map attached as **Exhibit J**.

“Lot Type 2” means a Lot within Improvement Area #1 designated as a 50’ single-family residential lot by the Developer, as shown on the map attached as **Exhibit J**.

“Major Improvements” mean the Authorized Improvements that benefit the entire District, and are more specifically described in **Section III.A**.

“Maximum Assessment” means, for each Lot, the amount shown for each Lot Type on **Exhibit H**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from 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.

“Parcel(s)” means a property within the District, identified by either a Property ID, 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” mean bonds issued by the City to finance the Actual Costs of the Authorized Improvements, inclusive of the Improvement Area #1 Bonds.

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

“Prepayment Costs” mean interest and Annual Collection Costs incurred up to the date of Prepayment.

“Property ID” mean a unique number assigned to each Parcel by the Appraisal District.

“Remainder Area” means approximately 68.511 acres located within the District, as shown on **Exhibit B-3** and more specifically described in **Exhibit A-3**.

“Service and Assessment Plan” means this Service and Assessment Plan as amended, modified and updated from time to time.

“Service Plan” means the plan more specifically described in **Section IV** that covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

“Trustee” means a trustee (or successor trustee) under the applicable Indenture.

SECTION II: THE DISTRICT

The District includes approximately 128.263 contiguous acres located within the corporate limits of the City, as more particularly described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**. Development of the District is anticipated to include approximately 604 single-family units.

Improvement Area #1 includes approximately 59.751 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-2** and depicted on **Exhibit B-2**. Development of Improvement Area #1 includes 225 single-family units.

The Remainder Area includes approximately 68.511 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-3** and depicted on **Exhibit B-3**. Development of the Remainder Area is anticipated to include approximately 379 single-family units.

SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Developer and their engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Major Improvements, the Improvement Area #1 Improvements, Bond Issuance Costs and Administrative Reserves are Authorized Improvements and confer a special benefit on the Assessed Property. The budget for the Authorized Improvements is shown on **Exhibit C**, and maps depicting the Authorized Improvements are shown on **Exhibit L** and **Exhibit M**.

A. Major Improvements

▪ *Drainage*

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operations to convey stormwater to all Lots in the District.

▪ *Detention Pond*

Improvements include five Detention Pond facilities to accommodate all of the District's stormwater detention requirements and to vastly improve the storm water handling throughout the neighborhood. Ponds also include extensive stone wall upgrades to the walls to add to the beautification of the neighborhood.

- *Streets*

Improvements include subgrade stabilization (including excavation and drainage), HMAC pavement and limestone base for roadways, sidewalks, handicapped ramps, curb and gutter, and clearing and grubbing. Intersections and signage are included. These roadway improvements include streets that will provide street access to all Lots in the District. These projects will provide access to collector roadways and state highways.

- *Public Land Dedications*

Lands totaling 46.84 acres within the District consisting of right of way dedications, detention Ponds and drainage lots, open space and additional landscape lots that will be dedicated to the City.

- *Public Landscape and Entry*

Improvements include community and neighborhood entry monument signs and landscape entries are intended to identify the character of the community by expressing distinctive qualities and/or features of the neighborhood. Common Areas include landscaped areas along the collector streets, including street trees, planting, and irrigation. Fencing for Common Areas may include perimeter walls and walls along collector streets. These walls may consist of durable materials including native stone, concrete fence, and masonry units or similar materials.

- *Contingency*

Estimated to be 15% of hard costs to be constructed during the development of the Future Improvement Areas.

- *Soft Costs*

Includes the costs related to designing, engineering, constructing, installing, and financing the hard costs, inclusive of a 4% construction management fee.

B. Improvement Area #1 Improvements

- *Streets*

Improvements include subgrade stabilization (including excavation and drainage), HMAC pavement and limestone base for roadways, sidewalks, handicapped ramps, curb and gutter, and clearing and grubbing. Intersections and signage are included. These roadway improvements include streets that will provide street access to all Lots in Improvement Area #1 of the District.

- *Soft Costs*

Includes the costs related to designing, engineering, constructing, installing, and financing the hard costs, inclusive of a 4% construction management fee.

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required under an applicable Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds, and includes a fee for underwriter's counsel.

- *Cost of Issuance*

Costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

D. Administrative Reserves

Estimated first year Annual Collection Costs.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the 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. **Exhibit D** summarizes the Service Plan for the District. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The buyer disclosures are attached hereto as **Exhibit O**.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements and pay the Administrative Reserves and Bond Issuance Costs. 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 reasonable classifications and formulas for the apportionment of the cost between the municipality or 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 reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements shall be allocated as follows:

- Major Improvements shall be allocated pro rata between the Improvement Area #1 Assessed Property and the Remainder Area based on Estimated Buildout Value, as shown on **Exhibit I**.
- The Improvement Area #1 Improvements are allocated entirely to the Improvement Area #1 Assessed Property.
- Bond Issuance Costs and Administrative Reserves shall be allocated entirely to the Assessed Property securing the applicable PID Bond.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**, based on Estimated Buildout Value. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

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 the City, has found and determined:

▪ *Improvement Area #1*

1. The costs of Improvement Area #1 Authorized Improvements equal \$9,142,714 as shown on **Exhibit C**; and
2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Authorized Improvements equal to or greater than the Actual Costs of the Improvement Area #1 Authorized Improvements; and
3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property for Improvement Area #1 Authorized Improvements, which equal \$6,174,000, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**; and
4. The special benefit (\geq \$9,142,714) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Improvement Area #1 Assessments (\$6,174,000) 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 Landowner owned 100% of the Improvement Area #1 Assessed Property. The Landowner acknowledged that the Improvement Area #1 Authorized Improvements 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 Authorized Improvements associated therewith. The Landowner 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 Improvement Area #1 Assessment Ordinance, (2) the Service and Assessment Plan and the Improvement Area #1 Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Parcel of Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments levied on the Assessed Property to pay the PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

D = the sum of the Estimated Buildout Value for all of 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 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 and the assignment of a Property ID by the Appraisal District, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council. The Improvement Area #1 Plat has been recorded and is attached as **Exhibit K** and the Assessment Roll by Lot resulting from this plat is shown on **Exhibit F-2**.

3. Upon Consolidation

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

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 landowner

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 Administrator 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 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 Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the 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.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. If PID Bonds are issued, interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the

Administrator shall cause the revised Assessment Roll to be approved by the City Council 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 Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised, accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made.

F. Prepayment as a Result of Eminent Domain Proceeding or Taking

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

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

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding PID Bonds, if applicable.

G. Payment of Assessment in Annual Installments

Exhibit G shows the projected Improvement Area #1 Annual Installments. 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.

The Administrator shall prepare and submit to the City Council for its review and approval, with a copy provided to the Developer contemporaneously therewith, 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 updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. 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.

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 and the applicable Indenture. 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. The initial Improvement Area #1 Annual Installments shall be due when billed and shall be delinquent if not paid prior to February 1, 2024.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll as it will be billed for the Annual Installment due January 31, 2024 is included as **Exhibit F-1** and the Improvement Area #1 Assessment Roll by Lot created by the Improvement Area #1 Plat is included as **Exhibit F-2**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within the Improvement Area #1 Assessed Property as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a City Council meeting, and within 30 days after closing such meeting, the City Council shall make a final determination as to whether or not an error has been made.

If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the Assessment Ordinance, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided at a meeting of 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.

D. Form of Buyer Disclosure

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto on **Exhibit O**. 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 Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum

extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

LIST OF EXHIBITS

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit A-3	Remainder Area Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit B-3	Remainder Area Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area #1 Assessment Roll by Lot
Exhibit G	Improvement Area #1 Annual Installments
Exhibit H	Maximum Assessment Per Lot Type
Exhibit I	Estimated Buildout Value for Improvement Area #1 and the Remainder Area
Exhibit J	Lot Type Classification Map
Exhibit K	Improvement Area #1 Plat
Exhibit L	Map of Major Improvements
Exhibit M	Map of Improvement Area #1 Improvements
Exhibit N	Notice of PID Assessment Termination
Exhibit O	Homebuyer Disclosures

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

LEGAL DESCRIPTION

BEING a 126.503 tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas; being a portion of the remainder of a 200 acre tract of land as described in Volume 296, Page 601, Deed Records, Volume 1021, Page 278, Deed Records, a Warranty Deed to Christine Laws Holcombe, Cheryl Laws Walker and Charles Laws in Volume 5676, Pages 1733, 1736 & 1739 Deed Records, Referenced in a Stipulation of Interest of Record in Document No. 2004235994, Official Public Records, in an Order Admitting Will to Probate as a Muniment of Title Cause No. 11274 in Document No. 2017069141 of the Official Public Records of Travis County, Texas and a portion of the remainder of a 19.00 acre tract of land to Charles Preston Laws in Document No. 2008073396 of the Official Public Records and further described in a Contract of Sale and Purchase recorded in Volume 4166, Page 989 of the Deed Records of Travis County, Texas; said 126.503 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

BEGINNING: a ½ inch iron rod with cap stamped "Matkin Hoover" found on the Northwestern line of Laws Road, a variable width right-of-way for the Easternmost corner of a 5.11-acre tract as described in a Warranty Deed with Vendor's Lien to Sal-Gro Properties, LLC in Document No. 2019151639 of the Official Public Records of Travis County, Texas, from which a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Southernmost corner of the said 5.11 acre tract bears South 42°42'11" West a distance of 351.77 feet;

THENCE: North 46°52'11" West a distance of 589.78 feet along the Northeastern line of the said 5.11-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northernmost corner of the said 5.11-acre tract, a corner of the remainder of the said 19.00-acre tract in Volume 4166, Page 989, for a corner of this herein described tract;

THENCE: South 43°07'03" West a distance of 368.44 feet along the Northwestern line of the said 5.11-acre tract, a line of the remainder of the said 19.00 acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Westernmost Northwestern corner of the said 5.11 acre tract, a corner of a 5.27 acre tract of land in a Special Warranty Deed with Vendor's Lien to Larry F. Stein in Document No. 2019060411 of the Official Public Records of Travis County, Texas, a corner of the remainder of the said 19.00 acre tract, for a corner of this herein described tract;

THENCE: North 47°07'48" West a distance of 90.63 feet along a line of the said 5.27-acre tract, a line of the remainder of the said 19.00 acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 5.27 acre tract, the Southeastern corner of a 7.56 acre tract in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, a corner of the remainder of the said 19.00 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'51" West a distance of 473.29 feet along the Eastern line of the said 7.56-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern

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Page 1

corner of the said 7.56-acre tract, a corner of the remainder of the said 19.00-acre tract, a corner of the remainder of the said 200-acre tract, for a corner of this herein described tract;

THENCE: North 06°57'43" West a distance of 1466.80 feet across the said 200-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found on the Southeastern line of Lot 5 of the Albert Jones Addition as shown on a Plat Recorded in Document No. 200600098 of the Plat Records of Travis County, Texas, for the Northwestern corner of this herein described tract;

THENCE: North 42°15'25" East a distance of 507.13 feet along the Southeastern line of the said Albert Jones Addition to a ½ inch iron rod found for the Easternmost corner of Lot 7 of the said Albert Jones Addition, the Southernmost corner of a 19.93-acre tract as described in a Warranty Deed to John Bryce Hejl in Document No. 2000097025 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: North 42°02'44" East a distance of 723.81 feet along the Southeastern line of the said 19.93-acre tract to a 7-inch fence post found for the Westernmost corner of the remainder of a 7.94-acre tract as referenced in a Quitclaim Deed to Mary E. Tallman in Volume 13082, Page 2174 of the Official Public Records of Travis County, Texas for a corner of this herein described tract;

THENCE: South 52°49'30" East a distance of 396.18 feet along the Southwestern line of the said 7.94-acre tract to a 7-inch fence post found for the Southernmost corner of the said 7.94-acre tract, a corner of this herein described tract from which a 5/8 inch iron rod found bears South 34°27'43" West a distance of 3.11 feet;

THENCE: North 42°34'07" East a distance of 874.01 along the Southeastern line of the said 7.94-acre tract to a ½ inch iron rod found on the Southwestern Evelyn Road (variable width right-of-way) for the Easternmost corner of the said 7.94-acre tract, for a corner of this herein described tract;

THENCE: South 51°26'12" East a distance of 267.36 feet along the Southwestern right-of-way of said Evelyn Road to a ½ inch iron rod with cap stamped "Precision Survey" found for the Northernmost corner of Lot 1 of the Rodriguez Acres as shown on a Plat Recorded in Document No. 201500146 of the Plat Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 39°45'22" West a distance of 486.96 feet along the Northwestern line of said Lot 1 to a ½ inch iron rod with cap stamped "Precision Survey" found for the Westernmost corner of said Lot 1, for a corner of this herein described tract;

THENCE: South 61°01'24" East a distance of 903.78 feet along the Southwestern line of the said Rodriguez Acres to a ¾ inch iron pipe found for the Southernmost corner of Lot 4 of the said Rodriguez Acres, the Westernmost corner of a 0.84-acre tract as described in a Special Warranty Deed to Rudy Romero in Document No. 2001043453 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 61°13'25" East a distance of 131.98 feet along the Southwestern line of the said 0.84-acre tract to a ½ inch iron pipe found for the Southernmost corner of the said 0.84-acre tract, for a corner of this herein described tract;

THENCE: North 34°42'27" East a distance of 291.50 feet along the Southeastern line of the said 0.84-acre tract to a ½ inch iron rod found on the Southwestern line of said Evelyn Road, for the Easternmost corner of the said 0.84-acre tract, for a corner of this herein described;

THENCE: South 48°39'23" East a distance of 328.33 feet along the Southwestern line of said Evelyn Road to a ½ inch iron rod found for the Northernmost corner of a 0.50-acre tract as described in a Warranty Deed to Creedmoor Maha Water Supply Corp recorded in Volume 9058, Page 82 of the Deed Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 41°57'13" West a distance of 150.09 feet along the Northwestern line of the said 0.50-acre tract to a calculated point on the Northeastern line of a 1.00 acre tract as described in a General Warranty Deed to Blake L. Dorsett in Document No. 2006172113 of the Official Public Records of Travis County, Texas, for the Westernmost corner of the said 0.50 acre tract, for a corner of this herein described tract, from which a chain link fence corner bears South 60°24'54" East a distance of 4.09 feet;

THENCE: North 47°58'37" West a distance of 127.04 feet along the Northeastern line of the said 1.00-acre tract to a ½ inch iron rod with cap stamped "RPLS 3693" found for the Northernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 43°21'48" West a distance of 130.39 feet along the Northwestern line of the said 1.00-acre tract to a ½ inch iron rod found for the Westernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 48°12'50" East a distance of 336.62 feet along the Southwestern line of the said 1.00-acre tract to a ½ inch iron rod found on the Northwestern line of said Laws Road, for the Southernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 42°58'36" West a distance of 2834.12 feet along the Northwestern line of said Laws Road to the POINT OF BEGINNING and containing 126.503 acres of land.


Rex L. Hackett
Registered Professional Land Surveyor No. 5573
rhackett@jonescarter.com

12-30-2019
Date:



1.76 Tract:

BEING a 1.76 tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas; being a portion of the remainder of a 200 acre tract of land as described in Volume 296, Page 601, Deed Records, Volume 1021, Page 278, Deed Records, a Warranty Deed to Christine Laws Holcombe, Cheryl Laws Walker and Charles Laws in Volume 5676, Pages 1733, 1736 & 1739 Deed Records, Referenced in a Stipulation of Interest of Record in Document No. 2004235994, Official Public Records, in an Order Admitting Will to Probate as a Muniment of Title Cause No. 11274 in Document No. 2017069141 of the Official Public Records of Travis County, Texas and a portion of the remainder of a 9.12 acre tract in a Special Warranty Deed to Holcombe Ranchland Investments, LLC recorded in Document No. 2009105018 of the Official Public Records of Travis County, Texas; said 1.76 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

COMMENCING: a 1/2 inch iron rod with cap stamped "Matkin Hoover" found on the Northeastern right of way line of State Highway 130 (R.O.W. Varies) as shown on a TXDOT Map CSJ No. 0440-06-008 and 3583-01-002 for the Northwestern corner of a 7.56-acre tract as described in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, the same being the Southwestern corner of the remainder of the said 9.12-acre tract;

THENCE: North 06°58'09" West a distance of 355.52 feet along the Northeastern line of the State Highway 130, the Western line of the remainder of the said 9.12-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the POINT OF BEGINNING and the Southwestern corner of this herein described tract;

THENCE: North 06°58'09" West a distance of 105.48 feet continuing along the Northeastern line of State Highway 130, the Western line of the remainder of the said 9.12-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Northwestern corner of this herein described tract, from which a Texas Department of Transportation Monument with Brass Disk found for a corner of said State Highway 130 bears North 06°58'09" West a distance of 330.60 feet;

THENCE: North 82°21'23" East a distance of 726.90 feet across the remainder of the said 9.12-acre tract and the remainder of the said 200 acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Northeastern corner of this herein described tract, from which a 1/2 inch iron rod with cap stamped "Matkin Hoover" found on the Southeastern line of Lot 5 of the Albert Jones Addition as shown on a plat recorded in Document No. 200600098 of the Plat Records of Travis County, Texas bears North 06°57'43" West a distance of 1016.85 feet;

THENCE: South 06°57'43" East a distance of 105.48 feet continuing across the said 200-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Southeastern corner of this herein described tract, from which a 1/2-inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 7.56-acre tract bears South 06°57'43" East a distance of 344.48 feet;

THENCE: South 82°21'23" West a distance of 726.89 feet continuing across the said 200-acre tract and the remainder of the said 9.12-acre tract to the POINT OF BEGINNING and containing 1.76 acres of land.

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION



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Austin, Texas 78745
Tel: 512.441.9493
www.quiddity.com

LEGAL DESCRIPTION

BEING a 59.751 acre tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas, being a portion of a called 128.26 acre tract of land described as Tracts 1, 2 and 3 described in Special Warranty Deed to Laws126, LP in Document No. 2021265838 of the Official Public Records of Travis County, Texas; said 59.751 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

BEGINNING: a 1/2- inch iron rod with cap stamped "Matkin Hoover" found on the Northwestern line of Laws Road, a variable width right-of-way for the Easternmost corner of a 5.11-acre tract as described in a Warranty Deed with Vendor's Lien to Sal-Gro Properties, LLC in Document No. 2019151639 of the Official Public Records of Travis County, Texas, from which a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Southernmost corner of the said 5.11 acre tract bears South 42°42'11" West a distance of 351.77 feet;

THENCE: North 46°52'11" West a distance of 589.78 feet along the Northeastern line of the said 5.11-acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northernmost corner of the said 5.11-acre tract, a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: South 43°07'03" West a distance of 368.44 feet along the Northwestern line of the said 5.11-acre tract, a line of the said 128.26 acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Westernmost Northwestern corner of the said 5.11 acre tract, a corner of a 5.27 acre tract of land in a Special Warranty Deed with Vendor's Lien to Larry F. Stein in Document No. 2019060411 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: North 47°07'48" West a distance of 90.63 feet along a line of the said 5.27-acre tract, a line of the said 128.26 acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 5.27-acre tract, the Southeastern corner of a 7.56 acre tract in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'51" West a distance of 473.29 feet along the Eastern line of the said 7.56-acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 7.56-acre tract, a corner of the said 128.26 acre tract, the easternmost southeastern corner of a called 5.148 acre tract of land (Tract III) as described in a Special Warranty Deed to The Trails, LLC in Document No. 2021264248 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: North 06°57'43" West a distance of 344.48 feet along a western line of the said 128.26-acre tract, the eastern line of the said 5.148-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the northeastern corner of the said 5.148-acre tract, a corner of the said 128.26-acre tract, for a corner of this herein described tract;

Texas Board of Professional Engineers and Land Surveyors Registration Nos. F-23290 & 10046100

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THENCE: South 82°21'23" West a distance of 726.89 feet along a line of the said 128.26 acre tract, the northern line of the said 5.148 acre tract, and the northern line of a called 1.053 acre tract of land (Tract II) described in the said Document No. 2021264248 to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set on the eastern line of State Highway 130 (variable width right-of-way) for a corner of the said 128.26 acre tract, the northwestern corner of the said 1.053 acre tract, for a corner of this herein described tract;

THENCE: North 06°58'09" West a distance of 105.48 feet along the eastern line of State Highway 130, the western line of the said 128.26-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the southwestern corner of a called 0.851-acre tract of land (Tract IV) described in the said Document No. 2021264248, for a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: North 82°21'23" East a distance of 726.91 feet along a line of the said 128.26 acre tract, the southern line of the said 0.851 acre tract, and the southern line of a called 10.755 acre tract of land (Tract I) described in the said Document No. 2021264248 to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said 128.26 acre tract, the southeastern corner of the said 10.755 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'45" West a distance of 102.29 feet along a western line of the said 128.26-acre tract, the eastern line of the said 10.755-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

THENCE: across the said 128.26-acre tract the following courses and distances;

1. North 06°57'45" West a distance of 102.29 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
2. North 83°02'15" East a distance of 467.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
3. South 06°57'45" East a distance of 5.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
4. North 83°02'15" East a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
5. North 06°57'45" West a distance of 25.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
6. North 83°02'15" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
7. North 06°57'45" West a distance of 1.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
8. North 83°02'15" East a distance of 290.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
9. South 06°57'45" East a distance of 3.02 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

10. North $83^{\circ}02'15''$ East a distance of 127.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
11. South $06^{\circ}57'45''$ East a distance of 120.25 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
12. North $72^{\circ}44'17''$ East a distance of 153.13 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
13. With a non-tangent curve to the left with a Delta angle of $24^{\circ}41'32''$, a Radius of 25.00 feet and an Arc distance of 10.77 feet having a Chord bearing of North $18^{\circ}46'50''$ West a distance of 10.69 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
14. With a tangent curve to the right with a Delta angle of $00^{\circ}08'34''$, a Radius of 325.00 feet and an Arc distance of 0.81 feet having a Chord bearing of North $31^{\circ}03'19''$ West a distance of 0.81 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
15. North $59^{\circ}00'58''$ East a distance of 50.01 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
16. With a non-tangent curve to the left with a Delta angle of $18^{\circ}46'58''$, a Radius of 25.00 feet and an Arc distance of 8.20 feet having a Chord bearing of South $40^{\circ}22'31''$ East a distance of 8.16 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
17. North $61^{\circ}54'02''$ East a distance of 23.87 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
18. North $47^{\circ}26'40''$ East a distance of 106.78 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
19. North $15^{\circ}00'35''$ West a distance of 124.34 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
20. North $42^{\circ}58'36''$ East a distance of 192.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
21. North $29^{\circ}50'57''$ East a distance of 50.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
22. With a non-tangent curve to the right with a Delta angle of $01^{\circ}27'00''$, a Radius of 325.00 feet and an Arc distance of 8.23 feet having a Chord bearing of South $59^{\circ}25'33''$ East a distance of 8.22 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
23. North $28^{\circ}57'23''$ East a distance of 120.27 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
24. North $61^{\circ}02'37''$ West a distance of 21.94 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
25. North $28^{\circ}57'04''$ East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

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26. South 61°02'56" East a distance of 181.21 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
27. With a tangent curve to the left with a Delta angle of 33°53'51", a Radius of 25.00 feet and an Arc distance of 14.79 feet having a Chord bearing of South 77°59'52" East a distance of 14.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
28. With a tangent curve to the right with a Delta angle of 27°26'24", a Radius of 50.00 feet and an Arc distance of 23.95 feet having a Chord bearing of South 81°13'35" East a distance of 23.72 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
29. North 28°57'04" East a distance of 107.57 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
30. North 61°02'56" West a distance of 11.51 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
31. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
32. South 61°02'56" East a distance of 7.07 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
33. North 28°57'04" East a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
34. South 61°02'56" East a distance of 80.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
35. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
36. South 61°02'56" East a distance of 15.79 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
37. North 41°07'02" East a distance of 129.67 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set on the southwestern line of that certain tract of land called to contain 0.84 acres in a Special Warranty Deed to Rudy Romero in Document No. 2001043453 of the Official Public Records of Travis County, Texas for a corner of this herein described tract;

THENCE: South 61°13'25" East a distance of 78.98 feet along the Southwestern line of the said 0.84-acre tract to a 1/2- iron pipe found for the Southernmost corner of the said 0.84-acre tract, for a corner of this herein described tract, from which a 3/4-inch iron pipe found for the Westernmost corner of the said 0.84-acre tract bears North 61°13'25" West a distance of 131.98 feet;

THENCE: North 34°42'27" East a distance of 291.50 feet along the Southeastern line of the said 0.84-acre tract to a 1/2- iron rod found on the Southwestern line of said Evelyn Road, for the Easternmost corner of the said 0.84-acre tract, for a corner of this herein described tract;

THENCE: South 48°39'23" East a distance of 328.33 feet along the Southwestern line of said Evelyn Road to a 1/2- iron rod found for the Northernmost corner of a 0.50-acre tract as described in a



3100 Alvin Devan Blvd, Suite 150
Austin, Texas 78745
Tel: 512.441.9493
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Warranty Deed to Creedmoor Maha Water Supply Corp recorded in Volume 9058, Page 82 of the Deed Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 41°57'13" West a distance of 150.09 feet along the Northwestern line of the said 0.50-acre tract to a 5/8- iron rod with cap stamped "JONES|CARTER" set on the Northeastern line of a 1.00 acre tract as described in a General Warranty Deed to Blake L. Dorsett in Document No. 2006172113 of the Official Public Records of Travis County, Texas, for the Westernmost corner of the said 0.50 acre tract, for a corner of this herein described tract, from which a chain link fence corner bears South 60°24'54" East a distance of 4.09 feet;

THENCE: North 47°58'37" West a distance of 127.04 feet along the Northeastern line of the said 1.00-acre tract to a 1/2- iron rod with cap stamped "RPLS 3693" found for the Northernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 43°21'48" West a distance of 130.39 feet along the Northwestern line of the said 1.00-acre tract to a 1/2- iron rod found for the Westernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 48°12'50" East a distance of 336.62 feet along the Southwestern line of the said 1.00-acre tract to a 1/2- iron rod found on the Northwestern line of said Laws Road, for the Southernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 42°58'36" West a distance of 2834.12 feet along the Northwestern line of said Laws Road to the POINT OF BEGINNING and containing 59.751 acres of land.

Rex L. Hackett
Registered Professional Land Surveyor No. 5573
rhackett@quiddity.com

3/29/2023

Date:



EXHIBIT A-3 – REMAINDER AREA LEGAL DESCRIPTION



3100 Alvin Devan Blvd, Suite 150
Austin, Texas 78745
Tel: 512.441.9493
www.quiddity.com

LEGAL DESCRIPTION

BEING a 15.058 acre tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas, being a portion of a called 128.26 acre tract of land described as Tracts 1, 2 and 3 described in Special Warranty Deed to Laws126, LP in Document No. 2021265838 of the Official Public Records of Travis County, Texas; said 15.058 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

COMMENCING: at a 1/2-iron rod found on the Southwestern line of Evelyn Road, for a corner of the said 128.26 acre tract, for the Easternmost corner of a 0.84 acre tract of land described in a Special Warranty Deed to Rudy Romero in Document No. 2001043453 of the Official Public Records of Travis County, Texas, from which a 1/2-iron rod found on the Southwestern line of Evelyn Road for the Northernmost corner of a 0.50-acre tract as described in a Warranty Deed to Creedmoor Maha Water Supply Corp recorded in Volume 9058, Page 82 of the Deed Records of Travis County, Texas, for a corner of the said 128.26 acre tract bears South 48°39'23" East a distance of 328.33 feet;

THENCE: South 34°42'27" West a distance of 291.50 feet along the Southeastern line of the said 0.84-acre tract, the northwestern line of the proposed Durango Phase 1A Final Plat to a 3/4-inch iron pipe found for the Southernmost corner of the said 0.84-acre tract, for a corner of the said 128.26-acre tract;

THENCE: North 61°13'25" West a distance of 78.98 feet along the Southwestern line of the said 0.84-acre tract to a 5/8-inch iron rod set with cap stamped "JONES|CARTER" for a corner of the proposed Durango Phase 1A Final Plat;

THENCE: across the said 128.26-acre tract and along the northwestern line of the said proposed Durango Phase 1A Final Plat the following courses and distances;

1. South 41°07'02" West a distance of 129.67 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said proposed Durango Phase 1A Final Plat;
2. North 61°02'56" West a distance of 15.79 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said proposed Durango Phase 1A Final Plat;
3. South 28°57'04" West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said proposed Durango Phase 1A Final Plat;
4. North 61°02'56" West a distance of 80.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said proposed Durango Phase 1A Final Plat and the POINT OF BEGINNING and northeastern corner of this herein described tract;

THENCE: continuing across the said 128.26-acre tract and along the northwestern line of the said proposed Durango Phase 1A the following courses and distances;

1. South 28°57'04" West a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
2. North 61°02'56" West a distance of 7.07 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

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3. South $28^{\circ}57'04''$ West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
4. South $61^{\circ}02'56''$ East a distance of 11.51 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
5. South $28^{\circ}57'04''$ West a distance of 107.57 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
6. With a non-tangent curve to the left with a Delta angle of $27^{\circ}26'24''$, a Radius of 50.00 feet and an Arc length of 23.95 feet having a Chord bearing of North $81^{\circ}13'35''$ West a distance of 23.72 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
7. With a tangent curve to the right with a Delta angle of $33^{\circ}53'51''$, a Radius of 25.00 feet and an Arc distance of 14.79 feet having a Chord bearing of North $77^{\circ}59'52''$ West a distance of 14.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
8. North $61^{\circ}02'56''$ West a distance of 181.21 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
9. South $28^{\circ}57'04''$ West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
10. South $61^{\circ}02'37''$ East a distance of 21.94 feet to a 5/8- iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
11. South $28^{\circ}57'23''$ West a distance of 120.27 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
12. With a non-tangent curve to the left with a Delta angle of $01^{\circ}27'00''$, a Radius of 325.00 feet and an Arc length of 8.23 feet having a Chord bearing of North $59^{\circ}25'33''$ West a distance of 8.22 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
13. South $29^{\circ}50'57''$ West a distance of 50.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
14. South $42^{\circ}58'36''$ West a distance of 192.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
15. South $15^{\circ}00'35''$ East a distance of 124.34 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
16. South $47^{\circ}26'40''$ West a distance of 106.78 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
17. South $61^{\circ}54'02''$ West a distance of 23.87 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
18. With a non-tangent curve to the right with a Delta angle of $18^{\circ}46'58''$, a Radius of 25.00 feet and an Arc length of 8.20 feet having a Chord bearing of North $40^{\circ}22'31''$ West a distance of 8.16 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

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19. South 59°00'58" West a distance of 50.01 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
20. With a non-tangent curve to the left with a Delta angle of 00°08'34", a Radius of 325.00 feet and an Arc length of 0.81 feet having a Chord bearing of South 31°03'19" East a distance of 0.81 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
21. With a tangent curve to the right with a Delta angle of 24°41'32", a Radius of 25.00 feet and an Arc length of 10.77 feet having a Chord bearing of South 18°46'50" East a distance of 10.69 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
22. South 72°44'17" West a distance of 153.13 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
23. North 06°57'45" West a distance of 120.25 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
24. South 83°02'15" West a distance of 127.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
25. North 06°57'45" West a distance of 3.02 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
26. South 83°02'15" West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the southeastern corner of this herein described tract;

THENCE: continuing across the said 128.26-acre tract the following courses and distances;

1. North 06°57'45" West a distance of 363.39 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
2. North 05°58'49" East a distance of 29.95 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the southwestern corner of this herein described tract;
3. North 42°58'36" East a distance of 792.33 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the northwestern corner of this herein described tract;
4. South 61°02'56" East a distance of 474.07 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
5. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
6. South 61°02'56" East a distance of 8.88 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
7. North 28°57'04" East a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
8. South 61°02'56" East a distance of 200.00 feet to the POINT OF BEGINNING and CONTAINING an area of 15.058 acres of land.



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Austin, Texas 78745
Tel: 512.441.9493
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Rex L. Hackett
Registered Professional Land Surveyor No. 5573
rhackett@quiddity.com

3/29/2023

Date:



LEGAL DESCRIPTION

BEING a 53.453 acre tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas; being a portion of being a portion of a called 128.26 acre tract of land described as Tracts 1, 2 and 3 described in Special Warranty Deed to Laws126, LP in Document No. 2021265838 of the Official Public Records of Travis County, Texas; said 53.453 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

BEGINNING: at a 1/2-inch iron rod with cap stamped "Matkin Hoover" found on the Southeastern line of Lot 5 of the Albert Jones Addition as shown on a plat recorded in Document No. 200600098 of the Official Public Records of Travis County, Texas for a corner of the said 128.26-acre tract, the northeastern corner of Tract 1 called to contain 10.755 acres to The Trail, LLC as described in Document No. 2021264248 of the Official Public Records of Travis County, Texas for the POINT OF BEGINNING and the westernmost corner of this herein described tract;

THENCE: North 42°15'25" East a distance of 507.13 feet along the Southeastern line of the said Albert Jones Addition, the northwestern line of the said 128.26 acre tract to a 1/2-inch iron rod found for a corner of the said 128.26 acre tract, the easternmost corner of Lot 7 of the said Albert Jones Addition, the southernmost corner of a 19.93-acre tract as described in a General Warranty Deed to Herman Mark Hejl in Document No. 2020181543 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: North 42°02'44" East a distance of 723.81 feet along the Southeastern line of the said 19.93-acre tract, continuing along the northwestern line of the said 128.26 acre tract to a 7-inch fence post found for the Westernmost corner of the remainder of a 7.94 acre tract as referenced in a Quitclaim Deed to Mary E. Tallman in Volume 13082, Page 2174 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: South 52°49'30" East a distance of 396.18 feet along a northeastern line of the said 128.26 acre tract, the southwestern line of the said 7.94 acre tract to a 7-inch fence post found for a corner of the said 128.26 acre tract, the southernmost corner of the said 7.94 acre tract, for a corner of this herein described tract, from which 5/8-inch iron rod found bears South 34°27'43" West a distance of 3.11 feet;

THENCE: North 42°34'07" East a distance of 874.01 along the Southeastern line of the said 7.94-acre tract, a northwestern line of the said 128.26 acre tract to a 1/2-inch iron rod found on the southwestern right-of-way line of Evelyn Road (variable width right-of-way) for the easternmost corner of the said 7.94 acre tract, for the northernmost corner of this herein described tract;

THENCE: South 51°26'12" East a distance of 267.36 feet along the southwestern right-of-way of said Evelyn Road

to a 1/2-inch iron rod with cap stamped "Precision Survey" found for the northernmost corner of Lot 1 of the Rodriguez Acres as shown on a Plat Recorded in Document No. 201500146 of the Plat Records of Travis County, Texas for a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: South 39°45'22" West a distance of 486.96 feet along the northwestern line of said Lot 1, a line of the said 128.26-acre tract to a 1/2-inch iron rod with cap stamped "Precision Survey" found for the westernmost corner of said Lot 1, for a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: South 61°01'24" East a distance of 903.78 feet along the northeastern line of the said 128.26 acre tract, the southwestern line of the said Rodriguez Acres to a 3/4-inch iron pipe found for the southernmost corner of Lot 4 of the said Rodriguez Acres, the westernmost corner of a 0.84-acre tract as described in a Special Warranty Deed with Vendor's Lien to Wesley Jason Williams in Document No. 2022035481 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: South 61°13'25" East a distance of 53.00 feet continuing along the northeastern line of the said 128.26 acre tract, along the southwestern line of the said 0.84 acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the easternmost corner of this herein described tract, from which a 1/2-inch iron pipe found for the southernmost corner of the said 0.84-acre tract, a corner of the said 128.26-acre tract bears South 61°13'25" East a distance of 78.98 feet

THENCE: across the said 128.26-acre tract, along the northwestern lines of the Proposed Durango Phase 1A and Phase 1B Plats the following courses and distances;

1. South 41°07'02" West a distance of 129.67 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
2. North 61°02'56" West a distance of 15.79 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
3. South 28°57'04" West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
4. North 61°02'56" West a distance of 280.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
5. South 28°57'04" West a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
6. North 61°02'56" West a distance of 8.88 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
7. South 28°57'04" West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
8. North 61°02'56" West a distance of 474.07 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
9. South 42°58'36" West a distance of 792.33 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

10. South 05°58'49" West a distance of 29.95 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
11. South 06°57'45" East a distance of 363.39 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
12. South 83°02'15" West a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
13. South 06°57'45" East a distance of 1.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
14. South 83°02'15" West a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
15. South 06°57'45" East a distance of 25.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
16. South 83°02'15" West a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
17. North 06°57'45" West a distance of 5.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
18. South 83°02'15" West a distance of 467.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set on the western line of the said 128.26-acre tract, the eastern line the said The Trails, LLC. 10.755 - acre tract for the southernmost corner of this herein described tract;

THENCE: North 06°57'45" West a distance of 914.56 feet along the western line of the said 128.26-acre tract, the eastern line of the said 10.755-acre tract to the POINT OF BEGINNING and CONTAINING an area of 53.453 acres of land.



Rex L. Hackett
Registered Professional Land Surveyor No. 5573
rhackett@quiddity.com

6-6-2022
Date:



EXHIBIT B-1 – DISTRICT BOUNDARY MAP

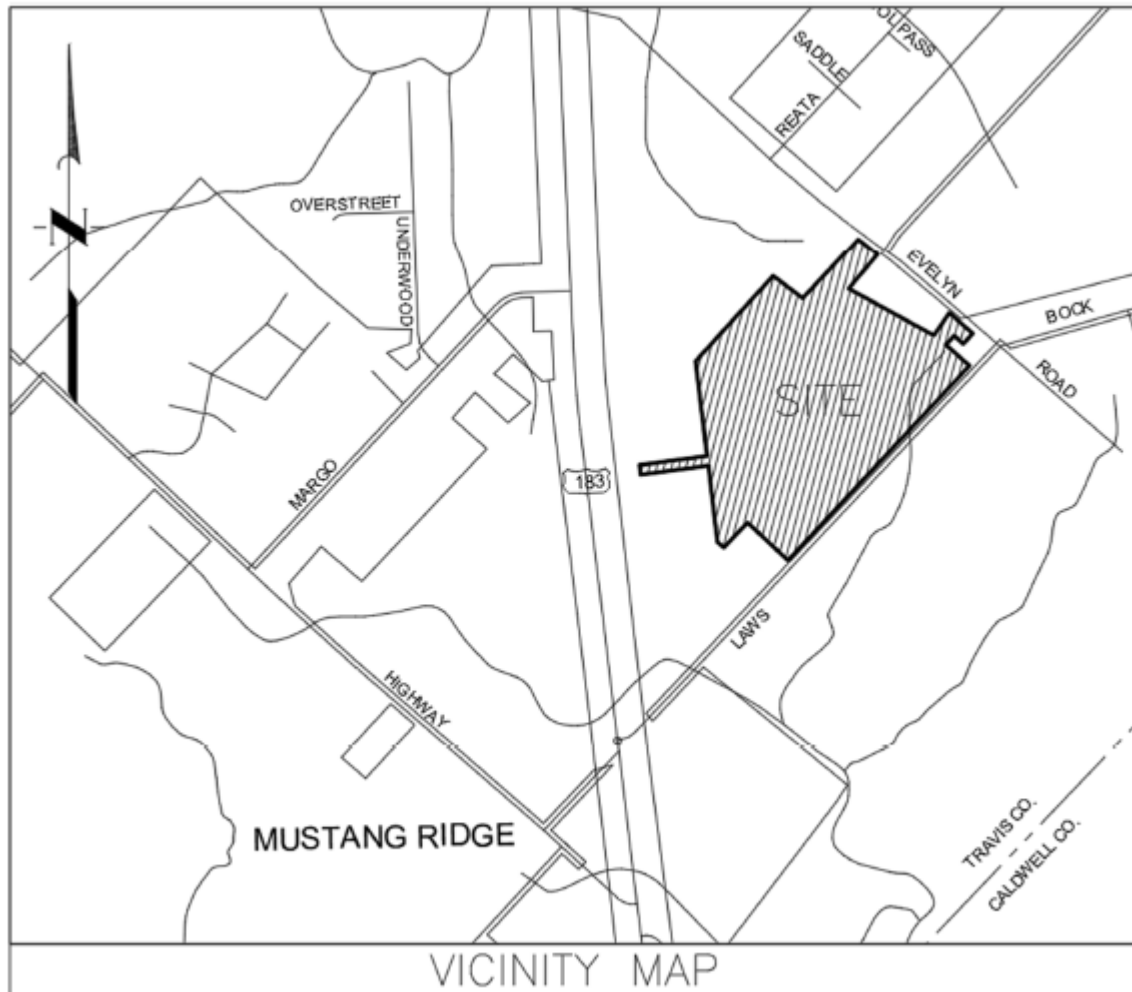


EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP

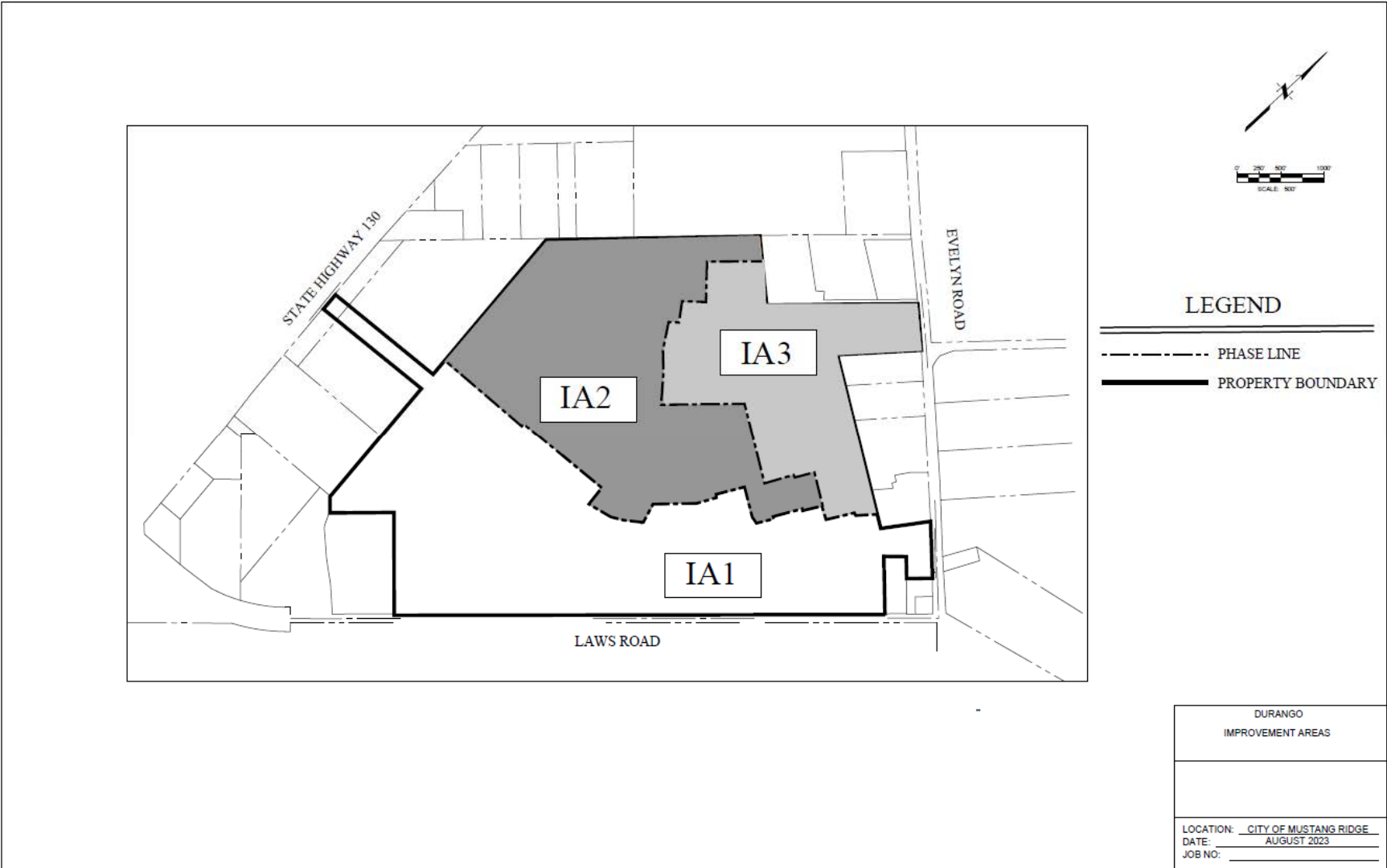


EXHIBIT B-3 – REMAINDER AREA BOUNDARY MAP

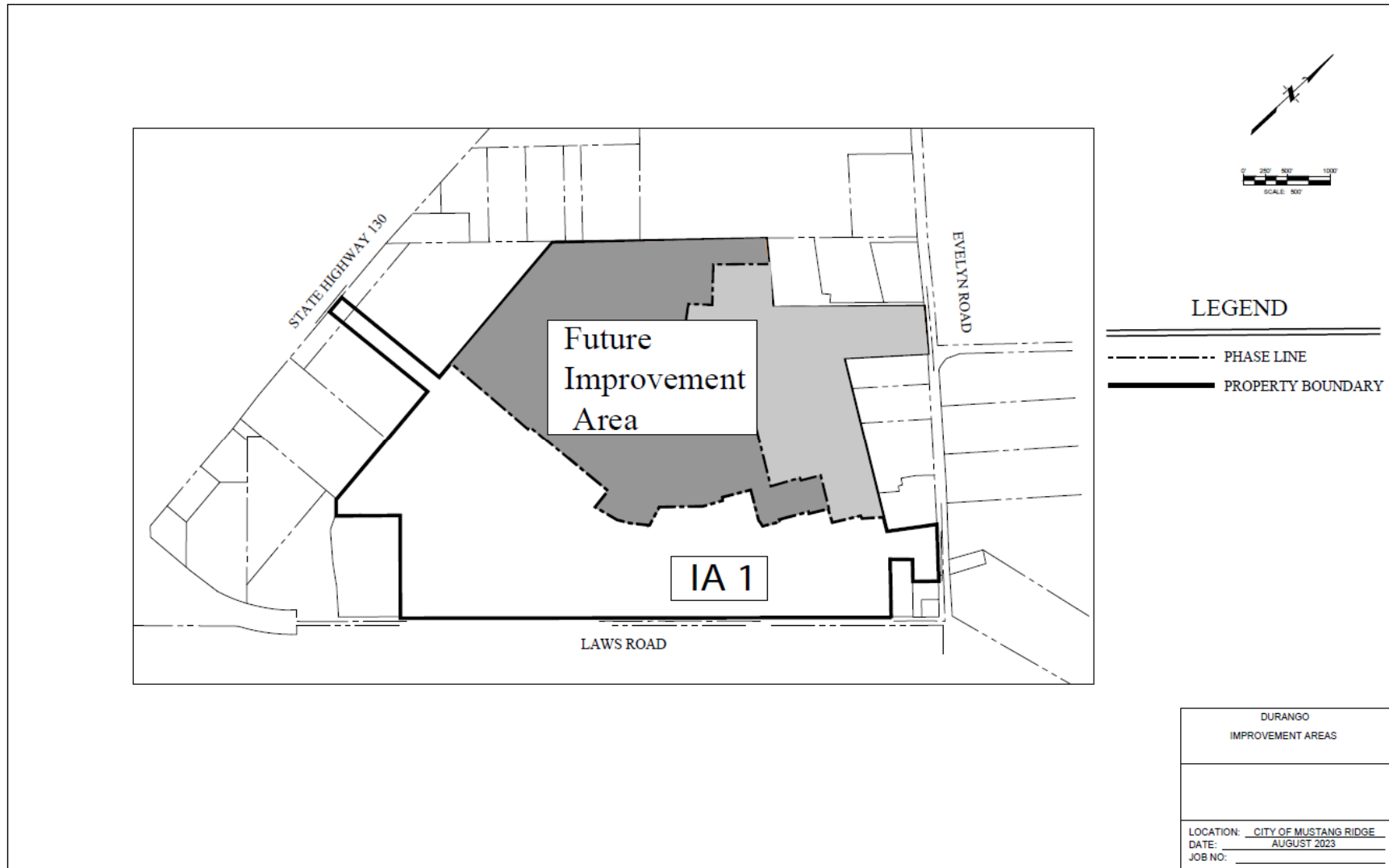


EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs [a]		Improvement Area #1		Remainder Area	
			% [b]	Cost	% [b]	Cost
<i>Major Improvements</i>						
Drainage	\$ 4,515,201	37.30%	\$ 1,684,060	62.70%	\$ 2,831,141	
Detention Pond	2,304,301	37.30%	859,448	62.70%	1,444,853	
Streets	1,654,248	37.30%	616,994	62.70%	1,037,254	
Public Land Dedications	2,341,950	37.30%	873,490	62.70%	1,468,460	
Public Landscape and Entry	1,100,000	37.30%	410,273	62.70%	689,727	
Contingency	1,461,465	37.30%	545,091	62.70%	916,374	
Soft Costs	2,139,691	37.30%	798,053	62.70%	1,341,639	
	<u>\$ 15,516,856</u>		<u>\$ 5,787,410</u>		<u>\$ 9,729,446</u>	
<i>Improvement Area #1 Improvements</i>						
Streets	\$ 1,974,595	100.00%	\$ 1,974,595	0.00%	\$ -	
Soft Costs	301,709	100.00%	301,709	0.00%	-	
	<u>\$ 2,276,304</u>		<u>\$ 2,276,304</u>		<u>\$ -</u>	
<i>Bond Issuance Costs [c]</i>						
Debt Service Reserve Fund	\$ 471,039		\$ 471,039		\$ -	
Capitalized Interest	-		-		-	
Underwriter's Discount	185,220		185,220		-	
Cost of Issuance	402,741		402,741		-	
	<u>\$ 1,059,000</u>		<u>\$ 1,059,000</u>		<u>\$ -</u>	
<i>Administrative Reserves [c]</i>						
First Year Annual Collection Costs	\$ 20,000		\$ 20,000		\$ -	
	<u>\$ 20,000</u>		<u>\$ 20,000</u>		<u>\$ -</u>	
Total	\$ 18,872,160		\$ 9,142,714		\$ 9,729,446	

Notes:

[a] Costs were determined by the Engineer's Report prepared by Quiddity dated October 12, 2023.

[b] The costs of the Major Improvements are allocated between Improvement Area #1 and the Remainder Area based on Estimated Buildout Value as shown on **Exhibit I**.

[c] If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to the Future Improvement Areas, Bond Issuance Costs and/or Administrative Reserves, as applicable, associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Annual Installment Due		1/31/2024	1/31/2025	1/31/2026	1/31/2027	1/31/2028
<i>Improvement Area #1 Bond</i>						
Principal		\$ 173,000.00	\$ 76,000.00	\$ 81,000.00	\$ 86,000.00	\$ 91,000.00
Interest		\$ 297,463.32	\$ 394,265.70	\$ 389,272.50	\$ 383,950.80	\$ 378,300.60
	(1)	\$ 470,463.32	\$ 470,265.70	\$ 470,272.50	\$ 469,950.80	\$ 469,300.60
Additional Interest	(2)	\$ 30,870.00	\$ 30,005.00	\$ 29,625.00	\$ 29,220.00	\$ 28,790.00
Annual Collection Costs	(3)	\$ 35,000.00	\$ 35,700.00	\$ 36,414.00	\$ 37,142.28	\$ 37,885.13
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 536,333.32	\$ 535,970.70	\$ 536,311.50	\$ 536,313.08	\$ 535,975.73

EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Remainder Area
Sources of Funds		
Improvement Area #1 PID Bond Par	\$ 6,174,000	\$ -
Developer Contribution [a]	2,968,714	9,729,446
Total Sources	\$ 9,142,714	\$ 9,729,446
Uses of Funds		
Major Improvements	\$ 5,787,410	\$ 9,729,446
Improvement Area #1 Improvements	2,276,304	-
	\$ 8,063,714	\$ 9,729,446
<i>Bond Issuance Costs [b]</i>		
Debt Service Reserve Fund	\$ 471,039	\$ -
Capitalized Interest	-	-
Underwriter's Discount	185,220	-
Cost of Issuance	402,741	-
	\$ 1,059,000	\$ -
<i>Administrative Reserves [b]</i>		
First Year Annual Collection Costs	\$ 20,000	\$ -
	\$ 20,000	\$ -
Total Uses	\$ 9,142,714	\$ 9,729,446

[a] Not subject to reimbursement with Improvement Area #1 Bonds or Improvement Area #1 Assessments. The Developer contribution associated with the Remainder Area may be partially or fully subject to reimbursement if Assessments are levied and/or PID Bonds are issued to finance those Major Improvements allocable to the Remainder Area.

[b] If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to the Future Improvement Areas, Bond Issuance Costs and/or Administrative Reserves, as applicable, associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Improvement Area #1	
	Outstanding Assessment	Annual Installment Due 1/31/2024
792866	\$ 6,051,890.85	\$ 525,725.74
933139	\$ 122,109.15	\$ 10,607.58
Total	\$ 6,174,000.00	\$ 536,333.32

Note: The Improvement Area #1 Plat was filed after January 1, 2023 and the Appraisal District has not yet created Parcels associated with the Improvement Area #1 Plat. Once the Appraisal District creates these Parcels for Tax Year 2024, the Annual Installment will be billed to each Assessed Property with the first such Annual Installment due January 31, 2025. The Annual Installment due January 31, 2024 will be allocated pro rata based on acreage as provided by the Appraisal District and as shown above for billing purposes only and will be directly billed to the owner of record.

EXHIBIT F-2 – IMPROVEMENT AREA #1 ASSESSMENT ROLL BY LOT

Property ID	Block & Lot	Lot Type	Improvement Area #1		
			Outstanding Assessment	Annual Installment Due 1/31/2024	
TBD [a]	Block A, Lot 1	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block A, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block A, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block A, Lot 4	Non-Benefited	\$ -	\$	-
TBD [a]	Block B, Lot 1	Non-Benefited	\$ -	\$	-
TBD [a]	Block B, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 4	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 5	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 6	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 7	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 8	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 9	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 10	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block B, Lot 11	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 1	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 4	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 5	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 6	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 7	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 8	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block C, Lot 9	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block C, Lot 10	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 11	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 12	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 13	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 14	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 15	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 16	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block C, Lot 17	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 1	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 4	Non-Benefited	\$ -	\$	-
TBD [a]	Block D, Lot 5	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 6	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 7	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 8	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 9	Non-Benefited	\$ -	\$	-
TBD [a]	Block D, Lot 10	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 11	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 12	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 13	1	\$ 27,005.79	\$	2,345.98

			Improvement Area #1		
Property ID	Block & Lot	Lot Type	Annual Installment Due		
			Outstanding Assessment	1/31/2024	
TBD [a]	Block D, Lot 14	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 15	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 16	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 17	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 18	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 19	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 20	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 21	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 22	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 23	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 24	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 25	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 26	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 27	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 28	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 29	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 30	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 31	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 32	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 33	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 34	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 35	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 36	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 37	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 38	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 39	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 40	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 41	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 42	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 43	Non-Benefited	\$ -	\$	-
TBD [a]	Block D, Lot 44	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block D, Lot 45	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block D, Lot 46	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block D, Lot 47	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block D, Lot 48	Non-Benefited	\$ -	\$	-
TBD [a]	Block E, Lot 6	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 7	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 8	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 9	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 10	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block E, Lot 11	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block E, Lot 12	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 13	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 14	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 15	1	\$ 27,005.79	\$	2,345.98

			Improvement Area #1		
Property ID	Block & Lot	Lot Type	Annual Installment Due		
			Outstanding Assessment	1/31/2024	
TBD [a]	Block E, Lot 16	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 17	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 18	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 19	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 20	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 21	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 22	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 23	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 24	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 25	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 26	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 27	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 28	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 29	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 30	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 31	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block E, Lot 32	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block E, Lot 33	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 34	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 35	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 36	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 37	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 38	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 39	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 40	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 41	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 42	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 43	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 44	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 45	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 46	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 47	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block E, Lot 48	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 1	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block F, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 4	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 30	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 31	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 32	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 33	Non-Benefited	\$ -	\$	-
TBD [a]	Block F, Lot 54	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 55	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block F, Lot 56	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block G, Lot 1	2	\$ 28,197.22	\$	2,449.48

			Improvement Area #1		
Property ID	Block & Lot	Lot Type	Annual Installment Due		
			Outstanding Assessment	1/31/2024	
TBD [a]	Block G, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block G, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block G, Lot 4	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block G, Lot 5	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block G, Lot 6	Non-Benefited	\$ -	\$	-
TBD [a]	Block H, Lot 1	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 2	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 3	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 4	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 5	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 6	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 7	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block H, Lot 8	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block H, Lot 9	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 1	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 2	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 3	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 4	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 5	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 6	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 7	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 8	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 9	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 10	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 11	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 12	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 13	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 14	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 15	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 16	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 17	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 18	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 19	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 20	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 21	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 22	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 23	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 24	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 25	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 26	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 27	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 28	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block I, Lot 29	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 30	Non-Benefited	\$ -	\$	-
TBD [a]	Block I, Lot 31	Non-Benefited	\$ -	\$	-

			Improvement Area #1		
Property ID	Block & Lot	Lot Type	Annual Installment Due		
			Outstanding Assessment	1/31/2024	
TBD [a]	Block J, Lot 1	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 4	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 5	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 6	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 7	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 8	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 9	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 10	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block J, Lot 11	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 12	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 13	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 14	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 15	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block J, Lot 16	Non-Benefited	\$ -	\$	-
TBD [a]	Block K, Lot 1	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 2	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 3	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 4	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 5	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 6	1	\$ 27,005.79	\$	2,345.98
TBD [a]	Block K, Lot 7	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 8	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 9	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 10	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 11	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 12	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 13	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 14	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 15	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block K, Lot 16	Non-Benefited	\$ -	\$	-
TBD [a]	Block L, Lot 1	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 2	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 3	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 4	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 5	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 6	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 7	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 8	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 9	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 10	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 11	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 12	2	\$ 28,197.22	\$	2,449.48
TBD [a]	Block L, Lot 13	2	\$ 28,197.22	\$	2,449.48

			Improvement Area #1	
Property ID	Block & Lot	Lot Type	Annual Installment Due	
			Outstanding Assessment	1/31/2024
TBD [a]	Block L, Lot 14	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block L, Lot 15	Non-Benefited	\$ -	\$ -
TBD [a]	Block M, Lot 1	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block M, Lot 2	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block M, Lot 3	Non-Benefited	\$ -	\$ -
TBD [a]	Block N, Lot 1	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block N, Lot 2	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block N, Lot 3	Non-Benefited	\$ -	\$ -
TBD [a]	Block N, Lot 4	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block N, Lot 5	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block O, Lot 1	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block O, Lot 2	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block O, Lot 3	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block O, Lot 4	Non-Benefited	\$ -	\$ -
TBD [a]	Block O, Lot 5	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block O, Lot 6	2	\$ 28,197.22	\$ 2,449.48
TBD [a]	Block P, Lot 13	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block P, Lot 14	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block P, Lot 15	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block P, Lot 16	Non-Benefited	\$ -	\$ -
TBD [a]	Block P, Lot 17	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block P, Lot 18	1	\$ 27,005.79	\$ 2,345.98
TBD [a]	Block P, Lot 19	1	\$ 27,005.79	\$ 2,345.98
Total			\$ 6,174,000.00	\$ 536,333.32

[a] The Improvement Area #1 Plat was filed after January 1, 2023 and the Appraisal District has not yet created Parcels associated with the Improvement Area #1 Plat. Once the Appraisal District creates these Parcels for Tax Year 2024, the Annual Installment will be billed to each Assessed Property with the first such Annual Installment due January 31, 2025.

EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installment Due 1/31	Improvement Area #1 Bond		Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment
	Principal	Interest ¹				
2024	\$ 173,000.00	\$ 297,463.32	\$ 30,870.00	\$ -	\$ 35,000.00	\$ 536,333.32
2025	\$ 76,000.00	\$ 394,265.70	\$ 30,005.00	\$ -	\$ 35,700.00	\$ 535,970.70
2026	\$ 81,000.00	\$ 389,272.50	\$ 29,625.00	\$ -	\$ 36,414.00	\$ 536,311.50
2027	\$ 86,000.00	\$ 383,950.80	\$ 29,220.00	\$ -	\$ 37,142.28	\$ 536,313.08
2028	\$ 91,000.00	\$ 378,300.60	\$ 28,790.00	\$ -	\$ 37,885.13	\$ 535,975.73
2029	\$ 96,000.00	\$ 372,321.90	\$ 28,335.00	\$ -	\$ 38,642.83	\$ 535,299.73
2030	\$ 102,000.00	\$ 366,014.70	\$ 27,855.00	\$ -	\$ 39,415.68	\$ 535,285.38
2031	\$ 109,000.00	\$ 359,313.30	\$ 27,345.00	\$ -	\$ 40,204.00	\$ 535,862.30
2032	\$ 116,000.00	\$ 352,152.00	\$ 26,800.00	\$ -	\$ 41,008.08	\$ 535,960.08
2033	\$ 123,000.00	\$ 344,530.80	\$ 26,220.00	\$ -	\$ 41,828.24	\$ 535,579.04
2034	\$ 131,000.00	\$ 336,449.70	\$ 25,605.00	\$ -	\$ 42,664.80	\$ 535,719.50
2035	\$ 139,000.00	\$ 327,843.00	\$ 24,950.00	\$ -	\$ 43,518.10	\$ 535,311.10
2036	\$ 148,000.00	\$ 318,710.70	\$ 24,255.00	\$ -	\$ 44,388.46	\$ 535,354.16
2037	\$ 158,000.00	\$ 308,987.10	\$ 23,515.00	\$ -	\$ 45,276.23	\$ 535,778.33
2038	\$ 168,000.00	\$ 298,606.50	\$ 22,725.00	\$ -	\$ 46,181.76	\$ 535,513.26
2039	\$ 179,000.00	\$ 287,568.90	\$ 21,885.00	\$ -	\$ 47,105.39	\$ 535,559.29
2040	\$ 191,000.00	\$ 275,808.60	\$ 20,990.00	\$ -	\$ 48,047.50	\$ 535,846.10
2041	\$ 203,000.00	\$ 263,259.90	\$ 20,035.00	\$ -	\$ 49,008.45	\$ 535,303.35
2042	\$ 217,000.00	\$ 249,922.80	\$ 19,020.00	\$ -	\$ 49,988.62	\$ 535,931.42
2043	\$ 231,000.00	\$ 235,665.90	\$ 17,935.00	\$ -	\$ 50,988.39	\$ 535,589.29
2044	\$ 246,000.00	\$ 220,489.20	\$ 16,780.00	\$ -	\$ 52,008.16	\$ 535,277.36
2045	\$ 263,000.00	\$ 204,327.00	\$ 15,550.00	\$ -	\$ 53,048.32	\$ 535,925.32
2046	\$ 280,000.00	\$ 187,047.90	\$ 14,235.00	\$ -	\$ 54,109.29	\$ 535,392.19
2047	\$ 299,000.00	\$ 168,651.90	\$ 12,835.00	\$ -	\$ 55,191.47	\$ 535,678.37
2048	\$ 319,000.00	\$ 149,007.60	\$ 11,340.00	\$ -	\$ 56,295.30	\$ 535,642.90
2049	\$ 341,000.00	\$ 128,049.30	\$ 9,745.00	\$ -	\$ 57,421.21	\$ 536,215.51
2050	\$ 364,000.00	\$ 105,645.60	\$ 8,040.00	\$ -	\$ 58,569.63	\$ 536,255.23
2051	\$ 388,000.00	\$ 81,730.80	\$ 6,220.00	\$ -	\$ 59,741.03	\$ 535,691.83
2052	\$ 414,000.00	\$ 56,239.20	\$ 4,280.00	\$ -	\$ 60,935.85	\$ 535,455.05
2053	\$ 442,000.00	\$ 29,039.40	\$ 2,210.00	\$ -	\$ 62,154.56	\$ 535,403.96
Total	\$ 6,174,000.00	\$ 7,870,636.62	\$ 607,215.00	\$ -	\$ 1,419,882.77	\$ 16,071,734.39

Notes:

1) Interest is calculated at a 6.57% rate for illustrative purposes.

2) 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.

EXHIBIT H – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Units	Total Assessment	Maximum Assessment per Lot Type	Average Annual Installment Per Lot	Estimated Buildout Value Per Lot	Tax Rate Equivalent [a]
Improvement Area #1						
1	143	\$ 3,861,827.87	\$27,005.79 per Unit	\$ 2,343.23	\$ 340,000.00	\$ 0.6892
2	82	\$ 2,312,172.13	\$28,197.22 per Unit	\$ 2,446.61	\$ 355,000.00	\$ 0.6892
Total		\$ 6,174,000.00				

[a] Per \$100 of Estimated Buildout Value. The Financing and Reimbursement Agreement states that the Tax Rate Equivalent cannot exceed \$0.69 per \$100.

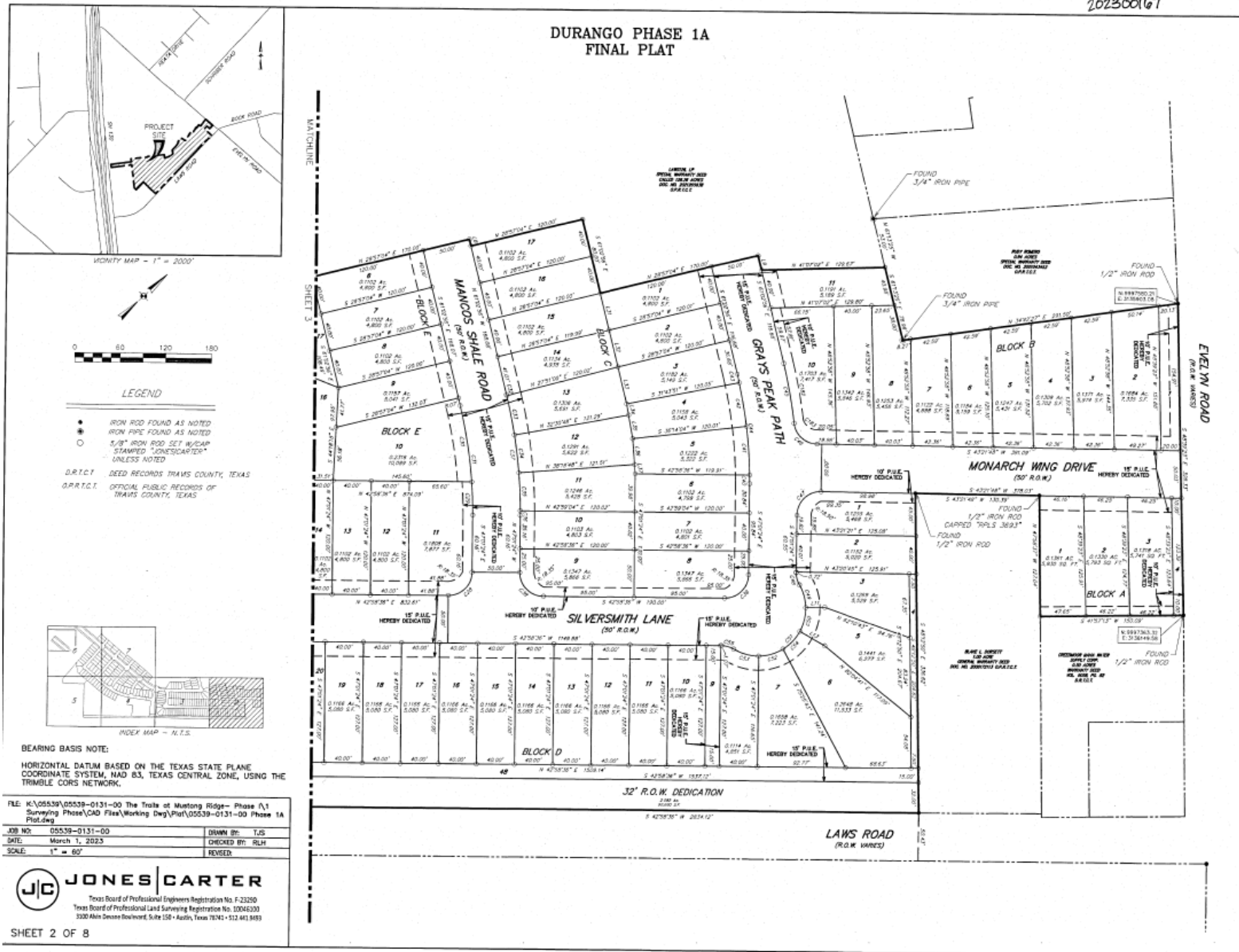
EXHIBIT I – ESTIMATED BUILDOUT VALUE FOR IMPROVEMENT AREA #1 AND THE REMAINDER AREA
--

				Estimated Buildout	Estimated Buildout	% of Estimated
Units				Value Per Unit	Value	Buildout Value
Improvement Area #1						
40'	143	lots	\$	340,000	\$	48,620,000
50'	82	lots	\$	355,000	\$	29,110,000
					\$	77,730,000
						37.30%
Remainder Area						
40'	258	lots	\$	340,000	\$	87,720,000
50'	121	lots	\$	355,000	\$	42,955,000
					\$	130,675,000
						62.70%
					\$	208,405,000
						100.00%

EXHIBIT J – LOT TYPE CLASSIFICATION MAP



202300167



202300167



VOLUME MAP - 1" = 2000'



0 60 120 180

LEGEND

- IRON ROD FOUND AS NOTED
 - IRON PIPE FOUND AS NOTED
 - 5/8" IRON ROD SET IN/CAIP STAMPED "JONES/CARTER" UNLESS NOTED
- D.R.E.C.T. DEED RECORDS TRAVIS COUNTY, TEXAS
O.P.R.T.C.T. OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS



BEARING BASIS NOTE:
HORIZONTAL DATUM BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83, TEXAS CENTRAL ZONE, USING THE TRIMBLE CORN NETWORK.

FILE: K:\05539\05539-0131-00 The Trill at Mustang Ridge-Phase A\1 Surveying Phase\CAD Files\Working Dwg\Plot\05539-0131-00 Phase 1A Plot.dwg

JOB NO: 05539-0131-00 DRAWN BY: TJS
DATE: March 1, 2023 CHECKED BY: RLH
SCALE: 1" = 60'

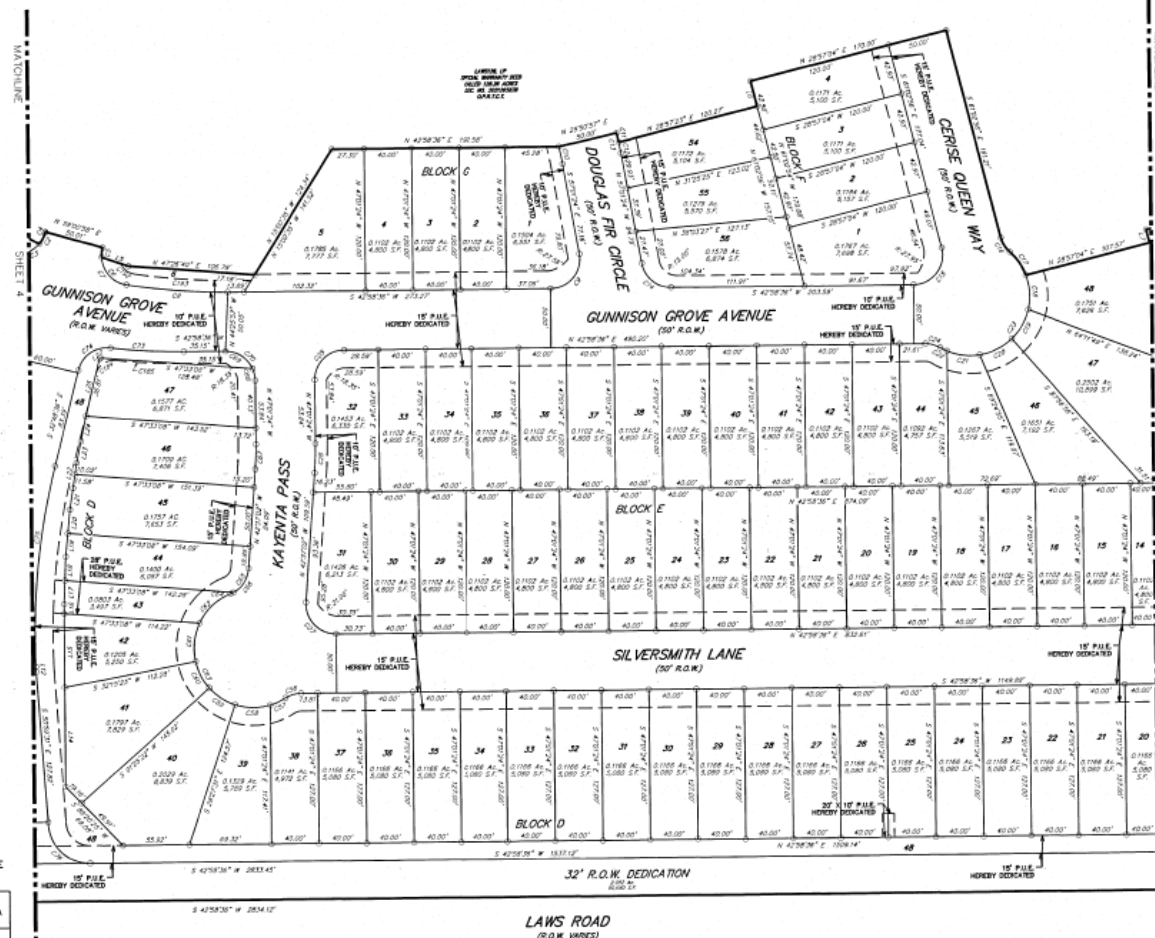


JONES CARTER

Texas Board of Professional Engineers Registration No. F-33290
Texas Board of Professional Land Surveying Registration No. 10046200
3100 Main Street Building, Suite 120 Austin, Texas 78741-5324 512.461.9183

SHEET 3 OF 8

DURANGO PHASE 1A FINAL PLAT





MONITY MAP - 1" = 2000'



LEGEND

- IRON ROD FOUND AS NOTED
- IRON PIPE FOUND AS NOTED
- 5/8" IRON ROD SET W/DEAP STAMPED "CONSECUTIVE" UNLESS NOTED
- D.R.T.G.T DEED RECORDS TRAVIS COUNTY, TEXAS
- O.P.R.T.G.T. OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS



INDEX MAP - N.T.S.

BEARING BASIS NOTE:

HORIZONTAL DATUM BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83, TEXAS CENTRAL ZONE, USING THE TRIMBLE CORRS NETWORK.

FILE: K:\05539\05539-0131-00 The Trails at Wutong Ridge- Phase 1\1 Surveying Phase\CAD Files\Working Dwg\Plot\05539-0131-00 Phase 1A Plot.dwg

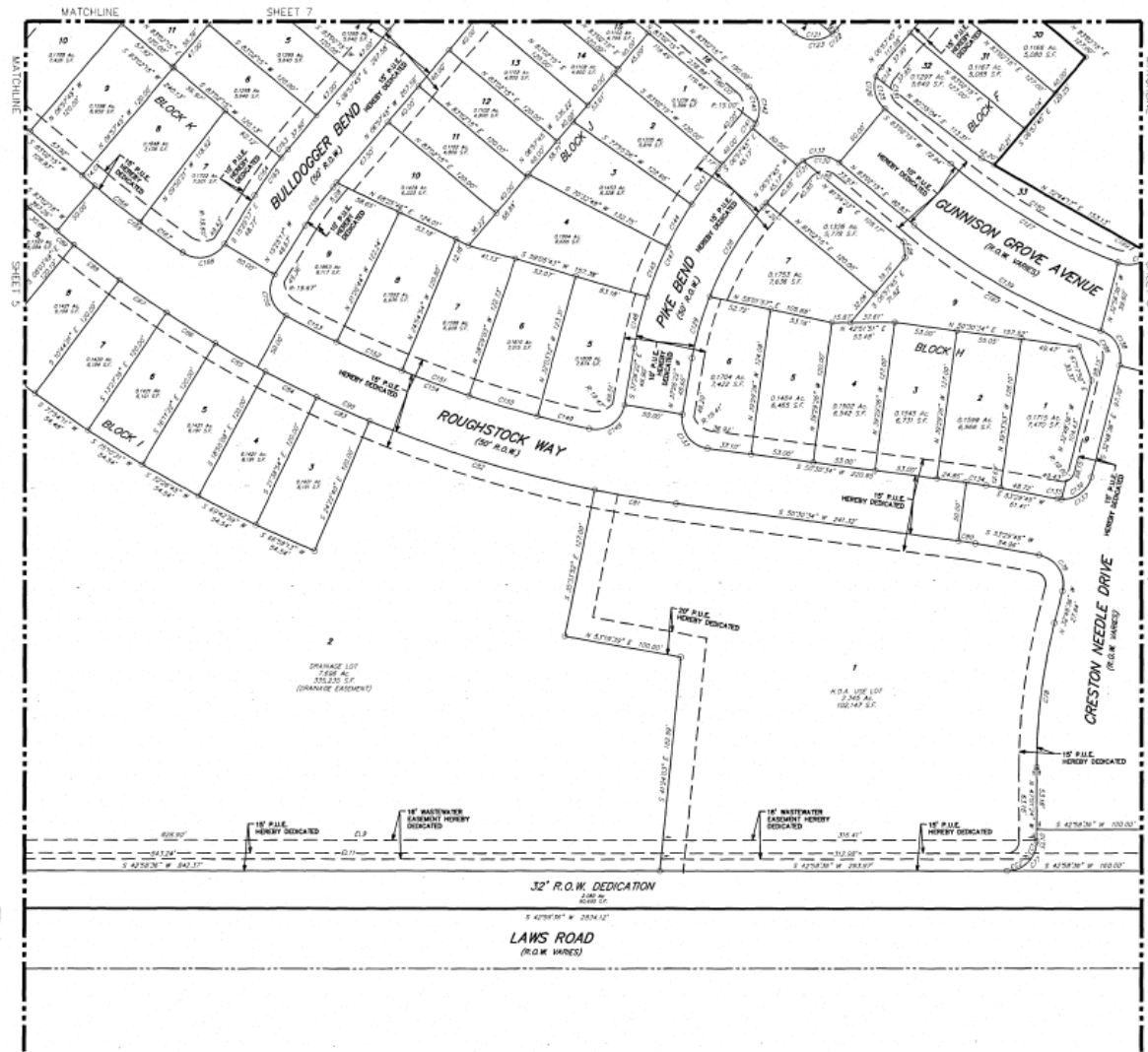
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DATE: March 1, 2023	CHECKED BY: RLH
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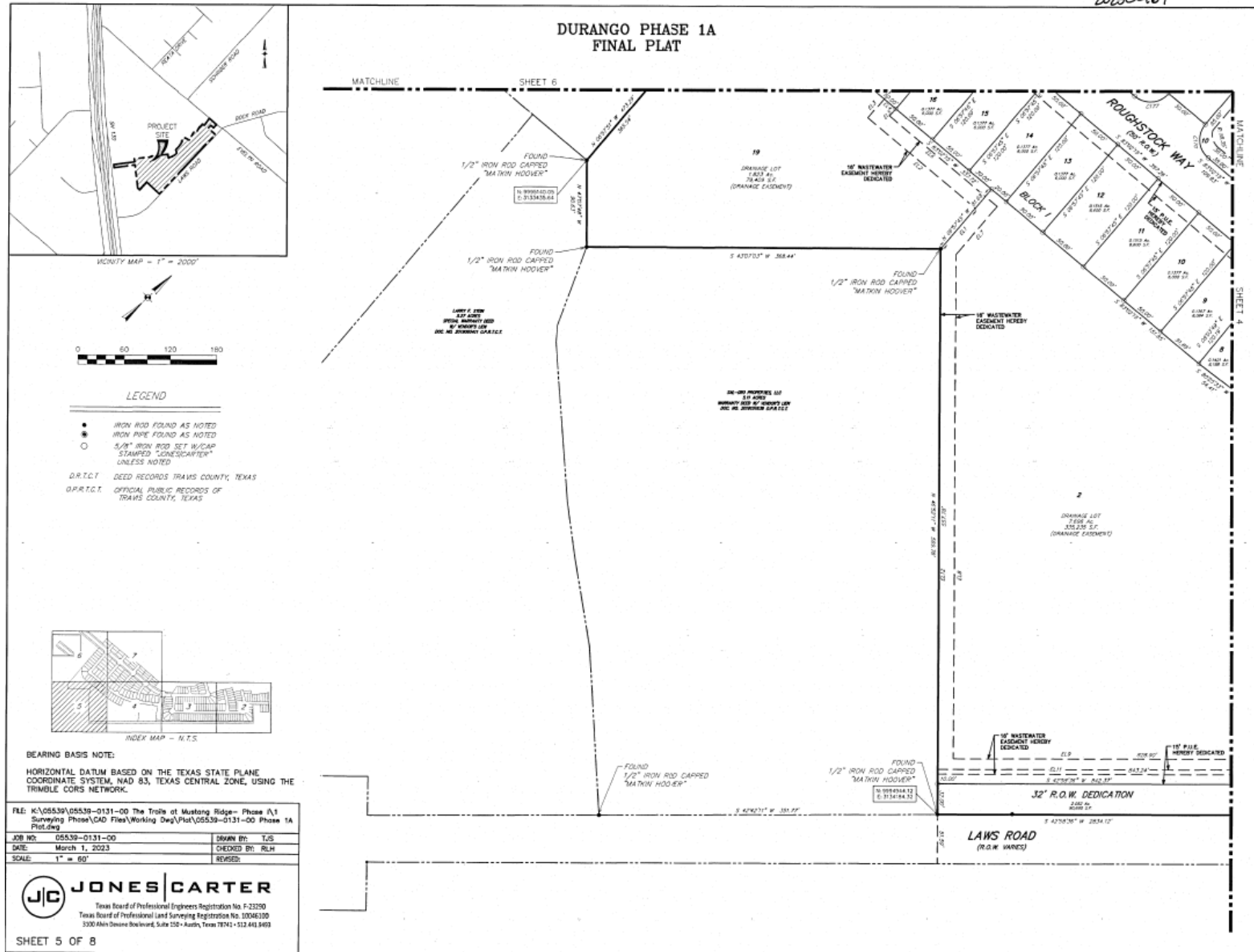
JONES CARTER
Texas Board of Professional Engineers Registration No. F-232950
Texas Board of Professional Land Surveying Registration No. 50046200
3300 Alvin Deane Boulevard, Suite 150 • Austin, Texas 78741 • 512.461.5489

SHEET 4 OF 8

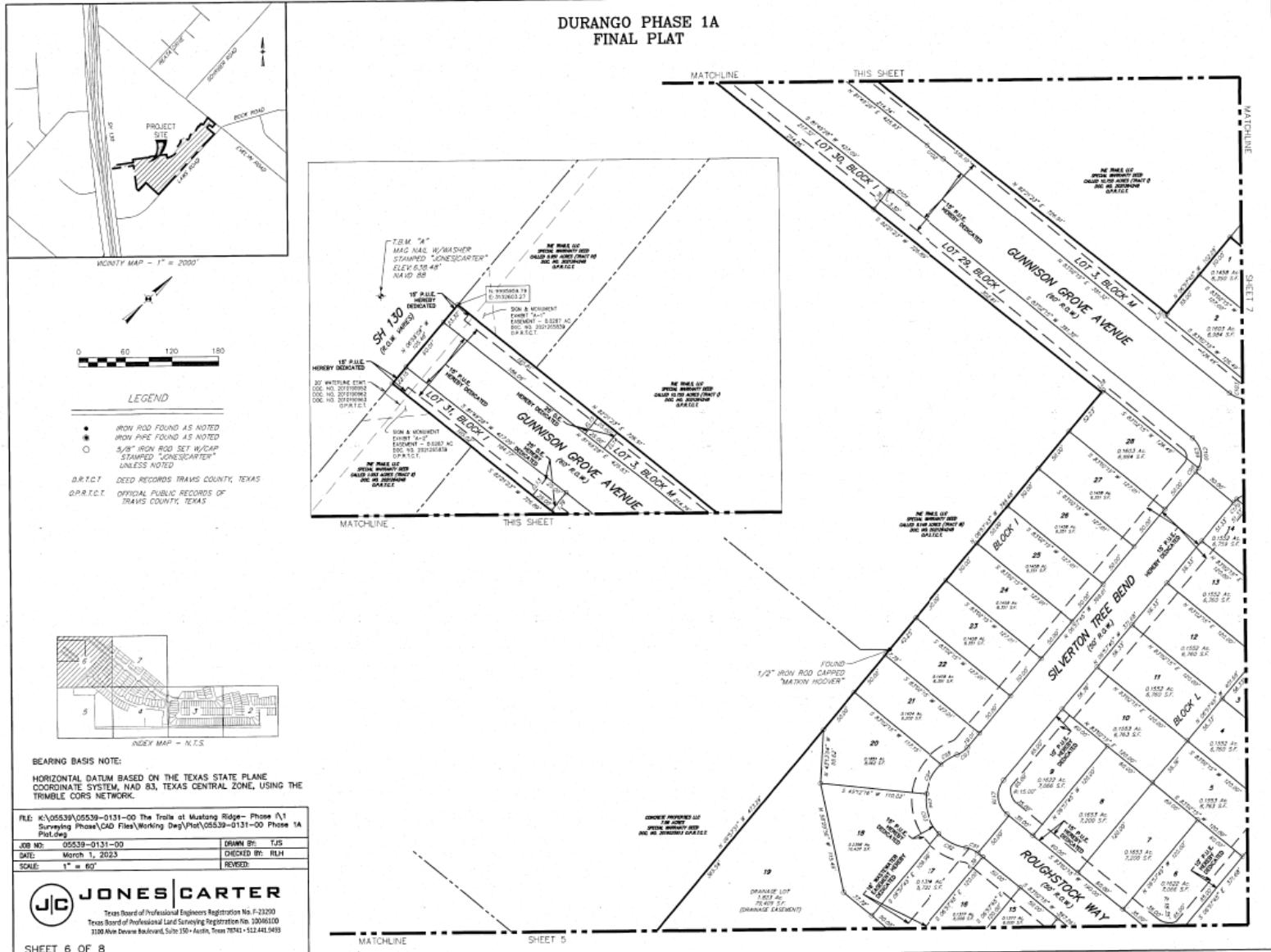
DURANGO PHASE 1A FINAL PLAT



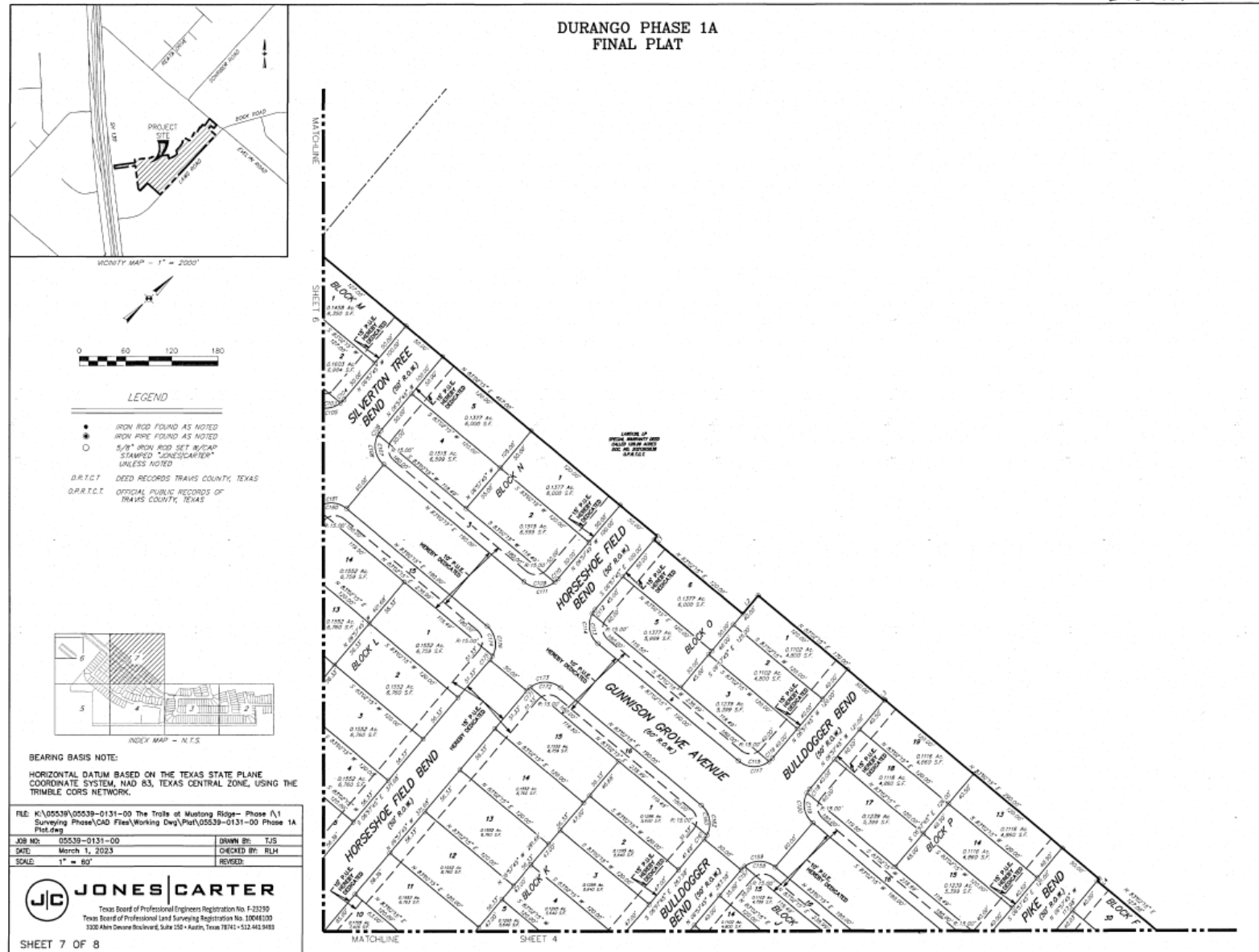
202300167



2023.06.07



202300167



202300167

DURANGO PHASE 1A
FINAL PLAT

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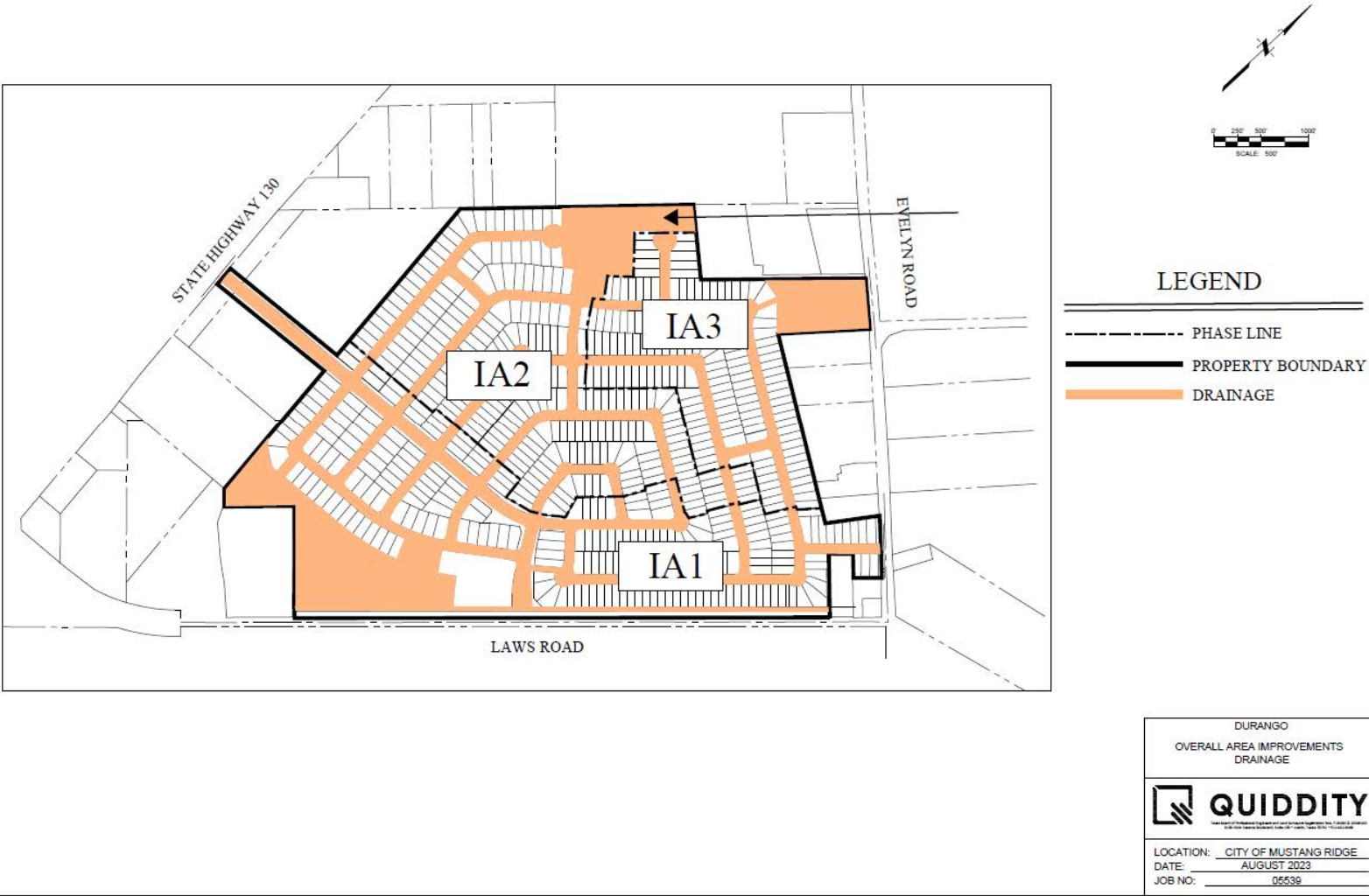
LAND TYPE	AMOUNT
TOTAL R.O.M. AREA	12.78 AC
TOTAL R.O.M. LENGTH	10,275 LF

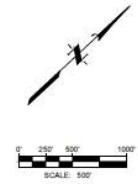
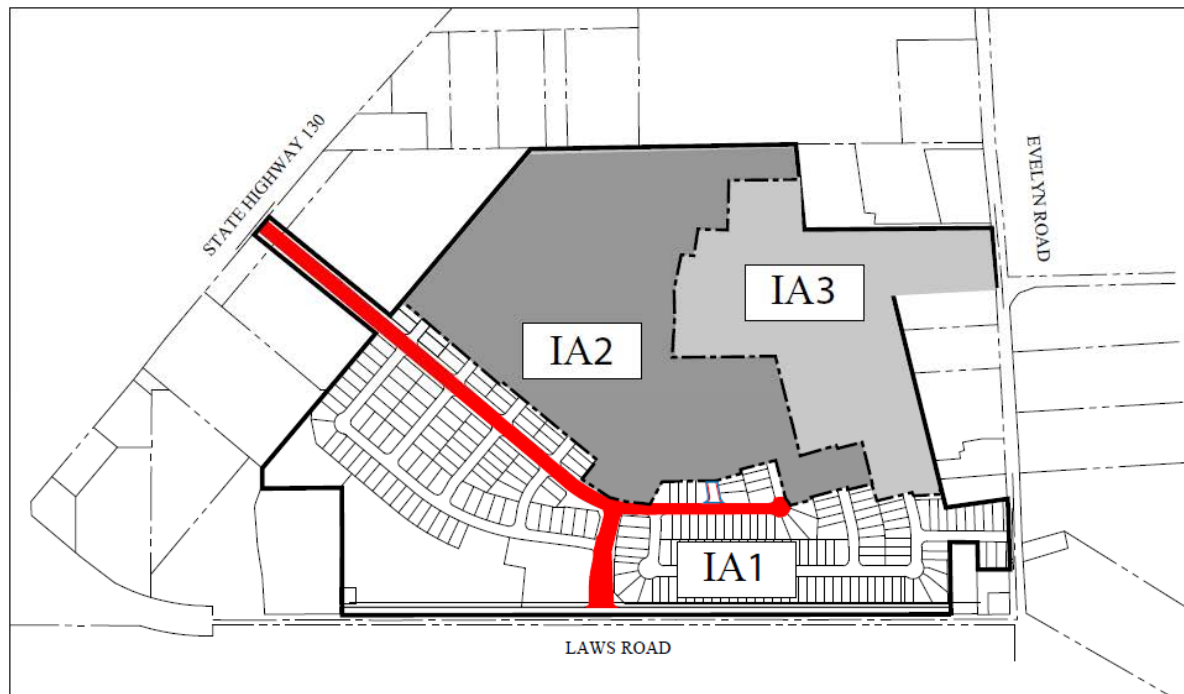
LAND TYPE	AMOUNT
RESIDENTIAL LOTS	220 LOTS
RESIDENTIAL AREA	30.273 AC
DRAINAGE LOTS	3 LOTS
DRAINAGE AREA	9.804 AC
UTILITY LOTS	1 LOTS
UTILITY AREA	0.044 AC
OPEN SPACE LOTS	16 LOTS
OPEN SPACE AREA	2.772 AC
H.O.A. USE LOTS	1 LOTS
H.O.A. USE AREA	2.345 AC
H.O.W. DEDICATION	2.087 AC
TOTAL ACREAGE	69.281 AC
TOTAL NO. OF LOTS	248 LOTS

LOT NUMBER	LOT TYPE	LOT AREA
LOT 1, BLOCK B	OPEN SPACE	0.0704 AC (3,068 SF)
LOT 4, BLOCK A	OPEN SPACE	0.0384 AC (1,635 SF)
LOT 4, BLOCK B	OPEN SPACE	0.0584 AC (1,435 SF)
LOT 4B, BLOCK D	OPEN SPACE	0.7788 AC (33,938 SF)
LOT 3, BLOCK D	UTILITY	0.0437 AC (1,905 SF)
LOT 43, BLOCK D	DRAINAGE	0.0803 AC (3,497 SF)
LOT 6, BLOCK G	OPEN SPACE	0.0471 AC (2,053 SF)
LOT 33, BLOCK F	OPEN SPACE	0.1310 AC (5,707 SF)
LOT 8, BLOCK H	OPEN SPACE	0.3110 AC (13,548 SF)
LOT 16, BLOCK P	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 16, BLOCK J	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 4, BLOCK G	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 15, BLOCK K	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 3, BLOCK N	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 15, BLOCK L	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 3, BLOCK M	OPEN SPACE	0.4084 AC (17,792 SF)
LOT 29, BLOCK I	OPEN SPACE	0.2260 AC (9,846 SF)
LOT 30, BLOCK I	OPEN SPACE	0.1114 AC (4,853 SF)
LOT 31, BLOCK I	DRAINAGE	0.1314 AC (5,722 SF)
LOT 19, BLOCK I	DRAINAGE	1.823 AC (79,408 SF)
LOT 2, BLOCK I	DRAINAGE	2.686 AC (116,235 SF)
LOT 1, BLOCK I	H.O.A. USE	2.345 AC (102,147 SF)

POINT	LINE	FROM	TO	BEARING	LENGTH
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79	79	0.0000	0.0000	N 0°00'00" E	0.00</

EXHIBIT L – MAP OF MAJOR IMPROVEMENTS





LEGEND

- PHASE LINE
- PROPERTY BOUNDARY
- RESIDENTIAL STREETS
- COLLECTOR STREETS

DURANGO
IMPROVEMENT AREA 1
STREETS



LOCATION: CITY OF MUSTANG RIDGE
DATE: AUGUST 2023
JOB NO: 05539

K:\0533905539-0131-00 The Trails at Mustang Ridge- Phase 12 Design Phase\CADD\NOTES\EXH PID REPORT DOC PLAT.dwg



EXHIBIT M – MAP OF IMPROVEMENT AREA #1 IMPROVEMENTS

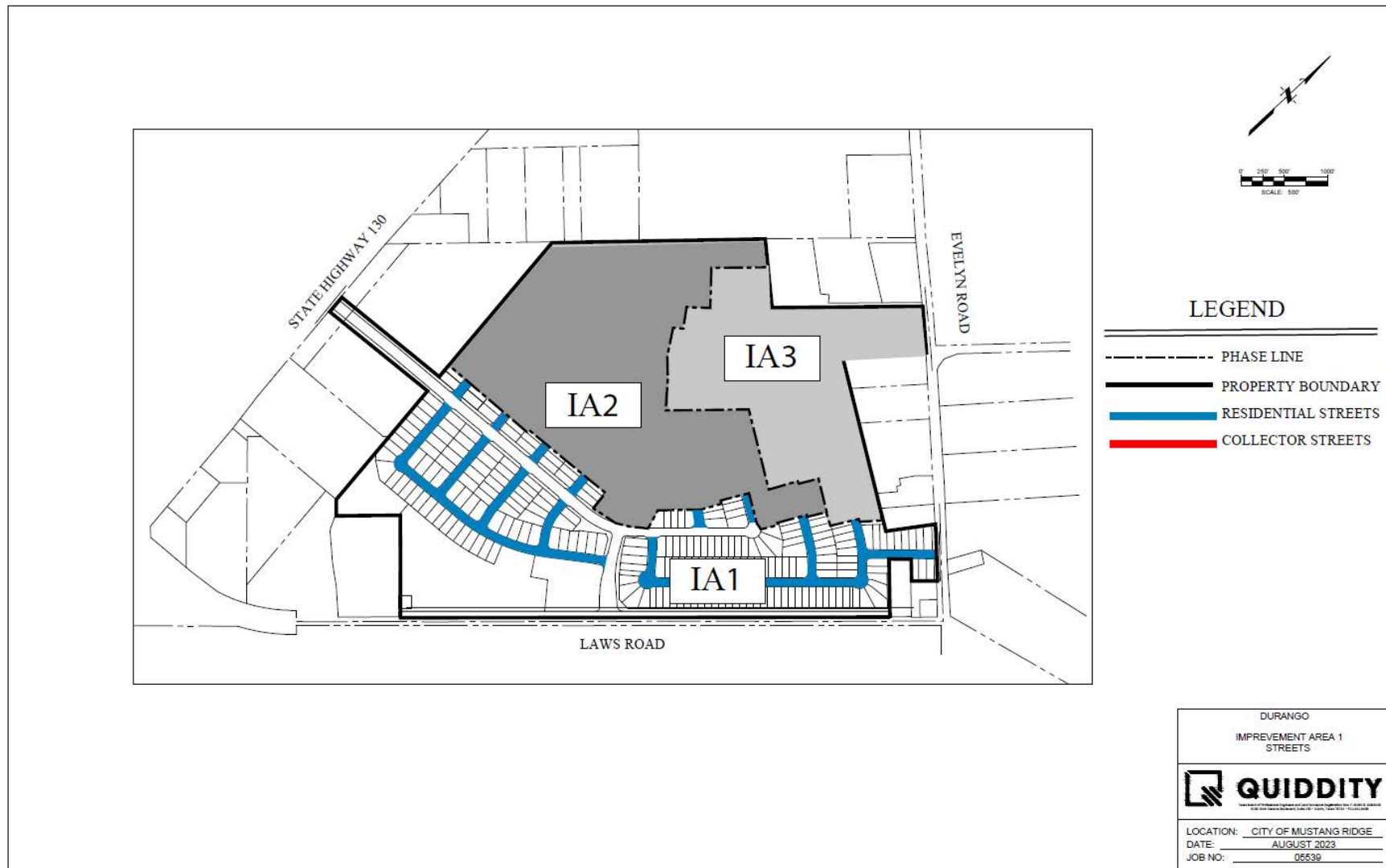


EXHIBIT N – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Travis County Clerk's Office
Honorable [County Clerk Name]
5501 Airport Blvd
Austin, Texas 78751

Re: City of Mustang Ridge Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Mustang Ridge, Texas, 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 Mustang Ridge
Attn: [City Secretary]
12800 S Hwy 183
Mustang Ridge, TX 78610

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]
12800 S Hwy 183
Mustang Ridge, TX 78610

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Mustang Ridge, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Mustang Ridge, Texas (hereinafter referred to as the "City "), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about June 14, 2021, the City Council for the City, approved Resolution No. #21-190, creating the Trails Public Improvement District; and

WHEREAS, the City changed the name of the District to "Durango Public Improvement District" pursuant to Resolution #23-218 adopted by the City Council on June 12, 2023.

; and

WHEREAS, the Durango Public Improvement District consists of approximately 128.263 contiguous acres located within the City; and

WHEREAS, on or about ____, the City Council, approved an ordinance, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Durango Public Improvement District; and

EXHIBIT O – HOMEBUYER DISCLOSURES

Homebuyer disclosures for the following lot types are contained in this Exhibit:

- Lot Type 1
- Lot Type 2

LOT TYPE 1 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 372.005), 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 RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF MUSTANG RIDGE, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$27,005.79

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Mustang Ridge, 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 ***Durango 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 Mustang Ridge, Texas. The exact amount of each annual installment will be approved each year by the City of Mustang Ridge 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 Mustang Ridge.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis 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]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis 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 _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis County.

ANNUAL INSTALLMENTS - LOT TYPE 1

		Improvement Area #1 Bond					
Annual Installment Due 1/31	Principal	Interest ¹	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment	
2024	\$ 756.72	\$ 1,301.14	\$ 135.03	\$ -	\$ 153.09	\$ 2,345.98	
2025	\$ 332.43	\$ 1,724.56	\$ 131.25	\$ -	\$ 156.16	\$ 2,344.40	
2026	\$ 354.30	\$ 1,702.72	\$ 129.58	\$ -	\$ 159.28	\$ 2,345.89	
2027	\$ 376.17	\$ 1,679.45	\$ 127.81	\$ -	\$ 162.46	\$ 2,345.90	
2028	\$ 398.04	\$ 1,654.73	\$ 125.93	\$ -	\$ 165.71	\$ 2,344.42	
2029	\$ 419.92	\$ 1,628.58	\$ 123.94	\$ -	\$ 169.03	\$ 2,341.46	
2030	\$ 446.16	\$ 1,600.99	\$ 121.84	\$ -	\$ 172.41	\$ 2,341.40	
2031	\$ 476.78	\$ 1,571.68	\$ 119.61	\$ -	\$ 175.86	\$ 2,343.92	
2032	\$ 507.40	\$ 1,540.35	\$ 117.23	\$ -	\$ 179.37	\$ 2,344.35	
2033	\$ 538.02	\$ 1,507.02	\$ 114.69	\$ -	\$ 182.96	\$ 2,342.68	
2034	\$ 573.01	\$ 1,471.67	\$ 112.00	\$ -	\$ 186.62	\$ 2,343.30	
2035	\$ 608.00	\$ 1,434.02	\$ 109.13	\$ -	\$ 190.35	\$ 2,341.51	
2036	\$ 647.37	\$ 1,394.08	\$ 106.09	\$ -	\$ 194.16	\$ 2,341.70	
2037	\$ 691.11	\$ 1,351.55	\$ 102.86	\$ -	\$ 198.04	\$ 2,343.56	
2038	\$ 734.85	\$ 1,306.14	\$ 99.40	\$ -	\$ 202.00	\$ 2,342.40	
2039	\$ 782.97	\$ 1,257.86	\$ 95.73	\$ -	\$ 206.04	\$ 2,342.60	
2040	\$ 835.46	\$ 1,206.42	\$ 91.81	\$ -	\$ 210.17	\$ 2,343.85	
2041	\$ 887.95	\$ 1,151.53	\$ 87.64	\$ -	\$ 214.37	\$ 2,341.48	
2042	\$ 949.18	\$ 1,093.19	\$ 83.20	\$ -	\$ 218.66	\$ 2,344.23	
2043	\$ 1,010.42	\$ 1,030.83	\$ 78.45	\$ -	\$ 223.03	\$ 2,342.73	
2044	\$ 1,076.03	\$ 964.45	\$ 73.40	\$ -	\$ 227.49	\$ 2,341.37	
2045	\$ 1,150.39	\$ 893.75	\$ 68.02	\$ -	\$ 232.04	\$ 2,344.20	
2046	\$ 1,224.75	\$ 818.17	\$ 62.27	\$ -	\$ 236.68	\$ 2,341.87	
2047	\$ 1,307.86	\$ 737.70	\$ 56.14	\$ -	\$ 241.41	\$ 2,343.12	
2048	\$ 1,395.34	\$ 651.78	\$ 49.60	\$ -	\$ 246.24	\$ 2,342.96	
2049	\$ 1,491.57	\$ 560.10	\$ 42.63	\$ -	\$ 251.17	\$ 2,345.47	
2050	\$ 1,592.18	\$ 462.11	\$ 35.17	\$ -	\$ 256.19	\$ 2,345.64	
2051	\$ 1,697.16	\$ 357.50	\$ 27.21	\$ -	\$ 261.31	\$ 2,343.18	
2052	\$ 1,810.88	\$ 246.00	\$ 18.72	\$ -	\$ 266.54	\$ 2,342.14	
2053	\$ 1,933.36	\$ 127.02	\$ 9.67	\$ -	\$ 271.87	\$ 2,341.92	
Total	\$ 27,005.79	\$ 34,427.07	\$ 2,656.03	\$ -	\$ 6,210.73	\$ 70,299.62	

Notes:

1) Interest is calculated at a 6.57% rate for illustrative purposes.

2) 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.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

LOT TYPE 2 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 372.005), 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 RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF MUSTANG RIDGE, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$28,197.22

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Mustang Ridge, 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 ***Durango 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 Mustang Ridge, Texas. The exact amount of each annual installment will be approved each year by the City of Mustang Ridge 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 Mustang Ridge.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis 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]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis 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 _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Travis County.

ANNUAL INSTALLMENTS - LOT TYPE 2

Improvement Area #1 Bond						
Annual Installment Due 1/31	Principal	Interest ¹	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment
2024	\$ 790.11	\$ 1,358.54	\$ 140.99	\$ -	\$ 159.85	\$ 2,449.48
2025	\$ 347.10	\$ 1,800.65	\$ 137.04	\$ -	\$ 163.05	\$ 2,447.83
2026	\$ 369.93	\$ 1,777.84	\$ 135.30	\$ -	\$ 166.31	\$ 2,449.38
2027	\$ 392.77	\$ 1,753.54	\$ 133.45	\$ -	\$ 169.63	\$ 2,449.39
2028	\$ 415.61	\$ 1,727.73	\$ 131.49	\$ -	\$ 173.02	\$ 2,447.85
2029	\$ 438.44	\$ 1,700.43	\$ 129.41	\$ -	\$ 176.49	\$ 2,444.76
2030	\$ 465.84	\$ 1,671.62	\$ 127.22	\$ -	\$ 180.02	\$ 2,444.70
2031	\$ 497.81	\$ 1,641.02	\$ 124.89	\$ -	\$ 183.62	\$ 2,447.33
2032	\$ 529.78	\$ 1,608.31	\$ 122.40	\$ -	\$ 187.29	\$ 2,447.78
2033	\$ 561.75	\$ 1,573.50	\$ 119.75	\$ -	\$ 191.03	\$ 2,446.04
2034	\$ 598.29	\$ 1,536.60	\$ 116.94	\$ -	\$ 194.85	\$ 2,446.68
2035	\$ 634.83	\$ 1,497.29	\$ 113.95	\$ -	\$ 198.75	\$ 2,444.81
2036	\$ 675.93	\$ 1,455.58	\$ 110.77	\$ -	\$ 202.73	\$ 2,445.01
2037	\$ 721.60	\$ 1,411.17	\$ 107.40	\$ -	\$ 206.78	\$ 2,446.95
2038	\$ 767.27	\$ 1,363.76	\$ 103.79	\$ -	\$ 210.92	\$ 2,445.74
2039	\$ 817.51	\$ 1,313.35	\$ 99.95	\$ -	\$ 215.13	\$ 2,445.95
2040	\$ 872.31	\$ 1,259.64	\$ 95.86	\$ -	\$ 219.44	\$ 2,447.26
2041	\$ 927.12	\$ 1,202.33	\$ 91.50	\$ -	\$ 223.83	\$ 2,444.78
2042	\$ 991.06	\$ 1,141.42	\$ 86.87	\$ -	\$ 228.30	\$ 2,447.65
2043	\$ 1,055.00	\$ 1,076.31	\$ 81.91	\$ -	\$ 232.87	\$ 2,446.09
2044	\$ 1,123.50	\$ 1,006.99	\$ 76.64	\$ -	\$ 237.53	\$ 2,444.66
2045	\$ 1,201.14	\$ 933.18	\$ 71.02	\$ -	\$ 242.28	\$ 2,447.62
2046	\$ 1,278.79	\$ 854.26	\$ 65.01	\$ -	\$ 247.12	\$ 2,445.18
2047	\$ 1,365.56	\$ 770.25	\$ 58.62	\$ -	\$ 252.06	\$ 2,446.49
2048	\$ 1,456.90	\$ 680.53	\$ 51.79	\$ -	\$ 257.11	\$ 2,446.33
2049	\$ 1,557.38	\$ 584.81	\$ 44.51	\$ -	\$ 262.25	\$ 2,448.95
2050	\$ 1,662.42	\$ 482.49	\$ 36.72	\$ -	\$ 267.49	\$ 2,449.13
2051	\$ 1,772.03	\$ 373.27	\$ 28.41	\$ -	\$ 272.84	\$ 2,446.55
2052	\$ 1,890.78	\$ 256.85	\$ 19.55	\$ -	\$ 278.30	\$ 2,445.47
2053	\$ 2,018.65	\$ 132.63	\$ 10.09	\$ -	\$ 283.87	\$ 2,445.24
Total	\$ 28,197.22	\$ 35,945.92	\$ 2,773.21	\$ -	\$ 6,484.73	\$ 73,401.08

Notes:

1) Interest is calculated at a 6.57% rate for illustrative purposes.

2) 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.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

APPENDIX A – ENGINEER’S REPORT

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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Orrick, Herrington & Sutcliffe LLP
300 West 6th Street
Suite 1850
Austin, TX 78701
+1 512 582 6950
orrick.com

_____, 2023

City of Mustang Ridge, Texas
Special Assessment Revenue Bonds, Series 2023
(Durango Public Improvement District Improvement Area #1 Project)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Mustang Ridge, Texas (the “Issuer”) in connection with the issuance of \$[_____] aggregate principal amount of bonds designated as “City of Mustang Ridge, Texas Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Bonds are authorized by an ordinance adopted by the City Council of the Issuer (the “City Council”) on November 20, 2023 (the “Bond Ordinance”) and are issued and secured under an Indenture of Trust dated as of December 1, 2023 (the “Indenture”) between the Issuer and UMB Bank, N.A. (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Bond Ordinance, the Indenture, the tax certificate of the Issuer dated the date hereof (the “Tax Certificate”), certificates of the Issuer, opinions of counsel to the Issuer and the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Ordinance, the Indenture, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Ordinance, the Indenture, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against entities such as the Issuer in the State of

Texas (the “State”). We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special, limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Issuer enforceable against the Issuer in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the Issuer, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Very truly yours,

APPENDIX E-1

FORM OF ISSUER DISCLOSURE AGREEMENT

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**CITY OF MUSTANG RIDGE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DURANGO PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of December 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and between the City of Mustang Ridge, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and UMB Bank, N.A., Austin, Texas (acting solely in its capacity as dissemination agent, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of December 1, 2023 between the Issuer and the Trustee, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or independent firm designated by the Issuer who shall have the responsibilities provided in the Indenture, the Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Annual Collections Report” shall mean any Annual Collection Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

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

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from

time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

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

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

“Bond Year” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Laws126, LP, a Texas limited partnership, and its successors and assigns.

“Disclosure Agreement of Developer” shall mean the City of Mustang Ridge, Texas Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of Developer dated as of December 1, 2023 executed and delivered by the Developer, P3Works, LLC, as Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the City Administrator of the Issuer 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 UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Durango Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access system currently available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Financials Filing Date, an Annual Information Filing Date and an Annual Collections Report Filing Date, or, individually, as the context requires, an Annual Financials Filing Date, an Annual Information Filing Date or an Annual Collections Report Filing Date.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reporting pursuant to the Rule.

“Other Obligations” 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.

“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.

“Tax Year” means the calendar year or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trustee” shall mean UMB Bank, N.A., Austin, Texas a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity of trustee, and its successors, and any other corporation or association that may at any time be substituted in its place.

SECTION 3. Provision of Annual Financial Information and Annual Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2024, the Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, the Annual Financial Information and the Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB not later than the Annual Financials Filing Date, or if audited Annual Financial Statements are not available by the Annual Financials Filing Date, unaudited Annual Financial Statements, provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement.

In each case, the Annual Financial Information and Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to the applicable Filing Date, the Issuer shall provide the Annual Financial Information or Annual Financial Statements, as applicable, to the Dissemination Agent. The Dissemination Agent shall provide such Annual Financial Information or Annual Financial Statements to the MSRB not later than ten (10) days from receipt of such Annual Financial Information or Annual Financial Statements from the Issuer, but in no event later than the applicable Filing Dates for such Fiscal Year.

If by the fifth (5th) day before the applicable Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Annual Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Financial Information or Annual Financial Statements pursuant to subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or Annual Filings for such year will be provided and instruct the

Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Financial Information, Annual Financial Statements or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the applicable Filing Date.

(c) (c) Upon delivery by the Issuer of the Annual Financial Information or the Annual Financial Statements, as applicable, to the Dissemination Agent, pursuant to subsection (b) hereof, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and the Annual Financial Statements on the dates required in subsection (a);

(ii) on behalf of the Issuer, file the Annual Financial Information and the Annual Financial Statements containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or the Audited Financial Statements, as applicable, together with written instructions to file such financial information or financial statements with the MSRB and the Dissemination Agent has filed such financial information or financial statements with the MSRB, then the Dissemination Agent shall certify in writing to the Issuer that the Annual Financial Information or the Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which such financial information or financial statements shall include a filing receipt from the MSRB.

SECTION 4. Content of Annual Financial Information and Annual Financial Statements.

(a) *Annual Financial Information.* The Annual Financial Information for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount, the principal amount remaining Outstanding and the total interest amount due on the principal amount Outstanding;

(B) The amounts in the Funds and Accounts securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Section 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year.

(iii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented, including any changes to the methodology for levying the Assessments in Improvement Area #1.

(iv) Any changes to the land use designation for the property in Improvement Area #1 that might negatively impact its development for those purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time.

(v) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) *Annual Financial Statements.* The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If the audited financial statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Annual Financials Filing Date and audited financial statements when and if available.

(c) See Exhibit B hereto for a form for submitting the information set forth in subsection 4(a) above. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is

available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the City shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale of real property within Improvement Area #1 by the Developer will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Other Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer, provided such notice is delivered to the Dissemination Agent by noon central standard time on any such day. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event. The Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event.

Any notice under the preceding paragraph 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 under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event pursuant to the instructions provided in Section 15.5(a) of the Indenture. 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 immediately file a notice of such occurrence with the MSRB. It is agreed and understood that the duty to make 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 Participating Underwriter, the Issuer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subsection (a) above is not material under applicable federal securities laws, the Issuer shall promptly 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) above.

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel selected by the Issuer to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with sixty (60) days’ notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. 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 UMB Bank, N.A. 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 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any

amendment so requested by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being

indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer, and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to 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, 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 Financial Information or Audited Financial Statements 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 6 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) The Administrator shall not have any responsibility for the timeliness and accuracy of any information provided by third parties for the disclosures made pursuant to the terms thereof. The Administrator shall have only such duties as are specifically set forth in Section 4 and 5 of this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its

officers, directors, employees and agents, but only with funds to be provided by the Developer or from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. The Dissemination Agent has no duties or obligations with respect to Exhibit D. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members,

officer, agent or employee of the Issuer, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1 of the District, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Anti-Boycott Verification. The Dissemination Agent and Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, do not boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to enable the Issuer to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

SECTION 20. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent and the Administrator, each respectively, represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted under the following Divestment Statute Lists: “Scrutinized Companies with ties to Foreign Terrorist Organizations,” “Scrutinized Companies with ties to Iran,” or “Scrutinized Companies with ties to Sudan” of such officer’s Internet website that are available at:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>.

The foregoing representation is made solely to enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or State law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

SECTION 21. No Discrimination Against Fossil-Fuel Companies. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2276.002, Texas Government Code, as amended, the Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

SECTION 22. No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination or the Administrator, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Disclosure Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions,

(a) “discriminate against a firearm entity or firearm trade association” (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association.

(b) “firearm entity” means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and

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

SECTION 23. Affiliate. As used in Sections 19 through 22, the Dissemination Agent and the Administrator, each respectively, understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

SECTION 24. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information

contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 25. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 26. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow]

CITY OF MUSTANG RIDGE, TEXAS

By: _____
Mayor

UMB BANK, N.A.
(as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][ANNUAL FINANCIAL
STATEMENTS][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: City of Mustang Ridge, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023 ([____])
Public Improvement District Improvement Area #1 Project)
CUSIP NOs. [*insert CUSIP NOs.*]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Mustang Ridge, Texas (the “Issuer”), has not provided the [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] for fiscal year ended _____ with respect to the above-named bonds as required by the Continuing Disclosure Agreement of the Issuer dated as of December 1, 2023, between the Issuer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that the [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] will be filed by _____.

Dated: _____

UMB Bank, N.A.
on behalf of the City of Mustang Ridge, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Mustang Ridge, Texas

EXHIBIT B

CITY OF MUSTANG RIDGE, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP NOs.: *[insert CUSIP NOs.]*

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

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

*Excluding Annual Financial Statements of the Issuer.

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top [Five] Assessment Payers in Improvement Area #1⁽¹⁾

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the land in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Travis Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Annual Installments Collected ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

⁽¹⁾ 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.

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTIONS 4(a)(iii) – (v) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO THE CITY OF MUSTANG RIDGE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

[Insert a line item for each applicable listing]

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EXHIBIT C

**CITY OF MUSTANG RIDGE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DURANGO PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP NOSs: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: UMB Bank, N.A.
Address: [_____]
City: [_____, Texas ____]
Telephone: (____) ____-____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
COLLECTION OF THE ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SECTION 5(A) OF THE CONTINUING DISCLOSURE
AGREEMENT OF THE ISSUER RELATING TO CITY OF MUSTANG RIDGE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023 (DURANGO PUBLIC
IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	Foreclosure <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20	\$		\$		\$

(i) Period covered includes December 1, 20__ through March 1, 20__.

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Collection and Delinquency Annual Installments⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installment <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent <u>% as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
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⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

⁽²⁾ 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.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

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EXHIBIT D

BASIC TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments are delinquent if not received. Upon receipt but no later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing. 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.
March 1	29/30	Trustee pays bond interest payments to Owners. 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.
April 1	60/61	At this point, if there is adequate funding for September payments, no further action is anticipated for collection

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of the Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Travis County Tax Assessor-Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure delinquency. **For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure, in accordance with the County Tax Assessor-Collector's procedures.**

If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund such amounts as shall be required for the full September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the County Tax Assessor-Collector's procedures.

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the County Tax/Assessor Collector's procedures.

Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.

Preliminary Foreclosure activity commences, in accordance with the County Tax Assessor-Collector's procedures, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to

be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court in accordance with the County Tax Assessor-Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the City Administrator to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.

APPENDIX E-2

FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF MUSTANG RIDGE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023,
(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of December 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and among Laws126, LP (the “Developer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., Austin, Texas, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Developer, the Administrator and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of December 1, 2023 between the Issuer and the Trustee, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or the person or independent firm designated by the Issuer who shall have the responsibilities provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliates” shall mean an entity that owns property within Improvement Area #1 and is controlled by, controls, or is under common control of the Developer.

“Amenities” shall mean the amenity center, open spaces, gathering spaces, and hike and bike trails to be constructed by the Developer within the District.

“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.

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

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or any Significant Homebuilder, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Laws126, 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 Projects 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 the Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of December 1, 2023, executed and delivered by and among the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean the Durango Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into a Lot Sale Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Sale Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Improvement Area #1 Projects” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Initial Quarterly Ending Date” shall mean March 31, 2024.

“Issuer” shall mean the City of Mustang Ridge, Texas.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum for the Bonds dated November 20, 2023.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Sale Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any lot purchase and sale agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“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 mean any legal person, including 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.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning on the Initial Quarterly Ending Date.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean the Developer and/or Significant Homebuilder that has assumed reporting obligations, as applicable.

“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 22 or more 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 mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

Section 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to such Significant Homebuilder's 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 the Initial Quarterly Ending Date, the information required for the preparation of the Quarterly Report (with respect to each Reporting Party, the "Quarterly Information"). The Reporting Party shall provide, or cause to be provided to the Administrator, such Quarterly Information until such party's obligations terminate pursuant to Section 6 of this Disclosure Agreement. For the avoidance of doubt, if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until a Significant Homebuilder Acknowledgement with respect to such real property is delivered in accordance with Section 5 of this Disclosure Agreement, at which time Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by each Reporting Party, as applicable, pursuant to subsection (a) above and (ii) provide to the Reporting Party each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. Each Reporting Party shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and direct the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, 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 each Reporting Party with written direction to file such documents with the MSRB. Pursuant to the written direction of the Administrator, 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 Section 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, and is hereby directed to, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information is provided by any Reporting Party to the Administrator, the Dissemination Agent shall not be responsible for any failure to submit a complete Quarterly Report to the MSRB in connection with such failure. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the parties required under this Section 3(c) in a

timely manner, shall not be deemed a default by the Reporting Party under this Disclosure Agreement. Any notice of failure to provide Quarterly Information or failure to file a Quarterly Report shall be in the form attached hereto as Exhibit B.

(d) The Quarterly Report shall include the Quarterly Information and shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to Table 3(d)(i) in Exhibit A attached hereto, the composition of the property within Improvement Area #1 subject to the Assessments, as of the Quarterly Ending Date, including:

A. The number of single-family residential lots;

B. The number of single-family residential lots identified in the original Service and Assessment Plan; and

C. An explanation as to any change to the number of lots within Improvement Area #1 from the number of single-family residential lots in the original Service and Assessment Plan;

(ii) In a form similar to Table 3(d)(ii) in Exhibit A attached hereto, the landowner composition of Improvement Area #1, including:

A. The number of single-family residential 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;

(iii) In a form similar to Table 3(d)(iii) in Exhibit A attached hereto, for each single-family residential lot, lot absorption statistics by lot type, on a quarter over quarter basis for property located in Improvement Area #1, including:

A. The number of platted single-family lots;

B. The number of single-family lots closed with a Homebuilder;

C. The number of single-family lots owned by the Developer and under contract (but not closed) with a Homebuilder; and

D. The number of single-family lots owned by the Developer and not closed or under contract with a Homebuilder;

(iv) In a form similar to Table 3(d)(iv) in Exhibit A attached hereto, for each single-family residential lot, for each Homebuilder, broken down by lot type and phase, on a quarter over quarter 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 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 in Improvement Area #1; and

(v) In a form similar to Table 3(d)(v) in Exhibit A attached hereto, the occurrence of any new or modified mortgage debt on the land owned by the Developer in the District, including the amount, interest rate and terms of repayment.

(e) Until completion of the Amenities, each such Quarterly Report shall include, in a form similar to Table 3(e)(i) in Exhibit A attached hereto, with respect to any Amenities, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

- (i) Total expected construction budget;
- (ii) Total costs spent to date;
- (iii) Status of construction; and
- (iv) Expected or actual completion date.

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 lot owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement; provided that the Developer has complied with all legal requirements relating to the protest of such value, including the posting of a bond, if required;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Projects;

(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 commencement of any bankruptcy, insolvency or similar filing of the Developer or any determination that the Developer is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with 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;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 herein;

(x) Early termination or material default by a Homebuilder under a Lot Sale Agreement.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The commencement of any 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 a Lot Sale Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 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, the Developer 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).

The Developer and each Significant Homebuilder, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless if such

Person is providing Quarterly Information on behalf of any other Reporting Party. 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 within one (1) Business Day 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. The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer and the Developer or Significant Homebuilder, as 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 or 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 or the Significant Homebuilder 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.

Section 5. Assumption of Reporting Obligations by Significant Homebuilders.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Sections 3(d)(iv) and 4(b) hereof, with respect to such acquired real property until such party's disclosure obligations terminate pursuant to Section 6 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (a)(i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit E (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to 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. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 5(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

Section 6. 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, (ii) the date when (A) all of the Improvement Area #1 Projects and Amenities are complete, (B) the Developer no longer owns at least 22 of the single family residential lots within Improvement Area #1 and (C) the Developer is not reporting on behalf of any Significant Homebuilder, as of the applicable Quarterly Ending Date. Notwithstanding the foregoing, if the Developer is reporting on behalf of a Significant Homebuilder, the Developer's reporting obligations with respect to the property owned by the Significant Homebuilder shall terminate in accordance with subsection (b) below. For the avoidance of doubt, the Developer shall remain obligated to provide the information specified in Sections 3 and 4 under this Disclosure Agreement with respect to any property in the District sold to a Significant Homebuilder until such time as the Significant Homebuilder has delivered a Significant Homebuilder Acknowledgment.

(b) The reporting obligations of a Significant Homebuilder, if any, under this Disclosure Agreement shall terminate upon the earlier of when (i) none of the Bonds remain Outstanding, or (ii) the Significant Homebuilder no longer owns at least 22 of the single-family residential lots within Improvement Area #1, as of the applicable Quarterly Ending Date.

(c) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) or (b) of this Section 6, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) or (b) of this Section 6 and any Termination Notice required by subsection (c) of this Section 6 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

Section 7. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be UMB Bank, N.A. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Developer, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 5 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer, the Developer and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of the Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of the Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of the Issuer, the Issuer has agreed to provide written notice to each of the Developer, and any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 5 hereof of any change in the identity of the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 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 8 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent 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 10. 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 9 of this Disclosure Agreement.

Section 11. 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 or any Owner or beneficial owner of the Bonds may, and the Trustee (at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the 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, Dissemination Agent 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 the Issuer by the Issuer, and a default under the Disclosure Agreement of the Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, 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 12. 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) 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.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER 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 13. 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 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 16. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute 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, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

Section 17. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual 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 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow.]

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

LAWS126, LP,
a Texas limited partnership
(as Developer)

By: _____
Name: _____
Title: _____

P3WORKS, LLC,
(as Administrator)

By:_____

Name:_____

Title:_____

EXHIBIT A

**CITY OF MUSTANG RIDGE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023,
(DURANGO PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.

Address:

City:

Telephone: (____) - _____

Contact Person: Attn: _____

[Remainder of page intentionally left blank]

QUARTERLY INFORMATION

TABLE 3(d)(i)

IMPROVEMENT AREA #1 OVERVIEW (as of <i>[Insert Quarterly Ending Date]</i>)			
NUMBER OF PLATTED SINGLE-FAMILY LOTS IN IMPROVEMENT AREA #1 SUBJECT TO ASSESSMENTS:			
	Improvement Area #1 ⁽¹⁾	Original Service and Assessment Plan ⁽²⁾	Explanation as to any change in Lots from Original Service and Assessment Plan
Single-Family			
Lot Type	-	-	
40' Lot			
50' Lot			
[Future SF]			
<i>Total SF Lots:</i>			

⁽¹⁾ Single-family lots represent the number of platted single-family lots in Improvement Area #1, as of *[Insert Quarterly Ending Date]*.

⁽²⁾ Single-family lots represent the number of planned single-family lots included in the original Service and Assessment Plan.

[Remainder of page intentionally left blank]

TABLE 3(d)(ii)

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
Developer Owned		
40' Lot		
50' Lot		
[Future SF]		
<i>Total Developer Owned SF Lots:</i>		
[Homebuilder] Owned⁽¹⁾		
40' Lot		
50' Lot		
[Future SF]		
<i>Total Homebuilder Owned SF Lots:</i>		
End-User Owned		
40' Lot		
50' Lot		
[Future SF]		
<i>Total End-User Owned SF Lots:</i>		
<i>Total Development:</i>		

⁽¹⁾ Add additional rows for each Homebuilder.

[Remainder of page intentionally left blank]

FOR EACH SINGLE-FAMILY RESIDENTIAL LOT:
TABLE 3(d)(iii)

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__
# of platted S.F. lots:		40'									
		50'									
		TOTAL									
# of S.F. lots closed with Homebuilders:	Homebuilder 1	40'									
		50'									
		Subtotal									
	Homebuilder 2	40'									
		50'									
		Subtotal									
	Homebuilder 3	40'									
		50'									
		Subtotal									
		TOTAL									
# of S.F. lots under contract with Homebuilders:	Homebuilder 1	40'									
		50'									
		Subtotal									
	Homebuilder 2	40'									
		50'									
		Subtotal									
	Homebuilder 3	40'									
		50'									
		Subtotal									
		TOTAL									
# of S.F. lots not under contract with Homebuilders:		40'									
		50'									
		TOTAL									

TABLE 3(d)(iv)

[Homebuilder] ABSORPTION STATISTICS FOR SINGLE-FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 ⁽¹⁾									
		Q 20	Q 20	Q 20	Q 20	Q 20	Q 20	Q 20	Q 20
# of S.F. homes under construction:	40'								
	50'								
	TOTAL								
# of completed S.F. homes NOT under contract with end-user:	40'								
	50'								
	TOTAL								
# of S.F. homes under contract with end-user:	40'								
	50'								
	TOTAL								
# of S.F. homes delivered to end-users:	40'								
	50'								
	TOTAL								
Average home prices of homes delivered to end-users:	40'								
	50'								
	AVERAGE								

(1) Additional tables to be added for each Homebuilder

TABLE 3(d)(v)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms of Repayment

STATUS OF AMENITIES:

TABLES 3(e)(i)-(iv)

AMENITIES BUDGET AND TIMELINE OVERVIEW				
Amenities	Total Expected Construction Budget	Total Costs spent as of [Insert Quarterly Ending Date]	Status of Construction	Expected or Actual Completion Date
List each amenity by category:				
[_____]	\$ _____	\$ _____	\$ _____	\$ _____
[_____]	\$ _____	\$ _____	\$ _____	\$ _____
[_____]	\$ _____	\$ _____	\$ _____	\$ _____
[_____]	\$ _____	\$ _____	\$ _____	\$ _____
[_____]	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Mustang Ridge, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023
Durango Public Improvement District Improvement Area #1 Project)
(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] [the [Quarterly Information][the Quarterly Report]
[was not filed in a timely manner due to [_____] 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 December 1, 2023, by and among Laws126, LP, a Texas
limited partnership (the “Developer”), P3Works, LLC, as the “Administrator,” and UMB Bank,
N.A., as the “Dissemination Agent.”

The [Developer] [Significant Homebuilder] anticipates that the [Quarterly
Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

UMB Bank, N.A.,
on behalf of the Developer
(acting solely in its capacity as
Dissemination Agent)

By: _____

Title: _____

cc: City of Mustang Ridge, Texas

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C
TERMINATION NOTICE

[DATE]

Name of Issuer: City of Mustang Ridge, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023
(Durango Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

UMB Bank, N.A.,
6034 West Courtyard Drive, Suite 370
Austin, Texas 78730

City of Mustang Ridge, Texas
12800 Highway 183 South
Mustang Ridge, Texas 78610

Laws126, LP
12909 Dessau Rd
Austin, Texas 78754

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 December 1, 2023, by and among Laws126, LP, a Texas
limited partnership (the “Developer”), P3Works, LLC, as the “Administrator,” and UMB Bank,
N.A., as the “Dissemination Agent.”

Dated: _____

P3WORKS, LLC,
on behalf of the Developer
(solely in its capacity as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Mustang Ridge, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023
(Durango Public Improvement District Improvement Area #1
Project) (the "Bonds")
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

Re: Quarterly Report for Durango Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of December 1, 2023, by and among Laws126, LP¹ (the "Developer"), P3Works, LLC, as the "Administrator," and UMB Bank, N.A., 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.

LAWS126, LP,
a Texas limited partnership
(as Developer)

By: _____
Name: _____
Title: _____

OR

[SIGNIFICANT HOMEBUILDER]
(as Significant Homebuilder)

By: _____
Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Durango Public Improvement District Improvement Area #1 – Continuing Disclosure
Obligation**

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of the Durango Public Improvement District (the “District”), which is equal to approximately __% of the single-family residential lots within Improvement Area #1.

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer dated as of December 1, 2023 (the “Disclosure Agreement of Developer”), by and among Laws126, LP (the “Initial Developer”), P3Works, LLC, as the “Administrator,” and UMB Bank, N.A., as the “Dissemination Agent” with respect to the “City of Mustang Ridge, Texas, Special Assessment Revenue Bonds, Series 2023 (Durango Public Improvement District Improvement Area #1 Project),” any person or entity that owns 22 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 5 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,

[SIGNIFICANT HOMEBUILDER]

(as Significant Homebuilder)

By: _____

Title: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

APPENDIX F
APPRAISAL

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AN APPRAISAL REPORT
OF
DURANGO PUBLIC IMPROVEMENT DISTRICT,
IMPROVEMENT AREA No. 1

**LOCATED ALONG THE NORTH LINE OF LAWS ROAD, JUST EAST OF U.S. 183 / S.H. 130 AND
WEST OF EVELYN ROAD, IN MUSTANG RIDGE, TRAVIS COUNTY, TEXAS 78610**

FOR

MR. R.R. "TRIPP" DAVENPORT, III
UNDERWRITER
FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034

BY

BARLETTA & ASSOCIATES, INC.
1313 CAMPBELL ROAD, BUILDING C
HOUSTON, TEXAS 77055-6429

B&A FILE NUMBER: C8483-04

As Of

DATE OF APPRAISAL TRANSMITTAL:
DATE OF SITE VISIT:
EFFECTIVE DATE OF VALUE

OCTOBER 2, 2023
SEPTEMBER 4, 2023
SEPTEMBER 4, 2023

BARLETTA & ASSOCIATES, INC.

REAL ESTATE APPRAISERS • CONSULTANTS

October 2, 2023

Mr. R.R. "Tripp" Davenport, III
Underwriter
FMSbonds, Inc.
5 Cowboy Way, Suite 300-25
Frisco, Texas 75034

Phone: 877-899-2220

Email: tdavenport@fmsbonds.com

RE: An Appraisal Report of Durango Public Improvement District, Improvement Area No. 1, comprised of Durango, Phase 1A, being a 225-lot, 59.751-acre phase; located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610. The subject lots have a typical lot size of 40' x 120' or 4,800 SF and 50' x 120' or 6,000 SF.

B&A File No. C8483-04

Dear Mr. Davenport:

At your request, we have personally visited and prepared an appraisal of the above-captioned subject property, gathered comparable market data, and conducted a study of the market area for the purpose of providing our opinion of the **"As Is" Bulk Market Values** of the subject lots in compliance with FMSbonds, Inc.'s Appraisal Instructions, the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Code of Professional Ethics.

It is our opinion that the **"As Is" Bulk Market Values** of the fee simple interest in the subject lots, as of the indicated dates, are as follows:

Durango Public Improvement District Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value -Phase 1A	143	40'	\$8,724,000	9/4/2023
"As Is" Bulk Market Value - Phase 1A	82	50'	\$6,490,000	9/4/2023

The Bulk Market Values above are derived from a Sum of Retail Revenue of \$10,010,000, or \$70,000 per 40' lot and \$7,175,000, or \$87,500 per 50' lot in Durango, Phase 1A.

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject property at the above concluded value scenarios are estimated within 3 to 6 months, depending on property, based upon discussions with area market participants, and the marketing period for comparable properties that have recently sold.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) This appraisal assumes that DR Horton, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected price of \$340,000 to \$355,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

Hypothetical Conditions: None

As referenced herein, **Market Value** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

It has been a pleasure serving you. Please call if we may be of further assistance.


Sincerely,

Mr. R.R. "Tripp" Davenport
October 2, 2023
Page 3

BARLETTA & ASSOCIATES, INC.



Phillip P. Barletta, MAI, SRA
President
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS
State Certified, TX-1380372-G

CERTIFICATION

We certify, to the best of our knowledge and belief, the following:

USPAP Certifications

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have provided no real estate services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this Appraisal Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. David M. Baehr, MAI, SRA, AI-GRS made an unaccompanied visit to the subject site on September 4, 2023. Phillip F. Barletta, MAI, SRA did not inspect property, but is very familiar with the market area and the subject subdivision.
10. No one provided significant real property appraisal assistance to the signer of this appraisal report.
11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. The appraisers have extensive experience in appraising subdivisions, subdivision lots, base master floor plans, master-planned residential subdivisions, multifamily properties and retail properties and are State General Certified; thus, they are well-qualified to appraise the subject property and fully satisfy the Competency Rule of the Uniform Standards of Professional Appraisal Practice.
13. Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS are State Certified General Real Estate Appraisers by the Texas Appraiser Licensing and Certification Board for the State of Texas.

AI Certifications

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS have completed the continuing education program for Designated Members of the Appraisal Institute.

To conclude, the appraisers hereby certify regulatory compliance, and after completing a detailed and thorough analysis of all the relevant market data, the concluded fee simple estate **"As Is" Bulk Market Values** as of the noted effective date, are as follows:

Durango Public Improvement District Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value -Phase 1A	143	40'	\$8,724,000	9/4/2023
"As Is" Bulk Market Value - Phase 1A	82	50'	\$6,490,000	9/4/2023

The **Bulk Market Values** above are derived from a **Sum of Retail Revenue of \$10,010,000, or \$70,000 per 40' lot and \$7,175,000, or \$87,500 per 50' lot in Durango, Phase 1A.**

The estimated prospective **Marketing Period** and historic **Exposure Time** for the various assets at the above concluded "Upon Completion" Bulk Market Values are estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) This appraisal assumes that DR Horton, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected price of \$340,000 to \$355,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

Hypothetical Conditions: None

BARLETTA & ASSOCIATES, INC.

Phillip P. Barletta, MAI, SRA
President
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS
State Certified, TX-1380372-G

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead contamination, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are

connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraisers.

19. Texas is a non-disclosure state. It is important that the intended user of the appraisal understand that, in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. In Texas, deeds typically do not contain information about the transaction other than the legal description, the parties involved in the transaction and minimum consideration of \$10.00. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data in the market, of which the appraisers are unaware. Our sources provide the data typically available to appraisers in the ordinary course of business.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) This appraisal assumes that DR Horton, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected price of \$340,000 to \$355,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

Hypothetical Conditions: None

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Name: **Durango Public Improvement District, Improvement Area No. 1**

Type of Property: The subject consists of Durango, Phase 1A, being a 225-lot, 59.751-acre phase; located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610. The subject lots have a typical lot size of 40' x 120' or 4,800 SF and 50' x 120' or 6,000 SF.

Mapsco Reference: 766-Q

Postal Address: Mustang Ridge, Texas 78610

Location: Located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610.

Tract Size: 59.751 acres (225 lots)

Density: 3.77 lots per acre

Subject Lot Mix:

<u>No.</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>
143	Existing	40'	4,800 SF
<u>82</u>	Existing	50'	6,000 SF
225			

Appraisal Dates:

- Date of Report Transmittal: October 2, 2023
 - Date of Site Visit: September 4, 2023
 - As Is Date of Value: September 4, 2023

Purpose of the Appraisal: To provide an opinion of the "As Is" Bulk Market Values per the U.S.P.A.P., FMSbonds, Inc.'s Appraisal Guidelines, and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Zoning: No zoning; however, the subject has been approved by the City of Mustang Ridge.

Restrictions: None adverse known

Utilities/Services:

Utilities/Services	
Electricity:	Pedernales Electric Cooperative
Water/Sanitary Sewer:	Creedmoor Maha Water Supply Corporation/Camino Real Utility
Gas:	CenterPoint Energy
Phone:	Verizon & others
Police Protection:	City of Mustang Ridge and Travis Co. Sheriff's Dept.
Fire Protection:	Travis County ESD #11 & #15 - Fire
School District:	Del Valle ISD

Floodplain:

FEMA Flood Map	
Flood Map No.:	48453C0710J, 48453C0720H, 48453C0705K, 48453C0715H
Flood Map Date:	1/6/2016, 9/26/2008, 1/22/2020, 9/26/2008
Flood Map Designation:	Zone X

The above noted FEMA Map numbers are subject to confirmation with a flood certification.

Environmental: No adverse influences noted or known, such as endangered species, habitats, or wetlands.

Builders: DR Horton is the exclusive builder in the community.

New Home Price Range: Detached single-family units with a projected price of \$340,000 to \$355,000.

Highest & Best Use of Lots: Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant in the \$340,000 to \$355,000 by DR Horton Homes or comparable builder/s.

CONCLUSIONS:

To conclude, it is our opinion that the fee simple estate **"As Is" Bulk Market Values** of the fee simple interest in the subject lots, as of the indicated date, are as follows:

Durango Public Improvement District Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value -Phase 1A	143	40'	\$8,724,000	9/4/2023
"As Is" Bulk Market Value - Phase 1A	82	50'	\$6,490,000	9/4/2023

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this appraisal consists of Durango, Phase 1A, being a 225-lot, 59.751-acre phase; located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610. The subject lots have a typical lot size of 40' x 120' or 4,800 SF and 50' x 120' or 6,000 SF. The subject can be legally identified by Metes and Bounds as noted below:

LEGAL DESCRIPTION

BEING a 59.751 acre tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas, being a portion of a called 128.26 acre tract of land described as Tracts 1, 2 and 3 described in Special Warranty Deed to Laws126, LP in Document No. 2021265838 of the Official Public Records of Travis County, Texas; said 59.751 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

BEGINNING: a 1/2- inch iron rod with cap stamped "Matkin Hoover" found on the Northwestern line of Laws Road, a variable width right-of-way for the Easternmost corner of a 5.11-acre tract as described in a Warranty Deed with Vendor's Lien to Sal-Gro Properties, LLC in Document No. 2019151639 of the Official Public Records of Travis County, Texas, from which a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Southernmost corner of the said 5.11 acre tract bears South 42°42'11" West a distance of 351.77 feet;

THENCE: North 46°52'11" West a distance of 589.78 feet along the Northeastern line of the said 5.11-acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northernmost corner of the said 5.11-acre tract, a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: South 43°07'03" West a distance of 368.44 feet along the Northwestern line of the said 5.11-acre tract, a line of the said 128.26 acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Westernmost Northwestern corner of the said 5.11 acre tract, a corner of a 5.27 acre tract of land in a Special Warranty Deed with Vendor's Lien to Larry F. Stein in Document No. 2019060411 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: North 47°07'48" West a distance of 90.63 feet along a line of the said 5.27-acre tract, a line of the said 128.26 acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 5.27-acre tract, the Southeastern corner of a 7.56 acre tract in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, a corner of the said 128.26 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'51" West a distance of 473.29 feet along the Eastern line of the said 7.56-acre tract to a 1/2- inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 7.56-acre tract, a corner of the said 128.26 acre tract, the easternmost southeastern corner of a called 5.148 acre tract of land (Tract III) as described in a Special Warranty Deed to The Trails, LLC in Document No. 2021264248 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: North 06°57'43" West a distance of 344.48 feet along a western line of the said 128.26-acre tract, the eastern line of the said 5.148-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the northeastern corner of the said 5.148-acre tract, a corner of the said 128.26-acre tract, for a corner of this herein described tract;

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THENCE: South 82°21'23" West a distance of 726.89 feet along a line of the said 128.26 acre tract, the northern line of the said 5.148 acre tract, and the northern line of a called 1.053 acre tract of land (Tract II) described in the said Document No. 2021264248 to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set on the eastern line of State Highway 130 (variable width right-of-way) for a corner of the said 128.26 acre tract, the northwestern corner of the said 1.053 acre tract, for a corner of this herein described tract;

THENCE: North 06°58'09" West a distance of 105.48 feet along the eastern line of State Highway 130, the western line of the said 128.26-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for the southwestern corner of a called 0.851-acre tract of land (Tract IV) described in the said Document No. 2021264248, for a corner of the said 128.26-acre tract, for a corner of this herein described tract;

THENCE: North 82°21'23" East a distance of 726.91 feet along a line of the said 128.26 acre tract, the southern line of the said 0.851 acre tract, and the southern line of a called 10.755 acre tract of land (Tract I) described in the said Document No. 2021264248 to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of the said 128.26 acre tract, the southeastern corner of the said 10.755 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'45" West a distance of 102.29 feet along a western line of the said 128.26-acre tract, the eastern line of the said 10.755-acre tract to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

THENCE: across the said 128.26-acre tract the following courses and distances;

1. North 06°57'45" West a distance of 102.29 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
2. North 83°02'15" East a distance of 467.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
3. South 06°57'45" East a distance of 5.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
4. North 83°02'15" East a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
5. North 06°57'45" West a distance of 25.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
6. North 83°02'15" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
7. North 06°57'45" West a distance of 1.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
8. North 83°02'15" East a distance of 290.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
9. South 06°57'45" East a distance of 3.02 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

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10. North 83°02'15" East a distance of 127.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
11. South 06°57'45" East a distance of 120.25 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
12. North 72°44'17" East a distance of 153.13 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
13. With a non-tangent curve to the left with a Delta angle of 24°41'32", a Radius of 25.00 feet and an Arc distance of 10.77 feet having a Chord bearing of North 18°46'50" West a distance of 10.69 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
14. With a tangent curve to the right with a Delta angle of 00°08'34", a Radius of 325.00 feet and an Arc distance of 0.81 feet having a Chord bearing of North 31°03'19" West a distance of 0.81 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
15. North 59°00'58" East a distance of 50.01 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
16. With a non-tangent curve to the left with a Delta angle of 18°46'58", a Radius of 25.00 feet and an Arc distance of 8.20 feet having a Chord bearing of South 40°22'31" East a distance of 8.16 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
17. North 61°54'02" East a distance of 23.87 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
18. North 47°26'40" East a distance of 106.78 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
19. North 15°00'35" West a distance of 124.34 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
20. North 42°58'36" East a distance of 192.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
21. North 29°50'57" East a distance of 50.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
22. With a non-tangent curve to the right with a Delta angle of 01°27'00", a Radius of 325.00 feet and an Arc distance of 8.23 feet having a Chord bearing of South 59°25'33" East a distance of 8.22 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
23. North 28°57'23" East a distance of 120.27 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
24. North 61°02'37" West a distance of 21.94 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
25. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;

26. South 61°02'56" East a distance of 181.21 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
27. With a tangent curve to the left with a Delta angle of 33°53'51", a Radius of 25.00 feet and an Arc distance of 14.79 feet having a Chord bearing of South 77°59'52" East a distance of 14.58 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
28. With a tangent curve to the right with a Delta angle of 27°26'24", a Radius of 50.00 feet and an Arc distance of 23.95 feet having a Chord bearing of South 81°13'35" East a distance of 23.72 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
29. North 28°57'04" East a distance of 107.57 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
30. North 61°02'56" West a distance of 11.51 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
31. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
32. South 61°02'56" East a distance of 7.07 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
33. North 28°57'04" East a distance of 120.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
34. South 61°02'56" East a distance of 80.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
35. North 28°57'04" East a distance of 170.00 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
36. South 61°02'56" East a distance of 15.79 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set for a corner of this herein described tract;
37. North 41°07'02" East a distance of 129.67 feet to a 5/8-inch iron rod with cap stamped "JONES|CARTER" set on the southwestern line of that certain tract of land called to contain 0.84 acres in a Special Warranty Deed to Rudy Romero in Document No. 2001043453 of the Official Public Records of Travis County, Texas for a corner of this herein described tract;

THENCE: South 61°13'25" East a distance of 78.98 feet along the Southwestern line of the said 0.84-acre tract to a 1/2- iron pipe found for the Southernmost corner of the said 0.84-acre tract, for a corner of this herein described tract, from which a 3/4-inch iron pipe found for the Westernmost corner of the said 0.84-acre tract bears North 61°13'25" West a distance of 131.98 feet;

THENCE: North 34°42'27" East a distance of 291.50 feet along the Southeastern line of the said 0.84-acre tract to a 1/2- iron rod found on the Southwestern line of said Evelyn Road, for the Easternmost corner of the said 0.84-acre tract, for a corner of this herein described tract;

THENCE: South 48°39'23" East a distance of 328.33 feet along the Southwestern line of said Evelyn Road to a 1/2- iron rod found for the Northernmost corner of a 0.50-acre tract as described in a

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www.quiddity.com

Warranty Deed to Creedmoor Maha Water Supply Corp recorded in Volume 9058, Page 82 of the Deed Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 41°57'13" West a distance of 150.09 feet along the Northwestern line of the said 0.50-acre tract to a 5/8- iron rod with cap stamped "JONES|CARTER" set on the Northeastern line of a 1.00 acre tract as described in a General Warranty Deed to Blake L. Dorsett in Document No. 2006172113 of the Official Public Records of Travis County, Texas, for the Westernmost corner of the said 0.50 acre tract, for a corner of this herein described tract, from which a chain link fence corner bears South 60°24'54" East a distance of 4.09 feet;

THENCE: North 47°58'37" West a distance of 127.04 feet along the Northeastern line of the said 1.00-acre tract to a 1/2- iron rod with cap stamped "RPLS 3693" found for the Northernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 43°21'48" West a distance of 130.39 feet along the Northwestern line of the said 1.00-acre tract to a 1/2- iron rod found for the Westernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 48°12'50" East a distance of 336.62 feet along the Southwestern line of the said 1.00-acre tract to a 1/2- iron rod found on the Northwestern line of said Laws Road, for the Southernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 42°58'36" West a distance of 2834.12 feet along the Northwestern line of said Laws Road to the POINT OF BEGINNING and containing 59.751 acres of land.

Rex L. Hackett
Registered Professional Land Surveyor No. 5573
rhackett@quiddity.com

3/29/2023

Date:



Texas Board of Professional Engineers and Land Surveyors Registration Nos. F-23290 & 10046100

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HISTORY OF THE SUBJECT PROPERTY

Per the requirements of the Appraisal Institute's Standards of Professional Practice and the U.S.P.A.P., the following are comments pertaining to the three-year sales history of the subject.

According to Mr. Scott Rempe with the developer, the 128.263 acres encompassing the Durango development was reportedly purchased by the developer for \$5,540,000 or \$43,794 per acre in December 2021. The finished 225 lots in Phase 1A are under contract to DR Horton as part of a larger 604-lot contract. The lots in Phase 1A have a purchase price of \$60,200 or \$1,505 PFF for the 40' lots; and \$65,000, or \$1,300 PFF for the 50' lots. The lots will be conveyed in multiple lot takedowns and are subject to a 6% annual escalator. Of note, the subject lots were contracted in December 2021 and lot prices have increased significantly since that time.

The appraisers are not aware of any other sales, listings for sale, contracts, or offers to purchase the subject finished lots in the three years prior to the effective date of this appraisal.

INTENDED USE/USER OF THE APPRAISAL

This appraisal is intended to offer our opinion of the **“As Is” Bulk Market Values of the 225 finished lots in Durango, Phase 1A**, to the client, FMSbonds, Inc., for the underwriting of the City's Durango Public Improvement District, Improvement Area No. 1 Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III and Mr. Robert Rivera (c/o FMSbonds, Inc.), or the City is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

SCOPE OF WORK OF THE APPRAISAL

The scope of work of the appraisal is the process to support our opinion of the “As Is” Bulk Market Values of the 225 finished lots in the Durango, Phase 1A subdivision that

comprise Durango Public Improvement District, Improvement Area No. 1, employing all applicable approaches to value in a comprehensive appraisal process and presented in this Appraisal Report. In preparing this appraisal, the appraisers:

- visited the subject property and surrounding market area, unaccompanied;
- contacted Mr. Scott Rempe (512-801-0408) with Packsaddle Partners, LLC, LLC, who provided physical, financial and historical data for this valuation analysis;
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;
- gathered relevant available information on current comparable builder takedown lot sales and lot absorption data, referencing such publications as the ABOR MLS, the Zonda Austin Metrostudy and the appraisers' extensive database;
- referenced other publications and services such PWC, RERC, CoStar, Google Earth, Realty Rates.com, Texas A & M Real Estate Research Center, the Texas Comptroller of Public Accounts – Capital Region Texas Regional Snapshot the Travis County Appraisal District, and the Travis County Clerk's Office, among other services;
- confirmed and analyzed the data and applied the most applicable approaches to value; i.e. the Sales Comparison Approach; and the Income Approach;
- the Cost Approach was not developed as the lots are finished and are no longer a function of the costs. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal;
- concluded the Bulk Values of all 225 finished lots in Phase 1A lots to a single purchaser; and, as such, our report conforms to the reporting guidelines of the Appraisal Institute, the Texas Appraiser Licensing and Certification Board, the Appraisal Foundation's U.S.P.A.P., and Regulation 12 CFR Part 564; and
- concluded the "As Is" Bulk Market Values of the 225 finished 40' and 50' lots in Phase 1A, as of the stated effective date for a reasonable exposure period.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 73, as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

DEFINITION OF MARKET VALUE

As referred to herein, **Market Value** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and each acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

DEFINITION OF “SUM OF THE RETAIL VALUES”

As referred to herein, **Sum of Retail Values** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 185, as follows:

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

DEFINITION OF “AS IS” MARKET VALUE ON APPRAISAL DATE

As referred to herein, **“As Is” Market Value** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 10, as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

DEFINITION OF “BULK VALUE”

As referred to herein, “**Bulk Value**” is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, revised 2022, by the Appraisal Institute, Page 22, as follows:

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

DATES OF THE APPRAISAL

The date of the site visit was September 4, 2023. The “As Is” Bulk Market Values effective date of value of this appraisal is September 4, 2023. The date of transmittal of the report is October 2, 2023.

ZONING & RESTRICTIONS

The subject is not subject to a zoning ordinance; however, the subject has been approved by the City of Mustang Ridge. The subject lots are also assumed to be deed restricted, and we are unaware of any adverse deed restrictions which would preclude development to the subject lots’ highest and best use.

AD VALOREM TAX DATA

All properties in the State of Texas are taxed at 100% of their assessed value, which are determined for all taxing jurisdictions within a county by a central county appraisal district, in this case, the Travis County Appraisal District (TCAD). The finished lots have not been individually assessed by the county and are considered a part of TCAD Account number 792866, which has a total assessed value for 2023 of \$1,208,822. Travis County records indicate that the current owner of the site is the developer, Laws126, LP.

The property does not carry an agricultural exemption.

In most cases, the taxing entities typically assess lots at around 15% to 100% of the retail value. Within the discounted cash flow section of this report, the appraisers will utilize an average **38%** assessment-to-retail value ratio, which was derived from tax comparables from the subject’s competitive market area, see table below:

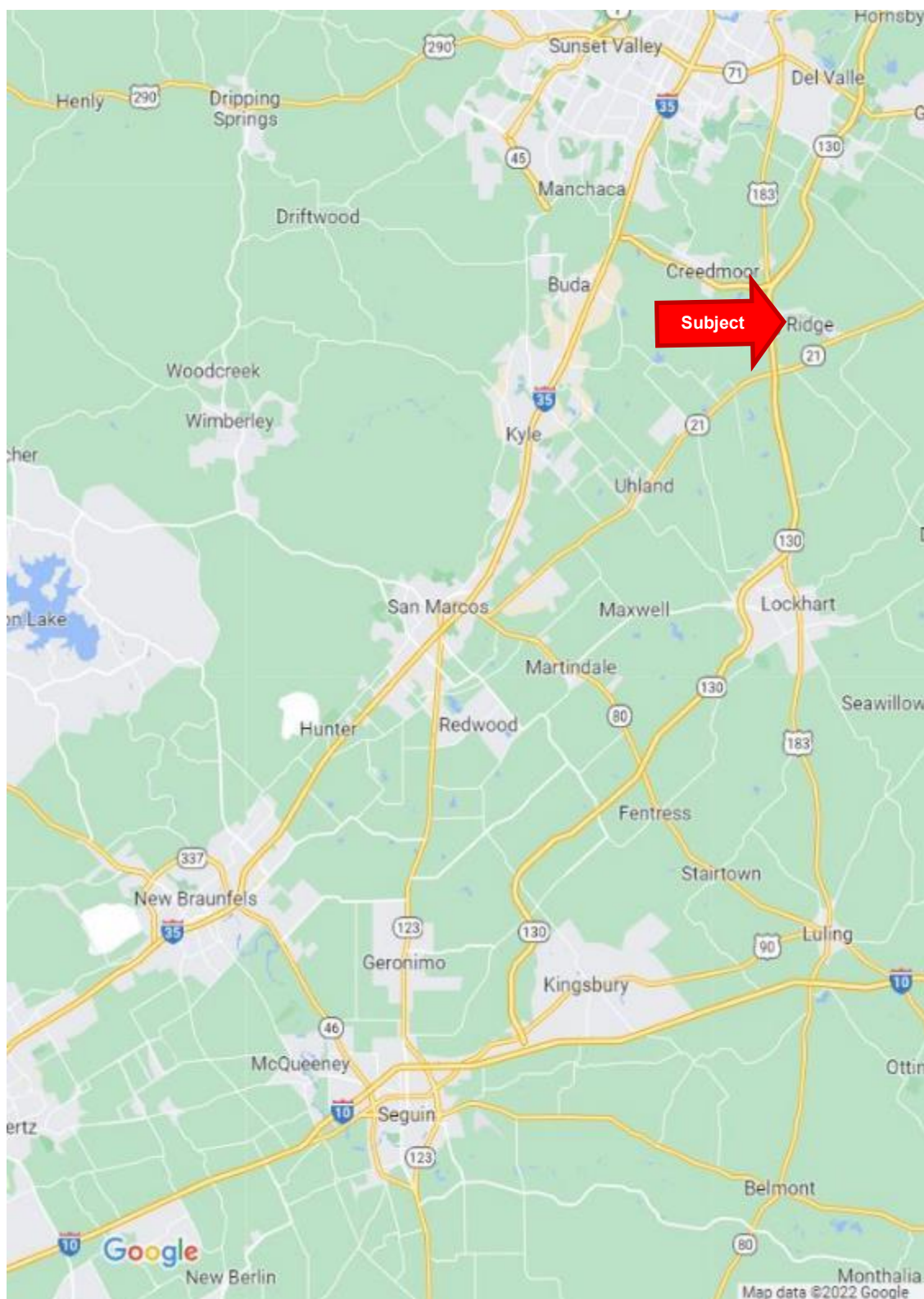
Property Tax Comps for Durango				
TCAD Property ID	Street Address	Type	2023 Lot Value	% Tax Assessment
897754	15409 Winter Ray Dr.	Interior	\$30,000	38.09%
897749	15408 Summer Ray Dr.	Interior	\$30,000	38.09%
Average Tax Assessment-to-Total Value Ratio:				38.09%
Rounded				38%

2023 Tax Rates: The 2023 property tax rates per \$100, applicable to the subject, are summarized in the following table:

Taxing Authorities and 2023 Rates per \$100	
Travis County	\$0.304655
Del Valle ISD	\$1.002800
Travis County Healthcare District	\$0.100692
Travis County ESD #11	\$0.100000
City of Mustang Ridge	\$0.265200
Austin Community College	\$0.098600
Travis County ESD #15	\$0.100000
2023 Cumulative Tax Rate per \$100:	\$1.971947

GREATER AUSTIN AREA DATA

(Please refer to the Addenda of this appraisal for an Austin MSA summary analysis.)

AUSTIN AREA MAP

MARKET AREA ANALYSIS

Market Area Defined: According to The Dictionary of Real Estate Appraisal, Seventh Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

Boundaries: In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The market area boundaries are generally delineated as follows:

The ETJ and corporate limits of Kyle, Buda & Mustang Ridge Texas
and outlying periphery.

The City of Kyle, which contains 31.27 square miles, is located 21 miles south of Austin, and 58 miles northeast of San Antonio, along IH 35, in the Austin-Round Rock-San Marcos metropolitan area. Kyle, Texas is located immediately south of Buda, and immediately north of San Marcos, which is the county seat for Hays County.

Kyle is now one of the fastest growing cities in Texas. According to 2020 Census estimates, the population is 52,300, which is 86.67% greater than the 2010 Census estimate of 28,016. The city has experienced rapid growth due to the southerly expansion of Austin, as well as the northerly expansion of San Marcos and New Braunfels to the south.

Major Streets: I.H. 35 extends northeast/southwest through the market area, and is the primary commercial/retail corridor. I.H. 35 links Austin and San Antonio, and is heavily traveled. S.H. 130 / U.S. 183 runs north/south direction in the easterly sector of the market area, parallel to I.H. 35. Major secondary thoroughfares include Kyle Parkway (F.M.

1626); Jack C. Hays Trail (F.M. 2770); F.M. 150; Old Stagecoach Road; and S.H. 21. Access to and through Kyle is considered to be above average.

Single-Family Residential: The appraisers have referenced the Zonda Austin Metrostudy, 2nd Quarter 2023. The subject is located within the South Market Area and the Kyle/Buda Submarket and the overall Austin region. The following chart summarizes the vital statistics for the South Market Area, the Kyle/Buda Submarket, and the overall Austin region.

Zonda Austin Metrostudy 2Q 2023								% Change
Submarket/ Market Area		2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	Yrly. Rates/ Supply	12 Month
Kyle/Buda Submarket	Starts	762	834	242	402	830	2,308	8.92%
	Closings	586	812	672	554	412	2,450	-29.69%
	Housing Inv.	2,373	2,395	1,965	1,813	2,231	10.9 mos.	-5.98%
	VDL Inv.	3,254	3,645	4,606	5,064	6,328	32.9 mos.	94.47%
South Market Area	Starts	889	1,104	407	635	1,317	3,463	48.14%
	Closings	741	1,023	946	799	806	3,574	8.77%
	Housing Inv.	3,249	3,330	2,791	2,627	3,138	10.5 mos.	-3.42%
	VDL Inv.	4,335	4,700	6,301	7,326	8,476	29.4 mos.	95.52%
Austin Total	Starts	7,106	6,504	2,753	2,782	4,904	16,943	-30.99%
	Closings	5,144	6,434	5,472	5,122	5,341	22,369	3.83%
	Housing Inv.	20,647	20,717	17,998	15,658	15,221	8.2 mos.	-26.28%
	VDL Inv.	25,906	27,774	30,375	33,874	34,412	24.4 mos.	32.83%

For the 2nd Quarter 2023, the Kyle/Buda Submarket had 830 housing starts (an 8.92% increase since 2nd Quarter 2022), and 412 closings, (a 29.69% decrease since 2nd Quarter 2022). The Kyle/Buda Submarket ended the quarter with a new home inventory of 2,231 units or a 10.9-month supply, which is inferior to the 10.5-month supply for the South Market Area new home market. The Kyle/Buda Submarket concluded the 2nd Quarter 2023 with 6,328 vacant developed lots in inventory. This lot inventory equates to a 32.9-month **oversupply**, which is inferior to the 29.4-month VDL oversupply for South Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium.

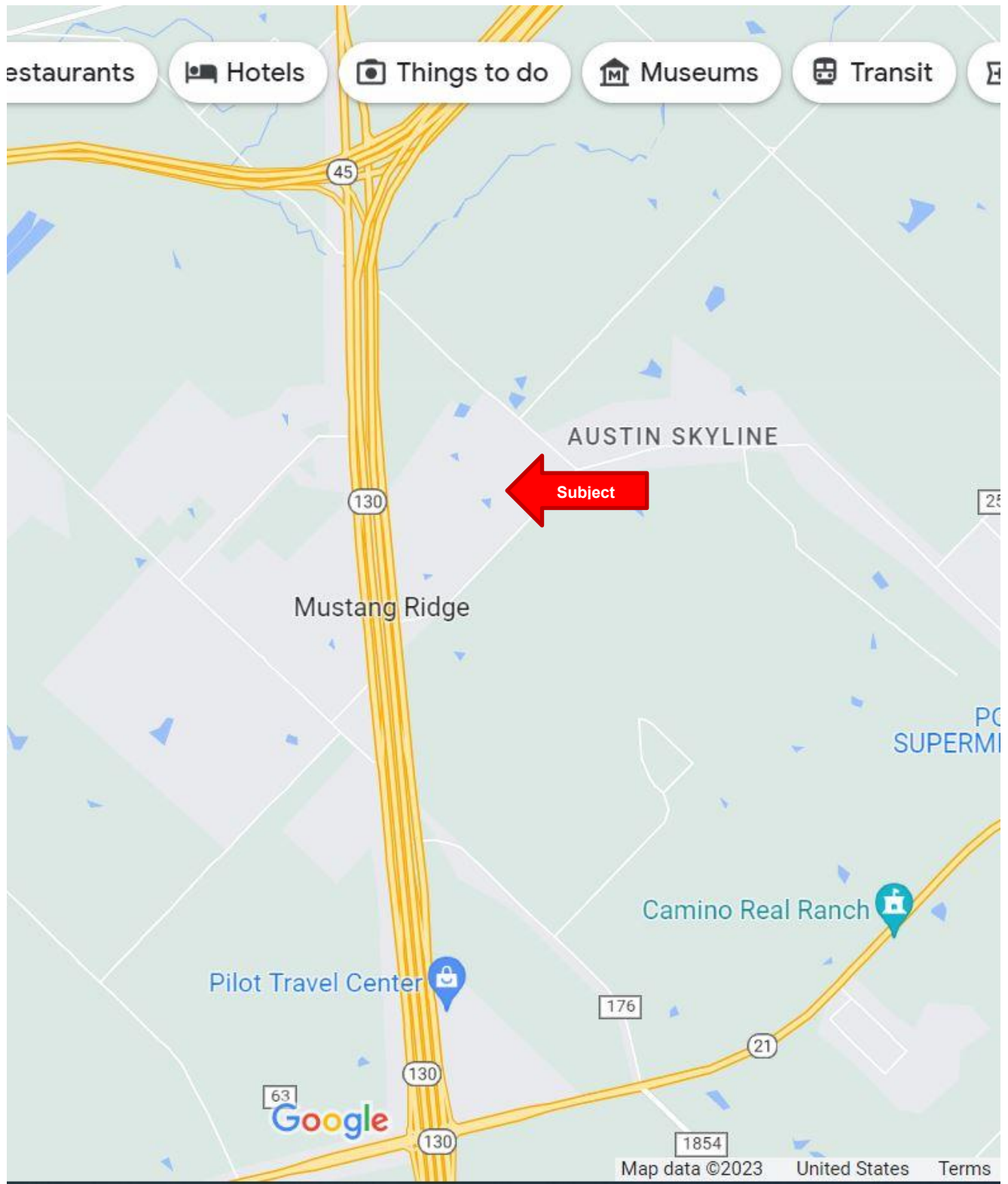
For the 2nd Quarter 2023, the overall South Market Area had 1,317 starts (a 48.14% increase since 2nd Quarter 2022) and 806 closings (an 8.77% increase since 2nd Quarter 2022). The result is a new home inventory of 3,138 units, or a 10.5-month supply, which is inferior to the 8.2-month supply for the overall Austin new home market. At the time of

this Zonda Austin Metrostudy report, there was a total inventory of 8,476 vacant developed lots in the South Market Area. This equates to a 29.4-month **oversupply**, which is inferior to the 24.4-month stable supply for the overall Austin region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

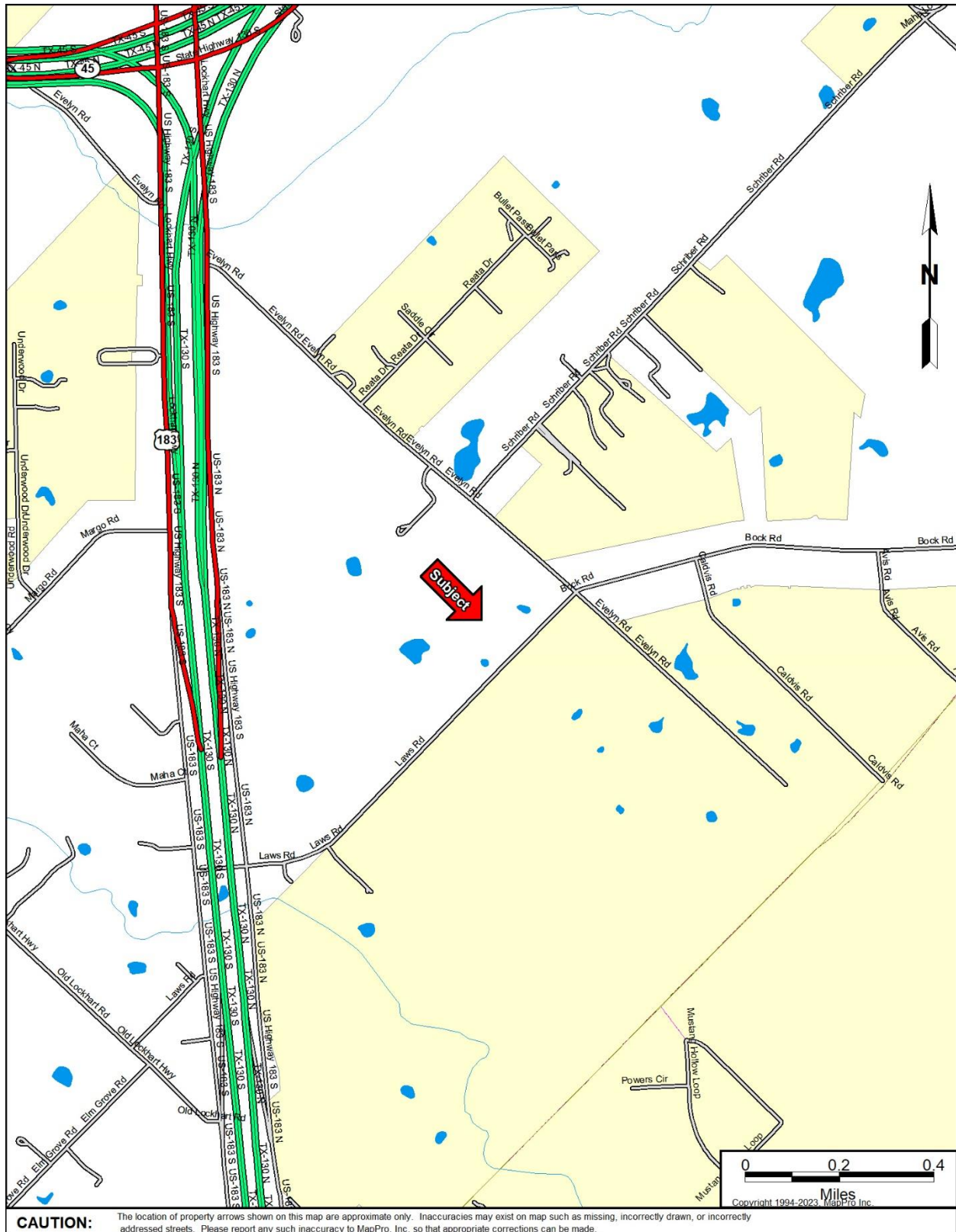
CONCLUSION: The subject market area is in the direct path of Austin's rapid growth patterns to the south, and San Antonio's growth patterns to the northeast, along the I-35 corridor. The market area is considered to be in a rapid growth stage in its life cycle and is expected to continue as such into the foreseeable future. City services and utilities are available in sufficient capacity to accommodate future growth, and we are unaware of any adverse conditions or environmental hazards that would prohibit future development. There are no adverse influences or environmental hazards which would restrict growth.

The overall economic outlook of the market area has recently improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$70 - \$90 +/- per barrel oil. The overall attitude and expectations of most market area participants is that of continued rapid population growth over the foreseeable future.

Inflation has been at its highest level since 1982, but has receded to 3.7% in August 2023, causing the Federal Reserve to rapidly increase interest rates during May 2022 through July 2023. The overall impact to the local residential market is the anticipation of slower activity throughout 2023 in comparison to prior years.

MARKET AREA MAP

LOCATION MAP



SITE ANALYSES

The subject consists of Durango, Phase 1A, being a 225-lot, 59.751-acre phase; located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610. The subject lots have a typical lot size of 40' x 120' or 4,800 SF and 50' x 120' or 6,000 SF.

Mapsco Reference: 766-Q

Postal Address: Mustang Ridge, Texas 78610

Location: Located along the north line of Laws Road, just east of U.S. 183 / S.H. 130 and west of Evelyn Road, in Mustang Ridge, Travis County, Texas 78610.

Tract Size: 59.751 acres (225 lots)

Density: 3.77 lots per acre

Subject Lot Mix:

<u>No.</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>
143	Existing	40'	4,800 SF
<u>82</u>	Existing	50'	6,000 SF
225			

Zoning: No zoning; however, the subject has been approved by the City of Mustang Ridge.

Restrictions: None adverse known

Shape: The subject existing detached lots are generally rectangular-shaped.

Topography: The topography of the subject residential lots is generally level.

Subdivision Improvements: Improvements include public water and sanitary sewer lines, electrical lines, natural gas lines, cable/telephone lines, storm drainage and detention.

Easements: The appraisers know of no easements that would adversely affect development of the subject lots to their highest and best use.

Soil/Subsoil Conditions: A soil and subsoil report has not been provided to the appraisers; however, as evidenced by the existing and surrounding development, the soil conditions appear to be adequate in all respects for most types of construction.

Environmental: Upon physical inspection of the subject, no obvious environmental hazards or endangered species were observed. The appraisers are not environmental engineers, and are not qualified to detect environmental hazards or endangered species. For a conclusive analysis of the lots, a study by qualified environmental experts would be necessary.

Amenities: Planned amenities include an amenity center, swimming pool, walking trails, benches, covered pavilions and open space.

Utilities/Services:

Utilities/Services	
Electricity:	Pedernales Electric Cooperative
Water/Sanitary Sewer:	Creedmoor Maha Water Supply Corporation/Camino Real Utility
Gas:	CenterPoint Energy
Phone:	Verizon & others
Police Protection:	City of Mustang Ridge and Travis Co. Sheriff's Dept.
Fire Protection:	Travis County ESD #11 & #15 - Fire
School District:	Del Valle ISD

Floodplain:

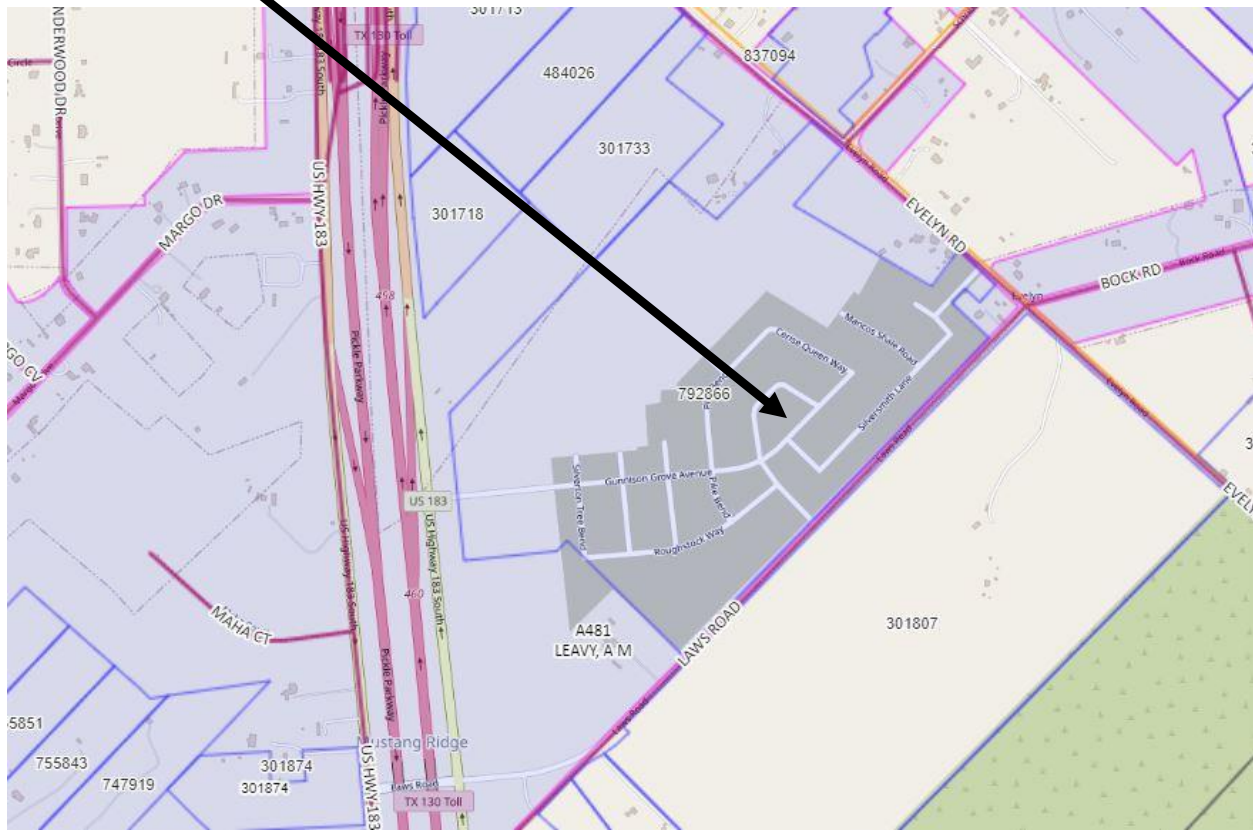
FEMA Flood Map	
Flood Map No.:	48453C0710J, 48453C0720H, 48453C0705K, 48453C0715H
Flood Map Date:	1/6/2016, 9/26/2008, 1/22/2020, 9/26/2008
Flood Map Designation:	Zone X

The above noted FEMA Map numbers are subject to confirmation with a flood certification.

Builders: DR Horton is the exclusive builder in the Durango subdivision.

Highest & Best Use of Lots: Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant in the \$340,000 to \$355,000 by DR Horton or comparable builder/s.

Conclusion: All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for new residential construction in the \$340,000 to \$355,000 price range by DR Horton or comparable builder/s.

TCAD MAP

#237

08-04-2023 DURANGO PHASE 1A FINAL PLAT

202300167

LEGAL DESCRIPTION

BEING a 5.751 acre tract of land situated in the Albert M. Leary Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Tarrant County, Texas, being a portion of a corner 128.26 acre tract of land described as Tract 1, 1/2nd 3/4th described in Special Warranty Deed with Lender's Lien to Luray F. Pope, Jr. in Document No. 201803440 of the Official Public Records of Tarrant County, Texas, and 30.20 acre tract of land being more particularly described by meter and bounds as follows with survey referenced to the Texas Coordinate System of 1983: Corner Data:

BEARING: North 47°57'48" East a distance of 588.78 feet along the Northeastern line of the said 5.11-acre tract, to a 1/2"-inch iron rod with cap stamped "Nelson House" found for the Northeastern corner of the said 5.11-acre tract, to a corner of the herein described tract.

THENCE: North 47°57'48" East a distance of 588.78 feet along the Northeastern line of the said 5.11-acre tract, to a 1/2"-inch iron rod with cap stamped "Nelson House" found for the Northeastern corner of the said 5.11-acre tract, to a corner of the herein described tract.

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15. North 39°07'58" East a distance of 50.01 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

16. With a non-tangent curve to the left with a Delta angle of 18°46'58", a Radius of 25.00 feet and an arc distance of 8.30 feet having a Chord bearing of South 47°21'21" East a distance of 8.18 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

17. North 67°54'58" East a distance of 23.87 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

18. North 47°57'48" East a distance of 108.79 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

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21. North 47°57'48" East a distance of 108.79 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

22. With a non-tangent curve to the right with a Delta angle of 01°07'00", a Radius of 335.00 feet and an arc distance of 8.23 feet having a Chord bearing of South 52°37'37" East a distance of 8.22 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

23. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

24. North 61°02'27" East a distance of 21.84 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

25. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

26. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

27. With a tangent curve to the left with a Delta angle of 33°53'57", a Radius of 25.00 feet and an arc distance of 14.79 feet having a Chord bearing of South 77°57'57" East a distance of 14.58 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

28. With a tangent curve to the right with a Delta angle of 27°24'24", a Radius of 50.00 feet and an arc distance of 23.50 feet having a Chord bearing of South 81°23'23" East a distance of 23.72 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

29. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

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40. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

41. North 28°37'27" East a distance of 102.27 feet to a 5/8-inch iron rod with cap stamped "CONSCIENTER" set for a corner of the herein described tract.

STATE OF TEXAS

COUNTY OF TRAVIS

THAT LANCELOPE, LP BEING THE OWNER OF THE PROPERTY AS CONVEYED BY A SPECIAL WARRANTY DEED IN DOCUMENT NUMBER 2021265409 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, DO HEREBY SUBMIT THE PROPERTY HEREON, TO BE KNOWN AS "DURANGO PHASE 1A FINAL PLAT" AND I DO HEREBY DEDICATE TO THE PUBLIC THE USE OF ALL STREETS AND EASEMENTS AS SHOWN HEREON, SUBJECT TO ANY EASEMENTS AND/OR RESTRICTIONS HERETOFORE GRANTED AND NOT RELEASED.

STATE OF TEXAS
COUNTY OF TRAVIS
LANCELOPE, LP
12000 DUNDAS ROAD
AUSTIN, TX 78754

STATE OF TEXAS

COUNTY OF TRAVIS

THAT I, REX L. HACKETT, DO HEREBY CERTIFY THAT I PREPARED THIS PLAT FROM AN ACTUAL AND ACCURATE SURVEY OF THE GROUND SURVEY OF THE LAND AND THAT THE CORNER MONUMENTS SHOWN HEREON WERE PROPERLY PLACED UNDER MY PERSONAL SUPERVISION IN ACCORDANCE WITH CHAPTER 5, SUBDIVISIONS, PUBLIC IMPROVEMENTS, CITY OF MUSTANG RIDGE SUBDIVISION STANDARDS.

STATE OF TEXAS

COUNTY OF TRAVIS

I, JOHN A. ALVAREZ, P.E., AM AUTHORIZED UNDER THE LAWS OF THAT STATE OF TEXAS TO PRACTICE THE PROFESSION OF ENGINEERING, TO HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE, THAT THIS PLAT IS FEASIBLE FROM AN ENGINEERING STANDPOINT AND COMPLEES WITH THE ENGINEERING STANDARDS.

STATE OF TEXAS

COUNTY OF TRAVIS

NO PORTION OF THIS TRACT IS WITHIN THE BOUNDARIES OF THE 100 YEAR FLOODPLAIN OF ANY WATERWAY THAT IS WITHIN THE LIMITS OF STUDY OF THE FEDERAL FLOOD INSURANCE ADMINISTRATION (FEMA) PANEL NOS. 4845300710 (DATED JANUARY 6, 2016), 4845300706 (DATED JANUARY 22, 2020), 4845300710H (DATED SEPTEMBER 26, 2008) AND 4845300720H (DATED SEPTEMBER 26, 2008) FOR TRAVIS COUNTY AND INCORPORATED AREAS.

STATE OF TEXAS

COUNTY OF TRAVIS

CITY OF MUSTANG RIDGE APPROVAL
IT IS UNDERSTOOD THAT ON APPROVAL OF THIS PLAT BY THE CITY COUNCIL, IT IS UNDERSTOOD THAT THE BUILDING OF ALL STREETS, ROADS AND OTHER PUBLIC THOROUGHFARES DELINEATED AND SHOWN ON THIS PLAT, AND ALL BRIDGES AND CULVERTS NECESSARY TO BE CONSTRUCTED OR PLACED IN SUCH STREETS, ROADS OR OTHER PUBLIC THOROUGHFARES, OR IN CONNECTION THEREWITH, SHALL REMAIN THE RESPONSIBILITY OF THE OWNER AND/OR DEVELOPER OF THE TRACT OF LAND COVERED BY THIS PLAT, IN ACCORDANCE WITH PLANS AND SPECIFICATIONS PRESCRIBED BY THE CITY COUNCIL OF MUSTANG RIDGE, TEXAS. THE COUNCIL ASSUMES NO OBLIGATION ON THIS PLAT, OR OF CONSTRUCTING ANY BRIDGES OR CULVERTS IN CONNECTION THEREWITH, THE AUTHORIZATION OF THIS PLAT BY THE CITY COUNCIL FOR FILING OR THE SUBSEQUENT ACCEPTANCE FOR MAINTENANCE BY THE CITY OF MUSTANG RIDGE, TEXAS, OF ROADS AND STREETS IN REAL ESTATE SUBDIVISIONS DOES NOT OBLIGATE THE CITY TO INSTALL STREET NAME SIGNS, AS THIS IS CONSIDERED TO BE A PART OF THE DEVELOPER'S OBLIGATION. THE CITY OF MUSTANG RIDGE, TEXAS, SHALL BE THE RESPONSIBILITY OF THE DEVELOPER UNDER THE DIRECTION OF THE CITY COUNCIL.

STATE OF TEXAS

COUNTY OF TRAVIS

THIS SUBDIVISION HAS BEEN ACCEPTED AND APPROVED FOR RECORDING IN THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS BY THE CITY COUNCIL OF MUSTANG RIDGE, TEXAS ON THIS

STATE OF TEXAS

COUNTY OF TRAVIS

31 DAY OF July, 2023 A.D. AS SET OUT IN THE MINUTES OF THE CITY COUNCIL OF MUSTANG RIDGE, TEXAS.

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

ATTEST:
Evelyn Wynn
CITY SECRETARY
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
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CITY OF MUSTANG RIDGE, TEXAS

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DAVID BENN
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STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

STATE OF TEXAS

COUNTY OF TRAVIS

DAVID BENN
MAYOR
CITY OF MUSTANG RIDGE, TEXAS

PLAT

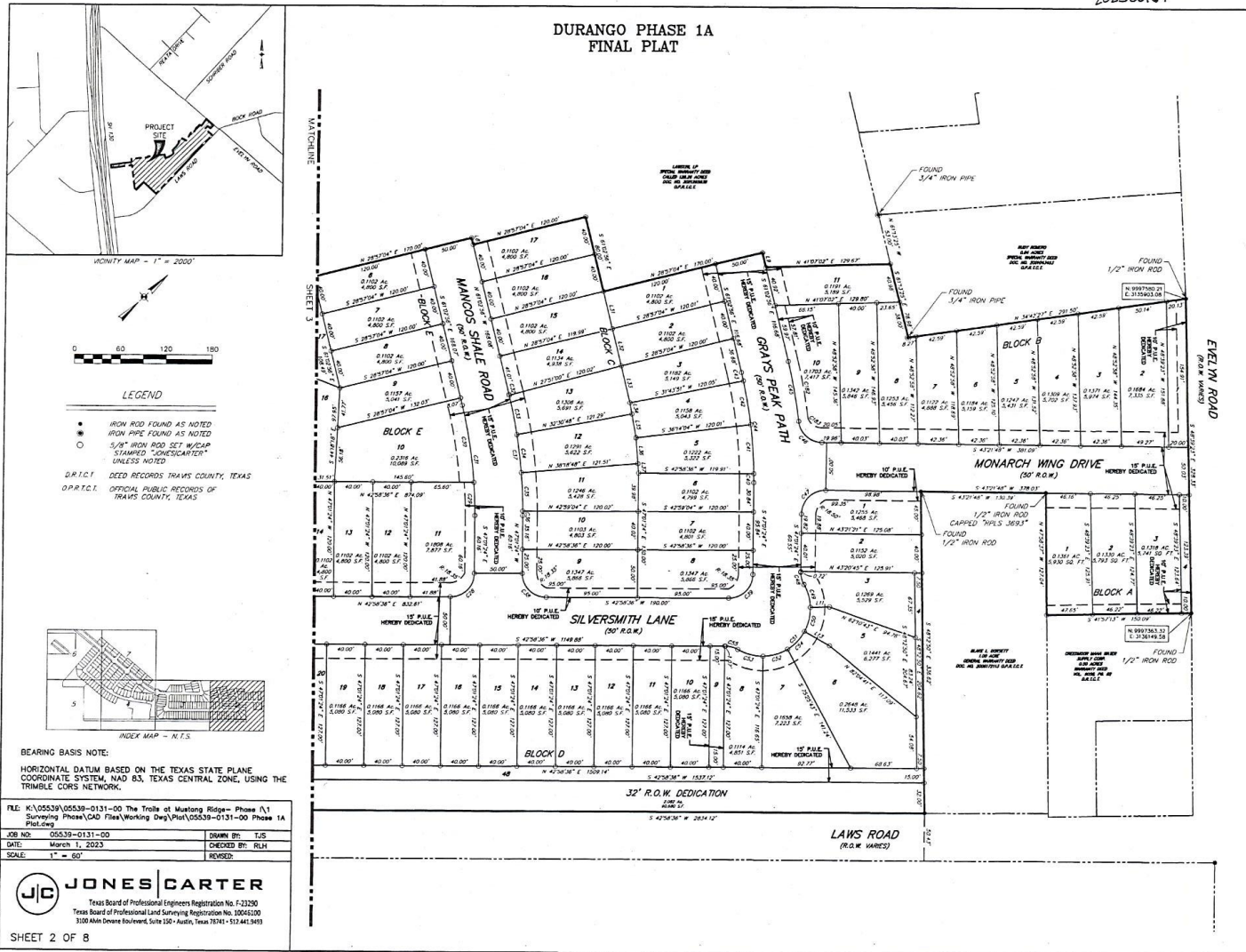
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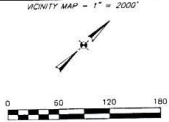
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DATE: March 1, 2023
SCALE: 1" = 50'

DRAWN BY: RLS
CHECKED BY: RLS
REVIEWED:

JONES CARTER
Texas Board of Professional Engineers Registration No. 5-23230
Texas Board of Professional Land Surveying Registration No. 20046100
3100 Alvin Deane Boulevard, Suite 150 • Austin, Texas 78741 • 512.451.9493

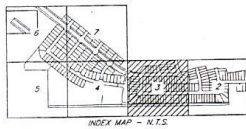
SHEET 1 OF 8





LEGEND

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- IRON PIPE FOUND AS NOTED
- 5/8" IRON ROD SET W/ CAP
- UNARMED "CONESHAFT" UNLESS NOTED
- D.R.C.T. DEED RECORDS TRAVIS COUNTY, TEXAS
- O.P.R.C.T. OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS



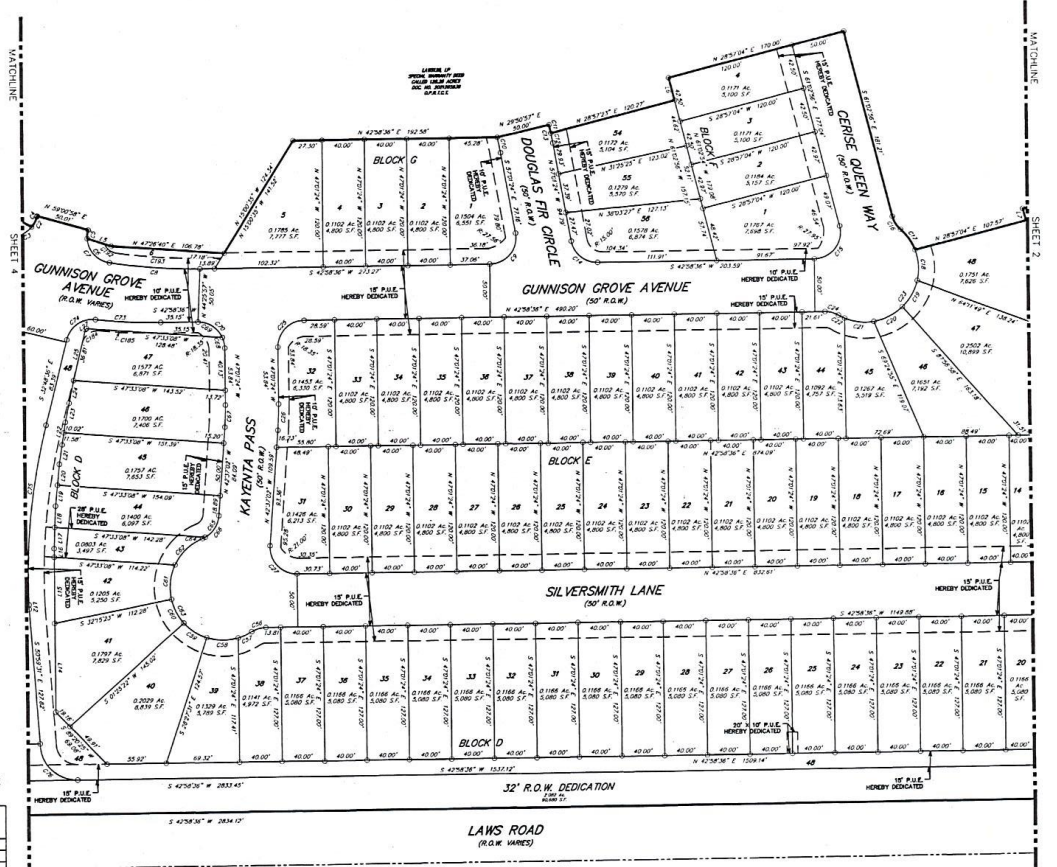
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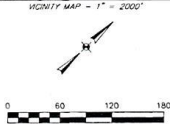
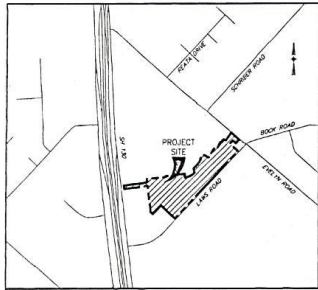
SHEET 3 OF 8

DURANGO PHASE 1A
FINAL PLAT



202300167

202300167 Page 4 of 9



- LEGEND**
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 - IRON PIPE FOUND AS NOTED
 - 5/8" IRON ROD SET W/ CAP STAMPED "JONES/CARTER" UNLESS NOTED
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 - O.P.R.I.C.T. OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS



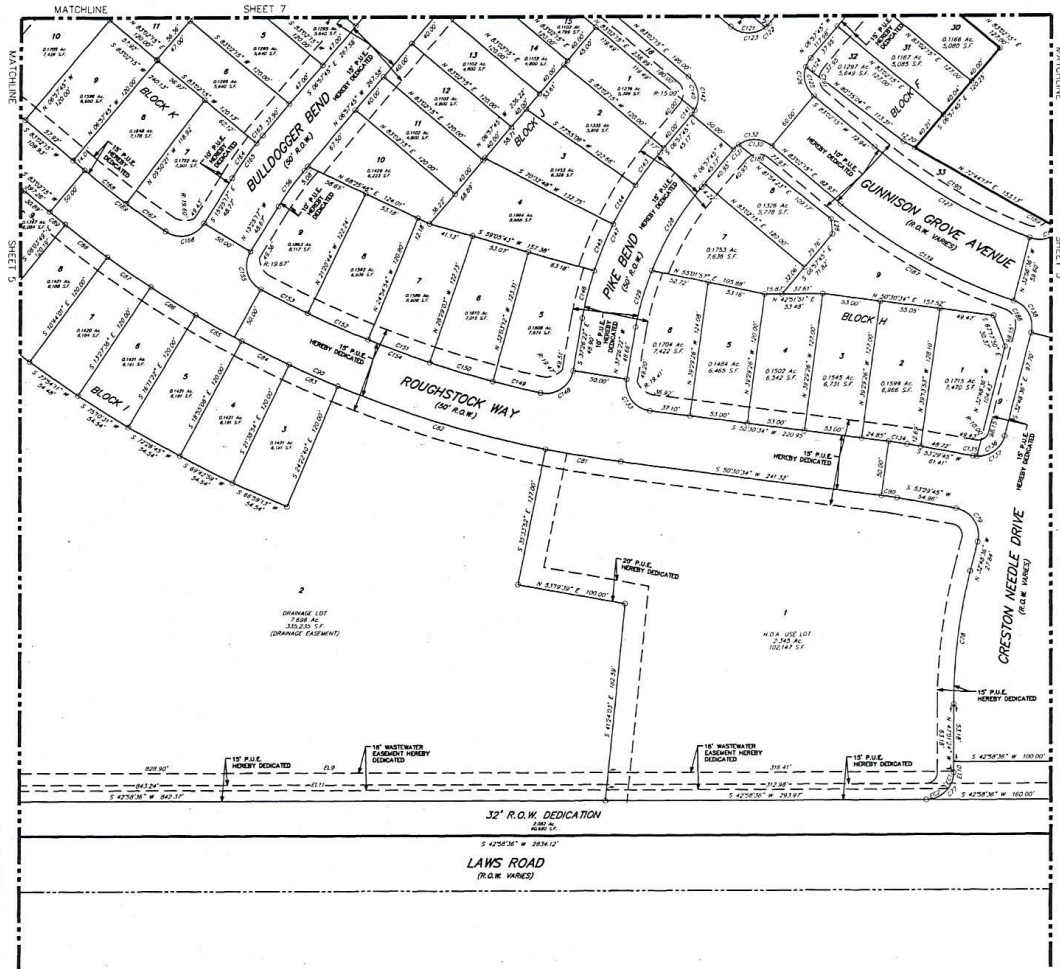
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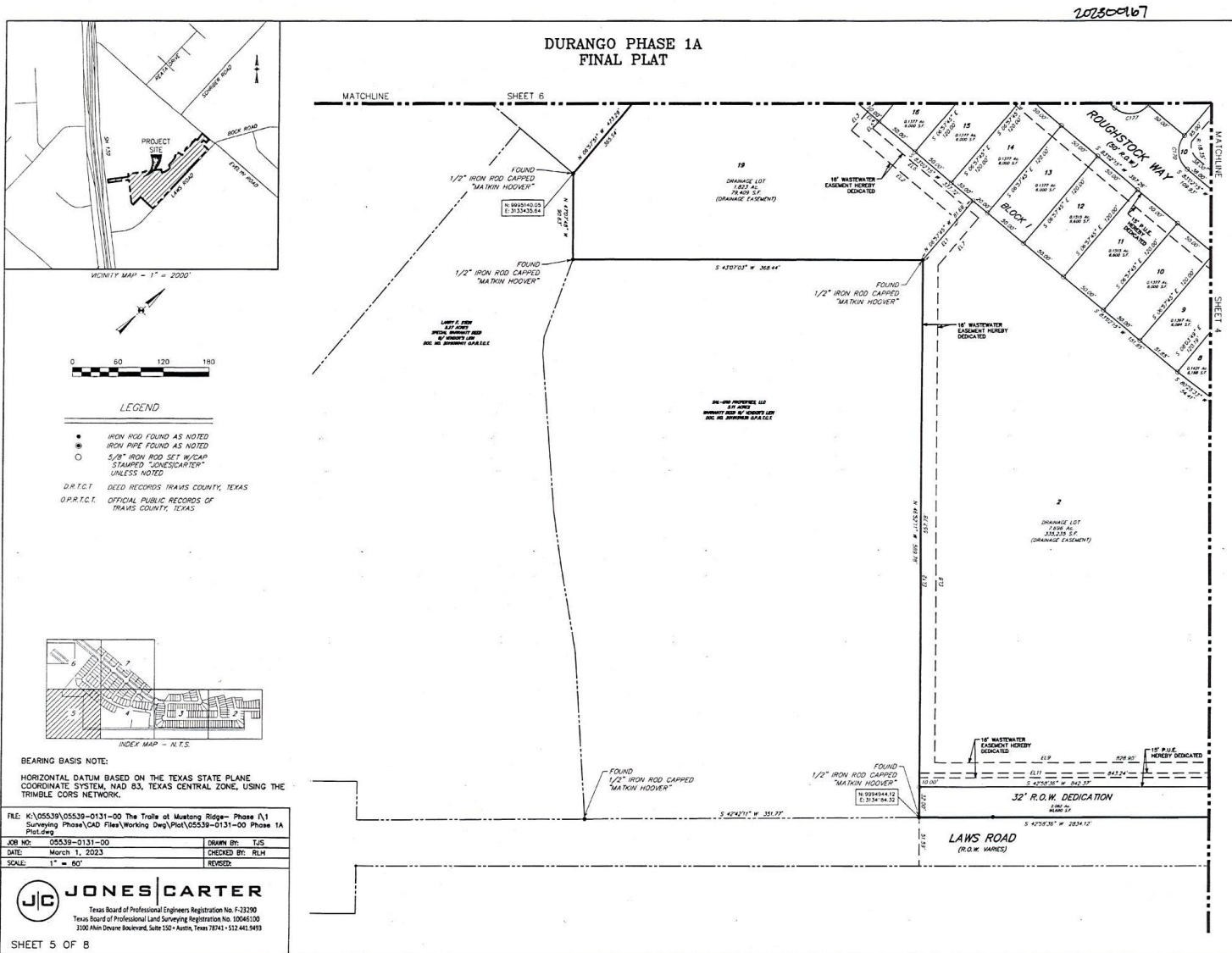
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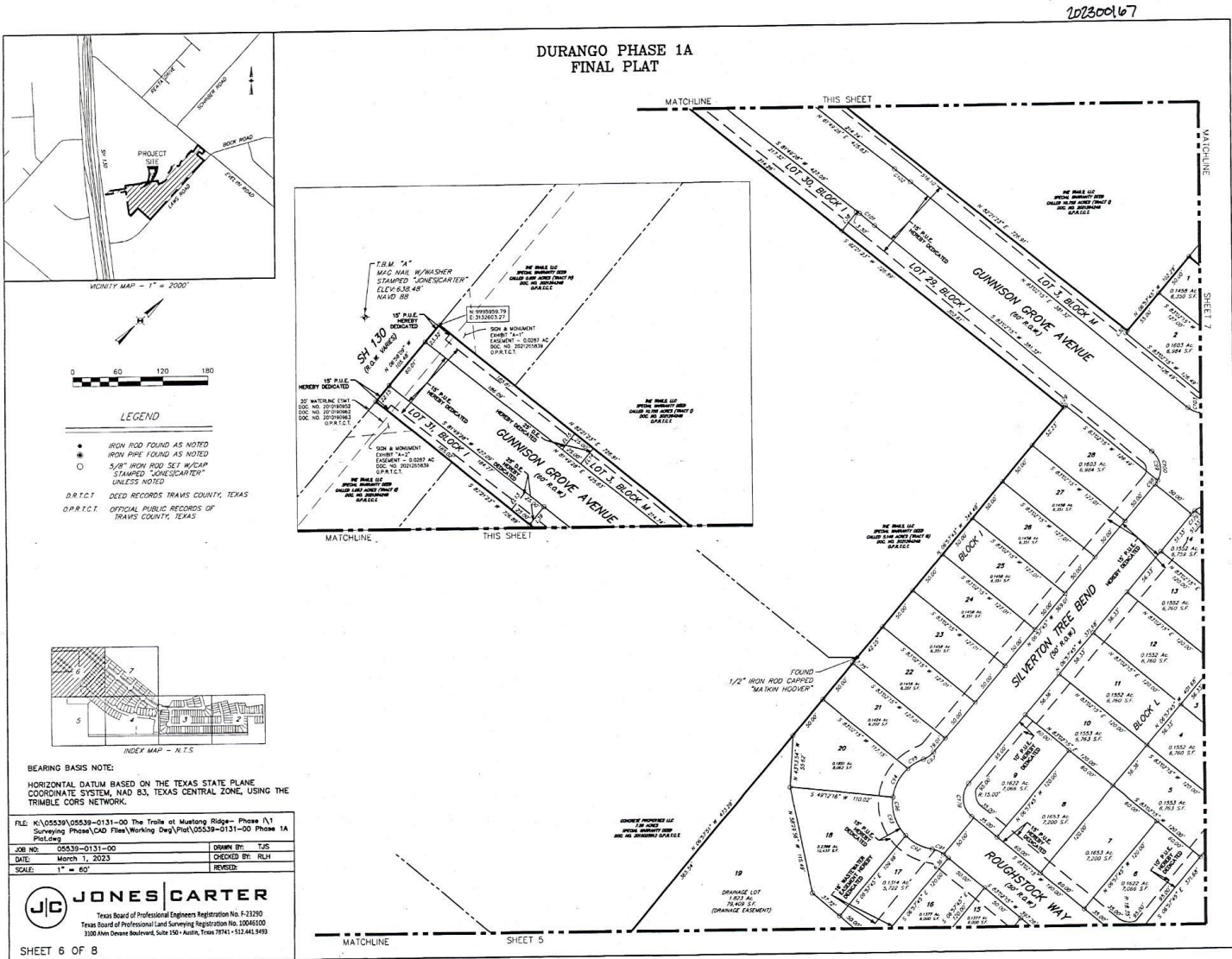


SHEET 4 OF 8

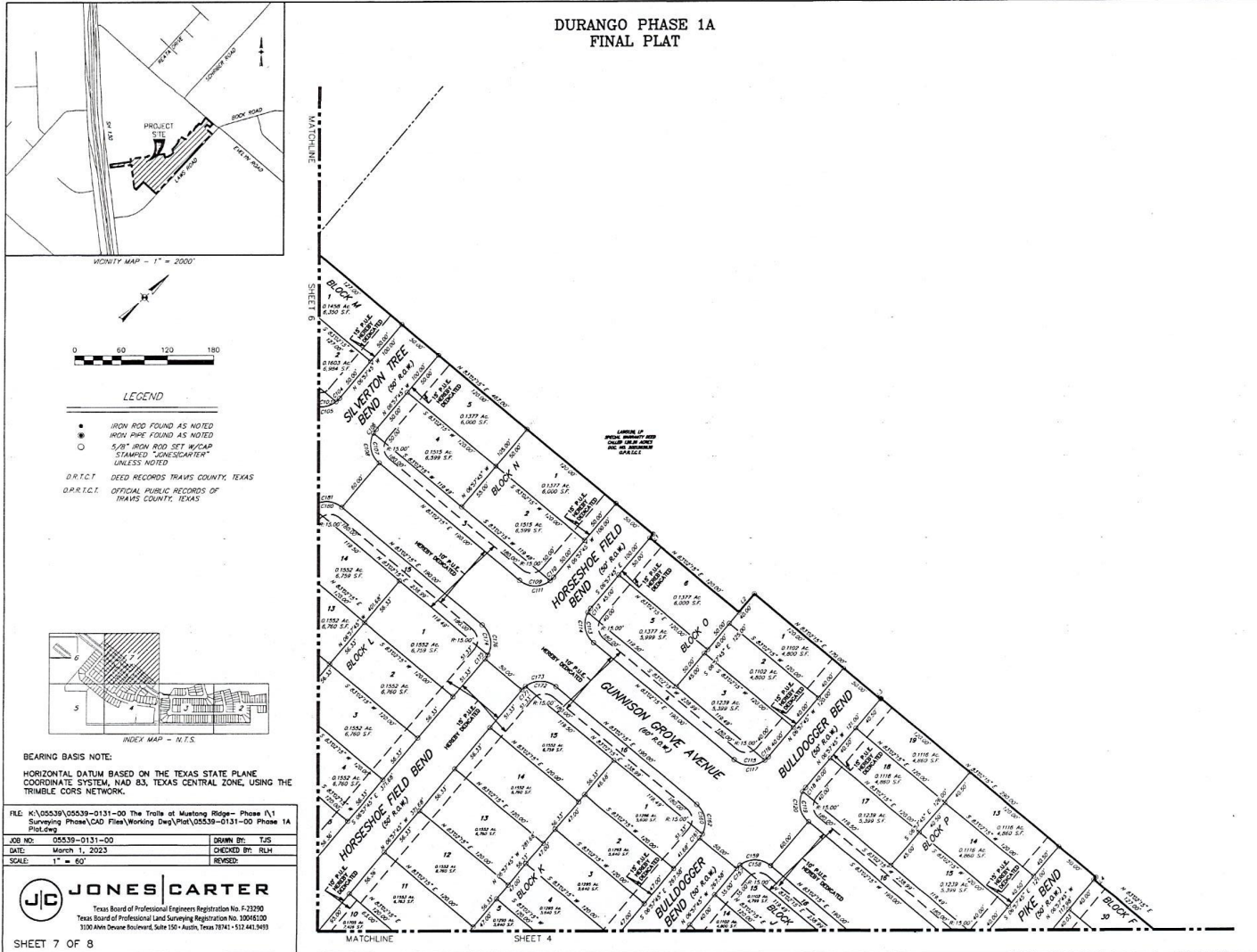
DURANGO PHASE 1A FINAL PLAT







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DURANGO PHASE 1A FINAL PLAT

202300167

LINE	TYPE	AMOUNT
1	RESIDENTIAL	229 LOTS
2	RESIDENTIAL	30,273 AC
3	RESIDENTIAL	3 LOTS
4	RESIDENTIAL	9,854 AC
5	RESIDENTIAL	1 LOTS
6	RESIDENTIAL	0.044 AC
7	RESIDENTIAL	14 LOTS
8	RESIDENTIAL	2,772 AC
9	RESIDENTIAL	1 LOTS
10	RESIDENTIAL	2,346 AC
11	RESIDENTIAL	5,083 AC
12	RESIDENTIAL	59,781 AC
13	RESIDENTIAL	246 LOTS

LAND TYPE	AMOUNT
TOTAL RESIDENTIAL AREA	12,381 AC
TOTAL R.O.W. LENGTH	10,275 LF

LAND TYPE	AMOUNT
RESIDENTIAL LOTS	229 LOTS
RESIDENTIAL AREA	30,273 AC
DRAINAGE LOTS	3 LOTS
DRAINAGE AREA	9,854 AC
UTILITY LOTS	1 LOTS
UTILITY AREA	0.044 AC
OPEN SPACE LOTS	14 LOTS
OPEN SPACE AREA	2,772 AC
H.O.A. USE LOTS	1 LOTS
H.O.A. USE AREA	2,346 AC
H.O.W. DEDICATION	5,083 AC
TOTAL ACRES	59,781 AC
TOTAL NO. OF LOTS	246 LOTS

LOT NUMBER	LOT TYPE	LOT AREA
LOT 1, BLOCK B	OPEN SPACE	0.0704 AC (3,088 SF)
LOT 4, BLOCK A	OPEN SPACE	0.0294 AC (1,285 SF)
LOT 4, BLOCK D	OPEN SPACE	0.0294 AC (1,285 SF)
LOT 48, BLOCK D	OPEN SPACE	0.7796 AC (33,558 SF)
LOT 9, BLOCK D	UTILITY	0.0437 AC (1,905 SF)
LOT 45, BLOCK D	DRAINAGE	0.0803 AC (3,497 SF)
LOT 6, BLOCK G	OPEN SPACE	0.0471 AC (2,053 SF)
LOT 33, BLOCK F	OPEN SPACE	0.1310 AC (5,707 SF)
LOT 8, BLOCK M	OPEN SPACE	0.3110 AC (13,549 SF)
LOT 16, BLOCK P	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 16, BLOCK J	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 4, BLOCK D	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 16, BLOCK K	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 3, BLOCK N	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 15, BLOCK L	OPEN SPACE	0.1041 AC (4,533 SF)
LOT 3, BLOCK M	OPEN SPACE	0.4084 AC (17,792 SF)
LOT 79, BLOCK I	OPEN SPACE	0.2290 AC (9,846 SF)
LOT 30, BLOCK I	DRAINAGE	0.1233 AC (5,375 SF)
LOT 31, BLOCK I	OPEN SPACE	0.1114 AC (4,853 SF)
LOT 17, BLOCK I	DRAINAGE	0.1514 AC (6,723 SF)
LOT 19, BLOCK I	DRAINAGE	1.823 AC (79,409 SF)
LOT 2, BLOCK I	DRAINAGE	7.696 AC (335,235 SF)
LOT 1, BLOCK I	H.O.A. USE	2.345 AC (102,147 SF)

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1	RESIDENTIAL	229 LOTS
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BEARING BASIS NOTE:

HORIZONTAL DATUM BASED ON THE TEXAS STATE PLANE
COORDINATE SYSTEM, NAD 83, TEXAS CENTRAL ZONE, USING THE
TRIMBLE CORS NETWORK.

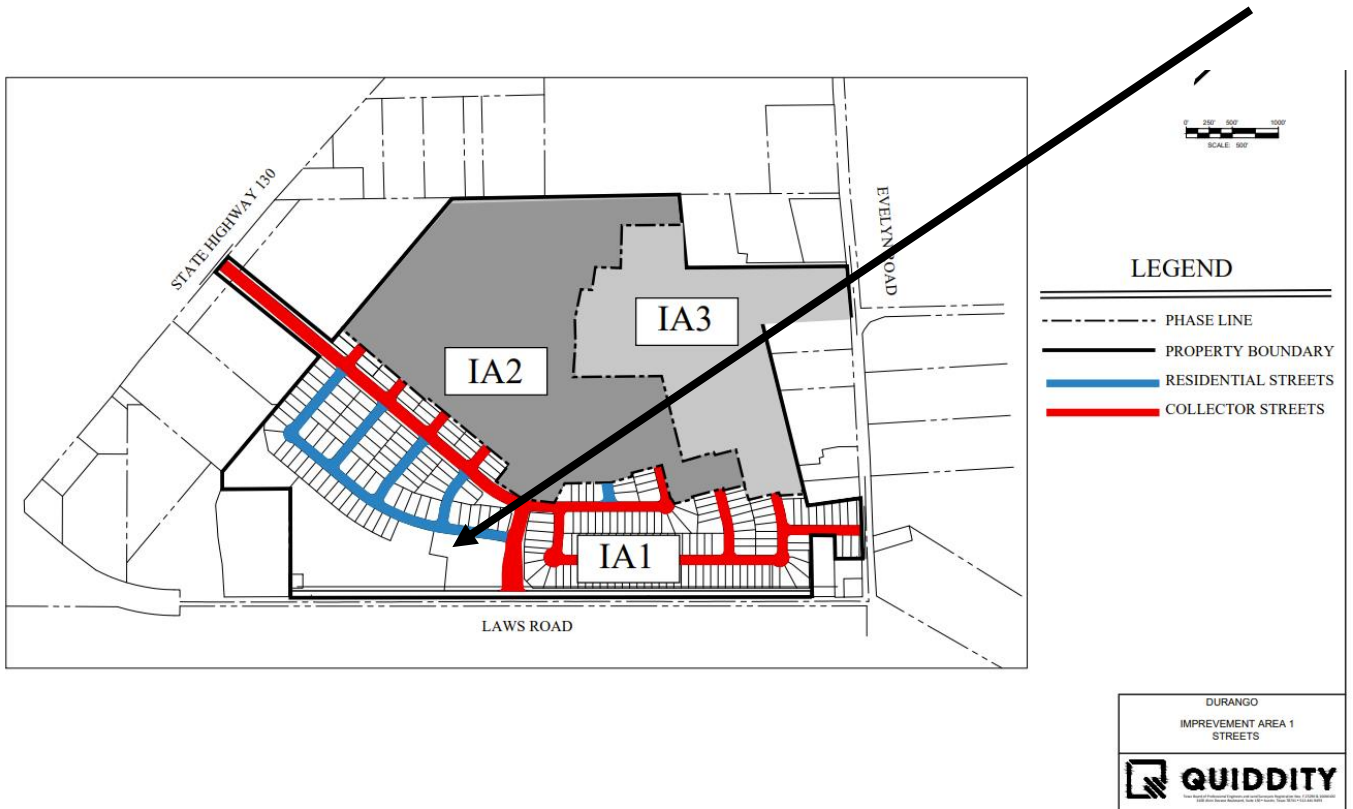
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JOB NO: 05539-0131-00 DRAWN BY: TJS
DATE: March 11, 2023 CHECKED BY: RLH
SCALE: 1" = 60'

JONES CARTER
Texas Board of Professional Engineers Registration No. F-23290
Texas Board of Professional Land Surveying Registration No. 10046100
100 Allen Avenue Boulevard, Suite 150 • Austin, Texas 78741 • 512.442.9489

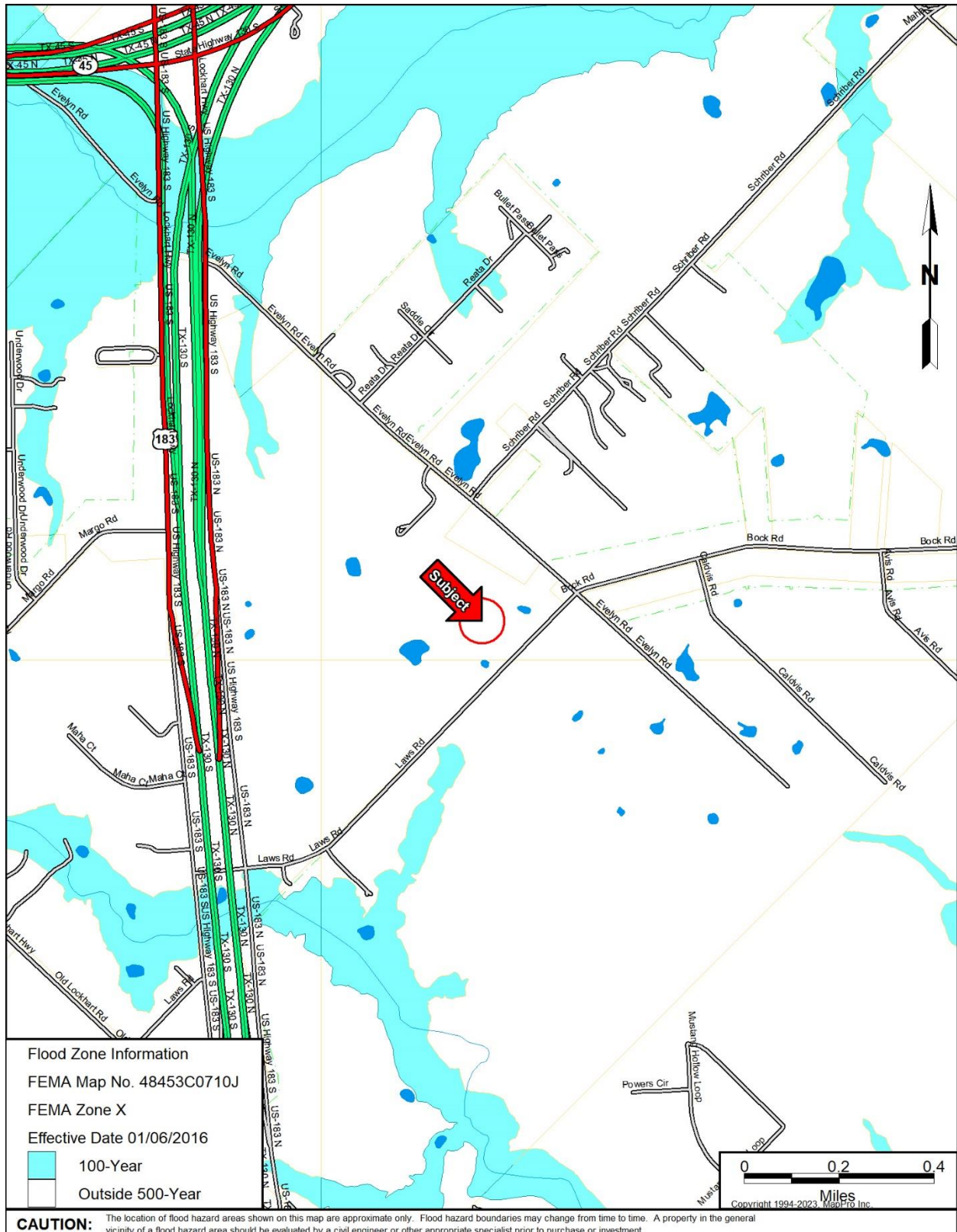
SHEET 8 OF 8

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CONCEPTUAL MAP



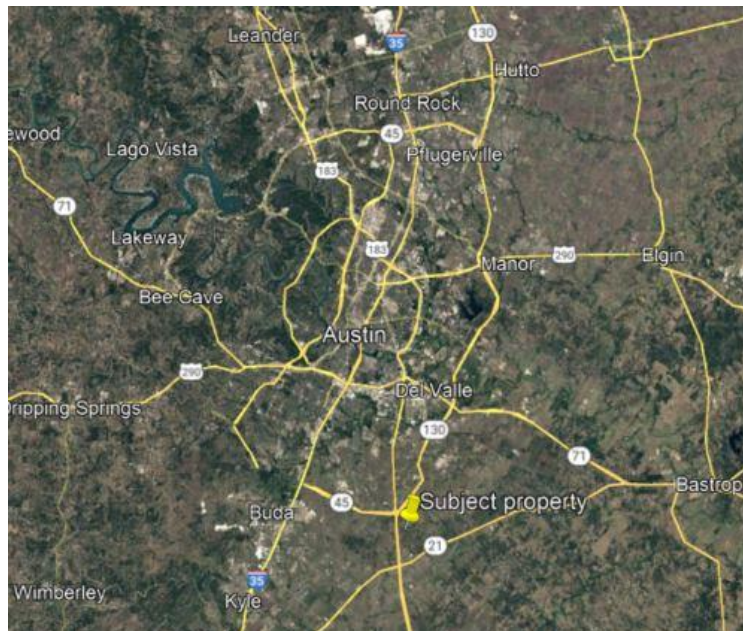
FLOOD PLAIN MAP



AERIAL PHOTOS



Micro Aerial



Macro Aerial

SUBJECT PROPERTY PHOTOGRAPHS



Entrance



Typical lot



Subject property



Subject property



Subject property



Subject property

HIGHEST AND BEST USE

The **"Highest and Best Use"** is defined as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, pages 88-89, Appraisal Institute).

Highest and Best Use of Land or a Site As Though Vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 93, Appraisal Institute).

Highest and Best Use of Property As Improved: The use that should be made of a property as it exists. A near-complete property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the near-complete building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 94, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. In cases where a site has near-complete improvements, the highest and best use may be different from the near-complete use. The near-complete use will continue, however, unless or until land value in its highest and best use exceeds the total value of the property in its near-complete use.

Contribution of that specific use to community environment or to community development goals is implied within these definitions, in addition to wealth maximization. Also implied is that determination of the highest and best use is formulation of an opinion, not a fact, resulting from the appraiser's judgment and analysis. In appraisal practice, the concept of highest and best use is the premise on which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the highest and best use of the subject 225 finished lots, the legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

LEGALLY PERMISSIBLE

Zoning/Restrictions: Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Being located in Mustang Ridge in Travis County, the subject lots are not subject to a zoning ordinance; however, the subject has been approved by the City of Mustang Ridge. The subdivision is assumed to include typical deed restrictions, none of which the appraisers assume to be detrimental to value.

PHYSICALLY POSSIBLE

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Some small sites, because of their limited size, can only reach their optimum use as part of an assemblage with adjacent tracts. Conversely, larger sites are not restricted by size, allowing for a wider range of possible uses.

Given the subject subdivision location in the suburban Kyle/Buda/Mustang Ridge market area, the subject lots were designed and engineered for the construction of starter to lower-move-up production SFRs. The proposed starter to lower-move-up priced production residential usage is considered to be the most physically possible use for the 225 finished lots.

The subject development subdivision lots can accommodate a variety of uses. However, in light of the existing single-family development in the subject's Mustang Ridge market area, the construction of starter to lower-move-up, detached single-family residences on the existing lots is concluded to be most physically appropriate.

FINANCIALLY FEASIBLE

The appraisers have referenced the Zonda Austin Metrostudy, 2nd Quarter 2023. The subject is located within the South Market Area and the Kyle/Buda Submarket and the overall Austin region. The following chart summarizes the vital statistics for the South Market Area, the Kyle/Buda Submarket, and the overall Austin region.

Zonda Austin Metrostudy 2Q 2023								% Change
Submarket/ Market Area		2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	Yrly. Rates/ Supply	12 Month
Kyle/Buda Submarket	Starts	762	834	242	402	830	2,308	8.92%
	Closings	586	812	672	554	412	2,450	-29.69%
	Housing Inv.	2,373	2,395	1,965	1,813	2,231	10.9 mos.	-5.98%
	VDL Inv.	3,254	3,645	4,606	5,064	6,328	32.9 mos.	94.47%
South Market Area	Starts	889	1,104	407	635	1,317	3,463	48.14%
	Closings	741	1,023	946	799	806	3,574	8.77%
	Housing Inv.	3,249	3,330	2,791	2,627	3,138	10.5 mos.	-3.42%
	VDL Inv.	4,335	4,700	6,301	7,326	8,476	29.4 mos.	95.52%
Austin Total	Starts	7,106	6,504	2,753	2,782	4,904	16,943	-30.99%
	Closings	5,144	6,434	5,472	5,122	5,341	22,369	3.83%
	Housing Inv.	20,647	20,717	17,998	15,658	15,221	8.2 mos.	-26.28%
	VDL Inv.	25,906	27,774	30,375	33,874	34,412	24.4 mos.	32.83%

For the 2nd Quarter 2023, the Kyle/Buda Submarket had 830 housing starts (an 8.92% increase since 2nd Quarter 2022), and 412 closings, (a 29.69% decrease since 2nd Quarter 2022). The Kyle/Buda Submarket ended the quarter with a new home inventory of 2,231 units or a 10.9-month supply, which is inferior to the 10.5-month supply for the South Market Area new home market. The Kyle/Buda Submarket concluded the 2nd Quarter 2023 with 6,328 vacant developed lots in inventory. This lot inventory equates to a 32.9-month **oversupply**, which is inferior to the 29.4-month VDL oversupply for South Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium.

For the 2nd Quarter 2023, the overall South Market Area had 1,317 starts (a 48.14% increase since 2nd Quarter 2022) and 806 closings (an 8.77% increase since 2nd Quarter 2022). The result is a new home inventory of 3,138 units, or a 10.5-month supply, which is inferior to the 8.2-month supply for the overall Austin new home market. At the time of this Zonda Austin Metrostudy report, there was a total inventory of 8,476 vacant developed lots in the South Market Area. This equates to a 29.4-month **oversupply**,

which is inferior to the 24.4-month stable supply for the overall Austin region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION

Based on our analyses of the legally permissible, physically possible and financially feasible uses for the 225 finished subject lots in Durango, Phase 1A, we conclude that their maximally productive use, and therefore, their highest and best use, is as follows:

- **Highest & Best Use of Lots:** Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant in the \$340,000 to \$355,000 by DR Horton or comparable builder/s.

SALES COMPARISON APPROACH – RETAIL LOT VALUATION

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, principals, developers, and builders were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown and bulk lot sales that have been used for the establishment of the subject's typical or base Builder Retail Lot Value conclusion.

LOT SALE NUMBER ONE

Subdivision Name: Paramount, Section 3

Mapsco Reference: Hays County

Location: This subdivision is located along the south line of Opal Lane, and the north line of Roland Lane, just west of I-35, in Kyle, Hays County, Texas 78640.

Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
9	40'	\$75,990	N/A	\$1,900	Pending

Developer: Paramount Park, Ltd

Builder: Castlerock Communities

New Home Price Range: \$340,000 to \$355,000

Financing: Cash to seller

Utilities: All available

Amenities: None

School District: Hays CISD

Zoning: Residential, by the city of Kyle

Restrictions: Typical Deed Restrictions

Floodplain: None

Confirmation: Developer

Comments: This is the pending purchase of 9 lots by the builder. The base lot price is \$75,990 with additional fees totaling \$840 (HOA fee and capitalization). Lots are subject to a 6.5% annual escalator. Castlerock is building on the 40' and 50' lots, Pacesetter Homes is building on the 50' and 65' lots in Section 3.

LOT SALE NUMBER TWO

Subdivision Name: 6 Creeks, Phase 1, Section 6A

Mapsco Map: Hays County – 699 F, G, K & L

Location: The west line of N. Old Stagecoach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development, Inc.

Grantee: Highland Homes

New SFR Price Range: \$300,000 to \$500,000

Sales Data:

<u>No. of Lots</u>	<u>Lot Width</u>	<u>Purchase Price/Lot</u>	<u>Purchase Price/FF</u>	<u>Sales Date</u>
10	45'	\$73,750	\$1,639	8/16/2022

Financing: Cash to seller

Annual Escalator: N/A

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks, Section 6A Deed Restrictions

Floodplain: No

Confirmation: Lot Purchase Contract; Clerk's file #202222039577

Comments: This is the purchase of 10 lots out of a total of 39 lots out of the subject 6 Creeks, Section 6A. In addition to the base lot price, Highland Homes will pay an additional \$8,801 per lot in builder fees. The contract was negotiated in June 2021.

LOT SALE NUMBER THREE

Subdivision Name: 6 Creeks, Phase 1, Section 7

Mapsco Map: Hays County – 699 F, G, K & L

Location: The west line of N. Old Stagecoach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development, Inc.

Grantee: Highland Homes

New SFR Price Range: \$450,000 to \$600,000

Sales Data:

<u>No. of Lots</u>	<u>Lot Width</u>	<u>Purchase Price/Lot</u>	<u>Purchase Price/FF</u>	<u>Sales Date</u>
35	55'	\$110,000	\$2,000	5/5/2023

Financing: Cash to seller

Annual Escalator: N/A

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks, Section 7 Deed Restrictions

Floodplain: No

Clerk's File No.: 2023015914

Confirmation: Lot Purchase Contract, B&A C8474

Comments: This is the bulk purchase of 35, 55' lots out of the subject 6 Creeks, Section 7. In addition to the base lot price and true-up, Highland Homes will pay an additional \$5,376 per lot in builder fees.

LOT SALE NUMBER FOUR

Subdivision Name: 6 Creeks, Phase 1, Section 7

Mapsco Map: Hays County – 699 F, G, K & L

Location: The west line of N. Old Stagecoach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development, Inc.

Grantee: DFH Coventry Homes

New SFR Price Range: \$450,000 to \$600,000

Sales Data:

<u>No. of Lots</u>	<u>Lot Width</u>	<u>Purchase Price/Lot</u>	<u>Purchase Price/FF</u>	<u>Sales Date</u>
35	55'	\$110,000	\$2,000	5/26/2023

Financing: Cash to seller

Annual Escalator: N/A

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks, Section 7 Deed Restrictions

Floodplain: No

Clerk's File No.: 202301869

Confirmation: Lot Purchase Contract, B&A C8474

Comments: This is the bulk purchase of 35, 55' lots out of the subject 6 Creeks, Section 7. In addition to the base lot price and true-up, Coventry Homes will pay an additional \$5,376 per lot in builder fees.

LOT SALE NUMBER FIVE

Subdivision: The Colony
 Mapsco Reference: 551-Z
 Location: In the vicinity of the west line of F.M. 969 at Sam Houston Drive, Bastrop ETJ, Bastrop County, Texas 78602.

Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
10	45'	\$78,750	N/A	\$1,750	Pending

Developer: Hunt Communities
 Builder: Westin Homes
 New Home Price Range: \$300,000 to \$600,000
 Financing: Cash to seller
 Utilities: All available
 Amenities: None
 School District: Bastrop ISD
 Zoning: None
 Restrictions: Typical Deed Restrictions
 Floodplain: None
 Subdivision Amenities: Two amenity centers with pools, fitness centers, tennis court, playground and trail system.
 Confirmation: Developer (B&A File No. C7960 and C8152)

Comments: Additional lot fees are \$4,000 per lot, including \$2,500 (amenity) and \$1,500 (marketing).

LOT SALE NUMBER SIX

Subdivision Name: La Cima, Phase 5B

Mapscos Reference: Hays County

Location: This subdivision is located north and south of West Centerpointe Road, and west of R.R. 12, in San Marcos, Hays County, Texas 78666.

Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
84	45'	\$65,000	N/A	\$1,444	Pending

Developer: LCSM PH 3, LLC

Builder: Highland Homes

New Home Price Range: TBD

Financing: Cash to seller

Utilities: All available

Amenities: None

School District: San Marcos ISD

Zoning: Single-family, by the city of San Marcos

Restrictions: Typical Deed Restrictions

Floodplain: None

Confirmation: Contract/Developer

Comments: This is the pending bulk purchase of 84 lots by the builder. The base lot price is \$65,000 with additional fees totaling \$9,080 (amenity fee, gas fee, HOA fee and marketing fee). Lots are projected to be substantially complete in March 2023. Highland Homes is the exclusive builder in Phase 5B.

BUILDER LOT SALES ANALYSES

The Builder Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

Builder Lot Sales Summary							
Lot Sale	Sale Date	Subdivision	Sale Type	Description	Lot Size	Price PFF	Lot Price
1	7/28/2022	6 Creeks, Ph. 1A4, Sec. 6	Takedown	10 Lots	45'	\$1,639	\$73,750
2	8/16/2022	6 Creeks, Ph. 1A4, Sec. 6	Takedown	10 Lots	45'	\$1,639	\$73,750
3	5/5/2023	6 Creeks, Ph. 1, Sec. 7	Bulk	34 Lots	55'	\$2,000	\$110,000
4	5/26/2023	6 Creeks, Ph. 1, Sec. 7	Bulk	35 Lots	55'	\$2,000	\$110,000
5	Pending	The Colony, MUD 1C, Sec. 6A	Bulk	10 Lots	45'	\$1,750	\$78,750
6	Pending	6 Creeks, Ph.1, Sec. 13A & 13B	Bulk	123 Lots	60' & 65'	\$1,616 & \$1,673	\$105,042 & \$100,376

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject residential lots. The best units of comparison for the lot sales are the total sales price per lot, the price per square foot, or the price per front foot. Of these various units of comparison, it was determined that the price per front foot was the most applicable, because in this market segment, the prices per front foot were considered most reflective of the various differences associated with such lot sales. The categories found to be prevalent for analysis were cumulative adjustments such as Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Lot Size, and Other Property Characteristics (physical). Adjustments are made on a cumulative basis for the first three categories listed, and then on an additive basis on the remaining categories.

CUMULATIVE ADJUSTMENTS

Market Conditions: A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable. Lot prices have been

increasing since 2020, Lot Sales 1 thru 5 have been adjusted at a rate of 6.5% per annum. Lot Sales 5 and 6 are pending and have not been adjusted for this element of comparison.

Financing/Cash Equivalent Considerations: Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. No considerations for financing were required in this analysis.

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Due to holding costs, bulk lot takedowns which are significantly larger or smaller in lot totals will typically reflect discounted or higher lot sale prices, respectively. No adjustments were warranted for Lot Sales 1, 2; and 5 as they are considered typical takedowns. Lot Sales 4 and 5 have been adjusted upward 5% each, respectively for their larger lot quantity compared to the subject; Lot Sale 6 has been adjusted upward 15%, given its significantly larger bulk lot quantity compared to a typical takedown in the subject's market.

ADDITIVE ADJUSTMENTS

Location: Lot Sales 1 thru 4, and 6 are considered superior to the subject and have been

adjusted downward -10% each, respectively, for this element of comparison. Lot Sale 5 is considered generally similar to the subject and has not been adjusted for this element of comparison.

Lot Size: Based upon the per front foot methodology utilized, only significant differences in lot frontages will typically warrant an adjustment. The subject and the lot sales have similar lot frontages of 45' to 65' and no adjustments were warranted.

Amenities: No extractable adjustment is warranted for this factor.

LOT SALES ADJUSTMENT GRID:

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analysis of the subject lots.

Lot Sales Adjustment Grid							
Market Data	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Price PFF	-	\$1,639	\$1,639	\$2,000	\$2,000	\$1,750	\$1,651
Sales Date	9/4/2023	7/28/2022	8/16/2022	5/5/2023	5/26/2023	Pending	Pending
Adjustment	-	6.5%	6.3%	2.0%	2.0%	0.0%	0.0%
Adjusted Sales Price PFF		\$1,745	\$1,741	\$2,040	\$2,040	\$1,750	\$1,651
Financing	-	CTS	CTS	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%	0%	0%
Adjusted Sales Price PFF		\$1,745	\$1,741	\$2,040	\$2,040	\$1,750	\$1,651
Conditions of Sale	Typical takedown	10 Lots	10 Lots	34 Lots	35 Lots	10 Lots	123 Lots
Adjustment	-	0%	0%	5%	5%	0%	15%
Adjusted Sales Price PFF		\$1,745	\$1,741	\$2,142	\$2,142	\$1,750	\$1,899
Builder	DR Horton	Perry Homes	Highland Homes	Highland Homes	Coventry Homes	Westin Homes	Pulte Homes
Location	Durango	6 Creeks, Ph. 1A4, Sec. 6	6 Creeks, Ph. 1A4, Sec. 6	6 Creeks, Ph. 1, Sec. 7	6 Creeks, Ph. 1, Sec. 7	The Colony, MUD 1C, Sec. 6A	6 Creeks, Ph.1, Sec. 13A & 13B
Adjustment	-	-10%	-10%	-10%	-10%	0%	-10%
Lot Size	40' & 50'	45'	45'	55'	55'	45'	60' & 65'
Adjustment	-	0%	0%	0%	0%	0%	0%
Amenities	Typical for area	Typical for area	Typical for area	Typical for area	Typical for area	Typical for area	Typical for area
Adjustment	-	0%	0%	0%	0%	0%	0%
Net Adjustment	-	-10%	-10%	-10%	-10%	0%	-10%
Adjusted Sale Price PFF	-	\$1,571	\$1,567	\$1,928	\$1,928	\$1,750	\$1,709
Indicated Mean:	\$1,742						
Indicated Median:	\$1,729						
Concluded Value PFF:	\$1,750						

Conclusion of Base Retail Lot Value

The lot sales used in this analysis are of typical base lot sales to which lot adjustments, due to premiums (if applicable) and applicable fees, will be applied to conclude an adjusted value PFF. Accordingly, the appraisers derived the following statistical parameters and the Base Retail Lot Value PFF.

Statistical Benchmarks	
Lowest	\$1,567
Mean	\$1,742
Median	\$1,729
Highest	\$1,928
Concluded Value PFF:	\$1,750

The builder lot sales used in this analysis exhibit an adjusted price per front foot of \$1,567 to \$1,928 PFF, with a mean of \$1,742 PFF and a median of \$1,729 PFF. Based on the preceding analysis, with consideration given to all comparable lot sales, the statistical benchmarks noted above, and the highest and best use of the subject and comparable lot sales; a typical subject lot is concluded to have an individual Builder Retail Market Value of **\$1,750 PFF, or \$70,000 per 40' and \$87,500 per 50' lot, as of September 4, 2023.**

LOT PREMIUMS AND FEES

N/A

PHASE 1A "As Is" RETAIL MARKET VALUE

Thus, the Sum of the Retail Lot Values – "As Is" can be summarized as follows:

Sum of the Retail Values - "As Is"						
Durango, Phase 1A						
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
143	40'	\$1,750	\$70,000	\$10,010,000	\$10,010,000	\$70,000

Sum of the Retail Values - "As Is"						
Durango, Phase 1A						
No. Lots	Average Lot FF	Concluded Per Lot	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
82	50'	\$1,750	\$87,500	\$7,175,000	\$7,175,000	\$87,500

INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot revenue arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

ABSORPTION ANALYSIS

To determine the rates at which the subject single-family lots will be absorbed into the market, we have analyzed the recent absorption of lots in the following competing subdivisions in the vicinity of the subject.

Zonda Austin Metrostudy 2Q 2023									
Subdivision / Product (\$1,000)		3Q 2022	4Q 2022	1Q 2023	2Q 2023	Past 4 Qtrs Total Absorb	Avg Absorb Per Qtr	No. of Builders	Avg Absorb Per Bldr/Qtr
Buton Creek Reserve - Starlight Homes 50' Lots \$360 - \$380	Starts	16	15	11	0	42	10.5	1	10.5
	Closings	13	22	16	1	52	13.0		13.0
	VDL	26	11	0	0				
Harvest Creek - DR Horton 40' Lots \$295 - \$382	Starts	86	16	16	4	122	30.5	1	30.5
	Closings	20	58	45	32	155	38.8		38.8
	VDL	36	20	4	0				
Cool Springs - Lennar Homes 65' Lots \$361 - \$503	Starts	55	4	1	5	65	16.3	1	16.3
	Closings	19	22	21	53	115	28.8		28.8
	VDL	10	6	5	0				
Plum Creek, Phase 2-1 - Lennar Homes 50' Lots \$402 - \$466	Starts	3	1	0	0	4	1.0	1	1.0
	Closings	23	33	16	13	85	21.3		21.3
	VDL	10	9	9	9				
Southgrove - DR Horton 40' & 50' Lots \$323 - \$416	Starts	79	0	17	76	172	43.0	1	43.0
	Closings	57	97	78	33	265	66.3		66.3
	VDL	207	356	339	263				
Sunfield, Ph 4-2 - Pulte Homes 45' Lots \$301 - \$413	Starts	0	0	0	0	0	0.0	1	0.0
	Closings	67	35	9	1	112	28.0		28.0
	VDL	3	3	3	3				
Stagecoach Crossing - KB Home 50' Lots \$360 - \$440	Starts	6	3	1	0	10	2.5	1	2.5
	Closings	44	8	10	1	63	15.8		15.8
	VDL	4	1	0	0				
Average Absorption Per Quarter Over Past 4 Quarters		Starts				Minimum:	0.0		0.0
						Average:	14.8		14.8
						Maximum:	43.0		43.0
		Closings				Minimum:	13.0		13.0
						Average:	30.3		30.3
						Maximum:	66.3		66.3

These absorption comparables indicate quarterly absorption of 0 to 43.0 lots, with an average of 14.8 starts per quarter per builder and 13.0 to 66.3 lots, with an average of 30.3 closings per quarter per builder. The comparable subdivisions include a variety of builders and offer lot sizes which are generally similar to those of the subject lots, and new home pricing ranging from \$295,000 up to \$503,000.

All of the absorption comparables noted above are good indicators of absorption given their location and price point compared to the subject property. Per information provided by the developer, DR Horton projects 36 to 45 sales per quarter. Given the information above, **it is our opinion that the 40' and 50' lots will be absorbed at a rate of 20 lots per quarter per lot size; or a total of 40 lots per quarter** is reasonably supported, given the current market uncertainty of increasing interest rates and their impact on housing affordability.

As such, the following is the projected absorption for the 40' and 50' lots in Phase 1A is as follows:

Absorption Per Quarter - Durango, Phase 1A - 40' Lots							
Quarterly Period	0	1	2	3	4	5	Total
Durango, Phase 1A - 40' Lots	20	20	20	20	40	23	143

Absorption Per Quarter - Durango, Phase 1A - 50' Lots					
Quarterly Period	0	1	2	3	Total
Durango, Phase 1A - 50' Lots	20	20	20	22	82

YIELD RATE / IRR ANALYSIS

We referenced the developer's survey conducted by RealtyRates.com for the 2nd Quarter 2023 (1st quarter 2023 data).

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2023*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.05%	32.90%	22.24%	14.44%	31.58%	21.35%
-100 Units	15.05%	28.36%	21.27%	14.44%	27.23%	20.42%
100-500 Units	15.42%	31.20%	22.38%	14.80%	29.95%	21.48%
500+ Units	15.80%	32.61%	22.75%	15.17%	31.31%	21.84%
Mixed Use	16.17%	32.90%	22.57%	15.53%	31.58%	21.67%
Manufactured Housing	15.36%	35.92%	23.78%	14.75%	34.48%	22.83%
-100 Units	15.36%	31.23%	22.83%	14.75%	29.98%	21.92%
100-500 Units	15.75%	34.35%	24.05%	15.12%	32.98%	23.09%
500+ Units	16.13%	35.92%	24.46%	15.49%	34.48%	23.48%
Business Parks	15.33%	33.35%	22.61%	14.72%	32.01%	21.70%
-100 Acres	15.33%	29.00%	21.72%	14.72%	27.84%	20.85%
100-500 Acres	15.72%	31.90%	22.85%	15.09%	30.62%	21.94%
500+ Acres	16.10%	33.35%	23.24%	15.46%	32.01%	22.31%
Industrial Parks	15.41%	28.91%	20.64%	14.80%	27.75%	19.81%
-100 Acres	15.41%	25.14%	19.87%	14.80%	24.13%	19.07%
100-500 Acres	15.80%	27.65%	20.85%	15.17%	26.54%	20.02%
500+ Acres	16.18%	28.91%	21.19%	15.54%	27.75%	20.34%

*1st Quarter 2023 Data

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Within the RealtyRates.com survey, developers and builders reported modeling pro-forma internal rates of return ranging from 14.80% to 29.95%, with an average of 21.48% for site-built residential 100-500 units. The developers and builders reported actual rates ranging from 15.42% to 31.20%, with an average of 22.38%. The above chart reflects surveyed rates for complete subdivision developments – from vacant land to lot development, to home construction, to home sellout. By contrast, the subject of this analysis represents under construction lots. Therefore, entitlement and land development risk have occurred. Home construction, marketing, and home sales risk remain to be incurred. Based on the availability of alternative investment yields and considering the

relative risk of the subject residential development investment; it is the appraisers' opinion that an IRR of **17%** is reasonable, inclusive of profit.

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of the Retail Values: The Sum of the Builder Retail Values for the cash flows are predicated on a beginning lot value, previously concluded as follows:

Sum of the Retail Values - "As Is" Durango, Phase 1A						
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
143	40'	\$1,750	\$70,000	\$10,010,000	\$10,010,000	\$70,000

Sum of the Retail Values - "As Is" Durango, Phase 1A						
No. Lots	Average Lot FF	Concluded Per Lot	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
82	50'	\$1,750	\$87,500	\$7,175,000	\$7,175,000	\$87,500

Absorption Period: The absorption period projected for the subject sell-out is based on the vacant lot inventory and absorption projection, as detailed in the prior section of this appraisal.

Absorption Per Quarter - Durango, Phase 1A - 40' Lots							
Quarterly Period	0	1	2	3	4	5	Total
Durango, Phase 1A - 40' Lots	20	20	20	20	40	23	143

Absorption Per Quarter - Durango, Phase 1A - 50' Lots					
Quarterly Period	0	1	2	3	Total
Durango, Phase 1A - 50' Lots	20	20	20	22	82

Sales Price Escalation: Per current market trends and market participants active in the subject's market area and greater Austin MSA, the subject lot prices are projected to escalate at an annual rate equal to 6.0% per year, **or 1.50% per quarter**, beginning in the 1st period.

Beginning Lot Inventory: The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

Lot Sales Per Period: The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

Ending Lot Inventory: The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

Average Lots Held Per Period: The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

Starting Inventory (Dollars): The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory and is a carry-over of the Ending Inventory balance.

Average Inventory Held (Dollars): The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

Ending Inventory (Dollars): The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

Lot Sales Income: The Total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: The marketing expense is typically carried by the lot developer; however, in submarkets in which the lot supply is at shortage levels and in quality developments, the marketing expense can and is occasionally passed through to the builders. In the case of the subject, the marketing expense is based on **1.0%** of lot

sales, beginning in Period 0. Please note that the marketing expense is combined with commissions and closing costs expenses below.

Typical lot takedown contracts call for the developer to pay commissions and part or all of the closing costs. Thus, real estate commissions and closing costs are typical carrying expenses. The commissions/closing costs expense is based on **4.0% of the periodic sales**. This item is considered to be sufficient to cover broker commissions at 3.0%, plus 1.0% closing costs. Brokerage fees for this type of transaction typically range from 2% to 4%, due to the repetitive nature of lot takedown contracts. Closing costs also vary, but typically total 0.5% to 1.5% of the sales price of the lots. Again, the marketing expense of 1.0% is combined with the commissions and closing costs category. Thus, **total marketing/closing costs equate to 5.0% of periodic sales**, beginning in Period 0.

Taxes: We utilized a property tax rate of **\$1.971947** per \$100 in the cash flow. Estimated property taxes are based upon the average lot inventory (retail value) held per period, multiplied by **38%**, multiplied by the projected current tax rate noted above, and divided by 4 to reflect quarterly taxes, beginning in the 1st period.

Administrative Expense: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are often relatively minor; thus, we have projected this expense at **0.5% of periodic sales**, beginning in Period 0.

Homeowner's Association Fees: The HOA expense is calculated based on the average inventory held (Lots) by the developer multiplied by the quarterly HOA fee to reflect quarterly HOA fees. HOA fees within Durango are \$780. While the builder is responsible for subsidizing the development HOA for inventory lots, the builder is typically only responsible for about 50% of the standard homeowner HOA fee. For the purposes of this analysis, we assume that the builder will be responsible for an HOA fee of \$390 per lot per year on inventory lots, or **\$97.50 per lot held per quarter**.

DISCOUNTED CASH FLOW ANALYSES

The discounted cash flow analyses for the existing subject lots are presented on the following pages.

Discounted Cash Flow Analysis - 143, 50' Lots in Phase 1A**Bulk Market Value "As Is"**

TOTAL NO. OF LOTS:	143	September 4, 2023		Date of Value		
AVERAGE INDIVIDUAL LOT VALUE:	\$70,000					
GROSS RETAIL VALUE:	\$10,010,000					
ABSORPTION PERIOD:	5 QUARTERS					
ANNUAL YIELD/IRR:	17.0%					
EFFECTIVE TAX RATE/\$100:	\$1.9719	\$1.9719	\$1.9719	\$1.9719	\$1.9719	\$1.9719
AVG. HOA DUES per LOT (\$390.00/Yr.)	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50
QUARTERLY PERIOD:	0	1	2	3	4	5
STARTING LOT INVENTORY:	143.0	123.0	103.0	83.0	63.0	23.0
LOT SALES/PERIOD:	20.0	20.0	20.0	20.0	40.0	23.0
ENDING LOT INVENTORY:	123.0	103.0	83.0	63.0	23.0	0.0
AVG. LOTS HELD/PERIOD:	133.0	113.0	93.0	73.0	43.0	11.5
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%
STARTING INVENTORY (Dollars):	\$10,010,000	\$8,739,150	\$7,427,922	\$6,075,391	\$4,680,613	\$1,734,427
AVG. LOT VALUE:	\$70,000	\$71,050	\$72,116	\$73,197	\$74,295	\$75,410
AVG. INVENTORY HELD:	\$9,310,000	\$8,028,650	\$6,706,765	\$5,343,416	\$3,194,704	\$867,214
ENDING INVENTORY:	<u>\$8,610,000</u>	<u>\$7,318,150</u>	<u>\$5,985,607</u>	<u>\$4,611,442</u>	<u>\$1,708,795</u>	<u>\$0</u>
QUARTERLY SALES:	\$1,400,000	\$1,421,000	\$1,442,315	\$1,463,950	\$2,971,818	\$1,734,427
LESS EXPENSES:						
a) MARKETING/CLOSING (5.0%)	\$70,000	\$71,050	\$72,116	\$73,197	\$148,591	\$86,721
b) TAXES/AVG. INV. HELD (@ 38%)	\$0	\$15,040	\$12,564	\$10,010	\$5,985	\$1,625
c) ADMINISTRATIVE @ 0.5%:	\$7,000	\$7,105	\$7,212	\$7,320	\$14,859	\$8,672
d) HOA DUES per QUARTER:	\$0	\$11,018	\$9,068	\$7,118	\$4,193	\$1,121
TOTAL EXPENSES:	<u>\$77,000</u>	<u>\$104,213</u>	<u>\$100,959</u>	<u>\$97,645</u>	<u>\$173,627</u>	<u>\$98,139</u>
NET SALES INCOME:	\$1,323,000	\$1,316,787	\$1,341,356	\$1,366,305	\$2,798,191	\$1,636,288
QUARTERLY YIELD/IRR:						
FACTOR @ 17.0%	1.000000	0.959233	0.920127	0.882616	0.846634	0.812119
DISCOUNTED SALES:	\$1,323,000	\$1,263,105	\$1,234,218	\$1,205,923	\$2,369,044	\$1,328,861
	\$8,724,150					
ROUNDED TO:	<u>\$8,724,000</u>	-12.8% Discount Margin				
VALUE PER LOT:	<u>\$61,007</u>					

Discounted Cash Flow Analysis - 82, 50' Lots in Phase 1A				
Bulk Market Value "As Is"				
TOTAL NO. OF LOTS:	82	September 4, 2023		Date of Value
AVERAGE INDIVIDUAL LOT VALUE:	\$87,500			
GROSS RETAIL VALUE:	\$7,175,000			
ABSORPTION PERIOD:	3 QUARTERS			
ANNUAL YIELD/IRR:	17.0%			
EFFECTIVE TAX RATE/\$100:	\$1.9719	\$1.9719	\$1.9719	\$1.9719
AVG. HOA DUES per LOT (\$390.00/Yr.)	\$97.50	\$97.50	\$97.50	\$97.50
QUARTERLY PERIOD:	0	1	2	3
STARTING LOT INVENTORY:	82.0	62.0	42.0	22.0
LOT SALES/PERIOD:	20.0	20.0	20.0	22.0
ENDING LOT INVENTORY:	62.0	42.0	22.0	0.0
AVG. LOTS HELD/PERIOD:	72.0	52.0	32.0	11.0
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%
STARTING INVENTORY (Dollars):	\$7,175,000	\$5,506,375	\$3,786,077	\$2,012,931
AVG. LOT VALUE:	\$87,500	\$88,813	\$90,145	\$91,497
AVG. INVENTORY HELD:	\$6,300,000	\$4,618,250	\$2,884,630	\$1,006,465
ENDING INVENTORY:	<u>\$5,425,000</u>	<u>\$3,730,125</u>	<u>\$1,983,183</u>	<u>\$0</u>
QUARTERLY SALES:	\$1,750,000	\$1,776,250	\$1,802,894	\$2,012,931
LESS EXPENSES:				
a) MARKETING/CLOSING (5.0%)	\$87,500	\$88,813	\$90,145	\$100,647
b) TAXES/AVG. INV. HELD (@ 38%)	\$0	\$8,652	\$5,404	\$1,885
c) ADMINISTRATIVE @ 0.5%:	\$8,750	\$8,881	\$9,014	\$10,065
d) HOA DUES per QUARTER:	\$0	\$5,070	\$3,120	\$1,073
TOTAL EXPENSES:	<u>\$96,250</u>	<u>\$111,415</u>	<u>\$107,683</u>	<u>\$113,669</u>
NET SALES INCOME:	\$1,653,750	\$1,664,835	\$1,695,211	\$1,899,262
QUARTERLY YIELD/IRR:				
FACTOR @ 17.0%	<u>1.000000</u>	<u>0.959233</u>	<u>0.920127</u>	<u>0.882616</u>
DISCOUNTED SALES:	\$1,653,750	\$1,596,964	\$1,559,809	\$1,676,319
	\$6,486,842			
ROUNDED TO:	\$6,490,000	-9.5% Discount Margin		
VALUE PER LOT:	\$79.146			

RECONCILIATION AND FINAL MARKET VALUE CONCLUSION

The Sales Comparison Approach was used to conclude the “As Is” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “As Is” Bulk Market Values of the existing 225 lots in Durango, Phase 1A. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income streams of the subject existing lots over their projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

While considered, the Cost Approach was not developed as the lots are finished and are no longer a function of their costs.

To conclude, it is our opinion that the **“As Is” Bulk Market Values** of the subject lots, subject to the conditions stated herein, as of the indicated effective date, are as follows:

Durango Public Improvement District Area No. 1				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value -Phase 1A	143	40'	\$8,724,000	9/4/2023
"As Is" Bulk Market Value - Phase 1A	82	50'	\$6,490,000	9/4/2023

MARKETING & EXPOSURE PERIODS

According to participants in the regional and local residential lot market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been reasonable in this active submarket. Based upon our market analysis, we have projected a prospective marketing period for the subject lots single-family lots “As Is” to be within 3 to 6 months. The subject property should market well at the reasonable and competitive concluded Bulk Market Values. As a result, we further estimate a historic exposure period of approximately 3 to 6 months for

the subject, based upon the market data presented herein and the reported exposure times of the comparable sales.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) This appraisal assumes that DR Horton, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected price of \$340,000 to \$355,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

Hypothetical Conditions: None

ADDENDA

LETTER OF ENGAGEMENT

BARLETTA & ASSOCIATES, INC.
 REAL ESTATE APPRAISERS & CONSULTANTS

C8483

August 25, 2023

Mr. R.R. "Tripp" Davenport, III
 Underwriter
 FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Direct: 877/899-2220
 Cell: 214/418-1588
 Email: tdavenport@fmsbonds.com

RE: Proposal/Authorization for Valuation and Consulting Services for Durango, Phase 1A, aka Durango Public Improvement District, Improvement Area No. 1, being a 225-lot section "As Is", in the city of Mustang Ridge, Travis County, Texas (the "Subject Property").

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Market Values of the above-described Subject Property in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have not previously performed an appraisal or any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of value for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that the City of Mustang Ridge will, or has approved the proposed

1313 CAMPBELL ROAD, BUILDING C · HOUSTON, TEXAS 77055 · PHONE (713) 464-7700/FAX (713) 464-3696

development, and that all development entitlements are in place for such development to proceed, and that all public infrastructure will be financed, in whole or in part, with special assessments levied on property within the **Durango Public Improvement District, Improvement Area No. 1**, relating to the development.

The total fee for this Appraisal Report is \$7,000, and we require full receipt of these funds prior to the commencement of this appraisal assignment. The delivery date will be within three (3) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all our expenses and our time to date, based on prorata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to tdavenport@fmsbonds.com, while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena to testify in any litigation, arbitration, or administrative hearing of any nature whatsoever, or as a result of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to phillip@barlettainc.com. If you should have any further questions, please do not hesitate to contact me.

AGREED TO AND ACKNOWLEDGED THIS 28th DAY OF August, 2023.

ACCEPTED BY:

BARLETTA & ASSOCIATES, INC.

FMSbonds, Inc.




Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

Mr. R.R. "Tripp" Davenport, III
Underwriter

8/28/2023
Date

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AUSTIN REGIONAL DATA

REGIONAL SNAPSHOT

CAPITAL REGION



\$174 Billion

CAPITAL REGION
GROSS DOMESTIC PRODUCT,
2020

ABOUT 16 PERCENT OF TEXAS' GDP OF \$1.8 TRILLION.

CAPITAL REGION COUNTIES:

BASTROP
BLANCO
BURNET

CALDWELL
FAYETTE

HAYS
LEE
LLANO

TRAVIS
WILLIAMSON

The 10-county Capital region covers about 8,600 square miles in central Texas, stretching from Llano to San Marcos and from La Grange to Georgetown.

The region has one metropolitan statistical area (MSA), the Austin-Round Rock-Georgetown MSA, which includes Bastrop, Caldwell, Hays, Travis and Williamson counties.

POPULATION CHANGE

The region's population grew at a very rapid pace between 2010 and 2020, led by gains of 53 percent in Hays County, 44 percent in Williamson County and 31 percent in Bastrop County.

REGION

31.5%

TEXAS

15.9%

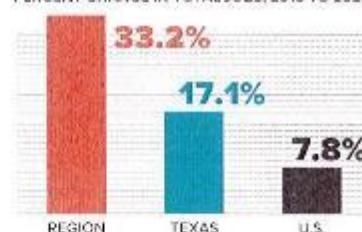
U.S.

7.4%

JOBS & WAGES

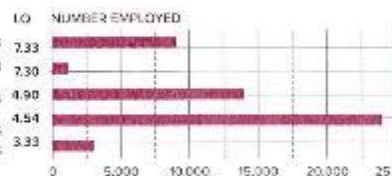
About 1.2 million people are employed in the region. Regional employment rose by a whopping 33 percent between 2010 and 2020, more than four times the national growth. Technology-related industries are some of the region's most concentrated industries as measured by location quotient (LQ). An LQ of 1.25 or higher indicates the region has a competitive advantage in the industry. Technology and consulting services led regional industry job growth.

PERCENT CHANGE IN TOTAL JOBS, 2010 TO 2020



TOP INDUSTRIES BY LOCATION QUOTIENT, 2020

Industry	LQ
COMPUTER AND PERIPHERAL EQUIPMENT MANUFACTURING	7.33
INTERURBAN AND RURAL BUS TRANSPORTATION	7.30
SEMICONDUCTOR AND OTHER ELECTRONIC COMPONENT MANUFACTURING	4.90
PROFESSIONAL AND COMMERCIAL EQUIPMENT AND SUPPLIES MERCHANT WHOLESALE	4.54
INDUSTRIAL MACHINERY MANUFACTURING	3.33

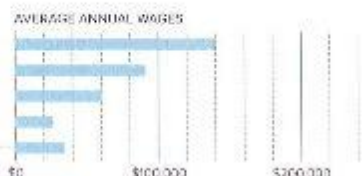
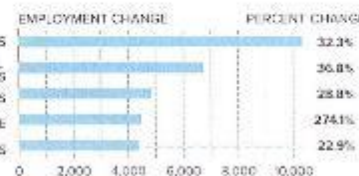


AVERAGE ANNUAL WAGES



INDUSTRIES WITH LARGEST TOTAL JOBS GROWTH, 2015 TO 2020

Industry	Employment Change	Percent Change
COMPUTER SYSTEMS DESIGN AND RELATED SERVICES	~10,000	32.3%
MANAGEMENT, SCIENTIFIC AND TECHNICAL CONSULTING SERVICES	~8,000	36.8%
BUILDING EQUIPMENT CONTRACTORS	~4,000	28.8%
WAREHOUSING AND STORAGE	~4,000	274.1%
GROCERY STORES	~4,000	22.9%



Glenn Hegar

Texas Comptroller of Public Accounts

THE CAPITAL REGION IS ONE OF THE COMPTROLLER'S 12 ECONOMIC REGIONS.

To see the complete 2022 Regional Reports, visit comptroller.texas.gov/economy/economic-data/regions/2022/

Sources: 2020 U.S. Bureau of Economic Analysis; 2020 U.S. Census Bureau; U.S. Bureau of Economic Analysis; Texas Comptroller of Public Accounts

7/1/2023



TEXAS A&M UNIVERSITY
Texas Real Estate
Research Center

Housing Report for Austin-Round Rock

Spotlight on June 2023

Economic News

June MSA jobs increased from 1,271,500 to 1,327,800, according to the latest figures published by the Texas Workforce Commission. This marks a 4.43% year-over-year (YoY) increase compared with June 2022, a net increase of 56,300 new jobs. Over the past five years, the job growth rate has increased at an average annual rate of 4.50%.

In addition, the unemployment rate for June increased to 3.50% from 3.10% in 2022.

Housing Update

Sales volume for single-unit residential housing decreased 8.52% YoY from 3,440 to 3,147 transactions. Year-to-date sales reached a total of 15,632 closed listings. Dollar volume dipped from \$2.28 billion to \$1.92 billion.

The average sales price dipped 7.75% YoY from \$661,965 to \$610,666, while the average price per square foot subsequently declined from \$319.54 to \$283.78. Median price declined 9.62% YoY from \$534,428 to \$483,000, while the median price per square foot also declined from \$275.80 to \$238.53.

Months inventory for single-unit residential housing rose from 2.1 to 3.7 months supply, and days to sell rose from 72 to 99.

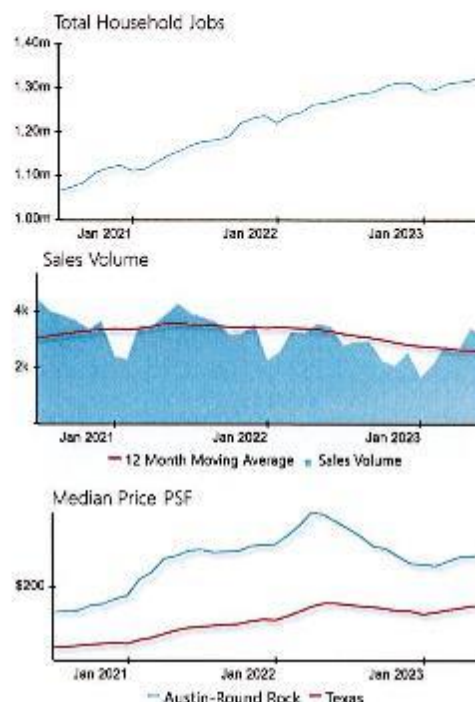


Table 1: Month Activity

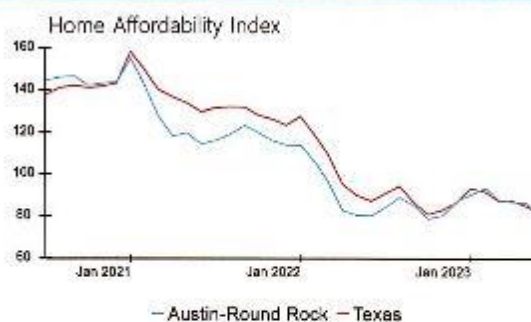
	2023				2022	
	June	YoY %	YTD	YoY %	June	YoY %
Sales	3,147	-8.52%	15,632	-14.45%	3,440	-19.72%
Dollar Volume	\$1,921,766,942	-15.61%	\$9,076,088,435	-23.24%	\$2,277,159,307	-10.52%
Median Close Price	\$483,000	-9.62%	\$458,000	-12.76%	\$534,428	11.34%
New Listings	4,638	-23.55%	23,366	-7.78%	6,067	18.73%
Active Listings	9,631	38.38%	8,180	173.49%	6,960	215.79%
Months Inventory	3.7	76.20%	3.7	76.20%	2.1	242.73%
Days to Sell*	99	37.50%	112	60.00%	72	24.14%
Average Price PSF	\$283.78	-11.19%	\$279.46	-13.89%	\$319.54	13.50%
Median Price PSF	\$238.53	-13.51%	\$232.08	-14.81%	\$275.80	13.98%
Median Square Feet	2,043	3.13%	2,000	2.51%	1,981	-0.20%
Close to Original List Price	94.45%	-7.65%	92.93%	-10.66%	102.27%	-5.67%

* Days to Sell = Days on Market + Days to Close

About the data used in this report

Data used in this report come from the Texas REALTOR® Data Reliance Project, a partnership between Texas REALTORS®, and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.





Price Cohort Analysis: Closed Sales versus Months Inventory

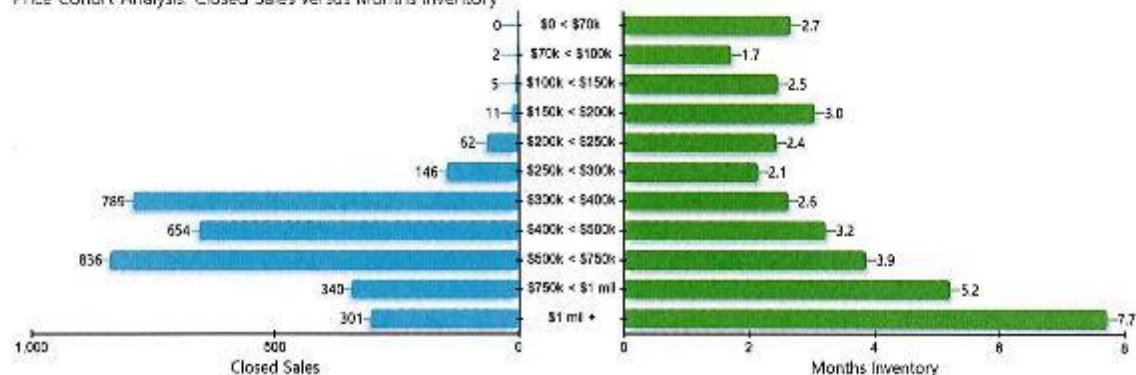


Table 2: Price Cohort Analysis

Price Cohort	Closed Sales	YoY %	% Total Sales	Median Close Price	YoY %	Median Close Price PSF	YoY %	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0.00%	0.00%	***	***	***	***	2	2.7	NA	NA
\$70k < \$100k	2	100.00%	0.00%	***	***	***	***	1	1.7	950	1953
\$100k < \$150k	5	25.00%	0.16%	\$128,000	-1.54%	\$142.22	36.97%	8	2.5	900	1983
\$150k < \$200k	11	0.00%	0.35%	\$175,000	0.06%	\$148.81	-28.29%	37	3.0	1,086	1974
\$200k < \$250k	62	121.43%	1.97%	\$233,950	1.72%	\$186.00	-24.54%	95	2.4	1,216	2000
\$250k < \$300k	146	136.14%	4.64%	\$278,000	-0.77%	\$207.45	-12.14%	273	2.2	1,347	2006
\$300k < \$400k	786	48.03%	25.08%	\$351,335	3.02%	\$213.06	-10.71%	1,738	2.6	1,650	2015
\$400k < \$500k	654	-21.11%	20.79%	\$487,580	0.00%	\$217.62	-13.80%	1,912	3.2	2,044	2017
\$500k < \$750k	836	-26.86%	26.17%	\$393,859	1.50%	\$250.43	-0.02%	2,616	3.9	2,392	2013
\$750k < \$1 mil	340	-20.00%	10.81%	\$651,995	0.23%	\$297.96	-5.91%	1,279	5.3	2,838	2005
\$1 mil +	301	-26.41%	9.57%	\$1,370,000	3.02%	\$456.68	0.87%	1,669	7.8	3,411	2007

*** Not displayed when fewer than 5 sales

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Single-Family Homes

Sales volume for single-family homes decreased 7.06% YoY from 3,074 to 2,857 transactions. Year-to-date sales reached a total of 14,205 closed listings. Dollar volume dipped from \$2.08 billion to \$1.77 billion.

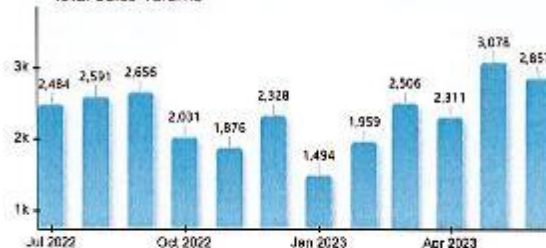
The average sales price dipped 8.65% YoY from \$678,150 to \$619,465, while the average price per square foot subsequently declined from \$308.80 to \$272.80. Median price declined 9.78% YoY from \$543,087 to \$490,000, while the median price per square foot also declined from \$269.67 to \$234.61.

Months inventory for single-family homes rose from 2.2 to 3.6 months supply, and days to sell rose from 73 to 101.

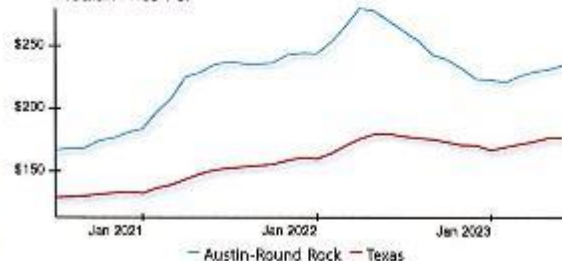
Table 3: Single-Family Activity

	Jun 2023	YoY %
Sales	2,857	-7.06%
Dollar Volume	\$1,765,811,366	-11.10%
Median Close Price	\$490,000	-9.78%
New Listings	4,078	-21.39%
Active Listings	8,427	11.11%
Months Inventory	3.6	65.89%
Days to Sell	101	38.36%
Average Price PSF	\$272.80	-11.66%
Median Price PSF	\$234.61	-13.00%
Median Square Feet	2,100	2.54%
Close to Original List Price	94.45%	7.51%

Total Sales Volume



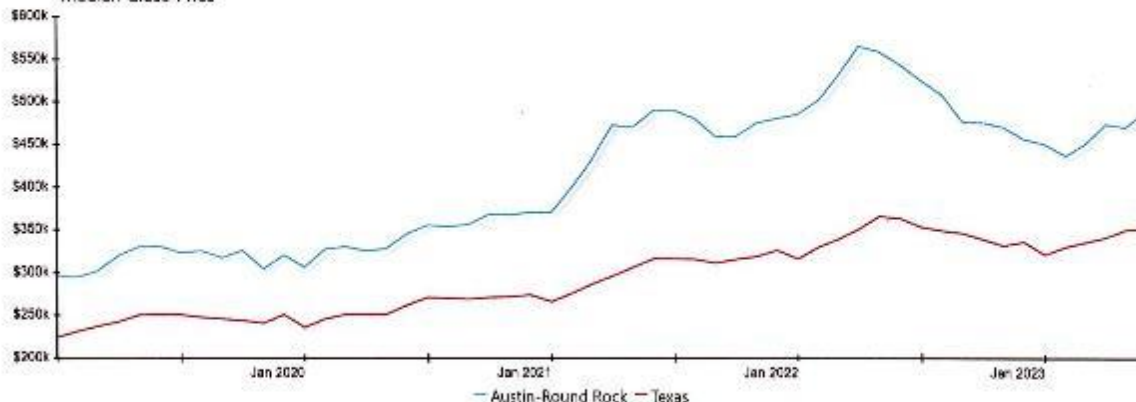
Median Price PSF



Months Inventory



Median Close Price



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TEXAS A&M UNIVERSITY
Texas Real Estate
Research Center

Townhomes

Sales volume for townhomes decreased 16% YoY from 50 to 42 transactions. Year-to-date sales reached a total of 198 closed listings. Dollar volume dipped from \$25.46 million to \$17.42 million.

The average sales price dipped 18.52% YoY from \$509,169 to \$414,881, while the average price per square foot subsequently declined from \$287.90 to \$246.13. Median price declined 3.8% YoY from \$405,392 to \$389,990, while the median price per square foot also declined from \$252.56 to \$219.43.

Months inventory for townhomes rose from 1.9 to 4.3 months supply, and days to sell declined from 134 to 87.

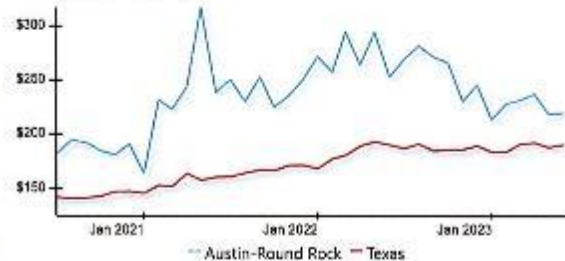
Table 4: Townhouse Activity

	Jun 2023	YoY %
Sales	42	-16.00%
Dollar Volume	\$17,424,986	-31.56%
Median Close Price	\$389,990	3.80%
New Listings	56	1.87%
Active Listings	140	81.92%
Months Inventory	4.3	123.05%
Days to Sell	87	-35.07%
Average Price PSF	\$246.13	-14.51%
Median Price PSF	\$219.43	-13.12%
Median Square Feet	1,729	2.79%
Close to Original List Price	92.43%	-11.42%

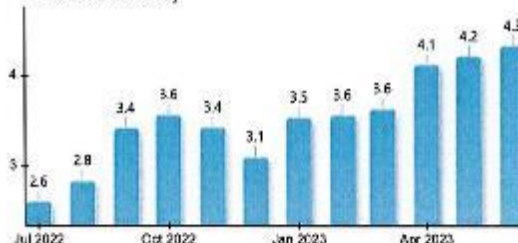
Total Sales Volume



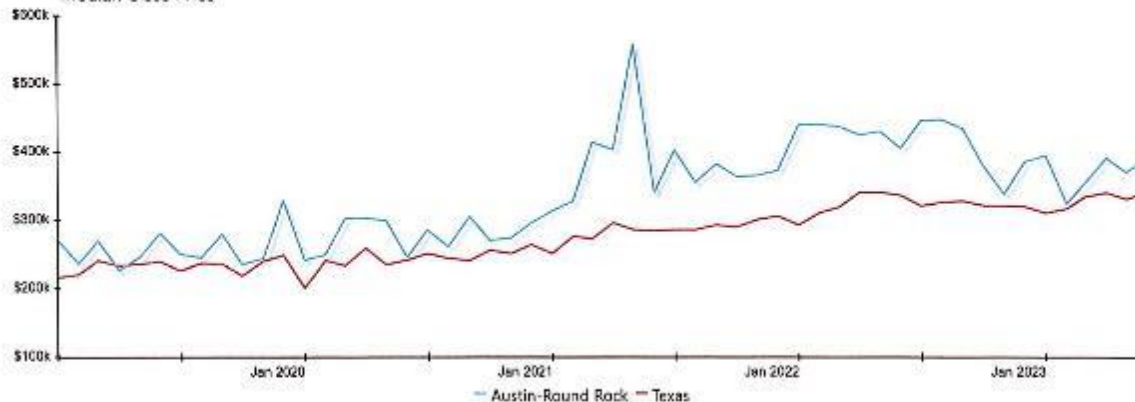
Median Price PSF



Months Inventory



Median Close Price



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Texas Real Estate
Research Center

Condominiums

Sales volume for condominiums decreased 23.1% YoY from 316 to 243 transactions. Year-to-date sales reached a total of 1,221 closed listings. Dollar volume dipped from \$167.07 million to \$131.82 million.

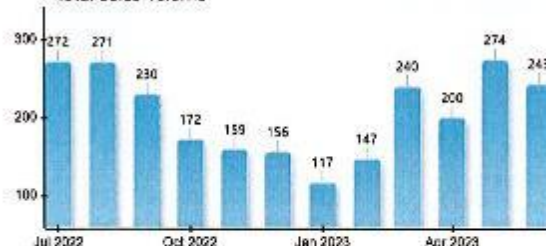
The average sales price rose 2.61% YoY from \$528,692 to \$542,470, while the average price per square foot declined from \$428.99 to \$420.09. Median price declined 9.62% YoY from \$449,500 to \$406,250, while the median price per square foot declined from \$382.39 to \$375.73.

Months inventory for condominiums rose from 1.7 to 5.1 months supply, and days to sell rose from 57 to 80.

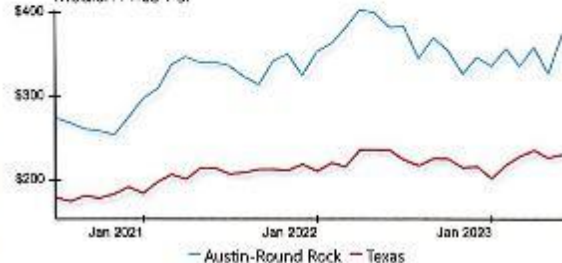
Table 5: Condominium Activity

	Jun 2023	YoY %
Sales	243	-23.10%
Dollar Volume	\$131,820,274	-21.10%
Median Close Price	\$406,250	-9.62%
New Listings	304	-7.62%
Active Listings	1,064	92.75%
Months Inventory	5.1	237.26%
Days to Sell	80	40.35%
Average Price PSF	\$420.09	-2.05%
Median Price PSF	\$375.73	-1.74%
Median Square Feet	1,231	1.32%
Close to Original List Price	94.33%	8.49%

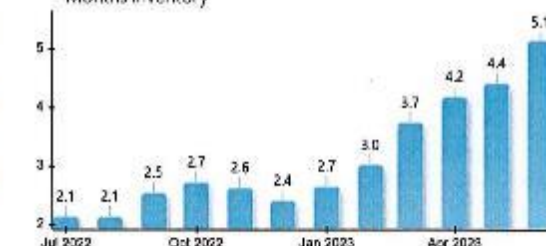
Total Sales Volume



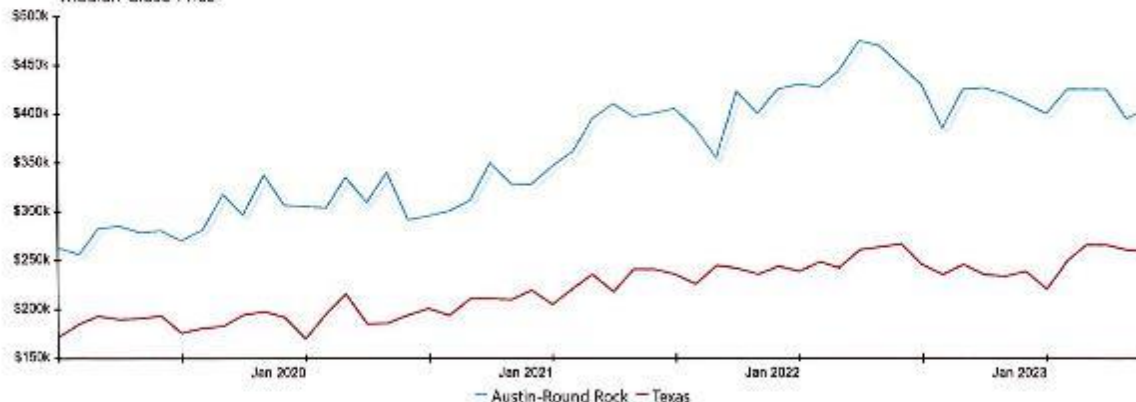
Median Price PSF



Months Inventory



Median Close Price



About the data used in this report

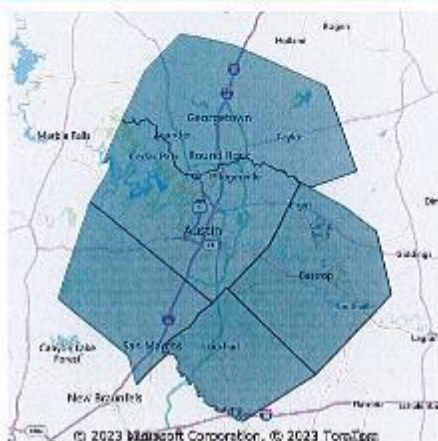
Data used in this report come from the Texas RPA TQ1 Data Reliability Project, a partnership between Texas REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.



Quarterly Housing Report

AUSTIN
ROUND ROCK
MSA

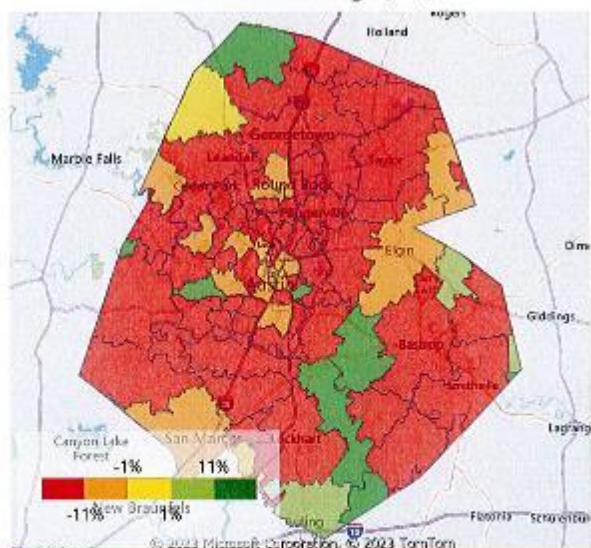
Second Quarter 2023



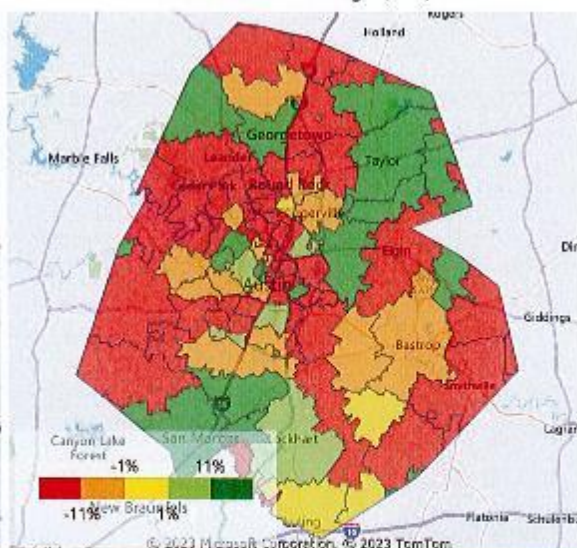
Executive Summary

- Metro area sales volume decreased 11.1% to 9,090 transactions. Median price decreased 13.8% year-over-year to \$470,000.
- 2023 Q2 months inventory for all residential properties rose 76.2% year-over-year to 3.7 months.
- Metro area residential property listings increased 38.4% year-over-year to 9,631 active listings.
- Single-family new construction median price decreased by 2.5% year-over-year to \$453,530.
- Single-family rental average rent stayed at \$2,350 per month compared with 2023 Q2.

Median Price Change (YoY)



Sales Volume Change (YoY)



About this report

Data used in this report come from the Texas REALTOR® Data Relevance Project, a partnership among the Texas REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.

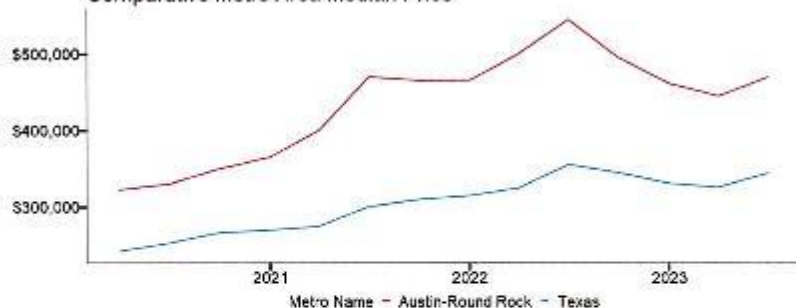


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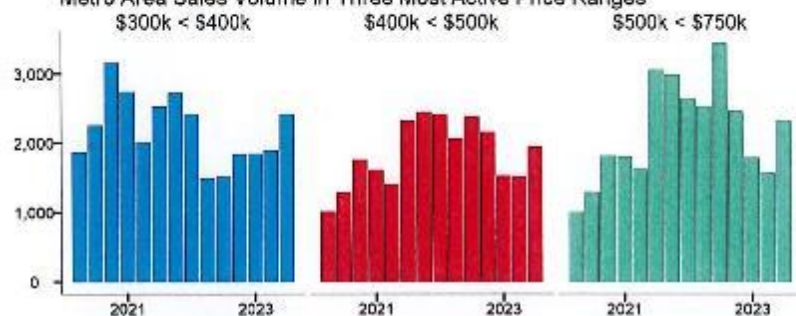
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Key Market Metrics

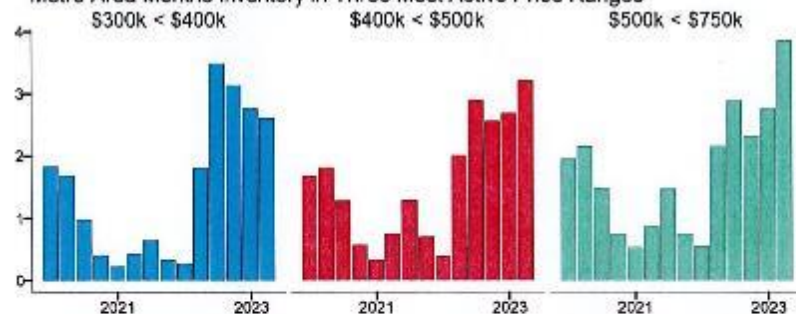
Comparative Metro Area Median Price



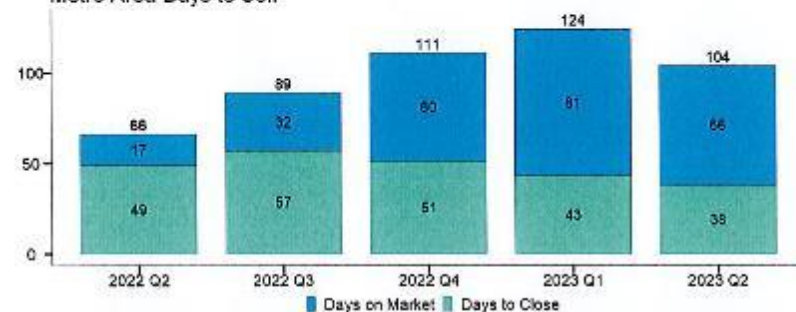
Metro Area Sales Volume in Three Most Active Price Ranges



Metro Area Months Inventory in Three Most Active Price Ranges



Metro Area Days to Sell



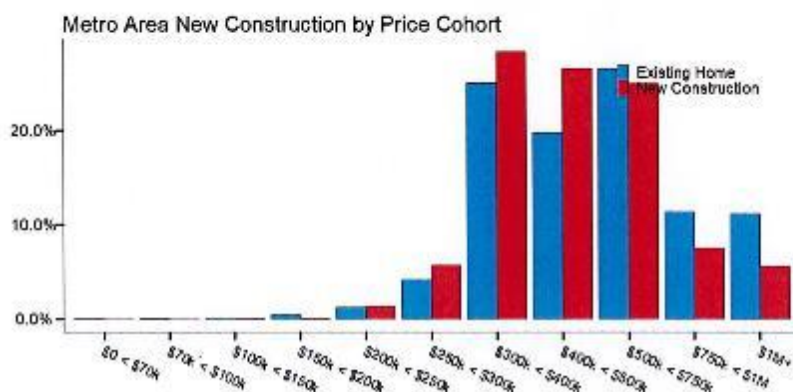
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Single-Family New Construction



Homes in the \$400s and above range fell to 64.6% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 27.2% to 28.4% year-over-year.



In the latest quarter, the average price was \$551,634 for new homes sold through the MLS, a decrease over last year's figure of \$558,640. Average price for existing homes was \$635,746, a decrease over last year's figure of \$723,634.

Top Five Most Active Zip Codes

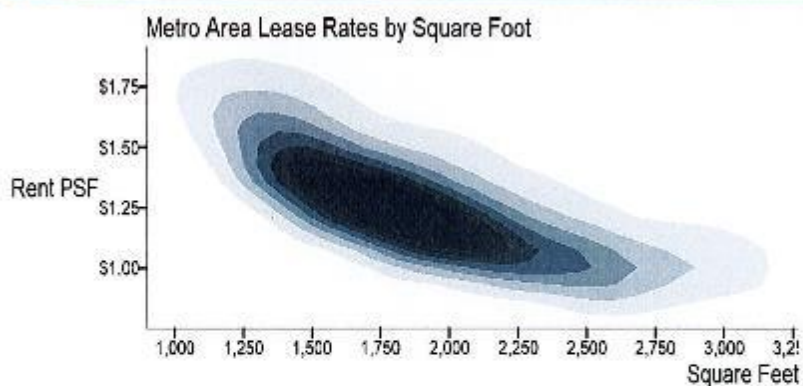
	Median Price	YoY%	Median Price PSF	YoY%	Median Square Feet
	\$334,500	-8.2%	\$184.63	-7.2%	1,853
	\$485,250	-13.4%	\$220.72	-15.4%	2,394
	\$499,900	-17.1%	\$221.16	-14.5%	2,381
	\$425,000	-18.3%	\$214.90	-12.9%	2,062
	\$293,990	-6.7%	\$171.89	0.0%	1,796



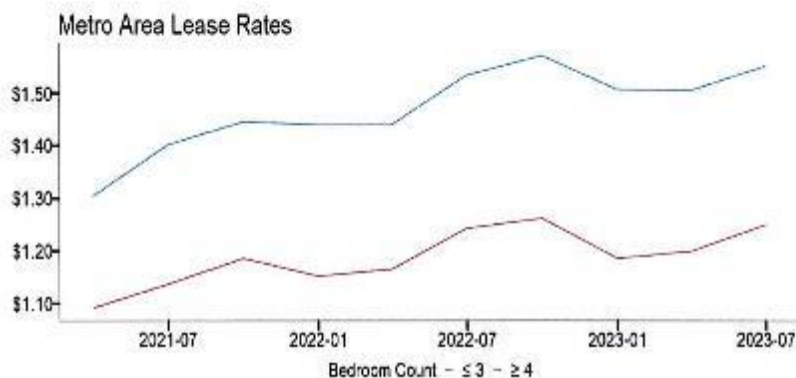
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Single-Family Rentals



Average rent per square foot for single-family properties was \$1.43, an increase compared with last year's rental rate of \$1.42. The average home size was 1,953 square feet.



Average rent per square foot for three-bedroom single-family properties was \$1.55, an increase compared with last year's rental rate of \$1.53. For four-bedroom single-family homes, the rental rate per square foot was \$1.25, an increase compared with last year's rental rate of \$1.24.

Rental Metrics by Bedroom Count

Bedroom Count	Average Monthly Rent	Average Monthly Rent	Average Square Feet	Distribution
Three or less	\$2,418	\$1.55	1,632	58.4%
Four or more	\$2,998	\$1.25	2,401	41.6%
Overall	\$2,659	\$1.43	1,952	100%



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Housing Metrics by County

Bastrop County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	2	100%	1%	---	---	---	---	1	5.0	---	---
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	4	302%	1%	---	---	---	---	4	4.0	---	---
\$150k < \$200k	5	0%	2%	\$171,000	-1%	\$129.02	-22%	7	3.2	1,377	1974
\$200k < \$250k	15	-1%	4%	\$230,000	4%	\$182.07	-2%	9	2.3	1,200	2008
\$250k < \$300k	66	247%	17%	\$260,000	2%	\$189.30	5%	25	1.8	1,489	2022
\$300k < \$400k	135	-18%	39%	\$347,000	-2%	\$197.12	-2%	165	3.5	1,770	2022
\$400k < \$500k	77	-18%	20%	\$411,000	2%	\$213.65	-2%	123	5.1	2,060	2021
\$500k < \$750k	66	-28%	17%	\$679,400	5%	\$232.70	-5%	124	7.4	2,621	2015
\$750k < \$1M	11	-67%	3%	\$690,000	0%	\$244.00	-5%	54	14.6	3,568	2012
\$1M+	5	0%	2%	\$1,125,000	-40%	\$322.93	-42%	25	15.4	3,494	2012

*** Not displayed when fewer than five sales

Caldwell County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	1%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	1	-90%	1%	---	---	---	---	1	6.0	---	---
\$100k < \$150k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$150k < \$200k	0	-100%	0%	-	-	-	-	2	4.9	-	-
\$200k < \$250k	25	529%	18%	\$232,000	-4%	\$176.19	-8%	8	2.2	1,332	2012
\$250k < \$300k	13	212%	18%	\$278,400	-4%	\$194.56	0%	17	7.5	1,424	2002
\$300k < \$400k	40	-47%	28%	\$330,500	-1%	\$188.32	-6%	54	3.0	1,775	2002
\$400k < \$500k	9	-51%	6%	\$450,000	3%	\$204.85	-9%	13	4.6	2,150	2007
\$500k < \$750k	7	-10%	5%	\$610,000	14%	\$317.38	22%	30	10.0	2,545	1999
\$750k < \$1M	3	50%	2%	---	---	---	---	5	3.6	---	---
\$1M+	2	100%	1%	---	---	---	---	9	18.0	---	---

*** Not displayed when fewer than five sales

Hays County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	1	100%	0%	---	---	---	---	0	0.0	---	---
\$100k < \$150k	1	-67%	0%	---	---	---	---	1	12.0	---	---
\$150k < \$200k	6	-25%	0%	\$152,500	-1%	\$238.40	13%	5	2.5	320	1980
\$200k < \$250k	16	47%	1%	\$235,000	-4%	\$160.81	-17%	5	2.1	1,416	2001
\$250k < \$300k	86	238%	7%	\$280,400	3%	\$208.35	5%	53	2.2	1,390	2016
\$300k < \$400k	457	54%	38%	\$340,995	-5%	\$164.85	-16%	409	3.0	1,773	2021
\$400k < \$500k	213	-23%	18%	\$440,000	1%	\$207.57	-10%	259	4.0	2,109	2022
\$500k < \$750k	270	-12%	22%	\$560,000	-2%	\$240.08	-9%	262	5.1	2,543	2020
\$750k < \$1M	68	-25%	5%	\$865,000	1%	\$295.58	-10%	176	5.7	2,980	2016
\$1M+	64	-53%	5%	\$1,292,000	-1%	\$382.58	-10%	210	4.3	3,020	2007

*** Not displayed when fewer than five sales



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Housing Metrics by County

Travis County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	-100%	0%	-	-	-	-	1	3.0	-	-
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	4	100%	0%	---	---	---	---	1	1.6	---	---
\$150k < \$200k	16	43%	0%	\$183,025	0%	\$211.24	-52%	15	4.0	107	1932
\$200k < \$250k	61	92%	1%	\$235,020	-2%	\$232.83	-21%	57	3.3	694	1981
\$250k < \$300k	129	110%	3%	\$283,020	2%	\$242.48	-25%	97	2.6	1,748	1996
\$300k < \$400k	821	95%	12%	\$357,020	-2%	\$223.73	-21%	559	2.7	1,516	2007
\$400k < \$500k	547	-3%	20%	\$445,815	0%	\$240.45	-15%	250	3.0	1,827	2011
\$500k < \$750k	1,175	-32%	28%	\$550,020	0%	\$290.38	-10%	1,245	3.6	2,040	2003
\$750k < \$1M	548	-30%	12%	\$850,020	2%	\$326.10	-15%	288	5.3	2,834	2003
\$1M+	549	-35%	15%	\$1,423,750	4%	\$511.84	2%	1,231	7.4	3,219	2005

*** Not displayed when fewer than five sales

Williamson County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	2	100%	0%	---	---	---	---	0	0.0	---	---
\$100k < \$150k	2	-33%	0%	---	---	---	---	2	2.7	---	---
\$150k < \$200k	14	102%	0%	\$173,500	+1%	\$132.36	-10%	3	1.1	1,287	1937
\$200k < \$250k	43	431%	1%	\$235,000	11%	\$179.34	-8%	12	1.2	1,352	2017
\$250k < \$300k	127	105%	4%	\$281,500	1%	\$232.12	-0%	77	2.0	1,406	2013
\$300k < \$400k	958	74%	31%	\$358,213	-2%	\$210.80	-8%	591	2.1	1,888	2015
\$400k < \$500k	811	-26%	26%	\$443,000	0%	\$220.58	-18%	737	2.9	2,118	2019
\$500k < \$750k	828	-38%	29%	\$685,000	0%	\$225.01	-12%	835	3.5	2,616	2017
\$750k < \$1M	211	-36%	7%	\$840,000	1%	\$270.00	-15%	291	4.3	3,441	2017
\$1M+	107	-31%	3%	\$1,225,000	5%	\$208.72	-7%	140	7.2	4,017	2016

*** Not displayed when fewer than five sales



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**QUALIFICATIONS
OF THE
APPRAISERS**

QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser
 Certificate Number: TX-1320197-G
 Date of Expiration: 03/31/2025

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)

- 37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)
- 38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
- 39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
- 40) Seminar: 10th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
- 41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
- 42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
- 43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
- 44) Seminar: 11th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
- 45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
- 46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
- 47) Seminar: 12th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
- 48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
- 49) Seminar: 13th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
- 50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
- 51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
- 52) Seminar: 15th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
- 53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
- 54) Seminar: 16th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
- 55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
- 56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
- 57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
- 58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
- 59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
- 60) Seminar: 19th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
- 61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
- 62) Seminar: 20th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
- 63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
- 64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
- 65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
- 66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
- 67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
- 68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
- 69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
- 70) Seminar: 23rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
- 71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
- 72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
- 73) Seminar: 24th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
- 74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
- 75) Seminar: 25th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
- 76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
- 77) Seminar: 26th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
- 78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
- 79) Seminar: 27th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
- 80) Symposium: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
- 81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
- 82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
- 83) Seminar: 28th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
- 84) Symposium: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)

- 85) Seminar: 29th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31st Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)
- 92) Symposium: 2022 Real Estate Symposium, by Appraisal Institute, Houston, TX (Oct. 25, 2022)
- 93) Course: Supervisory Appraiser Course, by Appraisal Institute, Synchronous, Houston, TX (Dec. 2, 2022)
- 94) Seminar: 32nd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio (April 13-14, 2023)

APPRAISAL BACKGROUND

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

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REAL ESTATE APPRAISER

– 16 years in real estate appraisals, asset management, acquisitions, and portfolio management –

Accomplished real estate appraiser, a high performer excelling in performing and reviewing appraisals for compliance with USPAP, FIRREA and the OCC. Has experience with various proposed/existing property types, including: A & D (subdivision development), 5+ lots/units, single-family, multi-family, office and other property types throughout the U.S. This includes REO/distressed properties. Consults with account officers, fee appraisers and brokers giving guidance regarding any issues that may arise. Research markets and perform due diligence to complete risk analyses and determine credibility of appraisal under review. *General Certified Real Estate Appraiser and a Designated Member of the Appraisal Institute.*

PROVEN COMPETENCIES

- Appraisal review
- Data/Market Analysis
- Client inquiries/Investigations
- Due Diligence
- Market trend analysis
- Forward looking projections
- Market forecasting
- Risk management

PROFESSIONAL EXPERIENCE

Barletta & Associates, Houston, TX

5/2021-Present

COMMERCIAL REAL ESTATE APPRAISER – Appraising a variety of commercial properties specializing in residential subdivision valuation.

U.S. Bancorp, Houston, TX

7/2013-4/2021

The fifth largest financial institution in the United States, with \$429 billion in assets.

VICE PRESIDENT / SENIOR REVIEW APPRAISER

Review appraisals of proposed and existing collateral, ensuring that the appraisal reports are in compliance with USPAP, FIRREA, the OCC and U.S. Banks policy and procedures. Depending on the complexity of the property type, discounted cash flow analysis, expense/revenue projections may be utilized to ensure the reports are in line with market trends. Analyze and review residential appraisal reports, A & D subdivision development appraisals, 5+ lot/units appraisals, commercial land, medical offices, industrial, multifamily and other property types throughout the U.S. each month for the purpose of collateral monitoring and loan underwriting. Communicate issues, concerns and results with loan officers.

- Manage the ordering and review of appraisals of portfolios with borrowing bases and revolving and other credit facilities of borrowers with loan amounts totaling over \$500MM.
- Properly order appraisals with appropriate scope of work and value scenarios from qualified and competent appraisers (based on the property type and vendor's experience) on the approved vendor panel.
- Monitor appraisal process from engagement to review completion and facilitate report delivery and response to issues as appropriate.
- In reviewing the appraisal reports, discuss any USPAP, FIRREA or OCC deficiencies with the vendors in order to ensure compliance with federal regulations and RETECHS Internal Procedures.

- Page 1 of 3 -

- Effectively communicate valuation/appraisal issues with the business lines and answer any questions from the loan production staff and risk management group as well as respond to reconsideration requests from business lines in a timely manner.

APPRAISAL MC, Houston, TX

4/2013-7/2013

A rapidly growing appraisal management company that provides the nation's premier lenders with the capability to maintain compliance standards throughout the appraisal ordering process. We pride ourselves on customer service as well as extensive industry knowledge and experience.

VP APPRAISAL REVIEW

- Assess risks associated with the real estate appraisal and evaluation for residential lending channels.
- Protect the financial interests of company by adhering to appraisal standards for accuracy and quality and proactively identify appraisal risk in real estate markets.
- Maintain knowledge of the real estate industry and follow all state and federal laws and regulation pertaining to the Real Estate Industry.

PNC BANK, N.A., Houston, TX

3/2012-4/2013

(PNC BANK, N.A., purchased RBC BANK USA in March 2012)

A \$13 billion financial services organization with 57,000 employees.

REVIEW APPRAISER

3/2012-4/2013

Analyze and review residential and commercial appraisals throughout the U.S each month for the purpose of collateral monitoring, loan underwriting and foreclosure proceedings. Communicate issues, concerns and results with relationship managers.

- Join with fee appraisers and attain compliance with USPAP and federal regulations.
- Engage third party appraisers to perform appraisals for the bank.

ROYAL BANK OF CANADA (RBC Builder Finance division), Houston, TX

6/2005-3/2012

A full-scale banking institution with 74,000 global employees and \$27 billion in annual revenue.

STAFF APPRAISER

9/2005-3/2012

Produced property and land appraisals, completing due diligence for up to 620 appraisals per month. Evaluated collateral, creating forecasts for short and long-term revenue and expense projections. Executed valuations for vacant lots and single-family residences (1-4 family and 5+ lots and units), aggregating retail proceeds and discounted cash flow analysis. Partnered with national account officers and asset management departments to analyze contracts, budgets, absorption rates, and economic housing data. Coordinated and completed form appraisals and evaluation reports, assessing distressed collateral.

- Became proficient in the sales comparison, cost, and income approaches to market value and liquidation/disposition value on various property types as a certified appraiser.
- Engaged in sophisticated cash flow modeling for complex collateral, creating bulk valuations.
- Conducted in depth market research on new homebuilders and developers.

INSPECTOR ANALYST

6/2005-9/2005

Operated within a broad international customer base in the builder finance division, focusing on construction lending to premier clients throughout the US. Completed cost effective, reliable collateral draw inspections for the Houston-based office. Served customers by coordinating inspections with builders.

David Baehr

dmbaehr@sbcglobal.net

- Fulfilled up to 500 inspections per week for four months; saved customers \$180,000 by personally completing inspections, alleviating the need for builders to hire outside inspectors.
- Ensured customers received draws according to schedule; observed builder progress and authorized access to additional credit extensions.
- Joined with a colleague to complete 600+ inspections in two days.

EDUCATION & TRAINING

DEGREES

- **Bachelor of Business Administration – Finance**, University of St. Thomas, 2005
- **Associate of Arts in General Studies**, Houston Community College, 2002

CERTIFICATIONS

- General Certified Real Estate Appraiser, TX-1380372-G
- MAI designation through the Appraisal Institute
- SRA designation through the Appraisal Institute
- AI-GRS designation through the Appraisal Institute

PROFESSIONAL DEVELOPMENT

- Real estate appraisal coursework in Advanced Highest and Best Use and Market Analysis, Quantitative Analysis, Sales Comparison and Income Approaches, Advanced Residential Applications, Site Valuations, Cost Approach, Real Estate Finance, Statistics and Valuation Modeling, Residential Report Writing, USPAP, and Appraisal Procedures and Principles, *The Appraisal Institute & McKissock*
- Advanced accounting coursework, *University of Houston – Downtown, Houston Community College, & Lone Star College System*

COMPUTER SKILLS

- Proficient in Microsoft Office Suite, Zonda Metrostudy, Costar, RIMS, LINKS and Argus.

AFFILIATION

Member, Appraisal Institute



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APPENDIX G

FORM OF PID FINANCING AGREEMENT

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**THE TRAILS PUBLIC IMPROVEMENT DISTRICT
FINANCING AND REIMBURSEMENT AGREEMENT**

BETWEEN

**CONTINENTAL HOMES OF TEXAS, L.P.
a Texas limited partnership**

AND

THE CITY OF MUSTANG RIDGE, TEXAS

THE TRAILS PUBLIC IMPROVEMENT DISTRICT FINANCING AND REIMBURSEMENT AGREEMENT

This **THE TRAILS PUBLIC IMPROVEMENT DISTRICT FINANCING AND REIMBURSEMENT AGREEMENT** (this "**Agreement**"), dated as of October 19, 2021, (the "**Effective Date**"), is entered into between **Continental Homes of Texas, L.P.** a Texas limited partnership (including its Designated Successors and Assigns (as defined herein), "**DR Horton**"), and the **City of Mustang Ridge, Texas** (the "**City**"), a Type A General-Law municipal corporation of the State of Texas. DR Horton and the City are sometimes collectively referenced in this Agreement as the "**Parties**," or, each individually, as the "**Party**." DR Horton and the City's entry into this Agreement is being consented to by The Trails, LLC, a Texas limited liability company, ("**Trails**") (the "**Consenting Party**").

Recitals:

WHEREAS, Charles Preston Laws, individually and as manager of Creedmoor Investments, L.L.C., Ranch Gone, L.L.C., and Creedmoor Holdings, L.L.C.; Roderick Wayne Holcombe, manager of Holcombe Ranchland Investments, L.L.C., Holcombe Prairie Holdings, L.L.C., and Holcombe Family Holdings, L.L.C., James David Walker, individually and as manager of Prudent Path Equity Group, L.L.C., and Sentimental Asset Holders, L.L.C., Cheryl Elaine Laws Walker, individually and as manager of Frugal Choice Investments L.L.C., Andrew David Holcombe, an individual, William Charles Holcombe, an individual, and Gloria Laws, an individual (together the "Current Owners" and each a "Current Owner") own approximately 128.263 acres, more particularly described in the attached **Exhibit "B"** ("**Property**");

WHEREAS, the Trails is under contract to purchase the Property from the Current Owners and DR Horton is under contract to purchase the Property from Trails upon approval of certain entitlements relating to the Property, including the execution of this Agreement by the City;

WHEREAS, the City Council of the City (the "**City Council**") authorized the formation of The Trails Public Improvement District pursuant to Resolution No. 2021-190, on June 14, 2021 (the "**District**") in accordance with the PID Act (as defined herein);

WHEREAS, DR Horton intends to develop the Property as a single-family residential development to be known as "Durango" (the "**Project**") as further conceptually described in the "Concept Plan" which is attached hereto as **Exhibit "C"** hereto and made a part hereof;

WHEREAS, DR Horton desires and intends to design, construct and install and/or make financial contributions to certain on-site and off-site public improvements to serve the development of the Property and pursuant to the terms of this Agreement, the City has agreed to accept, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, and to pay or reimburse DR Horton for a portion of certain public improvements that will serve the Property in the District, as generally described on **Exhibit "D"** attached hereto and made a part hereof (the "**Authorized Improvements**");

WHEREAS, DR Horton anticipates developing the Project in phases, with the District being divided, for development planning and funding purposes, into two distinct improvement areas consisting of "**Improvement Area #1**" and "**Improvement Area #2**", (each an "**Improvement Area**" and collectively, the (the "**Improvement Areas**"), with the approximate boundaries of such Improvement Areas being reflected on **Exhibit "C-1"** attached hereto and made a part hereof,

WHEREAS, DR Horton anticipates development of the Project beginning with the construction of the IA#1 Projects (as defined herein), followed by the construction of the IA#2 Projects (as defined herein);

WHEREAS, \$18,000,000 (including issuance and other financing costs) is the maximum par amount of PID Bonds (as defined herein) that will be issued by the City to fund or reimburse the costs of eligible Authorized Improvements to DR Horton;

WHEREAS, the City, subject to the consent and approval of the City Council, the satisfaction of all conditions for the issuance of PID Bonds and DR Horton's compliance with the this Agreement, and in accordance with the terms of this Agreement and any other legal requirements, will consider: (i) the adoption of the Service and Assessment Plan (as defined herein) (or amendment thereto); (ii) the adoption of an Assessment Ordinance (as defined herein), levying Assessments (as defined herein) within each Improvement Area; and (iii) authorizing the issuance of PID Bonds, in one or more series at the City's sole discretion, for the purpose of financing the costs of the Authorized Improvements and paying associated costs as described herein;

WHEREAS, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, accept the Authorized Improvements, or Segments (as defined herein) thereof, provided for in this Agreement and pay or reimburse DR Horton for the costs of the Authorized Improvements, or Segments thereof, solely from Assessments or from the proceeds of the PID Bonds, for the costs of acquisition, construction and improvement of the Authorized Improvements or Segments thereof that are completed, dedicated to and accepted by the City or the County, as applicable, subject to the terms and limitations set forth herein;

WHEREAS, the City has determined that it is in its best interests to enter into this Agreement with DR Horton for the construction and/or acquisition of the Authorized Improvements, or Segments (as defined herein), thereof, which will result in the efficient and effective implementation of the Service and Assessment Plan.

NOW, THEREFORE, for and in consideration of the above stated Recitals and the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the Parties hereto agree as follows:

ARTICLE I. RECITALS AND DEFINED TERMS

The Recitals set forth above are true and correct and are incorporated herein and made a part hereof for all purposes. Unless otherwise defined herein, capitalized terms used herein are set forth in **Exhibit "A"** attached hereto and made a part hereof and in the Service and Assessment Plan.

ARTICLE II. CONSTRUCTION OF AUTHORIZED IMPROVEMENTS; ACCEPTANCE

Section 2.01. Authorized Improvements.

DR Horton shall be responsible for construction of all the Authorized Improvements, or Segments thereof, utilizing commercially reasonable efforts, to be completed, in a good and workmanlike manner, and in accordance with all Applicable Regulations. Prior to the issuance of a series of PID Bonds, DR Horton shall provide to the City and its Administrator an Engineer's Opinion of Probable Costs for the Authorized Improvements to be financed with such PID Bonds. The City will prepare or cause its Administrator to prepare the Service and Assessment Plan. The costs of the Authorized Improvements are subject to change and shall be updated by DR Horton and the City in a manner consistent with the Service and Assessment Plan and the PID Act. The actual or estimated Actual Costs, as applicable, of the Authorized Improvements will be reviewed annually by the Parties and included in an annual update of the Service and Assessment Plan adopted and approved by the City. The Authorized Improvements are generally described in **Exhibit "D"** hereto and the costs thereof will be identified in the Service and Assessment Plan. The Service and Assessment Plan is required to be updated at least annually. The Parties acknowledge that the Authorized Improvements described in **Exhibit "D"** are subject to change, and that the Service and Assessment Plan will provide information on the Authorized Improvements for each Improvement Area and will control when in conflict with **Exhibit "D"**. The procedures provided below in Section 4.02 and Section 4.03 shall be read to apply to each Improvement Area (e.g. if reference is made to a Reimbursement Agreement, to Assessment Revenues, or to PID Bonds, such reference applies only to a Reimbursement Agreement, to Assessment Revenues, or to PID Bonds applicable to that Improvement Area). DR Horton shall be responsible for payment of the Actual Costs of the Authorized Improvements. The costs of the Authorized Improvements are eligible for payment or reimbursement by the City as provided in this **Article II** hereof. If DR Horton is unable or unwilling to perform its obligations with respect to the construction of the Authorized Improvements, the City may complete the construction of the Authorized Improvements and use Assessment Revenues and PID Bond proceeds to pay the Actual Cost thereof in accordance with the terms hereof, particularly Section 2.04(ii).

Section 2.02. Inspections; Acquisition of Authorized Improvements.

(a) To the extent not previously approved, DR Horton will obtain approval of construction plans as required by all Applicable Regulations, for an Authorized Improvement from the City prior to commencing construction of such Authorized Improvement. Approval by the City, the City Engineer or the City Construction Representative, of any plans, designs or specifications submitted by DR Horton pursuant to this Agreement or pursuant to all Applicable Regulations shall not constitute or be deemed to be a release of the responsibility and liability of DR Horton, the Project Engineer, employees, officers or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by DR Horton or DR Horton's Project Engineer, or such engineer's officers, agents, servants or employees. Approval by the City Engineer or City Construction Representative signifies the City's approval on only the general design concept of the improvements to be constructed or the improvements constructed.

(b) The City shall have the right to inspect, at any time, the construction of all Authorized Improvements or Segments thereof in accordance with all Applicable Regulations. The City's inspections and/or approvals shall not release DR Horton from its responsibility to construct, or cause the construction of, Authorized Improvements in accordance with approved engineering plans, construction plans, and other approved plans related to development of the Property. Notwithstanding any provision of this Agreement, it shall not be a breach or violation of this Agreement if the City withholds building permits, certificates of occupancy or City utility services as to any portion of the Project in the event DR Horton is in default in its obligations under this Agreement to construct the required Authorized Improvements or Segments thereof within an Improvement Area, according to the approved engineering plans and all Applicable Regulations.

(c) DR Horton shall dedicate, convey, or otherwise provide for the benefit of the City or the County, as applicable, the Authorized Improvements, or Segments thereof, identified on **Exhibit "D"** of this Agreement (as the same may be updated or amended pursuant to the Service and Assessment Plan) upon completion of said Authorized Improvements, or Segments thereof, and the City or the County, as applicable, will accept such dedication of such Authorized Improvements, or Segments thereof, after confirming that the Authorized Improvements, or Segments thereof, have been completed in accordance with this Agreement and all Applicable Regulations.

(d) From and after the inspection and acceptance by the City or the County, as applicable, of the Authorized Improvements, or Segments thereof, and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City or the County, as applicable.

Section 2.03. Designation of Construction Manager, Project Engineers.

(a) The City hereby designates DR Horton as the initial Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Authorized Improvements in accordance with the provisions of this Article II, subject to the City's review and approval of design specifications and easement locations.

(b) If the Construction Manager is (i) unable (not caused by Force Majeure) or unwilling to perform its duties and responsibilities hereunder or (ii) is not performing the duties and responsibilities of the Construction Manager in accordance with the terms of this Agreement, the City shall provide written notice to DR Horton of such non-performance (the "**Non-performance**"). DR Horton shall have thirty (30) calendar days (or such longer period of time as agreed upon in writing by the Parties) to correct the Non-performance from the date of the City's written notification. If the Non-performance is not cured, the City may either allow DR Horton additional time to cure the Non-performance based on adequate assurance in writing by DR Horton that the Construction Manager will perform or, if required by the City, adequate funds (evidence of adequate funds to be determined by the City in its reasonable discretion) shall be held in escrow or be deposited into a segregated account of the Project Fund as identified in the Trust Indenture, or the City may replace the Construction Manager any time after the cure period has elapsed.

Section 2.04. Designation of Construction Manager Subcontractor.

DR Horton may subcontract out all or some of the duties of Construction Manager to a third party, with the written consent of the City, such consent not to be unreasonably withheld, conditioned, or delayed. DR Horton may designate a homebuilder, an individual, company, partnership, or other entity (each a "**Third-Party Contractor**"), as a subcontractor for construction management services for one or more Authorized Improvements or Segments thereof. DR Horton shall provide written notice to the City within three (3) business days of such designation. Within five (5) business days after executing a contract with a Third-Party Contractor, DR Horton shall:

(i) provide a copy of the executed contract to the City Construction Representative, and

(ii) obtain from the Third-Party Contractor a collateral assignment of the DR Horton's rights under the contract with the Third-Party Contractor solely as they relate to the Authorized Improvements or Segments thereof related to the contract with the Third-Party Contractor, in a form satisfactory to the City Construction Representative, which authorizes the City to utilize the services of such Third-Party Contractor to complete the construction of such Authorized Improvements or Segments, thereof, if DR Horton fails to do so as provided in this Agreement.

Section 2.05. Change Orders for Authorized Improvements.

All change orders for applicable Authorized Improvements shall be approved by DR Horton, the Construction Manager and the City Construction Representative, to the extent any such change order causes an increase to the total costs of the Authorized Improvements in excess of \$150,000 or if approved, would cause the cumulative change orders to exceed fifteen percent (15%) of the originally budgeted amount for the Authorized Improvements. The Construction Manager shall provide copies of all approved change orders to the City, the Administrator and Trustee, if PID Bonds are outstanding, within five (5) business days after approval.

Notwithstanding any provision contained herein to the contrary, DR Horton must obtain the approval of the City Construction Representative for any change order that would substantially change the character or nature of an Authorized Improvement or Segment thereof. A substantial change shall be a modification to the Authorized Improvement or Segment thereof such that it constitutes a new Authorized Improvement or Segment thereof beyond the scope of this Agreement or the Service and Assessment Plan.

Section 2.06. Payment and Performance Bonds for Authorized Improvements.

For each construction contract for any part of the Authorized Improvements, DR Horton or DR Horton's contractor shall execute a performance bond in favor of the City and a payment bond for the construction and work covered by those contracts, which bonds shall be in accordance with Texas Government Code, Chapter 2253 and all Applicable Regulations. The performance bond requirement will be reduced by an amount equal to any PID Bond proceeds held by the Trustee in the Project Fund at the time of the issuance of PID Bonds, if applicable, and agreed upon by DR Horton and the City or recommended by the City's underwriter.

Section 2.07. Maintenance of Project, Warranties.

DR Horton shall maintain each Authorized Improvement, or Segment thereof, in good and safe condition in accordance with applicable all Applicable Regulations until such Authorized Improvement, or Segment thereof, is accepted by the City. The City's acceptance of Authorized Improvements, or Segment thereof, shall be in accordance with all Applicable Regulations and procedures for the acceptance of subdivision improvements. Prior to such acceptance, DR Horton shall be responsible for performing any required maintenance on such Authorized Improvement, or Segment thereof. On or before the acceptance by the City of an Authorized Improvement, or Segment thereof, DR Horton shall assign to the City all of DR Horton's rights in any warranties, guarantees, maintenance obligations or other evidences of contingent obligations of third persons with respect to such Authorized Improvement, or Segment thereof, and shall provide the City with a two year maintenance bond from the date of final acceptance of the Authorized Improvements, or Segment thereof, that guarantee the costs of any repairs which may become necessary to any part of the construction work performed in connection with the Authorized Improvements, or Segment thereof, for each Authorized Improvement to be accepted by the City.

Section 2.08. Sales and Use Tax Exemptions.

(a) The Parties understand that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Authorized Improvements to be acquired by the City are exempt under the current Tax Code from sales and use taxes levied by the State of Texas, or by any city, county, special district, or other political subdivision of the State, as set forth in Section 151.309 of Tax Code and 34 Tex. Admin. Code, sec. 3.291.

(b) Upon request of DR Horton, and to the extent provided by law, the City will provide such certifications to DR Horton and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The City and DR Horton shall cooperate in structuring the construction contracts for the Authorized Improvements to comply with requirements (including those set forth in 34 Tex. Admin. Code, sec. 3.291) for exemption from sales and use taxes.

Section 2.09. Regulatory Requirements.

(a) Notwithstanding anything to the contrary contained herein, DR Horton shall be responsible for the costs of designing, constructing, and obtaining the City's acceptance of the Authorized Improvements, in accordance with all Applicable Regulations, the City-approved plans and specifications, and Recognized and Generally Accepted Good Engineering Practices, as such term is defined and interpreted by the Federal Occupational Safety and Health Administration.

(b) With respect to the construction of the Authorized Improvements, it is understood that DR Horton will be exempt from any public bidding or other purchasing and procurement policies pursuant to the current Texas Local Government Code Section 252.022(a)(9), which states that a project is exempt from such policies if "paving drainage, street widening, and other public improvements, or related matters, if at least one third of the cost is to be paid by or through special assessments levied on Property that will benefit from the improvements".

Section 2.10. Insurance.

DR Horton, or their contractor(s) shall acquire and maintain, during the period of time when any of the Authorized Improvements are under construction (and until the full and final completion of the Authorized Improvements and acceptance thereof by the City): (a) workers compensation insurance in the amount required by law; and (b) commercial general liability insurance including personal injury liability, premises operations liability, and contractual liability, covering, but not limited to, the liability assumed under any indemnification provisions of this Agreement, with limits of liability for bodily injury, death and property damage of not less than \$2,000,000.00. Such insurance shall also cover any and all claims which might arise out of the Authorized Improvements construction contracts whether by DR Horton, a contractor, subcontractor, material man, or otherwise. Coverage must be on a "per occurrence" basis. All such insurance shall: (i) be issued by a carrier which is rated "A-I" or better by A.M. Best's Key Rating Guide and licensed to do business in the State of Texas; and (ii) name the City as an additional insured and contain a waiver of subrogation endorsement in favor of the City. Upon the execution of Authorized Improvements construction contracts DR Horton shall provide to the City certificates of insurance evidencing such insurance coverage together with the declaration of such policies, along with the endorsement naming the City as an Additional Named Insured, as defined. Each such policy shall provide that, at least 30 days prior to the cancellation, non-renewal or modification of the same, the City shall receive written notice of such cancellation, non-renewal or modification.

ARTICLE III.

APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 3.01. Assessment Levy Request; Levy of Assessments; Reimbursement Agreement.

(a) The DR Horton may provide written notice to the City requesting the levy of Assessments on an Improvement Area (an "**Assessment Levy Request**"). The Assessment Levy Request must specify the amount of the PID Bonds that the DR Horton anticipates requesting and an approximate date that DR Horton desires that PID Bonds be issued and be accompanied by any deliverables required by the City and the Administrator necessary for preparation of the Service and Assessment Plan or any update thereto relating to such Improvement Area, including, but not limited to, receipt of the Engineers Opinion of Probable Costs for the Authorized Improvements to be reimbursed from the Assessments requested, legal descriptions for the Improvement Areas, and maps of Improvement Areas and location of Authorized Improvements.

(b) The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement and to levy Assessments. DR Horton acknowledges and agrees that a Service and Assessment Plan must meet the requirements of Texas Local Government Code §§ 372.013 and 372.014 and be presented to the City Council for review and approval prior to a series of PID Bonds being issued. The Service and Assessment Plan will be modified as required to comply with the requirements of the PID Act and the Texas Attorney General's Office. The Annual Installments of Assessments identified in the Service and Assessment Plan shall be consistent with the terms for the issuance of PID Bonds as set forth in this Agreement.

The City shall use its best efforts to levy Assessments on the Assessed Properties in accordance herewith and with each Service and Assessment Plan. It is contemplated that the City will issue one or more series of PID Bonds, to pay or reimburse DR Horton for a portion of the Actual Costs of the Authorized Improvements. The Parties anticipate that the Actual Cost to construct the Authorized Improvements will be greater than the net proceeds of the PID Bonds or the Assessment Revenues available for reimbursement of the costs of the Authorized Improvements and DR Horton shall be responsible for 100% of the costs of the difference. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions.

(c) If PID Bonds will not be issued concurrently with the City's adoption of Assessments, the City and DR Horton will enter into a Reimbursement Agreement in the amount of the Reimbursement Obligation specified in the Service and Assessment Plan or update thereto for the Improvement Area. At a later date, DR Horton may provide written notice to the City requesting that PID Bonds be issued (a "**Bond Issuance Request**") to refinance such Reimbursement Obligation.

Section 3.02. Landowner Consent and Recordation of Assessments.

(a) Concurrently with the levy of the Assessments, the DR Horton shall execute (and shall cause any other owner of any of the Assessed Property to execute) a landowner consent certificate in recordable form (the "**Landowner Certificate**") in which DR Horton shall approve and accept the apportionment of Assessments in the Service and Assessment Plan and the levy of the Assessments by the City. The Landowner Certificate further shall (a) evidence the DR Horton's intent that the Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Assessed Property to the Assessments, including applicable interest thereon, as and when due and payable thereunder and (ii) provide that subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessments; and (b) provide that the liens created by the levy of the Assessments are a first and prior lien on the Assessed Property, subject only to liens for ad valorem taxes of the State, County, City, or school district.

(b) After the City Council approves a Service and Assessment Plan and any subsequent updates or amendments thereto, the City shall file a copy of the Service and Assessment Plan or the updates and amendments thereto with the County Clerk of Travis County, Texas (the "**County Clerk**") in accordance with the PID Act. The Service and Assessment Plan, including any annual update thereto, will include the notice form required by Section 5.014 of the Texas Property Code (the "**Section 5.014 Notice**"). Any fees or other costs associated with the filing of the original Service and Assessment Plan and any amendment or updated thereto in connection with the issuance of PID bonds with the County Clerk shall be paid by DR Horton. Any fees or other costs associated with the filing of all other amendments or updates to the Service and Assessment Plan with the County Clerk will be paid as an Annual Collection Cost.

(c) The DR Horton shall execute and provide to any potential purchaser of Assessed Property the Section 5.014 Notice in accordance with Subchapter A of Chapter 5 of the Texas Property Code and, upon closing of the purchase and sale of such Assessed Property execute a copy of the Section 5.014 Notice in recordable form and file or cause to be filed such notice in the

deed records of the County in accordance with Subchapter A of Chapter 5 of the Texas Property Code.

(d) If foregoing procedures set forth in this Section 3.02 are later amended by the Texas Legislature, the amended provisions of the PID Act or Subchapter A of Chapter 5 of the Texas Property Code shall be deemed to amend this Section 2.04 without any further actions by the City or the Owner.

(e) The DR Horton must post signage along the main entry/exits located at the boundaries of the District that identifies the area as a public improvement district. All signage shall be clearly visible to all motorists entering and exiting the District. DR Horton shall contractually obligate each commercial builder who is in the business of constructing and/or selling residences to individual homebuyers (a "Builder"), if any, to prominently display signage utilizing language and information provided by the Administrator in the Builder's model homes, if any, located within the Property.

Section 3.03. Collection of Assessments.

(a) Subject to the terms and conditions of this Agreement, so long as the City has agreed to reimburse DR Horton for the costs of the Authorized Improvements hereunder or becomes obligated under any Reimbursement Agreement, or any PID Bonds are outstanding, the City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Assessments levied pursuant to an Assessment Ordinance. The Annual Installment of such Assessments will be updated at least annually in an annual update to the Service and Assessment Plan (during the term of this Agreement) in the manner and to the maximum extent permitted by applicable law. For each Improvement Area, the City will deposit or cause to be deposited the respective Assessment Revenues into a segregated account, or if PID Bonds have been issued, then transferred to the Trustee and deposited in the funds and accounts in the priority set forth in the respective Indenture.

(b) Further notwithstanding anything to the contrary contained herein, the City covenants to use diligent, good faith efforts to contract with the Travis County Tax Assessor-Collector for the collection of the Assessments such that the Assessments will be included on the ad valorem tax bill(s) for the Assessed Properties and will be collected as part of and in the same manner as ad valorem taxes.

ARTICLE IV.

PAYMENT OF ACTUAL COSTS OF AUTHORIZED IMPROVEMENTS

Section 4.01. Overall Requirements.

(a) Any payment obligation of the City arising hereunder shall be payable solely from Assessment Revenues on a cash-flow basis and in accordance with the applicable Reimbursement Agreement or, if PID Bonds are issued, the proceeds of such bonds in accordance with this Agreement. No other funds, revenues, taxes, or income of any kind other than available Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds shall be used to pay the City's obligations hereunder. The obligations of the City under this Agreement shall not, under any circumstance, give rise to or create a charge against the general credit or taxing power of the

City or constitute a debt or other obligation of the City payable from any source other than available Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds. None of the City nor any of its elected or appointed officials or any of its respective officers, employees, consultants or representatives shall incur any liability hereunder to DR Horton or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

(b) The City does not warrant, either expressed or implied, that the aggregate amount of all Assessment Revenues or proceeds of all PID Bonds will be sufficient for the construction or acquisition of all of the Authorized Improvements. The Parties anticipate that the Actual Costs will be greater than the aggregate amount of all Assessment Revenues or, if PID Bonds are issued, the net proceeds of such bonds available for Authorized Improvements. DR Horton shall bear one hundred percent (100%) of the Actual Costs of constructing the Authorized Improvements not paid from the proceeds of PID Bonds or available Assessment Revenues.

(c) Upon completion of an Authorized Improvement, or Segment thereof, DR Horton shall dedicate or convey, and the City or the County, as applicable, shall accept or acquire, as more particularly described in Article III above, the given Authorized Improvement, or Segment thereof, after such Authorized Improvement, or Segment thereof, is completed and has been accepted by the City. Upon written acceptance of an Authorized Improvement, or Segment thereof, and subject to any applicable maintenance-bond period, the City or the County, as applicable, shall be responsible for all operation and maintenance of such Authorized Improvement, including all costs thereof and relating thereto, except for the detention ponds, parks and green/open space, which will be accepted by the City but maintained by and at the expense of the HOA.

(d) The procedures set forth in Section 4.02(d) below shall apply to all Certifications for Payment regardless of which account within the applicable Project Fund the actual funds are being paid from.

(e) Within sixty (60) days of receipt of an Assessment Levy Request for a given Improvement Area, the City will use best efforts to consider (i) the adoption of an Assessment Ordinance that (1) approves a Service and Assessment Plan (or amendment or update thereof) identifying the Assessments applicable to a respective Improvement Area, (2) levies said Assessments, and (3) establishes the timeframe for collection of said Assessments and (ii) considers the approval of a Reimbursement Agreement unless such agreement has been previously entered into by the Parties. The City will levy and collect such Assessments in accordance with the approved Service and Assessment Plan, as amended or updated, and the applicable Assessment Ordinance, as further provided in this Agreement.

Section 4.02. Payments for Authorized Improvements Prior to the Issuance of PID Bonds.

(a) Upon the approval of an Assessment Ordinance and prior to the issuance of a series of PID Bonds, the City shall bill and collect the Assessment Revenues collected from the Assessed Properties.

(b) Subject to Section 4.02(a) above, the costs of the Authorized Improvements will be initially funded through the applicable Reimbursement Agreement. Pursuant to the terms of such Reimbursement Agreement, DR Horton shall dedicate or convey, and the City or the County, as applicable, shall accept or acquire, as more particularly described in Article III of this Agreement, the Authorized Improvement, after such Authorized Improvement is completed. The general process for funding the Authorized Improvements before the issuance of PID Bonds is described in this Section 4.02(b), and more specifically described in the applicable Reimbursement Agreement.

(c) Pursuant to an Reimbursement Agreement, the City will reimburse DR Horton for Actual Costs incurred in connection with the applicable Authorized Improvements from available Assessment Revenues on a cash-flow basis in an amount not to exceed the Reimbursement Obligation until PID Bonds (including Additional Bonds if requested by DR Horton) are issued in an amount necessary to reimburse DR Horton for a portion of the Actual Costs of the applicable Authorized Improvements less any amounts already reimbursed to DR Horton pursuant to the Reimbursement Agreement. DR Horton will be reimbursed for only those Actual Costs for which Assessment Revenues or PID Bond proceeds are available.

(d) The City will collect the Assessments in accordance with a Service and Assessment Plan and the applicable Assessment Ordinance. Upon collection of such Assessments, the City will transfer or cause to be transferred the Assessment Revenues such that they will be held in a designated account separate from the City's other accounts (referred to herein as the "**PID Reimbursement Account**"), such funds to be used to reimburse DR Horton for the Actual Costs of the applicable Authorized Improvements pursuant to the terms of the applicable Reimbursement Agreement, or, if PID Bonds have been issued, then transferred to the Trustee and deposited in the proper funds and accounts in the order of priority set forth in the applicable Indenture. Assessment Revenues shall only be used to pay Actual Costs of the Authorized Improvements in accordance with this Agreement and the applicable Reimbursement Agreement.

(e) Pursuant to and the applicable Reimbursement Agreement, DR Horton may submit a Certification for Payment, in the form provided in **Exhibit "E-2"**, to the City for payment of the Actual Costs of an Authorized Improvement from funds then available in the appropriate subaccount of the PID Reimbursement Account held by the City.

Section 4.03. Payments for Authorized Improvements Upon the Issuance of PID Bonds.

(a) As more particularly described in Section 5.01 hereof, upon receipt of a Bond Issuance Request, the City will consider the adoption of a resolution consenting to the issuance of PID Bonds to reimburse DR Horton for Actual Costs of those Authorized Improvements that are complete at the time of bond issue less any amounts already reimbursed to DR Horton pursuant to a Reimbursement Agreement.

(b) The proceeds from the issuance of the PID Bonds will be held by the Trustee in various segregated accounts under the Project Fund established pursuant to an Indenture. Those sums held in the various segregated accounts will be advanced to DR Horton by the Trustee to fund the Actual Costs (as more particularly specified herein and in a Service and Assessment Plan)

upon receipt of a completed Certification for Payment in the form as attached hereto in **Exhibit "E-2"**. At least thirty (30) calendar days prior to the time of the closing of a series of PID Bonds, DR Horton may submit a Closing Disbursement Request substantially in the form attached hereto in **Exhibit "E-1"** executed by the Construction Manager and the Project Engineer to the City Construction Representative to be reimbursed for those DR Horton Expended Funds accrued to the date of such Closing Disbursement Request and not previously reimbursed. The City Construction Representative shall conduct a review to verify DR Horton Expended Funds specified in such Closing Disbursement Request are reimbursable under the PID Act and the Service and Assessment Plan. Prior to disbursement of proceeds, the City Construction Representative will sign the Closing Disbursement Request and deliver said Closing Disbursement Request to the Trustee. At the closing of a series of PID Bonds, DR Horton shall be reimbursed an amount equal to the applicable DR Horton Expended Fund in accordance with the procedures set forth in the Section 4.03.

(c) Any Authorized Improvements that have not been (i) reimbursed at the Closing of the PID Bonds, (ii) completed by DR Horton, or (iii) accepted by the City by the time the PID Bonds are issued, will be payable periodically as construction progresses. The procedures for such progress payments are contained in this Section 4.03 and the Indenture. Such payments shall be made by the Trustee no more frequently than monthly and within five (5) business days of the Trustee's receipt of the completed Certification for Payment from the Construction Manager. If the City Construction Representative disapproves any Certification for Payment, the City shall provide a written explanation of the reasons for such disapproval so that if the Certification for Payment is revised in accordance with the City Construction Representative's comments, the Certification for Payment can be submitted to the Trustee for payment.

(d) The general process for funding of Authorized Improvements from funds on deposit in a Project Fund is as follows:

(1) DR Horton shall deliver to the City's Construction Representative and the City Engineer the following:

(i) a Certification for Payment substantially in the form attached hereto as **Exhibit "E-2"** executed by the Construction Manager and the Project Engineer evidencing the Actual Costs,

(ii) evidence of the acceptance by the City of those Authorized Improvements to be funded by the respective series of PID Bond and the conveyance to the City (for Completed Authorized Improvements only), and

(iii) a bills paid affidavit on the applicable Authorized Improvements through the previous Certification for Payment, receipts for payment and verification in form acceptable that any subcontractors have been paid.

(2) After the Certification for Payment is submitted to the City Construction Representative, the City shall conduct a review to confirm those Authorized Improvements to be funded by proceeds of a series of PID Bonds were constructed in accordance with the plans therefor (for Completed Authorized Improvements only) and the City Construction Representative will verify the Actual Costs of Authorized Improvements specified in such Certification for Payment. The City Construction Representative agrees to conduct such review and cost verification in an

expeditious manner after the Certification for Payment is submitted to the City and DR Horton agrees to cooperate with the City Construction Representative in conducting each such review and to provide the City Construction Representative with such additional information and documentation as is reasonably necessary for the City Construction Representative to conclude each such review. Upon confirmation by the City Construction Representative that Authorized Improvements to be funded by the PID Bonds have been constructed in accordance with the plans therefor and this Agreement (for Completed Authorized Improvements only), verification and approval by the City Construction Representative of the Actual Costs of those Authorized Improvements, the City shall within thirty (30) calendar days thereafter accept those Authorized Improvements not previously accepted by the City Construction Representative, shall sign the Certification for Payment and forward the executed Certification for Payment to the Trustee for payment.

(e) In addition to the submitted items required in 4.02(d) above, in order to obtain the final progress payment for an Authorized Improvement funded by a series of PID Bonds pursuant to this Section 4.03, DR Horton shall have provided to the City an assignment of the warranties and guaranties, if applicable, and a two-year maintenance bond for such Authorized Improvement.

Section 4.04. Subordinate Cash Flow Reimbursements.

If the aggregate proceeds of PID Bonds are not sufficient to reimburse DR Horton for the unreimbursed Actual Costs eligible to be paid from Assessment Revenues, any Actual Costs of the Authorized Improvements not paid or reimbursed from the proceeds of the PID Bonds may be paid or reimbursed pursuant to Section 4.03 hereof from available Assessment Revenue on a cash-flow basis and in accordance with the applicable Reimbursement Agreement for any Authorized Improvement that has been completed and assigned or conveyed to the City after the issuance of PID Bonds. Any such cash-flow reimbursement to DR Horton shall be subordinate to the security for, and the payment of debt service on, the PID Bonds.

Section 4.05. Assignment of Right to Payment of Unreimbursed Costs.

DR Horton's right, title and interest into the payments of unreimbursed Actual Costs shall be the sole and exclusive property of DR Horton (or its Transferee) and no other third party shall have any claim or right to such funds unless DR Horton transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. DR Horton has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of DR Horton's right, title, or interest under this Agreement to receive payment of its unreimbursed Actual Costs, including either PID Bond proceeds or Assessment Revenues, (a "**Transfer**," and the person or entity to whom the transfer is made, a "**Transferee**"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without the prior written approval of the City Council if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in the payments hereunder being pledged to the payment of debt service on public securities issued by any other state of the United States or political subdivision thereof. Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by DR Horton

without any obligation to investigate or confirm the Transfer. The City shall not be required by any transfer to make payment to more than two (2) persons or entities.

ARTICLE V. PID BONDS

Section 5.01. PID Bond Issuance.

(a) From time to time during Project development, the DR Horton may submit one or more Bond Issuance Requests to the City. PID Bonds shall not be issued unless any prerequisites to the issuance of such PID Bonds (i.e., any additional or future bonds test) established by an applicable Indenture are satisfied. Each Bond Issuance Request shall include the following information:

(1) The amount of PID Bonds requested and the proposed PID Bond issuance date;

(2) An appraisal of all property within the District that will be Assessed Property as of the date of issuance of the proposed series of PID Bonds, which Appraisal demonstrates a “value to lien” ratio of not less than 2 times to 1 times (taking into account all PID Bonds to be outstanding, allocable to the Improvement Area, after the issuance of the PID Bonds that are the subject of the Bond Issuance Request); however, such appraisal requirement may be waived by the City for any series of PID Bonds issued as to refinance a Reimbursement Obligation for which the Authorized Improvements contemplated by such Reimbursement Agreement are complete and have been accepted by the City or to refund an outstanding series of PID Bonds. The City shall select the appraiser, in consultation with Owner and the Underwriter, and all fees of the Appraiser in preparing the Appraisal shall be paid by Owner and may be included Bond Issuance Costs for the PID Bonds;

(3) A schedule indicating the Actual Costs of the Authorized Improvements estimated to be spent with the proceeds of the requested series of PID Bonds;

(4) Supporting information including an Engineer’s Opinion of Probable Cost that is satisfactory to the City;

(5) A certification from the Owner that:

(A) No outstanding PID Bonds are in default under the terms of the applicable Indenture and no reserve funds therefor, established and maintained under the applicable Indenture, have been drawn upon that have not as of such date of certification been replenished;

(B) The representations and warranties herein made by DR Horton remain true, accurate, and complete in all material respects;

(C) That there then exists no default or event of default hereunder;

(D) That DR Horton is unaware of a fact, condition, or circumstance that could result, or with the passage of time will result, in a default or event of default hereunder; and

(E) Any other financial analysis required pursuant to the terms of this Agreement or reasonably requested by the City, the Administrator, or the City's financial advisor.

(b) Subject to the satisfaction of conditions set forth in this Article V, the City may issue PID Bonds solely for the purposes of acquiring or constructing Authorized Improvements. The City agrees to cooperate with its underwriter in the preparation of a bond offering documents to effectuate the sale of the PID Bonds. The issuance of PID Bonds is subject to all of the following conditions.

(c) The City has evaluated and determined that there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability.

(d) The City has determined that the PID Bonds assessment level, structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the Actual Costs to be financed and that there is sufficient security for the PID Bonds to be creditworthy.

(e) All costs incurred by the City that are associated with the administration of the PID shall be paid out of special assessment revenue levied against property within the PID. City administration costs shall be identified in the Serve and Assessment Plan and shall include those associated with preparation of annual amendments and updates, continuing disclosure, compliance with federal tax law, agent fees, staff time, regulatory reporting and legal and financial reporting requirements.

(f) The adoption of a Service and Assessment Plan and an Assessment Ordinance levying Assessments on all or any portion of the Property benefitted by such Authorized Improvements in amounts sufficient to pay all costs related to such PID.

(g) The City has formed and utilized its own financing team including, but not limited to, bond counsel, Financial Advisor, PID Administrator, and underwriters related to the issuance of PID Bonds and bond financing proceedings.

(h) The City has chosen and utilized its own continuing disclosure consultant and arbitrage rebate consultant, if applicable or required. Any and all costs incurred by these activities will be included in City administration costs recouped from the Annual Collection Costs. The continuing disclosure will be divided into City disclosure and DR Horton disclosure, and the City will not be responsible or liable for DR Horton disclosure but the City's disclosures professional will be used for both disclosures.

(i) The aggregate principal amount of PID Bonds issued and to be issued shall not exceed \$18,000,000.

(j) Each series of PID Bonds shall be in an amount estimated to be sufficient to fund the Authorized Improvements or portions thereof for which such PID Bonds are being issued.

(k) Delivery by DR Horton to the City of a certification or other evidence from an independent appraiser acceptable to the City confirming that the Authorized Improvements increase the value of the property.

(l) Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

(m) DR Horton is current on all taxes, assessments, fees and obligations to the City including without limitation payment of Assessments.

(n) DR Horton is not in default under this Agreement or, with respect to the Property, in default of any material terms in any other agreement to which DR Horton and the City are parties.

(o) No outstanding PID Bonds are in default and no reserve funds established for outstanding PID Bonds have been drawn upon that have not been replenished.

(p) The PID Administrator has certified that the specified portions of the costs of the Authorized Improvements to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds.

(q) The Authorized Improvements to be financed by the PID Bonds have been constructed according to the City's required standards for similar developments including without limitation any Applicable Regulations.

(r) The City has determined that the amount of proposed Assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the project costs to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy.

(s) Unless otherwise approved by City Council at the time of issuance of a series of PID Bonds, the maturity for a series of PID Bonds shall be no more than 30 years.

(t) The final maturity for any PID Bonds shall be not later than 45 years from the Effective Date of this Agreement.

(u) The City has determined that the PID Bonds meet all regulatory and legal requirements applicable to the issuance of the PID Bonds.

(v) No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.

(w) DR Horton agrees to provide periodic information and notices of material events regarding DR Horton and the DR Horton's development within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any continuing disclosure agreements executed by DR Horton in connection with the issuance of PID Bonds.

(x) DR Horton is not in default under any Continuing Disclosure Agreement related to an issuance of PID Bonds to which it is a party.

(y) The issuance of a series of bonds for the purpose of refunding any Bonds, the amount of assessment necessary to pay the Refunding Bonds shall not exceed the amount of the assessments that were levied to pay the PID Bonds that are being refunded.

(z) The maximum tax equivalent rate of the Annual Installments relating or allocable to such Improvement Area shall not exceed \$0.58 per \$100 taxable assessed valuation, inclusive of PID Bond principal, bond interest, additional interest as applicable per the applicable Indenture and budgeted Annual Collection Costs as determined by the City's PID Administrator.

(aa) DR Horton and the City shall have entered into an Reimbursement Agreement that provides for the DR Horton's construction of certain Authorized Improvements, or Segments thereof, and the City's reimbursement to DR Horton of certain Actual Costs.

Section 5.02. Disclosure Information.

Prior to the issuance of PID Bonds by the City, DR Horton agrees to provide all relevant information, including financial information, that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. DR Horton agrees, represents, and warrants that any information provided by DR Horton for inclusion in a disclosure document for an issue of PID Bonds will not, to DR Horton's actual knowledge, contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and DR Horton further agrees that it will provide a certification to such effect as of the date of the closing of any PID Bonds.

Section 5.03. Qualified Tax-Exempt Status.

(a) Generally. In any calendar year in which PID Bonds are issued, DR Horton agrees to pay the City its actual additional costs ("**Additional Costs**") the City may incur in the issuance of its own public securities or obligations on its own taxing power of municipal revenues (the "**City Obligations**"), as described in this section, if the City Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations ("**QTEO**"), as defined in section 265(b)(3) of the Internal Revenue Code ("**IRC**") as amended, as a result of the issuance of PID Bonds by the City in any given year. The City agrees to deposit all funds for the payment of such Additional Costs received under this section into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law; provided, however that if the City fails to use diligent, good faith efforts to issue PID Bonds as required by Article V and that failure causes PID Bonds to be issued in a different calendar year or not be issued at all, the City shall refund to DR Horton all Additional Costs paid by Developer as a result of such failure. Additionally, the City will provide DR Horton on an annual basis no later than December 15th each year the projected amount of City Obligations to be issued in the upcoming year based on its annual budget process however such projection is not a binding amount under this agreement but merely an expression of the City's

then expected amount of Obligations to be issued during the next calendar year. On or before January 15th of the following calendar year, the final Additional Costs shall be calculated. By January 31st of such year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to DR Horton and any deficiencies in the estimated Additional Costs paid to the City by DR Horton shall be remitted to the City by DR Horton).

(b) Issuance of PID Bonds prior to City Obligations. In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its Financial Advisor, shall estimate the Additional Costs based on the market conditions as they exist approximately forty-five (45) days prior using independent third party public pricing information to the date of the pricing of the PID Bonds (the “**Estimated Costs**”). The Estimated Costs are an estimate of the increased cost to the City to issue its City Obligations as non QTEO. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to DR Horton and DR Horton shall have twenty (20) days to review and provide input on the calculation to the City. DR Horton shall pay such Estimated Costs on or before the earlier of: (i) twenty (20) business days after the date of said invoice, or (ii) fifteen (15) business days prior to pricing the PID Bonds. The City shall not be required to price or sell any series of PID Bonds until DR Horton has paid the invoice of Estimated Costs related to the PID Bonds then being issued.

(c) Upon the City’s issuance of the City Obligations, and if the City actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the Additional Costs to the City of issuing its City Obligations as non QTEO. The City will, within five (5) business days of the issuance of the City Obligations, provide written notice to DR Horton of the amount of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to DR Horton the difference between the Additional Costs and the Estimated Costs within ten (10) business days of the date of the City’s notice to DR Horton required under this paragraph. If the Additional Costs are more than the Estimated Costs, DR Horton will pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City’s notice required under this paragraph. If DR Horton does not pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City’s notice required under this paragraph, DR Horton shall not be paid any reimbursement amounts under any PID reimbursement agreement related to the Property until such payment of Additional Costs is made in full. If the City does not issue the City Obligations by the end of the calendar year in which PID Bonds are issued, the City will refund to DR Horton the Additional Costs paid by DR Horton in such calendar year within ten (10) business days after the end of such calendar year.

(d) Issuance of City Obligations prior to PID Bonds.

(1) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City, with assistance from the Financial Advisor, shall calculate the Estimated Costs based on the market conditions as they exist approximately forty-five (45) days prior to the date of the pricing of the City Obligations. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to DR Horton and DR Horton shall have twenty (20) days to review and provide input on the calculation to the County. DR Horton shall pay such Estimated Costs to the City at least fifteen (15) days prior to the

pricing the City Obligations. If DR Horton has not paid the Estimated Costs to the City by the required time, the City, at its option, may elect to designate the City Obligations as QTEO, and the City shall not be required to issue any PID Bonds in such calendar year.

(2) Upon the City's approval of the City Obligations, and if the City actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the actual Additional Costs to the City of issuing non QTEO City Obligations. The City will, within five (5) business days of the issuance of the City Obligations, provide written notice to DR Horton of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to DR Horton the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice to DR Horton. If the Additional Costs are more than the Estimated Costs, DR Horton will pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice. If DR Horton does not pay to the City the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then DR Horton shall not be paid any reimbursement amounts under any PID reimbursement agreement related to the Property until such payment of Additional Costs is made in full.

(e) To the extent DR Horton or property owner(s) (including DR Horton as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or property owner (including DR Horton, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or property owner(s) (including DR Horton, as applicable) as necessary so as to put all developers and property owners (including DR Horton, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(f) The City shall charge Additional Costs attributable to any other developer or property owner on whose behalf the City has issued debt in the same manner as described in this section, and DR Horton shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of DR Horton's portion has already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to DR Horton. The portion owed by DR Horton shall be determined by dividing the total proceeds from any debt issued on behalf of DR Horton in such calendar year by the total proceeds from any debt issued by the City pursuant to the PID Act for the benefit of all developers (including DR Horton) in such calendar year.

Section 5.04. Tax Certificate.

If in connection with the issuance of PID Bonds, the City is required to deliver a certificate as to tax exemption (a "**Tax Certificate**") to satisfy requirements of the Internal Revenue Code, DR Horton agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. DR Horton represents that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of DR Horton providing such facts and estimates, true, correct and complete as of such date. To the extent that

it exercises control or direction over the use or investment of the PID Bond proceeds (including, but not limited to, the use of the Authorized Improvements), DR Horton further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

Section 5.05. Special Obligations.

THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY PLEDGED REVENUES (AS DEFINED IN AN INDENTURE) AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN SUCH INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN AN INDENTURE. THE OWNERS OF PID BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN SUCH INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF PID BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES. NONE OF THE CITY, NOR ANY OF ITS ELECTED OR APPOINTED OFFICIALS NOR ANY OF ITS OFFICERS, EMPLOYEES, CONSULTANTS OR REPRESENTATIVES SHALL INCUR ANY LIABILITY HEREUNDER TO DR HORTON OR ANY OTHER PARTY IN THEIR INDIVIDUAL CAPACITIES BY REASON OF THIS AGREEMENT OR THEIR ACTS OR OMISSIONS UNDER THIS AGREEMENT.

ARTICLE VI. ADDITIONAL PROVISIONS

Section 6.01. Redemption Agreement.

If applicable, concurrent with the levy of Assessments, DR Horton will execute an agreement waiving its right to redeem, repurchase or reacquire those portions of the Property that are Assessed Properties and are designated and claimed for agricultural use as described in Section 23.41 of the Texas Tax Code to the Trustee (the "**Redemption Agreement**") with the City.

Section 6.02. PID Consideration.

In consideration for the City issuing PID Bonds, DR Horton agrees to pay to the City a payment totaling \$1,000 per residential lot in the Project ("**PID Fee**") based on the final plat. The PID Fee shall be paid to the City as follows:

- (i) With respect to Improvement Area #1, the PID Fee shall be paid on the earlier to occur of (i) the City's issuance of the first series of PID Bonds or (ii) twelve (12) months after the levy of Assessments on Improvement Area #1; and

(ii) With respect to Improvement Area #2, the PID Fee shall be paid on the earlier to occur of (i) the City's issuance of the second series of PID Bonds or (ii) twelve (12) months after the levy of Assessments on Improvement Area #2.

Section 6.03. Other Fees.

DR Horton shall pay the City's application, review and development, and permitting/administrative fees which are applicable to all other developments within the City in accordance with the fee schedule adopted by the City Council, as may be amended from time to time.

Section 6.04. Mandatory Owners' Association.

Prior to the sale of any platted lots within the District, DR Horton shall create a homeowners' association for the Property ("**Owners' Association**"), and shall establish bylaws, rules, regulations and restrictive covenants (collectively the "**Association Regulations**") to assure the Owners' Association performs and accomplishes the duties and purposes required to be performed and accomplished by the Owners' Association pursuant to this Section. The Owners' Association will have binding, continuing responsibility for the maintenance, repair and operation of the HOA-Maintained Improvements. The Association Regulations shall establish periodic Owners' Association dues and assessments, to be charged and paid by the lot owners within the Property, that are and will be sufficient to (i) pay the Owners' Association's Annual Installments of Assessments, if any (ii) maintain the HOA-Maintained Improvements and (iii) to provide funds required for the management and operation of the Owners' Association.

The Owners' Association dues and assessments required to be established, maintained and collected by the Owners' Association pursuant to this Agreement shall be in addition to, and not in lieu of, any and all other fees, charges and special assessments that will be applicable to the Property.

Section 6.05. Other Improvements.

DR Horton shall construct an amenity center (the "**Amenity Center**") on a site that is approximately 2.3 acres located as generally shown on the Concept Plan. The Amenity Center will be constructed with Good Engineering Practices and in accordance with the applicable City Code regulations and shall consist of a minimum of (i) a swimming pool, (ii) bathrooms and (iii) a playground/playscape area. DR Horton shall commence construction of the Amenity Center concurrently with the commencement of construction of Phase 2A of the Project and substantially complete construction of the Amenity Center prior to commencement of construction of Phase 2B of the Project.

ARTICLE VII. ADDITIONAL INFRASTRUCTURE

Section 7.01. Road Improvements.

In addition to the internal roadways and associated improvements depicted on the Concept Plan, DR Horton shall contribute its pro-rata costs of the roadway improvements listed on **Exhibit "F"** attached hereto pursuant to the Traffic Impact Analysis approved by the County. DR Horton's pro rata share of the roadway improvements listed in Exhibit "F" shall be eligible to be

financed through the District as Authorized Improvements, subject to satisfactory evidence of the County's ability to finance its pro rata share in accordance with the Traffic Impact Analysis. If the County elects to construct any of the road improvements listed on Exhibit "F", DR Horton shall provide a copy of any participation agreement between DR Horton (or any affiliate or third-party acting on its behalf) and the County to the City.

Section 7.02. Water Improvements.

DR Horton has entered into a Non-Standard Service Agreement (the "**Water NSSA**") with Creedmoor Maha Water Supply Corporation ("**CMWSC**") for the provision of water services to the property within the District. DR Horton will construct the water infrastructure identified in the Water NSSA and upon completion of the construction of such infrastructure and the payment of the required fees to CMWSC, CMWSC shall provide retail water service to the Property.

Section 7.03. Wastewater Improvements.

DR Horton has entered into a Non-Standard Service Agreement (the "**Wastewater NSSA**") with BVRT Utility Holding Company ("**BVRT**") for the collection and treatment of wastewater for the property within the District. DR Horton will construct the wastewater infrastructure identified in the Wastewater NSSA and upon completion of the construction of such infrastructure and the payment of the required fees to BVRT, BVRT shall provide retail wastewater service to the Property.

ARTICLE VIII. REPRESENTATIONS AND WARRANTIES

Section 8.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of DR Horton

(a) The City represents and warrants that the City is a Type A general-law municipal corporation of the State of Texas, duly incorporated, organized and existing under the Constitution and general laws of the State, and has the full legal right, power and authority under the PID Act, its charter, and other applicable law (i) to enter into, execute and deliver this Agreement, (ii) to adopt an Assessment Ordinance, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

(b) The City represents and warrants that this Agreement is a valid and enforceable obligation of the City in accordance with its terms.

(c) The City represents and warrants that it will not unreasonably withhold, condition, or delay payment for any Authorized Improvement that has been constructed and dedicated to the City or the County, as applicable, in accordance with this Agreement.

Section 8.02. Representations and Warranties of DR Horton.

DR Horton makes the following representations, warranties and covenants for the benefit of the City:

(a) DR Horton represents and warrants that DR Horton is a limited partnership duly organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, has the authority to conduct business in Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) DR Horton represents and warrants that DR Horton has the power and authority to enter into this Agreement, has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of DR Horton.

(c) DR Horton represents and warrants that this Agreement is a valid and enforceable obligation of DR Horton and is enforceable against DR Horton in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) DR Horton covenants that once it commences construction of a Segment it will use its reasonable and diligent efforts to cause such Segment to be completed in accordance with this Agreement.

(e) DR Horton represents and warrants that (i) it will not request payment from the City for the acquisition of any Authorized Improvements that are not part of the Project or identified in the SAP, and (ii) it will diligently follow all procedures set forth in this Agreement.

(f) Until final acceptance by the City of each Authorized Improvement, or segment thereof, DR Horton covenants to maintain proper books of record and account for the Authorized Improvements and all costs related thereto. DR Horton covenants that such accounting books will be maintained in accordance with generally accepted accounting practices and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours' notice.

(g) DR Horton agrees to provide the information required pursuant to the Disclosure Agreement of DR Horton in connection with the issuance of PID Bonds.

ARTICLE IX. DEFAULT AND REMEDIES; INDEMNIFICATION

Section 9.01. Default and Remedies.

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has

commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or five (5) business days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subsection (d) below.

(c) Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article IX or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, DR Horton shall not be required to construct any portion of the Authorized Improvements (or take any other action related to or in furtherance of same) while the City is in default under this Agreement. Each party shall be responsible for payment of all costs of their respective attorney's fees.

(d) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party (other than the payment of a monetary sum) is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending litigation, acts of God, pandemics, war, acts of civil disobedience, widespread pestilence, fire or other casualty, shortage of materials, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or tornadoes, labor action, strikes, changes in the law affecting the obligations of the Parties hereunder, or similar acts) ("**Force Majeure**"), the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) calendar days after the claiming Party becomes aware of the same, unless prevented by such "force majeure" event from doing so, and if the claiming Party fails to so notify the other Party of the occurrence of a "force majeure" event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article IX.

Section 9.02. Indemnification and Hold Harmless by DR Horton.

DR HORTON HEREBY COVENANTS AND AGREES TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY CITY, AND THE PAST, PRESENT AND FUTURE OFFICERS, AGENTS, SERVANTS AND EMPLOYEES THEREOF, FROM AND AGAINST ALL THIRD-PARTY CLAIMS, SUITS, JUDGMENTS, DAMAGES, AND DEMANDS (TOGETHER, "THIRD PARTY CLAIMS" OR "TPC") AGAINST THE CITY, WHETHER THREATENED, ANTICIPATED, OR ASSERTED, INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEY'S FEES, RELATED EXPENSES, EXPERT WITNESS FEES, CONSULTANT FEES, AND OTHER COSTS, ARISING OUT OF THE NEGLIGENCE OR OTHER WRONGFUL CONDUCT OF DR HORTON, (INCLUDING THE NEGLIGENCE OF THE DR HORTON'S EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, MATERIALMEN, AND AGENTS)

OCCURRING DURING THE CONSTRUCTION OF ANY PORTION OF THE AUTHORIZED IMPROVEMENTS; AND IT IS EXPRESSLY UNDERSTOOD THAT SUCH TPC SHALL, EXCEPT AS MODIFIED BELOW, INCLUDE TPC EVEN IF CAUSED BY THE CITY'S OWN CONCURRENT (BUT NOT GROSS) NEGLIGENCE. DR HORTON SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY THE CITY AGAINST TPC CAUSED BY THE CITY'S SOLE NEGLIGENCE. IF THE CITY INCURS TPC THAT ARE CAUSED BY THE CONCURRENT NEGLIGENCE OF DR HORTON AND THE CITY, DR HORTON 'S INDEMNITY OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL TPC AND EXPENSES EQUIVALENT TO THE DR HORTON'S OWN PERCENTAGE OF RESPONSIBILITY. THE OBLIGATIONS UNDER THIS SECTION 8.02 SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT CONSISTENT WITH THE TERMS OF SECTIONS 10.04 AND 10.12 BELOW.

Section 9.03. Claims and Release.

(a) If the City notifies DR Horton of any Third Party Claim, DR Horton shall assume on behalf of the City and conduct with due diligence and in good faith the investigation and defense thereof and the response thereto with counsel selected by DR Horton but reasonably satisfactory to the City; provided, that City has the right to be represented by advisory counsel of their own selection and at their own expense; and provided further, that if any such Third Party Claim involves DR Horton and the City and the City has been advised in writing by counsel that there may be legal defenses available to it which are inconsistent with those available to DR Horton, then City has the right to select separate counsel to participate in the investigation and defense of and response to such Claim on City's own behalf, and DR Horton shall pay or reimburse the City for all reasonable legal fees and costs incurred by the City because of the selection of such separate counsel. It is hereby understood and agreed that if any Third Party Claim is caused by the City's gross negligence, the City shall provide and pay for its own legal counsel.

(b) Other than to the extent caused by an event of default by the City, DR Horton hereby releases the City with respect to all Claims regarding any alleged, established or admitted negligent or wrongful act or omission of the City, or any agents, contractors, representatives or employees of the City, INCLUDING ALL CLAIMS CAUSED BY THE NEGLIGENCE OR STRICT LIABILITY OF THE CITY but excluding Claims to the extent caused by the gross negligence or willful misconduct of the City. The provisions of this Section will survive the expiration or earlier termination of this Agreement.

ARTICLE X. GENERAL PROVISIONS

Section 10.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as any be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at

such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

If to City: Mayor
City of Mustang Ridge
12800 US Hwy. 183 S.
Mustang Ridge, TX 78610

With a copy to: City Attorney
Wes Ritchie
12800 US Hwy. 183 S.
Mustang Ridge, TX 78610
(512) 243-1775
WRitchie@rashchapman.com

Orrick, Herrington & Sutcliffe LLP
Julia Houston
300 West 6th Street, Suite 1850
Austin, Texas 78701
(512) 582-6952
juliahouston@orrick.com

If to DR Horton: Continental Homes of Texas, L.P.
Attn: John Sparrow
10700 Pecan Park Blvd, 4th Floor
Austin, TX 78750
(512) 619-5406
JSparrow@drhorton.com

With a copy to: Talley J. Williams
Metcalf Wolff Stuart & Williams, LLP
221 West 6th Street, Suite 1300
Austin, Texas 78701
(512) 404-2234
twilliams@mwswtexas.com

Section 10.02. Fee Arrangement/Administration.

(a) DR Horton agrees that it will pay all of the City's costs and expenses (including the City's third-party advisors and consultants) related to the creation and administration of the District, as well as costs and expenses relating to the development and review of the Service and Assessment Plan, this Agreement and any Reimbursement Agreement (including legal fees and financial advisory fees) ("**City PID Costs**"). Prior to closing of the PID Bonds, if any fees remain unpaid pursuant to the deposit agreement dated January 4, 2021, between DR Horton and the City (the "**Deposit Agreement**"), the City shall (i) submit to the DR Horton and the Trustee invoices and other supporting documentation evidencing the City PID Costs and (ii) direct the Trustee to pay these fees, as applicable, to the City or on behalf of the City from proceeds of the PID Bonds.

The City agrees that City fees paid pursuant to this Section or the Deposit Agreement are PID costs and eligible for reimbursement to DR Horton from Assessments or the proceeds of PID Bond. In addition to any City PID Costs pursuant to the preceding sentences, all fees of legal counsel related to the issuance of the PID Bonds, including fees for the review of the District creation and District administration documentation, the preparation of customary bond documents and the obtaining of Attorney General approval for the PID Bonds, will be paid at closing from proceeds of the PID Bonds. Further, the DR Horton agrees that it will be responsible for paying its share of the Annual Collection Costs as approved in an annual Service and Assessment Plan and Assessment Roll update.

(b) The City may enter into a separate agreement with a PID Administrator to administer the District upon adoption of the Service and Assessment Plan. The Annual Collection Costs as defined in the Service and Assessment Plan shall be collected as part of and in the same manner as Annual Installments in the amounts set forth in the Service and Assessment Plan.

Section 10.03. Assignment.

(a) Notwithstanding subsection 4.05 above, DR Horton may, in its sole and absolute discretion, transfer or assign its rights or obligations under this Agreement with respect to all or part of the Project from time to time to an Affiliate or Development Partner without the consent of the City. Until such time as the Authorized Improvements have been completed, DR Horton shall not transfer or assign its rights or obligations under this Agreement with respect to all or part of the Project to a non-Affiliate or non-Development Partner without the prior consent of the City such consent not to be unreasonably withheld, so long as the non-Affiliate or non-Development Partner entity is not in default in the payment of taxes, assessments, fees, or any agreements with the City. DR Horton shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, DR Horton shall be fully released from any and all future obligations under this Agreement and shall have no liability for such obligations with respect to this Agreement for the part of the Project so assigned.

(b) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(c) This Agreement shall be binding upon the Parties, their grantees, successors, assigns, or subsequent purchaser. In the event of an assignment of fee ownership, in whole or in part, of the Property by DR Horton, only the Designated Successor or Assign and then current owners of any portion of the Property so assigned shall be liable under this Agreement for any subsequent default occurring after the conveyance and affecting only the portion or portions of the Property so assigned. Any reference to DR Horton or City shall be deemed to and will include the successors or assigns thereof, and all the covenants and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Each contract, deed or conveyance of any kind conveying all or a portion of the Property will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not they are set out in full or by reference in said contract, deed or conveyance.

Section 10.04. Term of Agreement.

The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the balance of any Reimbursement Obligation under any applicable Reimbursement Agreement is paid in full, or upon mutual written agreement by all Parties; provided however, if DR Horton does not acquire the Property within 18 months of the Effective Date hereof, this Agreement will automatically terminate and neither the City nor DR Horton will have any further rights or obligations under this Agreement, except for the any unpaid fees or expenses due under Section 10.02 hereof and the Deposit Agreement.

Section 10.05. Construction of Certain Terms.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

- (a) Words importing a gender do not exclude any other gender.
- (b) Words importing the singular include the plural and vice versa.
- (c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.
- (d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.
- (e) A reference to any Party includes, with respect to DR Horton, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.
- (f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.
- (g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.
- (h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."
- (i) Unless the context otherwise requires, a reference to the "Property," the "Authorized Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

Section 10.06. 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 10.07. Time.

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 10.08. Applicable Law and Venue.

THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE OBLIGATIONS OF THE PARTIES HERETO ARE AND SHALL BE PERFORMABLE IN THE COUNTY WHEREIN THE PROPERTY IS LOCATED, AND IF LEGAL ACTION IS NECESSARY BY EITHER PARTY WITH RESPECT TO THE ENFORCEMENT OF ANY TERM OF THIS AGREEMENT, EXCLUSIVE VENUE FOR SAME SHALL LIE IN THE COURTS OF TRAVIS COUNTY, TEXAS. BY EXECUTING THIS AGREEMENT, EACH PARTY HERETO EXPRESSLY (a) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION AND VENUE CONSISTENT WITH THE PREVIOUS SENTENCE, (b) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIMS AND DEFENSES THAT SUCH JURISDICTION AND VENUE ARE NOT PROPER OR CONVENIENT, AND (c) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

Section 10.09. Amendments.

This Agreement may be amended, modified, revised or changed by written instrument executed by the Parties.

Section 10.10. Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 10.11. Entire Agreement.

This Agreement contains the entire agreement of the Parties.

Section 10.12. Severability; Waiver.

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 10.13. No Third-Party Beneficiaries.

This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns. Except for those terms of this Agreement specifically applicable to the Consenting Party, nothing herein shall give or be construed to give any person or entity, other than the parties hereto and their respective successors and permitted assigns, any legal or equitable rights hereunder.

Section 10.14. Reservation of Rights.

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.

Section 10.15. No Joint Venture.

It is acknowledged and agreed by the Parties that the terms of this Agreement are not intended to and shall not be deemed to create a partnership of joint venture among parties. Neither party shall have any authority to act on behalf of the other party under any circumstances.

Section 10.16. DR Horton as Independent Contractor.

In performing under this Agreement, it is mutually understood that DR Horton is acting as an independent contractor, and not an agent of the City.

Section 10.17. Supplemental Agreements.

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are included in the Service and Assessment Plan, the Assessment Ordinance, the PID Bond Ordinance and the Indenture.

Section 10.18. City's Acceptance of Authorized Improvements. The City hereby agrees that it will not unreasonably withhold the final acceptance of any of the Authorized Improvements

and will work with DR Horton in good faith to expedite review and acceptance of such Authorized Improvements

Section 10.19. Boycotts and Foreign Business Engagements.

(a) DR Horton 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 enable the City 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,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. DR Horton understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with DR Horton within the meaning of SEC Rule 405, 17 C.F.R. § 230.405 and exists to make a profit.

(b) DR Horton represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law and excludes DR Horton and its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. DR Horton understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with DR Horton within the meaning of SEC Rule 405, 17 C.F.R. § 230.405 and exists to make a profit.

(c) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, DR Horton hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies," a term defined in Section

2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. DR Horton understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with DR Horton within the meaning of SEC Rule 405, 17 C.F.R. § 230.405 and exists to make a profit.

(d) To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, DR Horton hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range ((defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or

association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), 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. DR Horton understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with DR Horton within the meaning of SEC Rule 405, 17 C.F.R. § 230.405 and exists to make a profit.

Section 10.20.HB 1295 Compliance.

Section 2252.908 of the Texas Government Code requires that for certain types of contracts, you must fill out a conflict of interest form ("Disclosure of Interested Parties") at the time you submit your signed contract to the District. For further information please go to the Texas Ethics Commission website via the following link. https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. The City acknowledges that DR Horton is not obligated to file a Disclosure of Interested Parties because DR Horton is owned by a publicly traded entity, and the City will not request any such filing from DR Horton.

Section 10.21.No Personal liability of Public Officials or the City.

To the extent permitted by State law, neither the City, any City agent or representative, nor any public official or employee shall be personally liable or responsible for any liability arising under or related to this Agreement.

Section 10.22.No Personal Liability of Consenting Party or its Partners.

To the extent permitted by State law, neither the Consenting Party nor any of its partners and consultants shall be personally liable or responsible for any liability arising under or related to any obligation of DR Horton under this Agreement or any action or inaction taken by DR Horton pursuant to this Agreement.

Section 10.23.Exhibits

The following exhibits are attached to and incorporated into this Agreement for all purposes:

Exhibit "A"	-	Definitions
Exhibit "B"	-	Property Description
Exhibit "C"	-	Concept Plan
Exhibit "C-1"		Improvement Areas
Exhibit "D"	-	Authorized Improvements


Exhibit "D-1" -	HOA- Maintained Improvements
Exhibit "E-1" -	Form of Closing Disbursement Request (Closing Disbursement)
Exhibit "E-2" -	Form of Certification for Payment
Exhibit "F" -	TIA Roadway Improvements

(Signature pages follow)



CITY:

THE CITY OF MUSTANG RIDGE, TEXAS

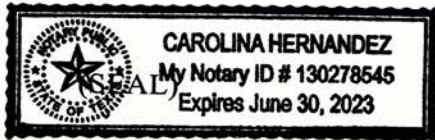
By: 
David Bunn
Mayor


STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 19th day of October, 2021
by David Bunn, the Mayor of the City of Mustang Ridge, Texas, on behalf of said City.




Notary Public, State of Texas

Carolina Hernandez

Name printed or typed


Commission Expires: June 30, 2023

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: Matthew Trenner
Name: Matthew Trenner
Title: Assistant Secretary

COUNTY OF willidmson

www.wws

 RACHEL BARING
Notary ID #131157861
My Commission Expires
June 30, 2025

Rachel Banning
Notary Public, State of Texas

It is hereby acknowledged that the Consenting Party is executing this Agreement solely due to the fact that it is an owner of a portion of the Property and, except for its obligations expressly set forth under the Landowner Certificate the Consenting Parties have no rights or obligations to the City, DR Horton, or otherwise in connection with this Agreement.

CONSENTING PARTY:

The Trails, LLC,

a Texas limited liability company,

By: Douglas Moss

Name: Douglas Moss

Title: PARTNER

STATE OF TEXAS

§

COUNTY OF

Surrey

§

§

This instrument was acknowledged before me, the undersigned authority, this 21 day of October, 2021, by Douglas Moss as Partner of The Trails, LLC, a Texas limited liability company, on behalf of said entity.

Andra Schulz
Notary Public, State of Texas

[SEAL]

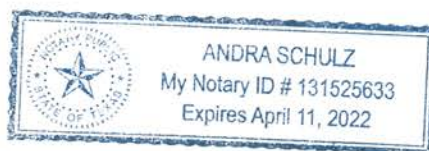


Exhibit "A"

DEFINITIONS

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

"Actual Cost(s)" means DR Horton's demonstrated costs for designing and constructing the Authorized Improvements. Cost(s) may include (a) the costs incurred by or on behalf of DR Horton for the design, planning, acquisition, installation, construction and/or implementation of such Authorized Improvement, (b) the costs incurred in preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs incurred by or on behalf of DR Horton for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting and similar professional services, (e) taxes (property and franchise) related to the Authorized Improvements that benefit the properties within the boundaries of the District, (f) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvement, and (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses plus interest, if any, calculated from the respective dates of the expenditures until the date of reimbursement therefore.

"Additional Actual Costs" means any additional Actual Costs the City incurs issuing the PID Bonds.

"Additional Bonds" means any special assessment revenue bonds that are issued after the initial PID Bonds for an Improvement Area that are secured by Assessments levied on the Parcels and payable on parity with any outstanding series of PID Bonds on a given Improvement Area.

"Additional Named Insured" means a person, organization, or governmental entity identified as an insured party in the policy declarations or an addendum to the policy decorations for a certificate of insurance.

"Affiliate" means any entity that controls, is controlled by, or is under common control with DR Horton or Forestar (USA) Real Estate Group Inc.

"Agreement" has the meaning given in the recitals to this Agreement.

"Annual Installments" shall mean the annual installment payment on a Assessment as calculated pursuant to each Service and Assessment Plan and approved by the City Council.

"Applicable Regulations" means (i) City Code provisions, ordinances, design standards, uniform codes, and other policies duly adopted by the City as may be modified by this Agreement, and (ii) any State or Federal law, regulation, rule, policy, or similar requirement applicable to the Project.

"Assessment" means the assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provisions hereof and the PID Act.

"Assessment Levy Request" means a written request made by DR Horton to the City to levy Assessments on DR Horton Property within a specified Improvement Area in accordance with Section 3.01 of this Agreement.

"Assessment Ordinance" means an ordinance adopted by the City Council approving a Service and Assessment Plan (or such amendments or supplements to the Service and Assessment Plan) and levying Assessments, as described in Article III of this Agreement.

"Assessable Property," "Assessed Property" or "Assessed Properties" means property within an Improvement Area that benefits from an Authorized Improvement and on which Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to a Service and Assessment Plan) and which includes any and all Parcels within Improvement Area other than Non-Benefitted Property.

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

"Association Regulations" has the meaning as set forth in Section 6.06.

"Attorney General" means the Texas Attorney General's Office.

"Authorized Improvements" means the Authorized Improvements listed in the PID Act and includes the public improvements which benefit the Property and are described on Exhibit "D" hereto.

"Bond Issuance Request" means written request made by DR Horton to the City to issue PID Bonds as evidenced by DR Horton's expenditure of necessary amounts for financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

"BVRT" has the meaning as set forth in Section 7.03.

"Certification for Payment" shall mean that certain certification substantially in the form attached hereto as Exhibit "E-2" hereto.

"City" has the meaning given in the recitals to this Agreement.

"City Code" means the Ordinances of the City, together with all related policies, administrative rules and technical criteria manuals, as modified herein or by the variances approved by City Council on June 14, 2021.

"City Construction Representative" means the employee or designee of the City carrying out the duties as described in this Agreement.

"City Council" means the duly elected governing body and council of the City.

"City Engineer" means the civil engineer or firm of civil engineers selected by the City to perform the duties set forth herein.

"Closing Disbursement Request" shall mean that certain request substantially in the form attached hereto as **Exhibit "E-1"**.

"CMWSC" has the meaning set forth in Section 7.02.

"Completed Authorized Improvements" means any Authorized Improvement that has been 100% completed, dedicated and conveyed by DR Horton and accepted by the City or the County, as applicable.

"Concept Plan" means the concept plan attached hereto as **Exhibit "C"**.

"Consenting Party" has the meaning given in the recitals.

"Construction Manager" means initially DR Horton, and thereafter subject to change in accordance with Section 2.04 of this Agreement.

"County" means Travis County, Texas.

"Delinquent Collection Costs" means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of a Assessment, or an Annual Installment, in accordance with the PID Act which includes the costs related to pursuing collection of such delinquent Assessment, or an Annual Installment, and the costs related to foreclosing the lien against the Assessed Property, including attorney's fees to the extent permitted under Texas law.

"Deposit Agreement" has the meaning set forth in Section 10.02.

"Designated Successors and Assigns" shall mean (i) an entity to which DR Horton assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 10.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of DR Horton's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital, or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of DR Horton.

"Development Partner" or **"Development Partner entity"** means an entity that DR Horton sells all or a portion of the Property to for purposes of assisting DR Horton with the responsibilities of developing the horizontal infrastructure and/or other improvements within the Project; provided however, DR Horton retains the right to purchase all of the land or developed lots (as applicable) within the Property covered by said agreement in order to construct residential homes.

"Disclosure Agreement of Owner" means an agreement entered into by DR Horton and a dissemination agent in connection with the issuance of PID Bonds pursuant to which DR Horton agrees to provide certain information regarding the development of the District and the Authorized Improvements for the benefit of the owners of the PID Bonds.

"District" has the meaning given in the recitals to this Agreement.

"DR Horton" has the meaning given in the recitals to this Agreement.

"End User" means any tenant, user, or owner of a fully developed and improved lot.

"Effective Date" has the meaning given in the recitals to this Agreement.

"Financial Advisor" means Hilltop Securities.

"Force Majeure" has the meaning as set forth in Section 9.01(d).

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

"Good Engineering Practices" means the basis for engineering, operation, or maintenance activities and are themselves based on established codes, standards, published technical reports or recommended practices or similar documents.

"HOA-Maintained Improvements" means the Authorized Improvements described in Exhibit "D-1" of this Agreement to be maintained by the Owners' Association in accordance with this Agreement.

"IA#1 Projects" means collectively the Improvement Area #1 Improvements and Improvement Area #1's allocable share of the Master Improvements.

"IA#2 Projects" means collectively the Improvement Area #2 Improvements and Improvement Area #2's allocable share of the Master Improvements

"Improvement Area" and **"Improvement Areas"** have the meanings given in the Recitals to this Agreement.

"Improvement Area #1" means the Improvement Area generally depicted on Exhibit "C-1" attached to this Agreement.

"Improvement Area #1 Improvements" means Authorized Improvements that benefit only land within Improvement Area #1.

"Improvement Area #2" means the Improvement Area generally depicted on Exhibit "C-1" attached to this Agreement.

“Improvement Area #2 Improvements” means Authorized Improvements that benefit only land within Improvement Area #2.

"Indenture" or **"Trust Indenture"** means any Indenture of Trust entered into in connection with the issuance of a series of PID Bonds for an Improvement Area, between the City and the Trustee setting forth terms and conditions related to such PID Bonds.

"Insurance Policy Documents" means true and correct copies of the relevant policy of insurance including all declarations, definitions, schedules, endorsements, exclusions, exceptions, riders, waivers, jackets, modifications, notices, descriptions of deductibles and of self-insured retentions and all other instruments and other documents governing insurance coverage under such policy.

"Issue Date" means the date of the initial delivery of any of the PID Bonds.

"Landowner Certificate" has the meaning given in Section 3.02 of this Agreement.

"Landowners" has the meaning given in Section 3.02 of this Agreement.

“Master Improvements” means Authorized Improvements that benefit the entire District.

"Maturity Date" means the date one year after the last Annual Installment is collected.

"Non-Benefitted Property" means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements, as determined by the City Council. Such Parcels include alleys, private roads, and easements that create an exclusive use for a public utility provider and accrue no special benefit from the Authorized Improvements. Property identified as Non-Benefitted Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel shall not be assessed.

"Owners' Association" means a homeowners association or property owners association.

"Owner Expended Funds" means the funds expended by DR Horton to date to pay Actual Costs of the Authorized Improvements that have not been previously reimbursed by the City.

"Parcel" means a property identified by either a tax map identification number assigned by the Travis Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Travis County, or by any other means determined by the City Council.

"Party" means DR Horton or the City, as parties to this Agreement, and **"Parties"** means collectively, DR Horton and the City.

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

"PID Administrator" means an employee of the City and/or third-party designee of the City who shall have the responsibilities provided for herein, in an Indenture relating to the PID Bonds or in any other agreement approved by the City Council.

"PID Bond Ordinance" means and refers to an ordinance or ordinances of the City Council that authorize and approve the issuance and sale of a series of PID Bonds and provide for their security and payment, either under the terms of a PID Bond Ordinance or a trust indenture related to a series of PID Bonds.

"PID Bonds" means each series of special assessment revenue bonds issued by the City to finance the Actual Costs of the Authorized Improvements, or Segments thereof, and any bonds issued to refund all or a portion of any outstanding PID Bonds.

"PID Bond Proceeds" means the par amount of a series of PID Bonds.

"PID Reimbursement Account" has the meaning given in Section 4.02(d) of this Agreement.

"Prepayment" means the payment of all or a portion of a Assessment before the due date thereof.

"Project" has the meaning given in the recitals to this Agreement.

"Project Engineer" means the civil engineer or firm of civil engineers selected by DR Horton to perform the duties set forth herein, which is currently Jones Carter.

"Project Fund" means the separate and unique fund established by the City under such name pursuant to the Indenture.

"Property" has the meaning given in the recitals to this Agreement.

"Redemption Agreement" shall have the meaning given in Section 6.01 of this Agreement.

" Reimbursement Agreement" means (whether one or more) an agreement that provides for construction and dedication of an Authorized Improvement, or Segment thereof, to the City or to the County, as applicable, prior to DR Horton being paid out of the proceeds of the respective PID Bonds, whereby all or a portion of the Actual Costs will be paid to DR Horton initially from Assessment Revenues (and ultimately from PID Bonds) to reimburse DR Horton for Actual Costs paid by DR Horton that are eligible to be paid with proceeds of a series of PID Bond. The form of Reimbursement Agreement shall be in a form reasonably acceptable to both City and DR Horton.

"Reimbursement Obligation " means the Actual Costs of the Authorized Improvements, identified in the Service and Assessment Plan, eligible for financing or reimbursement pursuant to a Reimbursement Agreement entered into pursuant to Section 4.02 of this Agreement.

"Section 5.014 Notice" has the meaning given in Section 3.02 of this Agreement.

"Segment" or **"Segments"** means the discrete portions of the Authorized Improvements identified as such.

"Service and Assessment Plan" or "SAP" means The Trails Public Improvement District Service and Assessment Plan (as each such plan is amended, supplemented or updated from time to time), to be initially adopted by the City Council in an Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of an Improvement Area having terms, provisions and findings approved and agreed to by DR Horton and by the Consenting Party, as required by Article III of this Agreement. The Parties hereby acknowledge that the Service and Assessment Plan may be amended, supplemented or updated from time to time.

"State" means the State of Texas.

"Tax Certificate" has the meaning given in Section 5.03 of this Agreement.

"Tax Code" means the Texas Tax Code.

"Third Party Claims" or "TPC" has the meaning given in Section 9.02 of this Agreement.

"Third-Party Contractor" has the meaning given in Section 2.04 of this Agreement.

"Transfer" has the meaning given in Section 4.05 of this Agreement.

"Transferee" has the meaning given in Section 4.05 of this Agreement.

"Trustee" means the trustee under an Indenture, and any successor thereto permitted under an Indenture and any other Trustee under a future Indenture.

Exhibit "B"

PROPERTY DESCRIPTION FOR DEVELOPMENT

126.503 Tract:

BEING a 126.503 tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas; being a portion of the remainder of a 200 acre tract of land as described in Volume 296, Page 601, Deed Records, Volume 1021, Page 278, Deed Records, a Warranty Deed to Christine Laws Holcombe, Cheryl Laws Walker and Charles Laws in Volume 5676, Pages 1733, 1736 & 1739 Deed Records, Referenced in a Stipulation of Interest of Record in Document No. 2004235994, Official Public Records, in an Order Admitting Will to Probate as a Muniment of Title Cause No. 11274 in Document No. 2017069141 of the Official Public Records of Travis County, Texas and a portion of the remainder of a 19.00 acre tract of land to Charles Preston Laws in Document No. 2008073396 of the Official Public Records and further described in a Contract of Sale and Purchase recorded in Volume 4166, Page 989 of the Deed Records of Travis County, Texas; said 126.503 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

BEGINNING: a ½ inch iron rod with cap stamped "Matkin Hoover" found on the Northwestern line of Laws Road, a variable width right-of-way for the Easternmost corner of a 5.11-acre tract as described in a Warranty Deed with Vendor's Lien to Sal-Gro Properties, LLC in Document No. 2019151639 of the Official Public Records of Travis County, Texas, from which a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Southernmost corner of the said 5.11 acre tract bears South 42°42'11" West a distance of 351.77 feet;

THENCE: North 46°52'11" West a distance of 589.78 feet along the Northeastern line of the said 5.11-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northernmost corner of the said 5.11-acre tract, a corner of the remainder of the said 19.00-acre tract in Volume 4166, Page 989, for a corner of this herein described tract;

THENCE: South 43°07'03" West a distance of 368.44 feet along the Northwestern line of the said 5.11-acre tract, a line of the remainder of the said 19.00 acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Westernmost Northwestern corner of the said 5.11 acre tract, a corner of a 5.27 acre tract of land in a Special Warranty Deed with Vendor's Lien to Larry F. Stein in Document No. 2019060411 of the Official Public Records of Travis County, Texas, a corner of the remainder of the said 19.00 acre tract, for a corner of this herein described tract;

THENCE: North 47°07'48" West a distance of 90.63 feet along a line of the said 5.27-acre tract, a line of the remainder of the said 19.00 acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 5.27 acre tract, the Southeastern corner of a 7.56 acre tract in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, a corner of the remainder of the said 19.00 acre tract, for a corner of this herein described tract;

THENCE: North 06°57'51" West a distance of 473.29 feet along the Eastern line of the said 7.56-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of a the said 7.56-acre tract, a corner of the remainder of the said 19.00-acre tract, a corner of the remainder of the said 200-acre tract, for a corner of this herein described tract;

THENCE: North 06°57'43" West a distance of 1466.80 feet across the said 200-acre tract to a ½ inch iron rod with cap stamped "Matkin Hoover" found on the Southeastern line of Lot 5 of the Albert Jones Addition as shown on a Plat Recorded in Document No. 200600098 of the Plat Records of Travis County, Texas, for the Northwestern corner of this herein described tract;

THENCE: North 42°15'25" East a distance of 507.13 feet along the Southeastern line of the said Albert Jones Addition to a ½ inch iron rod found for the Easternmost corner of Lot 7 of the said Albert Jones Addition, the Southernmost corner of a 19.93-acre tract as described in a Warranty Deed to John Bryce Hejl in Document No. 2000097025 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: North 42°02'44" East a distance of 723.81 feet along the Southeastern line of the said 19.93-acre tract to a 7-inch fence post found for the Westernmost corner of the remainder of a 7.94-acre tract as referenced in a Quitclaim Deed to Mary E. Tallman in Volume 13082, Page 2174 of the Official Public Records of Travis County, Texas for a corner of this herein described tract;

THENCE: South 52°49'30" East a distance of 396.18 feet along the Southwestern line of the said 7.94-acre tract to a 7-inch fence post found for the Southernmost corner of the said 7.94-acre tract, a corner of this herein described tract from which a 5/8 inch iron rod found bears South 34°27'43" West a distance of 3.11 feet;

THENCE: North 42°34'07" East a distance of 874.01 along the Southeastern line of the said 7.94-acre tract to a ½ inch iron rod found on the Southwestern Evelyn Road (variable width right-of-way) for the Easternmost corner of the said 7.94-acre tract, for a corner of this herein described tract;

THENCE: South 51°26'12" East a distance of 267.36 feet along the Southwestern right-of-way of said Evelyn Road to a ½ inch iron rod with cap stamped "Precision Survey" found for the Northernmost corner of Lot 1 of the Rodriguez Acres as shown on a Plat Recorded in Document No. 201500146 of the Plat Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 39°45'22" West a distance of 486.96 feet along the Northwestern line of said Lot 1 to a ½ inch iron rod with cap stamped "Precision Survey" found for the Westernmost corner of said Lot 1, for a corner of this herein described tract;

THENCE: South 61°01'24" East a distance of 903.78 feet along the Southwestern line of the said Rodriguez Acres to a ¾ inch iron pipe found for the Southernmost corner of Lot 4 of the said Rodriguez Acres, the Westernmost corner of a 0.84-acre tract as described in a Special Warranty Deed to Rudy Romero in Document No. 2001043453 of the Official Public Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 61°13'25" East a distance of 131.98 feet along the Southwestern line of the said 0.84-acre tract to a ½ inch iron pipe found for the Southernmost corner of the said 0.84-acre tract, for a corner of this herein described tract;

THENCE: North 34°42'27" East a distance of 291.50 feet along the Southeastern line of the said 0.84-acre tract to a ½ inch iron rod found on the Southwestern line of said Evelyn Road, for the Easternmost corner of the said 0.84-acre tract, for a corner of this herein described;

THENCE: South 48°39'23" East a distance of 328.33 feet along the Southwestern line of said Evelyn Road to a ½ inch iron rod found for the Northernmost corner of a 0.50-acre tract as described in a Warranty Deed

to Creedmoor Maha Water Supply Corp recorded in Volume 9058, Page 82 of the Deed Records of Travis County, Texas, for a corner of this herein described tract;

THENCE: South 41°57'13" West a distance of 150.09 feet along the Northwestern line of the said 0.50-acre tract to a calculated point on the Northeastern line of a 1.00 acre tract as described in a General Warranty Deed to Blake L. Dorsett in Document No. 2006172113 of the Official Public Records of Travis County, Texas, for the Westernmost corner of the said 0.50 acre tract, for a corner of this herein described tract, from which a chain link fence corner bears South 60°24'54" East a distance of 4.09 feet;

THENCE: North 47°58'37" West a distance of 127.04 feet along the Northeastern line of the said 1.00-acre tract to a ½ inch iron rod with cap stamped "RPLS 3693" found for the Northernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 43°21'48" West a distance of 130.39 feet along the Northwestern line of the said 1.00-acre tract to a ½ inch iron rod found for the Westernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 48°12'50" East a distance of 336.62 feet along the Southwestern line of the said 1.00-acre tract to a ½ inch iron rod found on the Northwestern line of said Laws Road, for the Southernmost corner of the said 1.00-acre tract, for a corner of this herein described tract;

THENCE: South 42°58'36" West a distance of 2834.12 feet along the Northwestern line of said Laws Road to the POINT OF BEGINNING and containing 126.503 acres of land.

1.76 Tract:

BEING a 1.76 tract of land situated in the Albert M. Leavy Survey No. 5, Abstract No. 481, in the City of Mustang Ridge, Travis County, Texas; being a portion of the remainder of a 200 acre tract of land as described in Volume 296, Page 601, Deed Records, Volume 1021, Page 278, Deed Records, a Warranty Deed to Christine Laws Holcombe, Cheryl Laws Walker and Charles Laws in Volume 5676, Pages 1733, 1736 & 1739 Deed Records, Referenced in a Stipulation of Interest of Record in Document No. 2004235994, Official Public Records, in an Order Admitting Will to Probate as a Muniment of Title Cause No. 11274 in Document No. 2017069141 of the Official Public Records of Travis County, Texas and a portion of the remainder of a 9.12 acre tract in a Special Warranty Deed to Holcombe Ranchland Investments, LLC recorded in Document No. 2009105018 of the Official Public Records of Travis County, Texas; said 1.76 acre tract of land being more particularly described by metes and bounds as follows with bearings referenced to the Texas Coordinate System of 1983, Central Zone:

COMMENCING: a 1/2 inch iron rod with cap stamped "Matkin Hoover" found on the Northeastern right of way line of State Highway 130 (R.O.W. Varies) as shown on a TXDOT Map CSJ No. 0440-06-008 and 3583-01-002 for the Northwestern corner of a 7.56-acre tract as described in a Special Warranty Deed to Concrete Properties, LLC in Document No. 2019025913 of the Official Public Records of Travis County, Texas, the same being the Southwestern corner of the remainder of the said 9.12-acre tract;

THENCE: North 06°58'09" West a distance of 355.52 feet along the Northeastern line of the State Highway 130, the Western line of the remainder of the said 9.12-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the POINT OF BEGINNING and the Southwestern corner of this herein described tract;

THENCE: North 06°58'09" West a distance of 105.48 feet continuing along the Northeastern line of State Highway 130, the Western line of the remainder of the said 9.12-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Northwestern corner of this herein described tract, from which a Texas Department of Transportation Monument with Brass Disk found for a corner of said State Highway 130 bears North 06°58'09" West a distance of 330.60 feet;

THENCE: North 82°21'23" East a distance of 726.90 feet across the remainder of the said 9.12-acre tract and the remainder of the said 200 acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Northeastern corner of this herein described tract, from which a 1/2 inch iron rod with cap stamped "Matkin Hoover" found on the Southeastern line of Lot 5 of the Albert Jones Addition as shown on a plat recorded in Document No. 200600098 of the Plat Records of Travis County, Texas bears North 06°57'43" West a distance of 1016.85 feet;

THENCE: South 06°57'43" East a distance of 105.48 feet continuing across the said 200-acre tract to a 5/8 inch iron rod with cap stamped "Jones|Carter" set for the Southeastern corner of this herein described tract, from which a 1/2-inch iron rod with cap stamped "Matkin Hoover" found for the Northeastern corner of the said 7.56-acre tract bears South 06°57'43" East a distance of 344.48 feet;

THENCE: South 82°21'23" West a distance of 726.89 feet continuing across the said 200-acre tract and the remainder of the said 9.12-acre tract to the POINT OF BEGINNING and containing 1.76 acres of land.

Exhibit "C"

CONCEPT PLAN

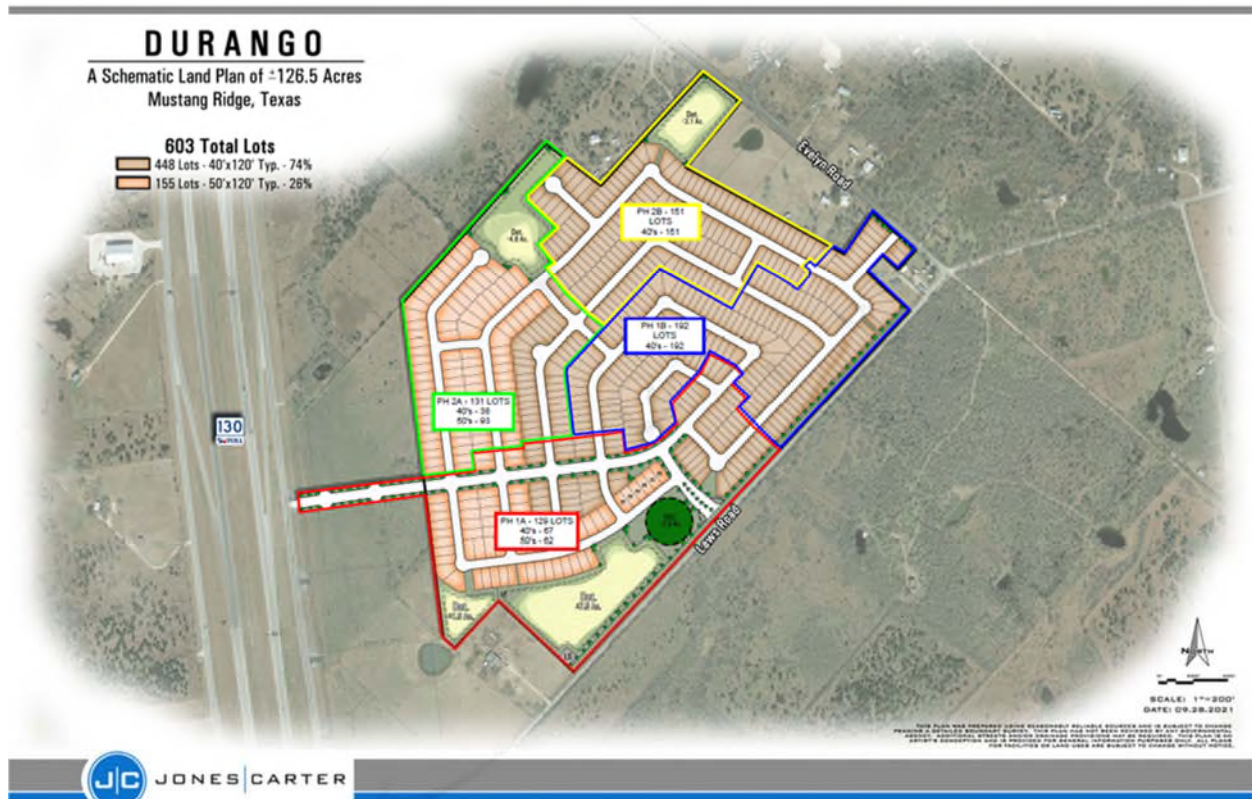


Exhibit "C-1"

IMPROVEMENT AREAS

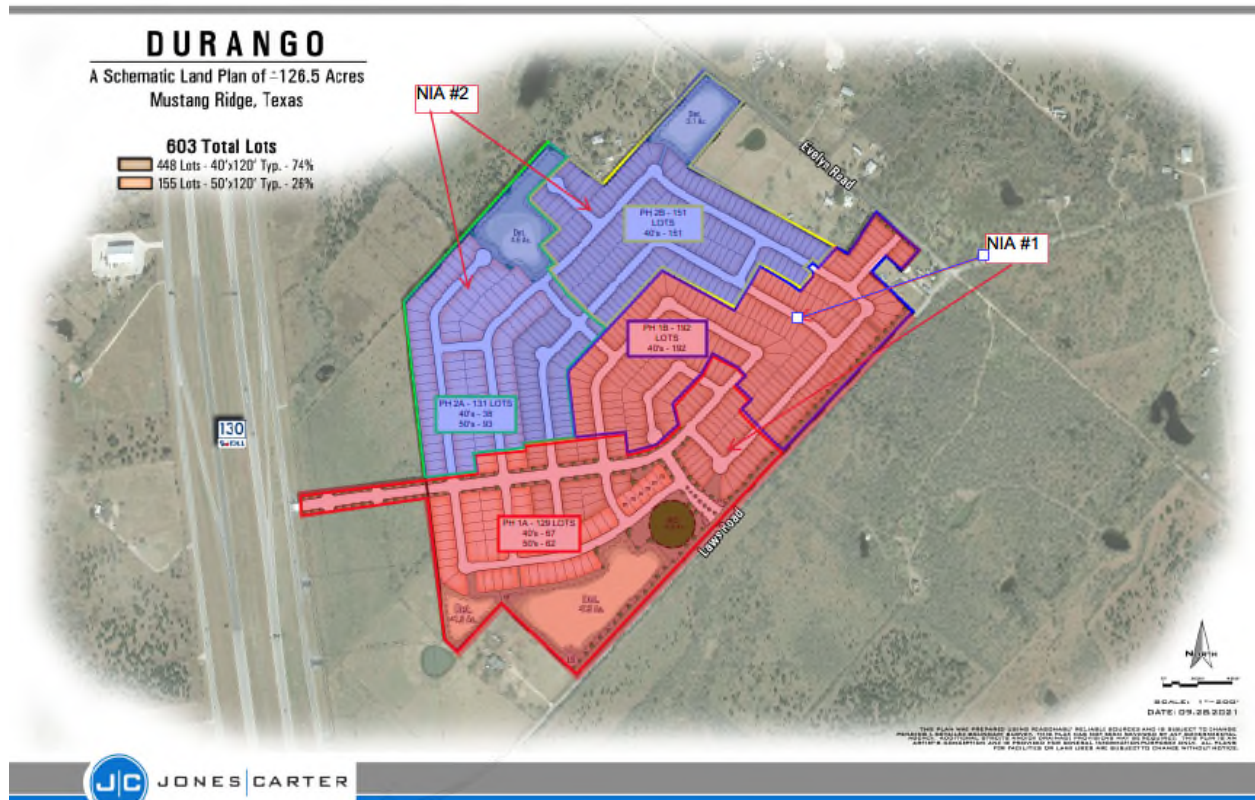


Exhibit "D"

AUTHORIZED IMPROVEMENTS

•**Note:** At the time of execution of this Agreement, the only Authorized Improvements (and estimated costs) that can be determined with certainty are the Authorized Improvements applicable to IA#1 Projects that are listed below:

Drainage Improvements

Detention Pond Improvements

Soil Erosion Controls

Street Improvements and Site Evaluation

Earthwork and Demolition

Traffic Study and Turn Lanes

Landscaping

Soft Costs, including, but not limited to, District formation fees, project management, engineering, permitting fees, inspection fees and legal fees.

Exhibit "D-1"

HOA-MAINTAINED IMPROVEMENTS

Detention Ponds

Open Space

Amenity Center/Parks

Exhibit "E-1"

FORM OF CLOSING DISBURSEMENT REQUEST

(Closing Disbursement Request – The Trails Public Improvement District)

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Continental Homes of Texas, L.P. ("**DR Horton**") and requests payment to DR Horton from the applicable account of the Project Fund from _____, (the "**Trustee**") in the amount of \$_____ to be transferred from the applicable account of the Cost of Issuance Account of Project Fund upon the delivery of the PID Bonds for costs incurred in connection with the issuance of the "[**INSERT NAME OF BONDS**]" (the "**PID Bonds**") relating to The Trails Public Improvement District (the "**District**"), as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City of Mustang Ridge, Texas (the "**City**") and the Trustee dated as of _____, 20__ (the "**Indenture**") relating to the PID Bonds.

In connection with the above referenced payment, DR Horton represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of DR Horton, is qualified to execute this Closing Disbursement Request on behalf of DR Horton and is knowledgeable as to the matters set forth herein.
2. This request for payment for the below referenced Bond Issuance Costs at the time of the delivery of the PID Bonds have not been the subject of any prior Certification for Payment submitted to the City.
3. The amount listed for the below costs is a true and accurate representation of the funds advance by DR Horton for Bond Issuance Costs at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. DR Horton is in compliance with the terms and provisions of the PID Financing Agreement, the Indenture, the Service and Assessment Plan, and the Development Agreement.
5. All conditions set forth in the Indenture and the PID Financing Agreement for the payment hereby requested have been satisfied.
6. DR Horton agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

[Information regarding amount and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: _____
Name: _____
Title: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from Costs of Issuance Account of the Project Fund upon delivery of the PID Bonds.

CITY OF MUSTANG RIDGE, TEXAS

By: _____
Name: _____
Title: _____

Date: _____

Exhibit "E-2"

FORM OF CERTIFICATION FOR PAYMENT

(Certification for Payment – The Trails Public Improvement District)

CERTIFICATION FOR PAYMENT FORM NO. _____

The undersigned _____ (the "**Construction Manager**") requests payment from [the applicable account of the Project Fund] [the PID Reimbursement Fund] from the City of Mustang Ridge (the "**City**") in the amount of \$_____ for labor, design, materials, fees, and/or other general costs related to the acquisition or construction of certain Authorized Improvements providing a special benefit to property within The Trails Public Improvement District (the "**District**"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in The Trails Public Improvement District Financing and Reimbursement Agreement between DR Horton and the City (the "**PID Financing Agreement**").

In connection with the above referenced payment, the Construction Manager represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Construction Manager, is qualified to execute this Certification for Payment Form No. _____ on behalf of the Construction Manager, and is knowledgeable as to the matters set forth herein.
2. The work described in Attachment A has been completed in the percentages stated therein.
3. The Certification for Payment for the below referenced Authorized Improvements has not been the subject of any prior Certification for Payment submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
4. The amounts listed for Actual Costs of the Authorized Improvements, as set forth in Attachment A, is a true and accurate representation of the Actual Costs associated with the acquisition, design or construction of said Authorized Improvements, and such costs (i) are in compliance with the PID Financing Agreement, and (ii) are consistent with the Service and Assessment Plan.
5. The Construction Manager is in compliance with the terms and provisions of the PID Financing Agreement and the Service and Assessment Plan.
6. The Construction Manager has timely paid all ad valorem taxes and annual installments of Assessments it owes or an entity under common control with the Construction Manager owes, located in the District and has no outstanding delinquencies for such taxes and assessments.
7. The work with respect to the Authorized Improvements referenced below (or its Segment) has been completed, and the City or the County, as applicable, has inspected [and accepted] such

Authorized Improvements (or its completed Segment). *[Include bracketed language if final progress payment for such Authorized Improvement]*

8. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for the Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or Segment thereof) has been completed and the City or the County, as applicable, has accepted such Authorized Improvements (or Segment thereof). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City or County acceptance of such Authorized Improvements (or Segment thereof).

9. [Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.][*Include bracketed language if final progress payment for such Authorized Improvement*]

10. Attached hereto as Attachment C are invoices, receipts, purchase orders, change orders, and similar instruments, which are in sufficient detail to allow the City to verify the Actual Costs for which payment is requested.

11. Also attached hereto as Attachment D are any lender consents or approvals that the Construction Manager may be required to obtain under any loan documents relating to the District.

Pursuant to the PID Financing Agreement, after receiving this Certification for Payment, the City or the County, as applicable, has inspected [and accepted] the completed Authorized Improvements and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations. *[Include bracketed language if final progress payment for such Authorized Improvement]*

(Signature pages follow)

I hereby declare that the above representations and warranties are true and correct.

Continental Homes of Texas, L.P.
(a Texas limited partnership)
AS CONSTRUCTION MANAGER

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: _____
Name: _____
Title: _____

JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

By:

Name: _____

Title: _____

APPROVAL OF CERTIFICATION FOR PAYMENT

The City is in receipt of the attached Certification for Payment Form No. ____, acknowledges the Certification for Payment, acknowledges that the Authorized Improvements (or its Segment) covered by the certificate have been inspected by the City, and otherwise finds the Certification for Payment Form No. ____ to be in order. After reviewing the Certification for Payment Form, the City approves the Certification for Payment Form No. ____ and shall direct the Trustee to make payment from [the appropriate account of the Project Fund] [the Reimbursement Fund] to the Construction Manager or to any person designated by the Construction Manager.

CITY OF MUSTANG RIDGE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A TO CERTIFICATION FOR PAYMENT FORM NO. ____

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Actual Costs</u>
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ATTACHMENT B TO CERTIFICATION FOR PAYMENT FORM NO. _____

[Include Attachment B bracketed if final progress payment for such Authorized Improvement]

[bills paid affidavit and release of liens - attached]

ATTACHMENT C TO CERTIFICATION FOR PAYMENT FORM NO. ____

INVOICE LEDGER

[illegible]

[INVOICES AND/OR RECEIPTS - ATTACHED]

ATTACHMENT D TO CERTIFICATION FOR PAYMENT FORM NO. _____

[lender consents or approvals - attached]

Exhibit “F”

TIA ROADWAY IMPROVEMENTS

Improvements and Cost Share

Location	Improvement	Total Cost	Calculated Pro-Rata Share (MAX AM/PM %)	Justification for Pro-Rata	Pro-Rata Cost
US 183 NBFR/SBFR at Laws Road	Convert Flashing Signal to Full Operational Signal	\$ 40,000	18.8%	Failing LOS (EB & WB at NBFR)	\$ 7,533.78
US 183 NBFR at Roadway 1	Northbound Right Turn Lane	\$ 193,000	100.0%	NBRT Volume	\$ 193,000.00
Evelyn Road at Schriber Road	Clear Brush	\$ 2,500	100.0%	Sight Distance Obstructions	\$ 2,500.00
Laws Road at Roadway 2	Clear Brush	\$ 2,500	100.0%	Sight Distance Obstructions	\$ 2,500.00
Laws Road from US 183 NBFR to (Proposed) Roadway 2*	Widen Laws Road to Meet Travis County Standards	\$ 420,983	60.8%	Substandard Roadway Section	\$ 256,045.63
Laws Road from (Proposed) Roadway 2 to Evelyn Road*	Widen Laws Road to Meet Travis County Standards	\$ 420,983	56.5%	Substandard Roadway Section	\$ 237,946.91
Evelyn Road from Schriber Road to Roadway 3*	Widen Evelyn Road to Meet Travis County Standards	\$ 254,460	61.5%	Substandard Roadway Section	\$ 156,591.03
Evelyn Road from Roadway 3 to Laws Road*	Widen Evelyn Road to Meet Travis County Standards	\$ 102,427	51.5%	Substandard Roadway Section	\$ 52,742.04
Total:					\$ 908,859.40

*Roadway Segment costs were split by length of the segment compared to the entire length of the project

FIRST AMENDMENT TO THE DURANGO PUBLIC IMPROVEMENT DISTRICT FINANCING AND REIMBURSEMENT AGREEMENT

This First Amendment to the Durango Public Improvement District Financing and Reimbursement Agreement (this “**Amendment**”) is made, entered into and effective as of September 11, 2023 (the “**Effective Date**”) by the City of Mustang Ridge, a Type A General-Law municipal corporation (the “**City**”) and **Laws126 LP**, a Texas limited partnership (the “**Owner**”) (as successor in interest to Continental Homes of Texas, L. P., a Texas limited partnership). The City and the Owner are herein referred to together as the “**Parties**”.

Recitals

WHEREAS, the City Council of the City (the “**City Council**”) authorized the formation of The Trails Public Improvement District on June 14, 2021 (the “**District**”) in accordance with the PID Act; and

WHEREAS, the City and Continental Homes of Texas, L.P., a Texas limited partnership (the “**Original Developer**”), entered into that certain The Trails Public Improvement District Financing and Reimbursement Agreement, dated effective as of October 19, 2021 (the “**PID Financing Agreement**”), with respect to the development of that certain tract or parcel of land consisting of approximately 128.263 acres located within the corporate boundaries of the City, as more particularly described therein (the “**Property**”); and

WHEREAS, the Original Developer was under contract (the “**Sale Contract**”) to purchase the Property from The Trails, LLC, a Texas limited liability company (the “**Original Owner**”); and

WHEREAS, the Original Developer assigned its rights under the Sale Contract to the Owner; and

WHEREAS, on November 23, 2021, the Original Developer and the Owner entered into that certain Assignment of PID Financing Agreement Relating to The Trails Public Improvement District, in which the Original Owner assigned its rights, title and interest in the PID Financing Agreement to the Owner; and

WHEREAS, on December 1, 2021, the Original Owner sold and conveyed the Property to the Owner; and

WHEREAS, on June 12, 2023, upon request of the Owner, the City Council adopted a Resolution changing the name of the District to “Durango Public Improvement District”; and

WHEREAS, the Parties now desire to amend the PID Financing Agreement to reflect current and projected market conditions.

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:

Agreement

Section 1.01. Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

Section 1.02. Definitions. Words and phrases used in this Amendment, if defined in the PID Financing Agreement and not specifically modified by this Amendment, shall have the definition and meaning as provided in the PID Financing Agreement.

Section 1.03 Maximum Tax Equivalent. Section 5.01(z) of the PID Financing Agreement is hereby deleted in its entirety and replaced with the following:

The maximum tax equivalent rate of the Annual Installments relating or allocable to such Improvement Area shall not exceed \$0.69 per \$100 taxable assessed valuation, inclusive of PID Bond principal, bond interest, additional interest as applicable per the applicable Indenture and budgeted Annual Collection Costs as determined by the City's PID Administrator.

Section 1.04. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Owner's participation in the execution of this Amendment generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Owner and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Owner; and, neither the City nor its consultants have verified such information.

Section 1.05. No-Boycott Israel. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Amendment is a contract for goods or services, will not boycott Israel during the term of this Amendment. The foregoing verification is made solely to enable the City to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 1.06. Foreign Business Engagements. The Owner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, 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 to enable the City to solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Owner and any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 1.07. Firearm Entity Boycotts. Pursuant to Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Owner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and, to the extent this Amendment is a contract for goods or services, will not discriminate during the term of this Amendment against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the City to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code 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 entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or 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. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

Section 1.08. Energy Company Boycotts. Pursuant to Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Owner hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, to the extent this

Amendment is a contract for goods or services, will not boycott energy companies during the term of this Amendment. The foregoing verification is made solely to enable the City to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code 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 Owner understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Owner within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.


Section 1.09. Binding Effect. The terms and provisions hereof shall be deemed to be restrictive covenants encumbering and running with the Property and shall be binding upon the Owner and its successors and assigns.

Section 1.10. Effect of Amendment. The Parties agree that, except as modified hereby, the PID Financing Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the PID Financing Agreement, this Amendment will control and modify the PID Financing Agreement.

Section 1.11. Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, facsimile counterparts, with the same effect as if the parties had signed the same document, and all counterparts will constitute one and the same agreement.

[Signature pages to follow]

CITY OF MUSTANG RIDGE,
a Type A General-Law municipal corporation

By: 
Name: David Bunn
Title: Mayor

Laws126 LP,
a Texas limited partnership

By: Packsaddle Real Estate Partners, LLC
A Texas limited liability company
Its general partner

By: 

Name: Scott Kempt

Title: MANAGING PARTNER

APPENDIX H

PHOTOGRAPHS OF DEVELOPMENT IN IMPROVEMENT AREA #1 OF THE DISTRICT

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**CITY OF MUSTANG RIDGE, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DURANGO PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**



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